

Darby Swap Trading Disclosures

To the extent that you are a swap dealer, major swap participant, security-based swap dealer or major security-based swap participant, the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) external business conduct standards rules do not require us to provide the relevant disclosures to you, then (without prejudice to any independent authorization you may have) you are not authorized to access, reproduce, distribute or otherwise use any document to which this disclosure is hyperlinked (including the definitions booklets and other documentation issued by the International Swaps and Derivatives Association Inc. (“ISDA”)). ISDA (or its affiliates) holds copyrights to certain of the documents to which hyperlinks are provided in this disclosure. Those documents may not be reproduced or distributed without ISDA’s written permission, as applicable; provided, however, that the ISDA Master Agreements, ISDA Credit Support Documents and standardized general and product specific risk disclosures published by ISDA and other documents expressly excepted on ISDA’s website, as applicable, may be reproduced and distributed solely for use in documenting specific commercial transactions.

Dodd-Frank Material Disclosure Statement

Darby Swap Trading LLC (“DST”) is a provisionally registered swap dealer with the U.S. Commodity Futures Trading Commission (“CFTC”). As a swap dealer, DST has specified disclosure obligations to Counterparties and prospective Counterparties prior to entering into a CFTC-regulated “swap”, as defined by the Commodity Exchange Act and the rules and regulations promulgated thereunder. DST is providing this disclosure statement for transactions executed under prime broker arrangements where DST is the executing broker and its counterparty is a prime broker that is also provisionally registered as a swap dealer acting as agent for an underlying counterparty who may not be registered as a swap dealer, major swap participant, security-based swap dealer or major security-based swap participant (underlying counterparties collectively referred to as “Counterparties”).

Pursuant to CFTC Rule 23.431(a), at a reasonably sufficient time prior to entering into a swap, a swap dealer such as DST must disclose to Counterparties material information concerning the swap in a manner reasonably designed to allow the Counterparty to assess:

1. The material risks of the particular swap, which may include market, credit, liquidity, foreign currency, legal, operational, and any other applicable risks.
2. The material characteristics of the particular swap, which include the material economic terms of the swap, the terms relating to the operation of the swap, and the rights and obligations of the parties during the term of the swap.
3. The material incentives and conflicts of interest that the swap dealer may have in connection with the particular swap, which include:
 - a. With respect to disclosure of the price of the swap, the price of the swap and the mid-market mark of the swap; and
 - b. Any compensation or other incentive from any source other than the counterparty that the swap dealer may receive in connection with the swap.

Material Risk Disclosures

ISDA created [ISDA General Disclosure Statement for Transactions](#) to assist swap dealers such as DST in satisfying ongoing CFTC requirements and to allow Counterparties to continue trading with those swap dealers. Please review the ISDA General Disclosure Statement, which contains information and disclosures about the relevant material risks of swap transactions.¹

The ISDA General Disclosure Statement is supplemented by certain Annexes that provide asset-class specific disclosures that discuss different types of underlying referenced assets. The supplemental Annex related to Foreign Exchange transactions may be found [here](#).

Pre-Trade Mid-Market Mark

As required by CFTC Rule 23.431(a)(3)(i), we will provide you with a mid-market mark for each proposed swap at or about the time we provide you with an executable price. Each mid-market mark (each, a “Mark”) for a swap (each, a “swap”) between you and DST is provided to you subject to the terms and conditions set forth in these notes. The mid-market mark of an OTC derivative is based on quoted mid-market prices or third-party consensus pricing for those factors that have a direct impact on the transaction. Where quoted market prices or third-party consensus pricing information are not available, valuation techniques are employed to estimate the mid-market mark on the basis of pricing models. Such vetted pricing models incorporate current mid-market measures for interest rates, currency exchange rates, equity and commodity prices and indices, credit spreads, corresponding market volatility levels, and other market-based pricing factors.

