



BNP PARIBAS

Master Terms and Conditions for Short Sale Locates

1. Interpretation and definitions:

1.1 These terms and conditions are supplemental to the Prime Brokerage Agreement or the International Prime Brokerage Agreement (as applicable) entered into between you and us (the “Master Agreement”). To the extent that there is a conflict between these terms and conditions and the Master Agreement, these terms and conditions shall prevail. References to “we” or “us” shall mean BNP Paribas, London branch (“BNPP”). References to “you” shall mean each fund or funds to which these terms and conditions are communicated, and which maintains an international prime brokerage or prime brokerage account at either BNPP.

1.2 Where used herein, the following expressions shall have the following meanings:

“**Illiquid Shares**” means shares to which Article 12 of the Regulation applies and which are not Liquid Shares;

“**Illiquid Shares Notice**” means any locate notice we issue to you (or to an investment manager or other agent acting on your behalf) in relation to Illiquid Shares;

“**Liquid Shares**” means shares to which Article 12 of the Regulation applies and which meet the liquidity requirements established in Article 22 of Commission Regulation (EC) No 1287/2006, or are included in the main national equity index as identified by the relevant competent authority of a member state and are the underlying financial instrument for a derivative contract admitted to trading on a trading venue (as contemplated under Article 6(4) of Commission Implementing Regulation (EU) No 827/2012);

“**Liquid Shares Notice**” means any locate notice we issue to you (or to an investment manager or other agent acting on your behalf) in relation to Liquid Shares;

“**locate notice**” means a written (which may include electronic) communication (with unique identification number) specifying certain Liquid Shares, Illiquid Shares or Sovereign Debt for the purpose of confirming the availability for settlement of a sale of such Liquid Shares, Illiquid Shares or Sovereign Debt;

“**the Regulation**” means EU Regulation No 236/2012 on short selling and certain aspects of credit default swaps;

“**Shares**” means Illiquid Shares and Liquid Shares;

“**Sovereign Debt**” means “sovereign debt” as defined in the Regulation; and

“**Standard Sovereign Debt Notice**” means any locate notice we issue to you (or to an investment manager or other agent acting on your behalf) in relation to Sovereign Debt.

2. Locate notices

2.1 The provisions of Annex I hereof shall apply in relation to Illiquid Shares Notices.

2.2 The provisions of Annex II hereof shall apply in relation to Liquid Shares Notices.

- 2.3 The provisions of Annex III shall apply in relation to Standard Sovereign Debt Notices.
- 2.4 These terms and conditions may be amended or terminated on notice to you (or to an investment manager or other agent acting on your behalf).
- 2.5 Our liability for any failure to lend or otherwise transfer Shares or Sovereign Debt to you, or otherwise under these terms and conditions, shall be subject to the provisions of the Master Agreement, including but not limited to any limitation of liability and force majeure provisions, provided that (in respect of Illiquid Shares) any force majeure provisions shall operate to exclude our liability for any such failure rather than to terminate our obligation to lend or otherwise transfer Illiquid Shares to you.
- 2.6 It is your sole responsibility to ensure your compliance with the requirements of the Regulation. We accept no obligation or liability in this regard, and make no representation as to the compliance of any arrangements with the requirements of the Regulation.
- 2.7 Without prejudice to the paragraph above, we confirm that as part of our business we participate in the borrowing and purchasing of Liquid Shares and Sovereign Debt.
- 2.8 By making a request to us for an Illiquid Shares Notice, a Liquid Shares Notice or a Standard Sovereign Debt Notice pursuant to these terms and conditions you will be deemed to accept these terms and conditions.
- 2.9 These terms and conditions shall be effective from and including 1 November 2012.

ANNEX I -ILLIQUID SHARES NOTICE TERMS AND CONDITIONS

Commitment: If we issue an Illiquid Shares Notice to you or to an investment manager or other agent acting on your behalf, this will be a commitment by us to lend or otherwise transfer to you or to your order Illiquid Shares of the description and up to the maximum number specified in the Illiquid Shares Notice (the “Maximum Number”), subject to these terms and conditions and the terms of the Master Agreement. If we issue an Illiquid Shares Notice to an investment manager or other agent acting on your behalf and on behalf of another party or parties, the maximum aggregate amount of our commitment to all parties for whom such investment manager or other agent is acting will be equal to the Maximum Number of Illiquid Shares specified in that notice.

