

# Charles Stanley Direct Online Investing Business Terms



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These are the Charles Stanley Direct Online Investing standard business terms (“Terms”). We would ask that you read them carefully and to contact us if you are unsure about anything, as these Terms together with your application to open an account will form a legally binding agreement between us. To help you to review this document, there is a list of definitions in Appendix 2.

## SECTION A - GENERAL TERMS

This section applies to all clients, except where (and only insofar as) it is expressly varied in another Section.

### 1.1. PURPOSE, DEFINITIONS, INTERPRETATION AND EFFECT

#### Purpose of these Terms

- 1.1.1. Charles Stanley & Co. Limited is pleased to offer its Charles Stanley Direct Online Investing to you, and does so on the following Terms (“Terms”). These Terms set out the basis on which our services are offered to you. We would ask that you read these Terms carefully, to ensure that they contain everything you wish them to contain and that you agree with them. If, for example, you have relied on anything we have said but which is not contained in the Terms, you should tell us. We should be pleased to provide any further explanations on request. To help you review this document, there is a list of definitions in Appendix 2.
- 1.1.2. We are only authorised to act in the United Kingdom or member States of the European Union into which our services may rightfully be conducted under the Rules. We may be prohibited or restricted by legislation or regulation in any other jurisdiction from directing or making our Website and App available to you; in particular, our Website and App are not for distribution in, nor directed at, persons in the USA or Canada. If you are accessing our services or Website from outside the UK, please contact us and we shall be pleased to confirm the position. Before proceeding you should satisfy yourself that Charles Stanley is able to act for you. We accept no responsibility whatever for any failure by a person resident outside the United Kingdom to observe the foregoing.
- 1.1.3. Save for where our services may be conducted cross-border in accordance with clause 1.1.2 above, we do not solicit clients or potential clients, or promote or advertise investment services or activities together with ancillary services, in the European Union. In such circumstances, where you are established or situated in a Member State of the European Union, we will provide investment services or activities to you solely where you initiate such services or activities at your own exclusive initiative; where we provide services on this basis, they are not deemed as provided in the territory of the European Union. A service is considered to be provided at your initiative unless you demand it in response to a personalised communication, from us on our behalf to you, containing an invitation or intended to influence you in respect of a specific financial instrument or specific transaction. A service requested by you on the basis of a communication from us containing a general promotion or offer of financial instruments, where it is addressed to the public or a larger group or category of clients or potential clients, can be considered to be provided at your initiative.
- 1.1.4. You expressly request us to carry out on an ongoing basis the investment service(s) that we have agreed to provide to you and, without prejudice to your data protection rights under clause 1.16.11 as part of the service(s) to provide information to you concerning new or future products or services.

#### Trustees

- 1.1.5. Where you are acting as trustee(s), you will need to ensure that you comply with any laws or duties which apply to you as trustees (for example, this could be the Trustee Act 2000 or the Charities and Trustee Investment (Scotland) Act 2005).
- 1.1.6. We shall be pleased to accept instructions on behalf of the account from one or more individual nominated trustees or their agent, provided that all the trustees, signing jointly, authorise us to accept instructions given in this manner, by way of our Trustee Authority form to this effect.

- 1.1.7. Information regarding anyone who has an interest in the Trust must be provided. So that we can administer your investments properly, please advise us promptly of any change in circumstances which causes the information regarding anyone who has an interest in the trust, or relating to the tax residency of the trust, to become incorrect or incomplete, and provide Charles Stanley with updated information within 30 days of such a change in circumstances. This includes details of beneficiaries who receive a discretionary distribution in a given year and whose details have not yet been previously provided to us.

#### Effect

- 1.1.8. These Terms shall apply to all new and existing clients until varied in accordance with clause 1.2 below. These Terms supersede our previous Business Terms.
- 1.1.9. Nothing in these Terms shall operate to exclude or restrict any obligation which we may have to you under the Rules.

#### Interpretation

- 1.1.10. The clause headings do not form part of these Terms and shall not affect the interpretation of them. Use of the singular includes the plural and vice versa and use of any gender includes any other gender. “Subsidiary company” and “holding company” have the meanings given to them by section 1159 of the Companies Act 2006. Any reference to a statute, statutory provision or subordinate legislation (“legislation”) shall (except where the context otherwise requires) be construed as referring to such legislation as amended and in force from time to time, and to any legislation.

### 1.2. COMMENCEMENT, VARIATION AND TERMINATION

- 1.2.1. If you wish to become a client of ours we are required by the Rules to provide these Terms to you in good time before we conduct any business for you. However:
  - (i) You are entitled to cancel these Terms by giving us written notice within 14 days of entering into it. On receiving your notice of cancellation we will (subject to what follows) return to you within 30 days all the money, investments and other assets which we have received from you, and you are required to return all the money and other property which you have received from us. This cancellation right does not extend to any work which we have undertaken or to any transactions which we have entered into on your behalf in accordance with these Terms prior to receipt of your cancellation notice. Amounts due in relation to such work or transactions will fall to be settled in accordance with these Terms. Furthermore, cancellation does not affect your liability for charges incurred in accordance with our published scale for work or transactions undertaken during this period, or for charges reasonably incurred as a result of your cancellation notice, for example in respect of transferring any of your Investments out of the name of our nominee company.
  - (ii) If you decide to cancel an ISA or Junior ISA during this 14 day cancellation period HMRC will treat the position as if no subscription to an ISA had been made in the first place and your right to subscribe to an alternative ISA or Junior ISA offered by us or another ISA provider within the same tax year will be unaffected.
  - (iii) If your ISA or Junior ISA application provides for annual renewals of the subscription, this right of cancellation, and the concession granted by HMRC, applies only to the first year's subscription and not to renewal subscriptions in subsequent years.

## Variations in these Terms or in our services

1.2.2. We may vary these Terms or the characteristics of any of our services at any time for the following reasons, subject to the conditions set out below:

- (i) in order to continue to comply with the Rules, relevant laws and associated guidance or with relevant and accepted general investment market custom and practice. If we do so we shall seek to give you not less than ten business days' notice in advance, but where this is not reasonably practicable we shall apply the variation to ensure we are compliant and notify you as soon as we can thereafter;
- (ii) with a view to improving or extending the service that we offer. If we do so we shall give you not less than ten business days' notice in advance;
- (iii) to correct any typographical errors we may discover in the Terms, or to improve the way in which the Terms are presented to you. If we do so, we shall give you not less than ten business days' notice in advance; and
- (iv) in the case of any other variation in these Terms (including those to alter the characteristics of our services or to increase our schedule of charges provided to you) we shall give you not less than ten business days' notice in advance. Where the variation is material in relation to the substance of these Terms (including a material variation in our schedule of charges provided to you) and/or to a particular service which you are receiving, and you give notice of termination within thirty days of receiving our notice of the variation, we shall make no charge for transferring away the investments which we may be holding for you provided that your instructions to transfer away are received within 60 days of receiving our notice of the variation, otherwise our normal charges will apply. Trading charges will be payable if any investments are sold.

## Termination

1.2.3. The following provisions relate to termination of these Terms or to the provision of any of our services:

- (i) you may ask at any time to stop being a client by giving us written notice, and this will take effect as soon as we receive the notice, except in relation to termination of an ISA, JISA or CREST Personal Membership account, termination of which will take effect on completion of the transfer or expiry arrangements which are set out in more detail in the relevant sections of these Terms. Your attention is drawn to the proportionate charge in clause 1.6.6 which may arise should you give such notice, and to the nominee transfer fee in clause 1.13.13;
- (ii) we may terminate these Terms at any time in relation to you, and shall not be obliged to give any reason for doing so where we consider it appropriate to do so or if we are prevented from doing so for legal or regulatory reasons. We shall serve not less than ten business days' notice of termination on you, unless:
  - (a) there has been a change in the law or Rules requiring us to terminate these Terms; or
  - (b) your Account is being (or has been) used for illegal purpose, or for a purpose which we reasonably consider to be inappropriate (taking into account customary market practice); or
  - (c) you have been in serious and/or persistent breach of these Terms and have failed to remedy such breach (if it is capable of remedy) within 30 days' of receipt of notice requiring you to do so, or such reasonable shorter period specified in the notice.

In such instances, we may give less than ten days' notice to terminate or no notice at all. However we shall notify you immediately; and

- (iii) upon termination either by you or by us these Terms will remain in force in respect of any outstanding commitments, but no new commitments will be entered into (except with a view to ending outstanding commitments).

## Joint Accounts

1.2.4. Subject to our acceptance you may open a Joint Account in a maximum of two names. Applications to open an ISA must be in a single name. If you have a Joint Account we and (if as joint Account holders you are a Personal Member of CREST) our Bank shall deal with each of you on the basis that you are equal joint holders of all the cash and Investments to which these Terms relate (however lodged with us

or registered), shall hold you jointly and severally liable, so that you are both individually and together bound by these Terms and for any debt or charge arising out of these Terms, and shall act on instructions given by either of you or the survivor of you. Any reference to "you" in these Terms shall be deemed to be any one or all of such joint holders as the context shall require. Unless we are instructed otherwise, all communications that we send you such as contract notes, statements and valuations will be sent only to the first-named client in a Joint Account.

