

IPAA – Recommended Minimum Standard Custody Clauses

1. Holding of Assets

The custody accounts (securities and cash) shall be held in the name of the issuer (or trustee or other party, as agreed).

The custodian shall have the right to use sub-custodians and other service providers.

The custodian shall have the right to use any settlement system or depository.

2. Custodian's Duties

The custodian shall be responsible for the safekeeping of the securities and all amounts standing to the credit of the corresponding cash account for the account of the issuer (or trustee or other party, as agreed).

The custodian shall have no implied duties.

The custodian shall not act under this agreement as an investment manager, or as an investment, legal or tax adviser to the issuer.

3. Authorised Instructions given to the Custodian

Details shall be given as to on whose instructions the custodian may act, and what form those instructions will take

The custodian shall have no liability for acting on any instruction believed by it to be genuine.

Details shall be given as to when authorised instructions are to be deemed to be given.

The custodian shall be advised of changes in individuals who may give authorised instructions.

The custodian shall not act on authorised instructions where there is a conflict, or where the instructions are in breach of the agreement or any relevant law or regulation, incomplete or late.

The custodian shall not act, and shall not assume liability for failure to act, on any authorised instruction that would create an unauthorised overdraft on any account of the issuer.

4. Limited Liability of the Custodian

The custodian shall not be liable for

- any errors made by the issuer or any other party to this agreement

- the negligence, wilful default, fraud or other failure by the Issuer or any other party to this agreement
- the negligence, wilful default, fraud or other failure by any brokers or other third parties
- the acts or omissions of any settlement or clearing system
- the failure by the custodian or one of its nominees to perform, or delay in performing, its obligations under this agreement as a result of any cause, event, or circumstance beyond its reasonable control
- the acts or omissions of nominees, sub-custodians or agents where the custodian has not been responsible for their appointment

The custodian shall not warrant title or guarantee the authenticity of any asset.

The aggregate liability of the custodian under this agreement for any claim or series of claims, directly or indirectly as a consequence of the loss or non-availability of the securities or amounts standing to the credit of the cash account, shall be limited (limitations will vary from custodian to custodian).

The custodian shall not be liable to the issuer or any other party to this agreement for any indirect or consequential loss, including loss of profits, goodwill or business.

5. Issuer Indemnities

The issuer shall indemnify the custodian against all claims, losses and liabilities incurred by the custodian arising from the performance of the custodian's obligations under this agreement.

The indemnities shall survive the termination or expiry of this agreement.

6. Limited Recourse

The custodian and other parties to this agreement shall have recourse only to the property held under this agreement.

7. Custodian to act as Custodian of Trustee after an Event of Default or Potential Event of Default

8. UK Regulatory Matters

Only for regulated custodians. To be attached as a schedule to the agreement.

9. Confidentiality

Bank secrecy for Luxembourg custodians only

The custodian shall not, without the issuer's prior written consent, disclose any confidential information to a third party.

The custodian may disclose such information where it is under a legal or regulatory obligation to do so.

10. Changes in Appointment

The custodian shall have the right to resign.

Mechanism on appointment of successor custodian:

- Issuer and trustee to appoint successor within defined period
- Failure by the issuer and trustee to appoint a successor will entitle the custodian to appoint a successor and to transfer all property to that successor

Any legal entity into which the Custodian is merged, converted, or to which the custodian's business is transferred shall be the successor custodian without any further formality.

11. Fees and Expenses

The issuer shall pay the custodian's fees, expenses and any other amounts due to the custodian.

12. Rights of Third Parties

A person who is not a party to this agreement has no rights under the Contracts (Rights of Third Parties) Act 1999.

13. Governing Law and Jurisdiction

14. Service of Process Agent

The issuer shall appoint a service of process agent.

15. Professional Advice

The custodian may consult with any legal or other professional advisers and the opinion of such advisers shall be full and complete protection in respect of any action taken.