Duration and undertaking: Our commitment will be valid in respect of sales of Illiquid Shares entered into at or prior to the close of business on the date of the relevant Illiquid Shares Notice in the market within the European Economic Area (EEA) on which the Illiquid Shares specified in the Illiquid Shares Notice are admitted to trading (or such other time as is specified in the Illiquid Shares Notice). Provided that you have, or an investment manager or other agent acting on your behalf has, submitted to us before 12:00pm (London, UK time) on the same day of the Illiquid Shares Notice (or such other time as is specified in the Illiquid Shares Notice) (the “Trade File Cut-off Time”) a trade file specifying the relevant sale transactions (the “Trade File”), we undertake (subject to these terms and conditions and the terms of the Master Agreement) to lend or otherwise transfer to you or to your order Illiquid Shares of the description specified in the Illiquid Shares Notice in a number (the “Actual Number”) equal to the lesser of (i) the number of such Illiquid Shares specified in the Illiquid Shares Notice and (ii) the number of such Illiquid Shares specified in the Trade File, for settlement at such time as is specified in the Trade File (being no earlier than the standard settlement time for the relevant Illiquid Shares following the time of the trade). If the Trade File is submitted by an investment manager or other agent acting on your behalf and on behalf of another party or parties, the aggregate number of Illiquid Shares that we undertake to lend or otherwise transfer to all parties for whom such investment manager or other agent is acting will be equal to the Actual Number of Illiquid Shares.

Following the Trade File Cut-off Time we will have no further commitment to you in respect of any Illiquid Shares other than those specified in the Trade File.

Revocation or amendment: We may at any time by notice to you revoke or reduce our commitment or specify a different Trade File Cut-off Time. Such notice will not affect our commitment to lend or otherwise transfer to you in accordance with these terms and conditions any Illiquid Shares specified in the Illiquid Shares Notice that you have sold before such notice is given and that are specified in a Trade File submitted to us (whether before or after your receipt of such notice) before the Trade File Cut-Off Time.

Terms: The fee or rate payable in respect of the loan or other provision of Illiquid Shares will be as notified to or agreed with you (or an investment manager or other agent acting on your behalf).

Conditions: Our obligation to lend or otherwise transfer Illiquid Shares to you in accordance with these terms and conditions is conditional on (i) your continued compliance in all material respects with the terms of the Master Agreement, including but not limited to your maintaining, providing or making available to us such amount of eligible margin or collateral in respect of the loan or other provision of Illiquid Shares (together with your other obligations) as is required under the Master Agreement and any related documentation; and (ii) no event permitting us to terminate the Master Agreement without notice (“event of default”) or event which, upon the expiry of time or our determination in accordance with the provisions of the Master Agreement, would be an event of default having occurred.

ANNEX II - LIQUID SHARES NOTICE TERMS AND CONDITIONS

Confirmation: If we issue a Liquid Shares Notice to you or to an investment manager or other agent acting on your behalf, this will be confirmation by us that (subject to these terms and conditions): (i) we consider that we can make Liquid Shares of the description and up to the maximum number specified in the Liquid Shares Notice (the “Maximum Number”) available to you for settlement in due time (being the standard settlement time for the relevant Liquid Shares following the time of the trade) taking into account the amount of the Liquid Shares specified in the Liquid Shares Notice and market conditions; and (ii) such Liquid Shares are easy to borrow or purchase in the relevant quantity taking into account market conditions and other information available to us on the supply of such Liquid Shares. If we issue a Liquid Shares Notice to an investment manager or other agent acting on your behalf and on behalf of another party or parties, the aggregate number of Liquid Shares that we consider we can make available for settlement to all parties for whom such investment manager or other agent is acting will be equal to the Maximum Number of Liquid Shares specified in that notice.

No Commitment: The Liquid Shares Notice represents our assessment of our ability to make Liquid Shares available to you for settlement and is not an undertaking to lend or otherwise procure the transfer of Liquid Shares to you.

Duration: Our confirmation will be valid in respect of sales of Liquid Shares entered into at or prior to the close of business on the date of the relevant Liquid Shares Notice in the market within the European Economic Area (EEA) on which the Liquid Shares specified in the Liquid Shares Notice are admitted to trading (or such other time as is specified in the Liquid Shares Notice).

ANNEX III - STANDARD SOVEREIGN DEBT NOTICE TERMS AND CONDITIONS

Confirmation: If we issue a Standard Sovereign Debt Notice to you (or to an investment manager or other agent acting on your behalf), this will be confirmation by us that (subject to these terms and conditions) we consider that we can make Sovereign Debt of the description and up to the maximum amount specified in the Standard Sovereign Debt Notice (the “Maximum Amount”) available to you for settlement in due time (being the standard settlement time for the relevant Sovereign Debt following the time of the trade) taking into account the amount of the Sovereign Debt specified in the Standard Sovereign Debt Notice and market conditions. If we issue a Standard Sovereign Debt Notice to an investment manager or other agent acting on your behalf and on behalf of another party or parties, the aggregate amount of Sovereign Debt that we consider we can make available for settlement to all parties for whom such investment manager or other agent is acting will be equal to the Maximum Amount of Sovereign Debt specified in that notice.

No Commitment: The Standard Sovereign Debt Notice represents our assessment of our ability to make Sovereign Debt available to you for settlement and is not an undertaking to lend or otherwise procure the transfer of Sovereign Debt to you.

Duration: Our confirmation will be valid in respect of sales of Sovereign Debt entered into at or prior to the close of business on the date of the relevant Standard Sovereign Debt Notice (or such other time as is specified in the Standard Sovereign Debt Notice).