1.2.5. As joint holders own the whole of the cash and Investments to which these Terms relate without any distinction between them regarding share of ownership, on the death of one of the joint holders the ownership of such cash and Investments passes automatically to the surviving joint holder(s) unless we are advised otherwise at the time of the first death. The surviving joint holder(s) must notify us immediately of the death of a joint holder(s), and provide us with a certified copy of the death certificate.

1.2.6. Unless we or our Bank give you written notice of termination these Terms will continue in force notwithstanding the death or other incapacity of either of you until we receive either:

- (i) written notice of the death or legal incapacity of both of you; or
- (ii) written notice of termination from either of you. However, and notwithstanding clause 1.2.3 above, if we become aware of a conflict between the joint holders, we may require instructions from both joint holders to operate or terminate the joint account where we consider that it is reasonable to do so in the circumstances;

and subject to the other provisions of this clause this Agreement will thereupon be terminated in respect of both of you. Notice issued by us or our Bank shall be valid and effective in relation to each of you if served on either of you.

## Death

1.2.7. In the event that you as a sole Account holder should die while a client, then immediately on notification of your death your Account (and, if relevant, your Personal Membership account in CREST) will be suspended and we may in our absolute discretion close any open position which carries a future contingent liability, together with any associated stock positions.

1.2.8. After we have suspended your Account, and until such time as the title of your Personal Representatives to the Account has been satisfactorily established by sending to us a certified copy of the grant of probate or letters of administration (as the case may be), we shall not accept any instructions over any Account in your name or take any other action in respect of it.

1.2.9. Once a certified copy of the sealed grant of probate or letters of administration (as the case may be) has been received by us, your Personal Representatives may thereafter instruct us (as appropriate) to sell, transfer or rematerialise (see clause 4.6) your Investments.

1.2.10. We are not responsible for losses in your Account during the period between your death and the receipt by us of formal notice of it, or for losses between your death and the receipt by us of certified copy of the sealed grant of probate or letters of administration (as the case may be). Neither shall we be liable for any losses arising as a result of us not administering your Investments following your death.

1.2.11. The Account will continue to incur our usual charges until it is closed.

1.2.12. Where you hold your investments as the member of a SIPP or other pension, upon your death the account will not be suspended and consequently clauses 1.2.7 to 1.2.10 above will not apply.

## Dormant Accounts

1.2.13. Where you have not traded on an Account for a period exceeding twelve months and we are not holding Investments or cash on your behalf, we reserve the right to suspend or close your Account and will notify you that we have done so.

## 1.3. HOW YOU OR WE SERVE NOTICE ON EACH OTHER

1.3.1. If you wish to serve notice on us (or in relation to a CREST Personal Membership account, on our Bank) under these Terms, or otherwise, you should do so by delivering a written and signed communication addressed to the Head of Compliance at Myriad House, 33 Springfield Approach, Chelmsford, Essex CM2 5LB. If we or our Bank are to serve notice on you this will be in the form either of a written and signed communication to your last known address, or an email to your email address, in both cases as shown in our records, except in relation to a variation of our Rates and Charges Sheet in accordance with clause 1.6.2 where such notification may be effected by the



publication of a notice on the Website. Notices sent by letter shall be deemed to have been received forty-eight hours after being properly addressed, stamped and posted. Notices sent by facsimile shall be deemed to have been received twenty-four hours after confirmation of transmission has been received. Notices sent by e-mail by us shall be deemed to have been received twenty-four hours after being transmitted. Should you send us a notice, reference should be made to clause 1.4.6. In all cases the calculation of timing shall exclude Saturdays, Sundays and Bank Holidays.

1.3.2. You consent specifically to the provision by us to you of information required by the Rules of the FCA by means of a website without it being addressed personally to you, where we notify you electronically of the address of the website and the place on the website where the information can be accessed.

#### 1.4. COMMUNICATIONS BETWEEN US

1.4.1. All communications between us, either oral or written, will be in the English language and shall be made either in person, by telephone or in writing or, where permitted by the Terms, by Electronic Communication (as defined in Appendix 2).

1.4.2. Except where you are permitted to instruct us by telephone in accordance with Section F, Orders to deal in stocks and shares are only capable of acceptance by us when made via the secure login area of the Website or App in accordance with the requirements set out in clause 1.4.7. Orders relating to funds are capable of acceptance by us either when made via the secure login area of the Website or App in accordance with the requirements set out in clause 1.4.7, or by post provided your instruction is clear, bears your original signature and is correctly addressed to us at Charles Stanley Direct, Nova House, 3 Ponton Street, Edinburgh, EH3 9QQ.

1.4.3. We will not accept any type of Order to deal which is made via Electronic Communication (as defined in Appendix 2). However, Orders may be communicated to us:

- (i) by telephone, in the event of a suspension of our Website and App service in the circumstances set out in clause 1.15.1, where Section F applies or through other circumstances beyond our reasonable control;
- (ii) by telephone, where we so require as set out in our Rates and Charges Sheet whereupon Section F shall apply; or
- (iii) by the submission to us by post of our specified documentation bearing your original signature, where you have our express agreement to do so, and such documentation is correctly addressed to us at Charles Stanley Direct, Nova House, 3 Ponton Street, Edinburgh, EH3 9QQ.

1.4.4. We will only accept your written authority, bearing an original signature, if you instruct us to close your CREST Personal Membership account by terminating our appointment as your CREST Sponsor as set out in clause 4.3.9.

1.4.5. For any other type of communication (for example, for purposes relating to corporate actions, for the dispatch of contract notes or for providing you with a KIID or KID (as defined in clause 1.8.1)) either of us may also use Electronic Communication (as defined in Appendix 2), and we draw your attention to clause 1.4.6 in this regard.

1.4.6. Where we are obliged to provide you with documentation and we have an email address for you that we believe to be valid, you agree that we can provide the relevant document by email or, where you access any of our services using a secure area of our Website, we may provide the relevant document via the secure area of our Website. It is your responsibility to maintain your email address through the appropriate area of the Website or App: it is essential for example that we hold a current and correct email address for you to ensure that your contract notes or statements can be dispatched (see clause 1.13.3), to request your instructions concerning corporate actions (see clause 1.13.11) or for the purposes of notifying you of certain information (as set out in clause 1.3.2) where we consider it appropriate to do so in the context of our relationship with you, unless this information is provided to you via the secure area of our Website. We accept no liability for our inability to send contract notes, deal with corporate actions or otherwise communicate with you by email if we find we hold an invalid email address. Where in our opinion we consider that your email address is invalid we will attempt to contact you by other means but until a new email address has been provided, trading on your Account will be suspended. We may consider your email address to be invalid if for example we receive an automatically generated message indicating that our email transmitted to you has failed to reach its intended recipient.

1.4.7. We shall only be responsible for Orders made via the secure area of the Website or App or for any other communication permitted under clause 1.4.2 to be sent by Electronic Communications where:

- (i) you give us clear instructions which are received by us from an address we recognise (in relation to Orders permitted to be made via the secure login area of the Website or App) and within a reasonable time to enable us to receive and act upon them, prior to any applicable deadline (for example, in relation to corporate actions);
- (ii) we have no reason to believe that the instruction is not from you (or any authorised person we have agreed may act upon your Account), such that we are unaware of any circumstances which would cast doubt on the authenticity of the instruction; and
- (iii) you have received our express acknowledgement that we have received such instructions. We shall acknowledge an instruction by either expressly confirming receipt or by acting upon it. An automated email delivery receipt does not constitute acknowledgement or receipt by the intended recipient(s).

1.4.8. It is a condition of our provision of our service to you that:

- (i) you will not disclose (by act or omission) your login details for either the Website or App, or to allow them to be disclosed to any other person, and you will take all appropriate measures to prevent any third party gaining access to them; and
- (ii) immediately on becoming aware that another party has acquired knowledge of your login details, you will:
  - (a) cease to make further use of them;
  - (b) telephone our Helpdesk on (0131) 550 1234; and
  - (c) follow this at once with confirmation in writing or by e-mail to [info@cs-d.co.uk](mailto:info@cs-d.co.uk).

1.4.9. Until our Helpdesk receives such confirmation from you, you will be exclusively responsible for any instructions or Orders placed or purported to be placed by you under your login details (those Orders permitted to be made via the secure login area of the Website or App), and we shall be entitled to treat all such instructions as authentic. Additional terms regarding your security when instructing us by telephone are set out in Section F. Further provisions concerning the placing and acceptance of Orders are set out from clause 1.7.5.