Each Mark is the midpoint between the bid and offer, or the calculated equivalent thereof at the time the Mark is delivered without taking into account any amounts for profit, credit reserves, hedging, funding, liquidity and other relevant costs, reserves and adjustments that would be included in an executable price for the swap. The Mark for a swap can change from day to day as a result of changes in the relevant economic markets. These changes, which can be sudden and material, can make the next Mark for the relevant swap substantially less favorable from your point of view.

Because a Pre-trade Mark does not include amounts for profit, credit reserves, hedging, funding, liquidity and other relevant costs, reserves and adjustments, it is highly likely to differ from the price at

¹ **Disclaimer by ISDA:** You should only enter into a transaction after securing appropriate legal advice on its provisions. ISDA makes no warranty, express or implied, concerning the respective documents’ suitability for use in any particular transaction and bears no responsibility or liability whatsoever, whether in tort or in contract, in respect of any use of these documents. ISDA, its officers, directors, employees, subcontractors, agents, successors or assigns (collectively, “Covered Parties”) shall not be liable to you for any loss, injury, claim, liability or damage of any kind whatsoever resulting from, arising out of or in any way related to: (a) any errors in or omissions from the documents hyperlinked to from this disclosure to which ISDA holds copyrights (the “ISDA Content”); (b) your use of the ISDA Content; (c) your use of any equipment or software in connection with the ISDA Content; or (d) any delay or failure in performance. To the extent permitted by law, the aggregate liability of the Covered Parties to you in connection with any other claim arising out of or relating to the ISDA Content shall not exceed \$500.00, which right shall be in lieu of all other remedies that you may have against ISDA. In no event shall the Covered Parties be liable for any special, indirect, incidental or consequential damages of any kind whatsoever (including, without limitation, attorneys’ fees), lost profits or lost savings in any way due to, resulting from or arising in connection with the ISDA Content contained therein, regardless of any negligence of the Covered Parties.

which DST is willing to enter into the relevant proposed swap. That difference is not indicative of the profit, if any, that DST will realize from the relevant proposed swap, which will be dependent on a number of variables including, without limitation, price volatility, market liquidity and relevant hedging activity, if any, by DST. Because a Mark does not include amounts for profit, credit reserves, hedging, funding, liquidity and other relevant costs, reserves and adjustments, it a) may not represent the price at which DST would agree to replace or terminate the relevant swap, b) may not necessarily be the value assigned to the relevant swap for purposes of the books and records of DST, and c) depending on the terms of the trading relationship documentation between the parties, may not represent the value assigned to the relevant swap for the purposes of computing collateral calls and returns. If DST is obligated pursuant to the terms of any contract or otherwise agrees to quote a live price to terminate a swap or security-based swap prior to its stated maturity, that live price may differ from the most recent Mark for the swap. Each Mark is provided solely for the information of the counterparty to the swap and is not intended for the benefit of any other party. Data used in calculating a Mark may be obtained from third party sources that DST believes are reliable, but may not have been independently verified. DST specifically disclaims liability for any use the recipient may make of any Mark including, without limitation, use of such Mark in the preparation of its own financial books and records. DST provides each Mark without charge and without restrictions on the internal use of the Mark by the counterparty.

Notice

By entering into a swap, a Counterparty will be deemed to acknowledge that you have received from DST (whether directly from DST or indirectly through your broker) prior to entry into such swap, and in an acceptable manner, disclosures, notifications and other information sufficient for Counterparty to evaluate: (i) the material risks of the swap, including market, credit, liquidity, foreign currency, legal, operational and other applicable risks, (ii) the material characteristics of the swap, including the material economic terms, operational terms, and the rights and obligations of the parties during the term of the swap, and (iii) the material incentives and conflicts of interest that may apply with respect to the swap.

These disclosures do not constitute legal advice and do not create any attorney-client relationship. When making an investment decision this information should be viewed as just one factor and counterparties should consult with their own legal, financial, tax and other relevant advisors in order to better understand the risks and consequences of any investment or transaction and to assess the investors own particular circumstances and exposures.

Should you have any questions in relation to these disclosures, please do not hesitate to contact the DST Compliance department at the following email address: Vincent.hegarty@sig.com.