1.4.10. We will only accept instructions on your behalf from a third party where:

- (i) we have accepted your application, made via our Third Party Account Authority Application form, to appoint a third party over your account(s); or
- (ii) (except where you are applying for an ISA and where the circumstances set out in clause 2.1.3 apply) we are in receipt of a valid power of attorney.

1.4.11. We are required to notify you if, in any circumstances, we will be making unsolicited calls on you or we will be making unsolicited real-time financial promotions to you. A financial promotion is defined to mean any invitation or inducement to engage in investment activity (for example, one of our brochures) and it is "real-time" if the promotion is made in the course of, for example, a conversation or an internet dialogue. It is possible that, in the course of our relationship with you as a client, we may make such calls or promotions, within the strict requirements laid down by the FCA. You may notify us at any time if you wish us not to do so.

1.4.12. Your attention is drawn to the fact that telephone conversations, online meetings and communications (including electronic communications such as videoconferencing) may be recorded. A copy of the recording of such conversations, meetings and communications will be available on request for a period of five years and, where requested by the FCA, for a period of up to seven years.

#### 1.5. BECOMING A CLIENT

##### Setting up an Account

1.5.1. You may apply to become a client, subject to our acceptance, by completing an application form online on the relevant section of our Website.

1.5.2. If you are a body corporate, an unincorporated association (e.g. a partnership) or a trustee, you must ensure that under the terms of your Memorandum and Articles of Association, Deed of Association, Trust Deed or other constitutive document (as the case may be) you are empowered to enter into and are not prohibited from entering into the entirety or any part of these Terms.

## How your purchases are registered

1.5.3. Once your application has been accepted and your Account has been opened, your purchases and other investments transferred into your Account will be registered in the name of our nominee company; clauses 1.13.1 to 1.13.8 are of particular relevance. Where we have agreed with you, your purchases and other investments transferred into your Account would be registered directly in your own name, in the electronic part of each company's share register, and in this case you will receive dividends, other benefits and company mailings directly. Purchases for ISAs, JISAs and SIPPs are required to be registered in our nominee name, but in all cases we will generally hold Overseas Investments with a custodian outside the United Kingdom.

## Accounts for residents outside the United Kingdom

- 1.5.4. In accordance with clause 1.1.2, neither Charles Stanley & Co. Limited nor Charles Stanley Direct Online Investing is regulated or authorised in any state or territory other than the United Kingdom and we give no warranty that it is lawful for citizens or residents elsewhere to be users of Charles Stanley Direct Online Investing or clients of ours.
- 1.5.5. We are not registered under the securities laws of the United States of America or of any other country or territory (apart from the United Kingdom) to offer securities or investment services to citizens or residents of those countries or territories. Where such laws are in force we are unable to accept any application by such a person to become a client if this is made in response to our Website or App. Anything in our Website or App which may be held to be a solicitation or offer to enter into an agreement for investment services is expressly not a solicitation or offer to such persons.
- 1.5.6. By using the service you must ensure that you are fully in compliance with all applicable laws, regulations and requirements whether of the United Kingdom or elsewhere, and you are responsible to us and all of our employees or agents for all liability in the event that this offer or any instruction or execution pursuant thereto is or may be unlawful, and that your obligation to pay or deliver in respect of any transactions executed pursuant to any instruction is unaffected.

## Execution-only service for Retail Clients

- 1.5.7. Unless we notify you otherwise, we will treat you as a Retail Client (as defined in the Rules). You have the right to request a different classification; however, we reserve the right to refuse such requests and, unless you are notified otherwise, you should not assume that such a request has been granted.
- 1.5.8. We will treat you as an Execution-only client, which means that we will not advise you about the merits of a particular transaction and when using the service you agree that you are not expecting such advice and are dealing exclusively on an Execution-only basis. We are not acting as your investment manager or financial adviser, which means that we do not accept responsibility on a continuing basis for advising on the composition of your Account or portfolio.
- 1.5.9. We are not obliged to offer any of our services and may suspend or withdraw all or any part of such service(s) in our discretion, subject to clause 1.2.2.

## 1.6. OUR CHARGES

- 1.6.1. By accepting these Terms you agree to pay us our charges when these fall due.
- 1.6.2. The provision of our Rates and Charges Sheet, and notification of any variation pursuant to clause 1.2.2 of these Terms, will be effected by their publication on the Website or by notification to you. Additional charges may be made with your agreement. An itemised breakdown of costs and charges can be provided on request. Trading charges as specified in the Rates and Charges Sheet are only paid on trades after any trading credits have been used. With trading credits:
- (i) you will be entitled to receive the amount specified in our Rates and Charges Sheet, which applies per person and not per individual Account, although any joint Accounts held by you will also be credited with trading credits;
  - (ii) they cannot be transferred between Accounts or to any other person;
  - (iii) they have no cash value and any unused trading credits at the end of any charging period or on the closure of any Account will be extinguished and can no longer be used;
  - (iv) anyone who we consider (in our reasonable opinion) to be abusing the receipt and use of trading credits, whether by opening multiple Accounts or otherwise, may at our discretion have those trading credits withdrawn; and

- (v) they may be varied, withdrawn or terminated pursuant to clause 1.2.2 of these Terms.
- 1.6.3. Transactions and services which we or our agents carry out in accordance with these Terms may be subject to taxes (such as VAT and stamp duty) and charges and levies under the Rules:
- (i) You will be responsible for paying, when they fall due, all taxes, stamp duty and other charges reasonably incurred by us on your behalf (including but not limited to those outside our control that may be imposed by a Custodian, registrar, depository, Euroclear UK & Ireland, or any Execution Venue or regulatory body) together with any levies or penalties, unless they arise as a direct result of our negligence, intentional wrongdoing or fraud or that of a Person connected with us.
  - (ii) Circumstances may arise where changes in interpretation of VAT law may lead to VAT previously charged to you becoming recoverable from HMRC. In such circumstances we may file a protective claim for VAT overcharged to you where you qualify for exemption over the last four years. Subject to HMRC accepting any such claim, we will pass on to you as soon as possible the full amount refunded. That amount may be lower than the VAT we originally charged on the service provided, as we are required to calculate the amount of VAT that we originally recovered relating to these supplies, and to deduct that from the claim.
- 1.6.4. We will exchange foreign currency for your account in relation to your overseas transactions or client investments where applicable, or otherwise as you instruct. We will charge for this in accordance with our published scale, available on our Website and on request (and which will be shown on our contract note in the case of a transaction, and in other cases will be notified to you on request).
- 1.6.5. You will also be liable to pay any Order cancellation charges, interest, or fines in accordance with clauses 1.7.20, 1.12.3, 1.13.16, 1.14.4, or under the Rules.
- 1.6.6. In the event of termination of these Terms by you, or on the termination of any of our services to which a monthly, quarterly or annual charge applies (e.g. our administrative charges or for CREST Personal Membership), we shall charge on a proportionate basis.
- 1.6.7. In respect of transactions carried out on your behalf, we may share our charges with third parties or with a Person connected with us, or offer non-monetary benefits to them. We may also receive remuneration or non-monetary benefits from third parties. In particular, your attention is drawn to the following:
- (i) Where you have been introduced to us by another intermediary (including a Person connected with us), save for limited circumstances (including where the intermediary is an authorised firm) we may pay remuneration or a non-monetary benefit to that intermediary, or a Person connected with it, in respect of the introduction. Conversely, where we introduce you to another intermediary with whom you subsequently engage in a course of business, we may receive remuneration from that intermediary or a company connected with it. Where required by the Rules you will be notified of such arrangements. You should inform us in writing of any changes in circumstance that necessitate the ending of such arrangements, for example where you cease to have an ongoing relationship with the intermediary that has introduced you to our firm. You should also inform us, in writing, of a change of circumstance that would require the termination of such payments.
  - (ii) We may give and receive minor non-monetary benefits to and from third parties other than clients where these are of a scale and nature that would not impair our compliance with our duty to act honestly, fairly and professionally in your best interests, and where they are reasonable, proportionate and of a scale unlikely to influence our behaviour in any way detrimental to your interests. Such minor non-monetary benefits may consist of:
    - (a) information or documentation relating to a Financial Instrument or an investment service, that is generic in nature or personalised to reflect the circumstances of an individual client;
    - (b) written material that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the company, or where the producer of the material is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any firms wishing to receive it, or to the general public;
    - (c) participation in conferences, seminars and other training events on the benefits and features of a specific Financial Instrument(s) or an investment service;



- (d) hospitality of a reasonable value in the circumstances, such as food and drink during a business meeting or a conference, seminar or other training events mentioned under paragraph (c);
- (e) research produced prior to the completion of an issue of shares, debentures, warrants or certificates representing certain securities by an issuer, by a person that is providing underwriting or placing services to the issuer on that issue, where it is made available to prospective investors in the issue; and
- (f) research received on a short-term trial basis, so that the research provider's research service may be evaluated.

1.6.8. Details of any such remuneration or sharing arrangements as set out in clause 1.6.7 above may not be set out on the relevant contract note or confirmation note, but can be made available to you on request.

#### Outstanding charges

- 1.6.9. We will collect our charges and any other amounts you owe us as they become due (the "outstanding amount"), in accordance with your fee collection preferences or from the Account(s) on which the charges accrued.
- 1.6.10. We do not provide overdrafts and any outstanding amount is payable on demand. If you owe us money and we cannot collect any outstanding amount due for a particular period, we may notify you by email that the amount must be paid. We will do this once by email (or by letter, if we consider your email address is invalid and we may have failed to reach you) and will not send any further reminders. We will explain what the problem is, what needs to be done to rectify it and encourage you to contact us to discuss the position if you need to do so. We will give you at least three business days' notice in which to credit your Account(s) in order to pay the outstanding amount.
- 1.6.11. If you do not pay the outstanding amount within the time specified, we have set out below the way in which the deficit(s) will be cleared as soon as practicable afterwards:
- (i) We may, in order to clear or reduce the outstanding amount:
    - (a) transfer money between your Accounts (if you have more than one Account) and, where required, you authorise us to transfer money from your ISA Account(s) for this purpose; and/or
    - (b) amend the Account(s) from which any outstanding charges and/or future charges may be paid; and/or
    - (c) sell Investments in your Account(s), including those held in joint names.
  - (ii) If we have to sell any of your Investments, we may decide at our discretion which ones to sell.
  - (iii) We may sell the entire holding where the sale of an Investment would result in greater than 90% of the value of that holding being sold or where the remaining holding would be worth less than £100, based upon the last closing price prior to the time of sale. If there is a shortfall in the outstanding amount after the sale, you will still be responsible to us for the balance due which will be payable to us immediately in accordance with this clause.
  - (iv) Where we sell Investments in your Account(s), this may result in a gain or loss for you. You must ensure you correctly account for any applicable taxes relating to that sale, including making any relevant returns and payments and complying with any relevant laws and regulations. We are not responsible for any losses you incur or any tax liabilities which may arise.
  - (v) If you have previously failed to pay an outstanding amount, we reserve the right to sell sufficient Investments to cover the next six months' worth of fees on your Account(s), based on the previous six months' fees.
- 1.6.12. If we need to take legal action against you for recovery of any outstanding amount, you will be liable for all fees and expenses reasonably incurred by us in doing so. We will notify you of the amount owing for such fees and expenses and arrange payment in accordance with clauses 1.6.10 and 1.6.11 above, but if any amount still remains unpaid you will be liable to us personally for that amount.

#### 1.7. BUYING AND SELLING INVESTMENTS

##### Requirements before we can accept Orders from you

- 1.7.1. Once your application has been accepted and your Account has been opened, we will only accept Purchase Orders to the extent that

there are sufficient funds in that Account, and similarly we will only accept Sale Orders where we are holding or we control sufficient of the relevant Investment on your behalf in that Account to meet the Sale. Funds and Investments cannot be moved from one Account of yours to another, but all funds standing to your credit on a particular Account (including, for example, interest and accumulated dividends) can be applied towards the cost of Purchases for that Account.

- 1.7.2. Before we can purchase any Overseas Investments for you, or accept them into our control, we require the completion by you of appropriate tax documentation (including but not limited to a signed W-8BEN form) relevant to any jurisdiction in whose Relevant Market you own or wish to purchase Investments, and this will be supplied to you on application. Where such a jurisdiction requires tax documentation to be completed on further occasions, you undertake to complete it accordingly.

#### Legal Entity Identifiers

- 1.7.3. Clients who are not natural persons, such as trusts, charities and corporate investors, may be required to obtain a Legal Entity Identifier (LEI). Where a LEI is required, we will notify you and you agree to provide it on request; unless we have agreed to do so on your behalf, you will be solely responsible for obtaining a LEI, and for ensuring its ongoing validity, which may require its renewal from time to time. Obtaining and renewing LEIs may incur charges.

#### Relevant Markets

- 1.7.4. Relevant Markets and Relevant Market Hours are listed on our International Trading page on our Website and/or App. We reserve the right to add, withdraw or temporarily suspend at any time without notice any name on the list of Relevant Markets.

#### Placing and acceptance of Orders

- 1.7.5. Subject to these Terms, we will accept any Order from you to buy or sell an Eligible Investment provided that it is placed in accordance with the order handling requirements set out in our Rates and Charges Sheet and the provisions of clause 1.4.2. Certain Orders in respect of Overseas Investments can only be placed or amended during Business Hours and by telephone (please refer to Section F of these Terms), while others can be traded online at specified times. Please refer for further details to our International Trading page on our Website and/or App. An "Eligible Investment" is any Investment which is listed on our Rates and Charges Sheet and for which, in the case of an Order for stocks and shares, we are able to obtain a price from one or more dealers in that market.
- 1.7.6. We may at our discretion accept other Orders. If our charge for this varies from our Rates and Charges Sheet you will be notified of the charge either individually or on our Website or App before the Order is executed.
- 1.7.7. We will treat each Order you place as an offer to buy or sell subject to these Terms. We will accept Orders only as set out in clause 1.4.7, and you will be liable for such Orders unless and until you have advised us of the disclosure of your login details or further to clause 1.4.8. We may act on any other instruction that we reasonably believe to have been sent by you, on the basis set out in clause 1.4.7. If you are a Retail Client, upon becoming aware of any material difficulty relevant to the proper carrying out of your Orders, we will inform you promptly.
- 1.7.8. We will only accept Purchase Orders where you have sufficient funds in your Account to meet the cost in full; where you have open Orders, please note that the balance shown on your Account may not represent the funds available to you. We will only accept Sale Orders if we reasonably believe that you have sufficient of the relevant Investment under our control to meet the Sale at the time due for completion. In accepting any Order we give no assurance that the funds or Investments are available to meet it, and all Orders are accepted on the basis that you are exclusively liable for settling them. You agree that you will notify us immediately if you become aware that funds or Investments will be unavailable to meet any Order which you have given us.
- 1.7.9. A short position will arise if you contract to sell Investments which you do not own, or do not have the authority to sell or cannot deliver to the market by the agreed settlement date. We will not agree to sell any Investments on your behalf if we reasonably believe that a sale may result in you incurring a short position. You agree you will not instruct us to deal when the transaction would mean that you incur a short position. If you do give such an instruction you will be in breach of your obligations under this clause and we may without prior reference to you buy the relevant Investments to cover our obligation to deliver the Investments. You agree we may recover from you any reasonable expenses incurred by us in doing so.
- 1.7.10. We may at our discretion and without giving any reason:

- (i) accept or reject any instruction to carry out any transaction, Order or instruction but shall notify you as soon as reasonably practicable if a rejection is made. Such circumstances may include where your Account has become a dormant account (see clause 1.2.13), where your credit references are unsatisfactory (see clause 1.16.13), where we do not reasonably believe your Order or other instructions have been instigated by you or where there may be legal or regulatory reasons preventing us from accepting your instructions; or
  - (ii) require you to dispose of an Investment, transfer it to another firm, or have it re-registered into your own name.
- 1.7.11. Our discretion to accept or reject any instruction to carry out any Order (as set out in clause 1.7.10 above) may also be exercised in respect of instructions received outside Business Hours, including those made by telephone regarding Overseas Investments.
- 1.7.12. We reserve the right to:
- (i) vary the range of Investments available to you at any time. The range of Investments available to you may be restricted by us or a product provider from time to time;
  - (ii) refuse your instructions to accept or buy any Investment that we consider not to be a Standard Asset where we reasonably consider that we are unable to deal in that Investment; or
  - (iii) impose a minimum Order size on any purchase instruction.
- 1.7.13. You agree that you will not, by deliberate or negligent act or omission, commit market abuse. Market abuse includes insider dealing, unlawful disclosure of inside information and market manipulation. Market abuse is both a criminal and a civil offence for which you can be imprisoned and ordered to pay unlimited fines.
- 1.7.14. We may delay accepting any Order where we consider it reasonable to do so, and will have no liability for such delay. Delays may be caused by, for example, a requirement to check the availability of funds or Investments to meet your Order, or the eligibility of the Investment which is the subject of your Order.
- 1.7.15. We accept no liability for the non-completion of or delays in completing any Order accepted by us where this is caused by systems or component failure, suspension or closure of any Relevant Market, suspension of trading in the Investment which is the subject of your Order, inability to obtain a price quotation, or other exceptional circumstances beyond our reasonable control, provided that such delay or failure has not been caused by our failure to put in place adequate systems as would reasonably be expected of us.
- 1.7.16. In the event of system or component failure or suspension of our services you may not be able to enter new Orders, or have Orders executed which have been previously entered, and this may also result in loss of Orders, or Order priority.
- 1.7.17. You agree that it is your responsibility to ensure that Orders are not duplicated. You must contact us to check if an Order has been executed before sending it again. You are responsible for paying for, or delivering securities in respect of, any duplicate Order as with an original Order.
- 1.7.18. We will only accept and act upon instructions in the form in which we receive them and we are not responsible for any change or corruption in your instructions prior to receipt of them.
- 1.7.19. Orders are accepted only on the basis that they are an irrevocable instruction from you and that they are given on your behalf and not for anyone else. Orders will be executed in accordance with the prevailing rules and practices of the Relevant Market and you should note that there are variations in respect of the rules relating to execution.
- 1.7.20. If you wish to cancel an Order which has not yet been executed we will, without liability, seek to cancel it with the market or with the agents (if any) to whom we have passed it, but we can give no assurance that we can effect such cancellation. In placing any Order with us you accept full liability for its completion unless we confirm to you cancellation of the Order, and you accept liability for any costs arising from such cancellation.
- 1.7.21. Orders are accepted strictly on the basis that we give no guarantee of the time at which the Order may be completed, and the price at which the Order is executed may be different from the price indicated to you (if any) when you place the Order. Because of the nature of a moving market, we accept no responsibility for any difference between the price indicated and the price at which the Order is carried out.
- 1.7.22. Subject to the rules and practice of the Relevant Market, Orders may be held in a queue, pending completion, and we accept no liability for non-completion, or for dealing at a less good price than could have been obtained if the Order had been completed more quickly. Where we accept dealing instructions for other than immediate execution at the best available price, we will use our reasonable endeavours to complete them but accept no responsibility for non-completion provided that such delay or failure has not been caused by our failure to put in place adequate systems as would reasonably be expected of us. You agree to accept partial completion of Orders unless it is expressly agreed otherwise. Where you have instructed us to make

a fixed regular monthly fund investment and there are insufficient funds on your account, for any given month, we will only proceed with the investment for the available credit balance on your account. We accept no liability for the non-completion of or delay in completing any instructions given by you or accepted by us where this is caused by systems failure, market closure, a failure to perform by a third party settlement agent, depository, clearing or settlement agent or system or any participant in one of them or other exceptional circumstances.

- 1.7.23. The time of receipt of your instructions is deemed to be the time at which our confirmation of receipt of your instructions is first available to you electronically or, in respect of those Orders permitted to be made by telephone, the time at which our dealers verbally accept the instruction(s) from you. Orders made online will only be executed within Relevant Market Hours and also within our normal online dealing hours as shown on our Website and/or App. When a Relevant Market is closed, Orders made by telephone will be held and executed when it next opens. The time of execution of your Order will be governed by the constraints of normal trading hours in the Relevant Market. Confirmation of receipt of your Order is not an indication of the time of trading hours or execution.
- 1.7.24. Each time you place a Sale Order, you confirm that you have full beneficial ownership in respect of such Eligible Investments and that no third party has any claim of any kind over them. You must ensure that all Investments which you instruct us to sell are free from any legal claims that may affect your ability to do so.
- 1.7.25. We will issue to you, unless provided otherwise in these Terms, a contract note following each transaction showing full details including our remuneration and any remuneration received from any third party (other than another client) in respect of that transaction. When we carry out a Limit Order for you, the contract note will disclose this fact.
- 1.7.26. Contract notes statements, valuations and periodic reports (along with any documents we are obliged under the FCA Rules to forward to you) will be sent to you either by e-mail to your registered email address or via our secure messaging facility in respect of each completed transaction. Contract notes will not be issued to anyone other than the named client or, at our discretion and on your instructions, to your agent (by email only). We will not issue contract notes in "hard copy" (paper) format. Contract notes will be held by us on our email file for a limited number of days following completion of the transaction. Where transactions in SETS stocks are subject to a special condition and incur an additional cost (for example it has been carried out on a non-standard basis and thereby has incurred an additional charge, or a difference in price), such cost will be shown on the contract note.
- 1.7.27. It is your responsibility to check the accuracy of the information given in any contract notes, statements and valuations and to notify us immediately if you believe anything to be incorrect.

#### Placing Limit Orders

- 1.7.28. When placing an Order you must set a price limit if the Order is being placed outside the Relevant Market Hours. In all other cases you may choose either to deal at once at the price offered electronically or at the best available price if dealing by telephone in accordance with Section F, or to place a price limit. A price limit means that we will not carry out the Order if we cannot deal at the specified price or better. Where an Order is rejected by us, or it fails to reach us, or for any other reason it is not accepted by us, we shall not maintain or monitor a price limit in relation to that Order, nor have any liability to execute it.
- 1.7.29. The following conditions apply to Limit Orders:
- (i) All limits which are placed within the Relevant Market Hours will be held, unless previously completed in full, until the official closing time of the Relevant Market on that day, or for such longer period as we may expressly otherwise agree with you. If it has not been completed the Order, or in the case of an Order permitted to be made by telephone in accordance with Section F, such part as remains uncompleted, will then be cancelled.
  - (ii) All limits which are placed outside the Relevant Market Hours will be held, unless previously completed in full, until the official closing time of the Relevant Market on the first subsequent day on which it is open, or for such longer period as we may expressly otherwise agree with you. If it has not been completed the Order, or in the case of an Order permitted to be made by telephone such part as remains uncompleted, will then be cancelled.
  - (iii) Contingent Limit Orders (i.e. those conditional on the completion of another instruction) are not permitted and will be rejected.
  - (iv) You agree that all Limit Orders placed online via the secure area of the Website or App in any Investment will only be executed if the Order can be completed in full, simultaneously. It is not possible for Limit Orders to be placed online for Overseas Investments.

- (v) Our acceptance of Limit Orders on this basis relies on our having available a continuous electronic feed of prices from the Relevant Market. We accept no responsibility if we are unable to complete a Limit Order if this feed is for any reason interrupted. You should contact the Charles Stanley Direct Helpdesk immediately (telephone 0131 550 1234) should you believe your Limit Order may have been affected by such an interruption, and we draw your attention to clause (viii) below. Prevailing market conditions, failures of information technology systems, the suspension or restriction of trading, natural disasters, staffing shortages and other events beyond our reasonable control may mean that we may have to temporarily suspend the acceptance of instructions for Limit Orders.
- (vi) Subject to these Terms, Orders that are placed with price limits which can be matched or improved upon, will be executed promptly, subject to market conditions, on a reasonable endeavours basis. We cannot accept Orders with a condition that they be executed at a worse price, either higher or lower, than the current market price. This includes so-called "Stop-Loss" Orders.
- (vii) Section F of these Terms varies this clause 1.7.29 in respect of Orders instructed by telephone, including telephone Limit Orders, and the way in which we deal with Limit Orders in connection with Overseas Investments. Please refer to Section F accordingly.
- (viii) Where a number of Limit Orders are placed, you accept full liability for the deletion of those no longer required. Should an Order be completed that arises from a duplicated Limit Order held on the system, you accept full liability for any resulting losses and costs incurred.
- (ix) We will use reasonable endeavours to deal if the market price matches or exceeds the price limit you have agreed with us until close of market trading on the day the Limit Order expires. We will not be liable for any loss or expense you incur if we are reasonably unable to do so for any reason (for example, it may not always be possible to execute Limit Orders under the prevailing market conditions or as a result of system failures).

#### Aggregation of Orders

1.7.30. We may combine your Order with that of another client, or with our own Order, or that of a Person connected with us, if we reasonably believe that we will obtain a more favourable price than if your Order had been carried out separately, but the effect of the aggregation may operate on some occasions to your disadvantage. Where we combine client Orders with our own Order or that of a Person connected with us and the aggregated Order is partially executed, we will allocate the related trades to clients in priority to our own Order.

#### Suitability

1.7.31. We will accept no responsibility for advising you as to the merits or suitability of any Investment or transaction. You will accordingly not be entitled to the protection accorded to Retail clients by the Rules as regards the suitability of any Investment or transaction. We do not accept responsibility on a continuing basis for advising on the composition of your Account or portfolio.

#### Appropriateness

1.7.32. Where you undertake a transaction following receipt of a business publication or a research note, the transaction will be deemed to be at your own initiative.

1.7.33. Where you wish to deal in Complex Instruments:

- (i) we are required to assess their appropriateness for you and we will carry out our assessment either at Account opening or, if the assessment has not been previously undertaken, at the point of your request to deal. Thereafter the requirement for us to assess appropriateness will not apply for individual Investments or transactions;
- (ii) the assessment of appropriateness will be carried out in the way we determine is necessary in the circumstances and we reserve the right to re-assess appropriateness at any time;
- (iii) under the Rules of the FCA, appropriateness is assessed solely in the context of your knowledge and experience of the risks associated with those Investments or that service and when making the assessment we are not required to take into consideration other factors, such as your investment objectives, financial resources or other personal circumstances;
- (iv) Where we believe that you have adequate knowledge and experience to assess the risks associated with Complex Instruments, or have engaged previously in a course of

dealings in Complex Instruments, we may decide that you have the level of knowledge and experience needed to understand the risks of such Investments;

- (v) where we are required to consider appropriateness and we consider, on the basis of the information supplied to us by you, that an Investment or transaction may be appropriate for you, we are not required to notify you. Where we do notify you, however, this should not be taken as a personal recommendation or as implying that the Investment or transaction in question is or may be suitable for you. Whether we notify you or not, any subsequent decision by you to deal will be at your own risk and we accept no responsibility for any transactions subsequently entered into by you in respect of that Investment or service;
- (vi) where we are required to consider appropriateness and we consider, on the basis of the information supplied to us by you, that an Investment or transaction may not be appropriate, we will notify you accordingly. If you elect not to provide sufficient information to enable us to assess appropriateness, or if you provide insufficient information in this regard, we will be unable to determine whether the service or product envisaged is appropriate for you and we will notify you accordingly;
- (vii) following a notification in (vi) above, any decision by you to deal will be at your own risk and we accept no responsibility for any transactions subsequently entered into by you in respect of that Investment or service;
- (viii) at our discretion, we may refuse to accept your Orders in Complex Instruments; and
- (ix) you are responsible for notifying us if you do not wish to deal in Complex Instruments.

1.7.34. The principal risks of Complex Instruments are that your initial capital may be at risk, the performance of your investment may be highly volatile and you may lose some of, all of or more than your initial investment. Some Complex Instruments may involve technically complicated trading features requiring specialist knowledge. You should read clause 1.10.12 of this document, which sets out some of the risks associated with Complex Instruments and other Investments. If you are in any doubt as to what these might be, it is recommended that you seek professional advice on such Investments or transactions.

#### 1.8. INVESTMENT DOCUMENTS

1.8.1. In some circumstances where we arrange for you to buy certain Investments we are required to provide you with a Key Investor Information Document (KIID) or Key Investor Document (KID). These Investments include investment trusts and units in a collective investment scheme (for example, a unit trust), as well as other types of investment products:

- (i) For transactions undertaken at your own initiative using a means of distance communication, the provision of the KIID or KID before a transaction is concluded would not be possible and it will be provided as soon as possible after the transaction; if you wish, you may delay the transaction(s) in order to request and/or read the KIID or KID before concluding the transaction(s), otherwise you consent to receiving it without undue delay after the conclusion of the transaction(s).
- (ii) Where we are obliged to provide you with a KIID or KID and we have an email address for you that we believe to be valid, you agree that we can provide the relevant document by email or, where you access any of our services using a secure area of our Website, we may provide the relevant document via the secure area of our Website. You have a right to request paper copies, free of charge.
- (iii) The requirement to provide a KIID or KID does not apply if you already hold the same Investment and have previously received that KIID or KID.

1.8.2. We shall be pleased to arrange the supply of a simplified prospectus attaching to the relevant Investments purchased on your behalf.

#### 1.9. ORDER EXECUTION POLICY

1.9.1. Charles Stanley is required to put in place an Order Execution Policy and to take all sufficient steps to obtain the best possible result (or "best execution") on behalf of Clients, either when executing client Orders or receiving and transmitting Orders for execution. We are also required to provide a summary to Clients of our order execution policy and obtain your consent to such policy. Our Order Execution Policy and list of Execution Venues is set out as Appendix I to these Terms. Requests for further information should be directed to our Compliance Department.

## 1.10. NATURE AND RISKS OF CERTAIN TYPES OF INVESTMENT AND TRANSACTION

- 1.10.1. You should have regard to the limited protections you may receive in respect of suitability and appropriateness, as set out in clauses 1.7.31-1.7.34 of this document.
- 1.10.2. This section contains information about Investments, including guidance on and warnings of the risks associated with those Investments, so that you are able to understand the nature and risks of the service and of the specific types of available Investments and, consequently, take investment decisions on an informed basis. This section cannot disclose all the risks and other significant aspects of Investments and you should not deal in them unless you understand their nature and the extent of your exposure to risk and potential loss, having satisfied yourself that they are suitable for you in the light of your circumstances and financial position. If in doubt you should always seek professional advice.
- 1.10.3. Investments should only be made on the basis of the underlying investment case and with a proper appreciation of the risks specific to the Investments. Investments involve different levels of exposure to risk and in deciding whether to transact in such Investments you should be aware of the following points below.

### Investments put your capital at risk

- 1.10.4. Investments put your capital at risk. This includes shares and other securities, as well as products, which can offer attractive returns but put you at risk of losing some or all of your capital. You should be aware that even where an Investment is labelled as 'capital protected', this does not necessarily mean that the return of your initial investment is guaranteed at maturity, or when you decide to sell, as any such protection is likely to require you to hold to maturity and for certain other conditions to be met. Investments that put your capital at risk include but are not limited to:
- (i) exchange-traded Investments, including shares in companies, investment trusts, covered warrants and other products;
  - (ii) collective investment schemes, such as open-ended investment companies (OEICs) and unit trusts;
  - (iii) government and corporate bonds, as well as funds that invest in debt securities, such as corporate bond funds;
  - (iv) structured products issued by a product provider (usually a banking, insurance or investment management firm);
  - (v) derivatives such as traded and traditional options, futures and contracts for difference; and
  - (vi) Investments linked to the performance of a stockmarket index, or some other factor such as a collection of shares or a basket of commodities, usually for a fixed number of years.

### Shares

- 1.10.5. A share is an instrument representing a shareholder's rights in a company. Shares may be issued in bearer or registered form and may be certificated or non-certificated. One share represents a fraction of a corporation's share capital. Dividend payments and an increase in the value of the security are both possible, although not guaranteed. The shareholder has financial and ownership rights that are determined by law and the issuing company's articles of association. Unless otherwise provided, transfers of bearer shares do not entail any formalities. However, transfers of registered shares are often subject to limitations. Dealing in shares may involve risks including but not limited to the following:
- (i) **Company risk:** a share purchaser does not lend funds to the company, but becomes a co-owner of the corporation. He or she thus participates in its development as well as in chances for profits and losses, which makes it difficult to forecast the precise yield on such an investment. An extreme case would be if the company went bankrupt, thereby wiping out the total sums invested.
  - (ii) **Price risk:** share prices may undergo unforeseeable price fluctuations causing risks of loss. Price increases and decreases in the short-, medium- and long-term alternate without it being possible to determine the duration of those cycles. General market risk must be distinguished from the specific risk attached to the company itself. Both risks, jointly or in aggregate, influence share prices.
  - (iii) **Dividend risk:** the dividend per share mainly depends on the issuing company's earnings and on its dividend policy. In case of low profits or losses, dividend payments may be reduced or not made at all.

### Investment products

- 1.10.6. Investment trusts, unit trusts and other investment products often invest in a variety of exchange-traded Investments such as shares, debt securities, or other Investments that put your capital at risk. The value of an Investment linked directly or indirectly to the stockmarket may have a varying degree of risk, depending on its features and (if it is a product) its particular terms and conditions. The main risks involved with such Investments are:
- (i) the return of initial capital invested by you is not guaranteed at the end of the investment period and you may lose some or all of your initial capital invested;
  - (ii) even where an Investment is labelled as 'capital protected' at maturity, this does not guarantee the return of initial capital invested by you, as the level of capital protection may be contingent on the ongoing ability of the product provider or issuer to honour its contractual obligations to protect the capital of the product at maturity;
  - (iii) any losses may significantly increase if an Investment's structure involves gearing, in which case falls in any index to which an Investment is linked can result in an even greater reduction in the capital you invested (see the clauses on geared Investments below);
  - (iv) any rate of return advertised might be achieved only after a set period and you may not know until that date how well your Investment has performed, while taking your money out early could result in redemption penalties and a poor return;
  - (v) the initial capital invested may be placed into high-risk Investments; and
  - (vi) the rate of return you get may depend on specific conditions being met and even professionals may not be able to judge accurately how likely that will be.

### Bonds

- 1.10.7. Bonds are negotiable debt instruments issued in bearer or registered form by a company or a government body to creditors and whose par value at issuance represents a fraction of the total amount of the debt. The duration of the debt as well as the terms and conditions of repayment are determined in advance. Unless stipulated otherwise, the bond is repaid either at the maturity date, or by means of annual payments, or at different rates determined by drawing lots. The interest payments on bonds may be either fixed or variable. The purchaser of a bond (the creditor) has a claim against the issuer (the debtor). Dealing in bonds may involve risks including but not limited to the following:
- (i) **Insolvency risk:** the issuer may become temporarily or permanently insolvent, resulting in its incapacity to repay the interest or redeem the bond. The solvency of an issuer may change due to one or more of a range of factors including the issuing company, the issuer's economic sector and/or the political and economic status of the countries concerned. The deterioration of the issuer's solvency will influence the price of the securities that it issues.
  - (ii) **Interest rate risk:** uncertainty concerning interest rate movements means that purchasers of fixed-rate securities carry the risk of a fall in the prices of the securities if interest rates rise. The longer the duration of the loan and the lower the interest rate, the higher a bond's sensitivity to a rise in the market rates.
  - (iii) **Credit risk:** the value of a bond will fall in the event of a default or reduced credit rating of the issuer. Generally, the higher the relative rate of interest (that is relative to the interest rate on a risk-free security of similar maturity and interest rate structure), the higher the perceived credit risk of the issuer.
  - (iv) **Early redemption risk:** the issuer of a bond may include a provision allowing early redemption of the bond if market interest rates fall. Such early redemption may result in a change to the expected yield.
  - (v) **Risks specific to bonds redeemable by drawing:** bonds redeemable by drawing have a maturity that is difficult to determine, so unexpected changes in the yield on these bonds may occur.
  - (vi) **Risks specific to certain types of bond:** additional risks may be associated with certain types of bond, for example floating rate notes, reverse floating rate notes, zero coupon bonds, foreign currency bonds, convertible bonds, reverse convertible notes, indexed bonds, and subordinated bonds. For such bonds, you are advised to make enquiries about

the risks referred to in the issuance prospectus and not to purchase such securities before being certain that all risks are fully understood. In the case of subordinated bonds, you are advised to enquire about the ranking of the debenture compared to the issuer's other debentures. Indeed, if the issuer becomes bankrupt, those bonds will only be redeemed after repayment of all higher ranked creditors and as such there is a risk that you will not be reimbursed. In the case of reverse convertible notes, there is a risk that you will not be entirely reimbursed, but will receive only an amount equivalent to the underlying securities at maturity.

#### Geared or leveraged Investments

1.10.8. "Gearing", sometimes referred to as "Leveraged", means a strategy with a view to enhancing the return from or the value of an Investment without increasing the amount invested by the holders of the Investment, involving one or more of the following:

- (i) borrowing money;
- (ii) investing in one or more Investments, such as (but not limited to) warrants or derivatives, for which a relatively small movement in the value or price of the underlying rights or assets to which the instrument relates results in a larger movement in the value or price of the Investment; and
- (iii) structuring the rights of holders of an Investment so that a relatively small movement in the price or value of the underlying rights or assets results in a larger movement in the price or value of the Investment.

1.10.9. The strategy that the issuer of geared/leveraged investments uses or proposes to use may result in:

- (i) movements in the price of the Investments being more volatile than the movements in the price of the underlying investments;
- (ii) the Investment being subject to sudden and large falls in value; and
- (iii) you getting back nothing at all if there is a sufficiently large fall in value in the Investment.

1.10.10. Borrowing to invest allows an investor to achieve the same effects of gearing/leverage for an individual portfolio. That is to say, it increases the likelihood of sudden and large falls in the value of the Investment or portfolio, such that you may lose the value of your entire initial investment, or even be liable for further losses in the event that insufficient funds remain to repay the borrowings.

#### Investment trusts

1.10.11. An investment trust is essentially a stock-exchange listed company that holds a collective portfolio of stocks and shares, and whose performance therefore broadly reflects the performance of this "underlying" portfolio; however, as exchange-traded securities the price paid can deviate from the value of the underlying portfolio (referred to as the net asset value, or NAV), with the result that investors often buy or sell at a premium or discount to the NAV, with these discounts or premiums widening or narrowing over time. Some investment trusts are not traded frequently on the stock exchange and may be prone to illiquidity as a result, meaning that they may not always be easy to buy and sell at the prices shown on screen. Although the majority of investment trusts are of unlimited life, some have a fixed or limited life, where a continuation vote needs to take place every so often and share prices can become more volatile around these corporate action events. Investment trusts are an example of Investments that may use gearing. An investment trust "gears up" its underlying portfolio when (to an extent that varies from one investment trust to another) it finances the purchase of securities in this portfolio by borrowing money. Nearly all investment trusts rely on a degree of gearing, or may do so in the future. The ability of investment trusts to gear up their portfolios has traditionally been viewed as an advantage that allows them to out-perform the stockmarket. However, the effect can work the other way in falling markets and in the case of particularly highly geared investment trusts there is a risk of total loss of your initial investment. The effect of this gearing is that, when there is a rise in the price of the underlying securities, the value of the net assets attributable to each investment trust security rises by a greater percentage; and when the value of the underlying portfolio falls, the net assets attributable to each investment trust security fall by a greater percentage. As an alternative or additional strategy, the investment trust may pursue a policy of "cross-investing" in other investment trusts, some or all of which may themselves use, or propose to use, gearing. Accordingly, where the investment trust employs a higher degree of direct or indirect gearing, its securities are likely to be subject to fluctuations in value which are significant compared with the likely fluctuations in value of the underlying investments. Consequently, your holding in the investment trust could be subject to sudden and large falls in value, and indeed you may get nothing back

at all if there is a sufficiently large fall in value of this holding. The risk will vary from one investment trust to another.

#### Complex Instruments

1.10.12. Complex Instruments, as defined by the Rules of the FCA, include Structured UCITS, warrants, covered warrants, futures, traded options, contracts for difference, financial spreadbetting as well as other Investments from time to time, possibly including exchange-traded funds, exchange-traded commodities and structured products. Where you undertake transactions in such Investments on an unadvised basis and without adequate knowledge and experience of their operation, the complexity of such Investments increases the likelihood that you may suffer losses. It is recommended that you seek professional advice before entering into transactions in such Investments.

#### Warrants

1.10.13. Although warrants and/or derivative instruments can be utilised for the management of investment risk, some of these products are unsuitable for many investors. A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement up or down in the price of the underlying security results in a disproportionately large movement up or down in the price of the warrant. The prices of warrants can therefore be volatile. It is essential for anyone who is considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined timescale the investment becomes worthless. You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a 'covered warrant').

1.10.14. An off-exchange warrant transaction involves the trading of warrants that are not listed on any exchange. These "over the counter" transactions may occur electronically or over the telephone. Such transactions may involve greater risk than dealing in exchange-traded warrants because there is no exchange market through which to liquidate your position, or to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what the fair price should be.

#### Securitised Derivatives (including covered warrants)

1.10.15. Securitised derivatives are derivative products, such as covered warrants, certificates and contracts for difference, which are freely traded and are listed on Stock Exchanges. These products will usually be classed as Complex Instruments. They enable investors to have exposure to a wide range of underlying products such as shares, indices, commodities and interest rates without investing directly in the underlying product. These instruments may give you a time-limited right or an absolute right to acquire or sell one or more types of Investment that is normally exercisable against someone other than the issuer of that Investment, or they may give you the rights under a contract for differences, which allow for speculation on fluctuations in the value of the property of any description or an index, such as the FTSE 100 index.

1.10.16. In both cases, the investment or property may be referred to as the "underlying instrument". These Investments often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investments results in a much larger movement in the price of the Investment. The price of these Investments can therefore be volatile. These Investments have a limited life, and may (unless there is some form of guaranteed return to the amount you are investing in the product) expire worthless if the underlying instrument does not perform as expected. The financial risk associated with some of these products is that an investor may lose their entire initial investment. This could occur because the product may be structured in such a way that an investor's return depends on whether or not the underlying instrument reaches a set level or price. You should only buy this product if you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. You should consider carefully whether or not this product is suitable for you in the light of your circumstances and financial position, and if in doubt please seek professional advice.

#### Exchange-traded funds and Commodity-linked Investments

1.10.17. Exchange-traded commodities ("ETCs"), and other commodity-linked Investments, can sometimes underperform due to, in most but not all instances, being based on an underlying commodity future. This future will normally be the near month future and will thus have a finite

life. At expiry the future will need to be sold and a new one bought, a process called "rolling", and if the futures are in "contango" (the far month future being more expensive than the near month future), there will be an extra cost, which may cause the ETC (or other Investment) to underperform relative to the commodity in question. The opposite of this is "backwardation", which would normally cancel this imbalance over time or cause slight outperformance, but it cannot be guaranteed that this will happen.

- 1.10.18. Exchange-traded Funds ("ETFs") are typically open-ended investment companies whose shares represent an interest in a portfolio of securities that track an underlying benchmark or index. ETFs include Exchange-Traded Commodities, though some that invest in commodities, currencies, or commodity- or currency-based instruments may be structured differently, for example as listed debt in the form of Exchange-Traded Notes (ETNs). Unlike traditional open-ended investment companies, shares of ETFs typically trade throughout the day on a securities exchange at prices established by the market. ETFs are subject to 'tracking error' risks, since factors such as expenses, imperfect correlation between an ETF's stocks and those in its underlying index, together with rebalancing of the portfolio from time to time, may cause an ETF's return to deviate from its underlying index. Where ETFs are structured through the use of underlying derivatives, there may also be counterparty risk, in that the provider of the derivatives within the ETF may not be able to honour its commitments. ETFs have evolved over the years, becoming more complex, and investors considering ETFs should evaluate each investment closely and not assume all ETFs are alike. You are recommended to review the product literature and seek professional advice if in any doubt as to whether a specific ETF is suitable for your requirements.
- 1.10.19. Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. Inverse ETFs (also called 'short' funds) seek to deliver the opposite of the performance of the index or benchmark they track. Like traditional ETFs, some leveraged and inverse ETFs track broad indices, some are sector-specific, and others are linked to commodities, currencies, or some other benchmark. Inverse ETFs may be marketed as a way for investors to profit from, or at least hedge their exposure to, downward moving markets. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments. Most leveraged and inverse ETFs 'reset' daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effects of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period, while the effect of daily 'resetting' on the performance of the ETF can be magnified during periods of market volatility.
- 1.10.20. One of the most important factors affecting the spread is the investment or index that an Exchange-Traded Product ("ETP") follows – spreads tend to be higher if these are smaller or less frequently traded. Larger, more frequently traded ETPs may have lower spreads but the spread tends to increase when markets are more volatile. The spread varies over time and is not predictable – spreads are often highest shortly after the stock market opens and shortly before it closes. Many global equity ETPs have a lower spread in mid-afternoon when the US stock market is open.

#### Penny shares

- 1.10.21. There is an extra risk of losing money when shares are bought in some smaller companies, including Penny Shares, as there is a big difference between the buying price and the selling price of these shares, such that if they have to be sold immediately you may get back much less than you paid for them. The price may change quickly and can go down as well as up.

#### Foreign markets and currency risk

- 1.10.22. Foreign markets, which include the financial markets of developing countries, will involve different risks from the UK markets and in some cases the risks will be greater. On request we will provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which we accept liability for any default of a foreign firm through whom we deal. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.
- 1.10.23. Investments in emerging markets are exposed to additional risks, including accelerated inflation, exchange rate fluctuations, adverse repatriation laws and fiscal measures, and macroeconomic and political distress.
- 1.10.24. In relation to foreign currency denominated investments, changes in the rates of exchange between currencies may cause the value or income of your Investments to go down or up, independently of their value in local currency.

#### Non-Readily Realisable Investments

- 1.10.25. These are Investments in which the market is limited or could become so, as there is no certainty that market makers will be prepared to deal in such investments and adequate information for determining the current value of such investments may be unavailable. We may deal for you in circumstances in which the relevant transaction is not regulated by the rules of any Stock Exchange or recognised investment exchange.

#### Alternative investments

- 1.10.26. 'Alternative investments' is a loosely defined term that includes a wide range of investment categories falling outside the traditional categories of investments such as stocks or bonds. Managers of these products use investment strategies to produce returns that may be largely uncorrelated to traditional stock and bond market movements. Alternative investments include (but are not limited to) hedge funds, real estate funds, private equity and commodity funds. When considering alternative investments you should consider various risks including the fact that some products use gearing and other speculative investment practices that may increase the risk of investment loss, can be illiquid, may not be required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, may not be subject to the same regulatory requirements as regulated collectives, may charge high fees, and in many cases the underlying investments are not transparent and are known only to the investment manager. Alternative investment products are not for everyone and entail risks that are different from more traditional investments. You should obtain investment and tax advice from your advisers before deciding to invest. With respect to alternative investments in general, you should be aware that:

- (i) returns from some alternative investments can be volatile. You may lose all or portion of your investment;
- (ii) the use of a single manager could mean a lack of diversification and higher risk;
- (iii) many alternative investments are subject to substantial expenses that must be offset by trading profits and other income;
- (iv) trading may take place on foreign exchanges that may not offer the same regulatory protection as UK Stock Exchanges; and
- (v) past performance of any investment is not necessarily indicative of future results.

#### Suspensions of trading

- 1.10.27. Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.
- 1.10.28. Some open-ended funds invest in inherently illiquid assets. This means that at certain times you may experience a significant delay and/or need to accept a discount when selling an investment. The Key Information Document or the Key Investor Information Document should be read in conjunction with the fund's prospectus for more information.

#### Tax

- 1.10.29. Where any publications, communications or research refers to a particular tax treatment, the tax treatment depends on your individual circumstances, as well as on the ongoing availability of the tax reliefs, and may be subject to change in future. You should always consider seeking professional advice.
- 1.10.30. Investments should be made on the basis of the underlying investment case and should not be solely driven by tax considerations. Despite Investments such as venture capital trusts (VCTs) having the ability to diversify their portfolios, the nature of the underlying portfolios may be high risk such that the Investment itself should be treated as a high risk investment. Such Investments may require long holding periods to be eligible for the tax reliefs and for any profits to be realised. Consequently such Investments are not to be considered as short-term investments. They may also have poor liquidity in secondary markets, meaning that it will not always be easy to sell one's shares. You should also consider the charges that a manager of such products will levy, in particular any performance fees, as these will impact on the performance of your investment. Income tax relief is only available on the purchase of newly issued VCT shares. Any shares purchased through the Website and/or App are purchased on the secondary market and are therefore ineligible for tax relief. The FCA publishes guidance on the risks of VCTs, which can be found on its website.



### Securities that may be subject to stabilisation

- 1.10.31. We may from time to time carry out transactions on your behalf, where the price may have been influenced by measures taken to stabilise it. You should read the explanation below carefully.
- 1.10.32. Stabilisation enables the market price of a security to be maintained artificially during the period in which a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. The FCA allows stabilisation in order to help counter the fact that, when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found. Stabilisation is carried out by a "stabilisation manager" (normally the firm chiefly responsible for bringing a new issue to market).
- As long as the stabilising manager follows a strict set of rules he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.
- 1.10.33. The Stabilisation Rules:
- (i) limit the period when a stabilising manager may stabilise a new issue;
  - (ii) fix the price at which he may stabilise (in the case of shares and warrants but not bonds); and
  - (iii) require him to disclose that he may be stabilising but not that he is actually doing so.
- 1.10.34. The fact that a new issue or related security is being stabilised should not be taken as any indication of the level of interest from investors, nor of the price at which they are prepared to buy the securities.

### Money market funds

- 1.10.35. A money market fund is a type of collective investment scheme (fund) that is required to invest in low-risk securities. Money market funds typically invest in government securities, certificates of deposit, commercial paper of companies, or other highly liquid and low-risk securities. They attempt to keep their net asset values (NAV) and therefore their price constant, with only the yield (income) going up and down. These funds have relatively low risks compared to other funds and pay dividends that generally reflect short-term interest rates, but a money market fund's NAV may fall below \$1.00 or £1.00 (or equivalent) per share if the underlying investments perform poorly, with the result that losses to your initial capital are possible. Unlike bank deposits, money market funds do not benefit from the protection provided to bank deposits by the Financial Services Compensation Scheme. Investors should also be aware that although money market funds are required to be highly liquid, offering same day or next day settlement, in certain circumstances redemptions may be suspended.

### Term Deposits

- 1.10.36. Term deposits are subject to the terms and conditions of the relevant bank or building society, including as to minimum deposit amounts, interest rates and redemption periods. No withdrawals are permitted during the term; this means that a term deposit often cannot be redeemed until maturity. In exceptional circumstances where early redemption is permitted by the relevant bank or building society, this may be the subject to early redemption penalties, charges and/or forfeiture of interest.

### Structured UCITS

- 1.10.37. Structured UCITS are collective investment funds that use financial derivatives, usually a total return swap (TRS), to provide investors with a predefined pay-out at the end of a specific period based on the return on underlying assets. The underlying assets can consist of a variety of asset classes, strategies and indices. They are usually passively managed and can incorporate features such as capital protection or payoff guarantee.
- 1.10.38. Often the portfolio can be comprised of a TRS with a single counterparty, which provides collateral to the fund. The fund will typically invest in a portfolio of assets, such as debt securities, money market instruments and equities. The fund either passes the entire portfolio to the swap counterparty (funded swap) or undertakes to pay the return on the portfolio (unfunded swap). In return, the counterparty provides the fund with a return based on the underlying assets. There can be an increased risk to the fund of being exposed to a single counterparty, and a default of the counterparty would significantly impact on the returns of the fund.
- 1.10.39. While many Structured UCITS provide exposure to a simple basket of assets or traditional index, they can also involve more complicated investment strategies which incorporate long/short equity, absolute return, complex macro, arbitrage and commodity strategies through commodity indices only. These strategies can be highly complex for a retail investor to understand, as can be the management of the TRS and counterparty collateral. There is a risk that the terms of the TRS

may not allow for sufficient liquidity to meet redemption requests from investors, which could have an adverse impact on an investor's ability to sell.

### Dilution levy/adjustment

- 1.10.40. A dilution levy or adjustment is an amount an investor pays to cover the dealing costs incurred by an investment fund when it buys or sells investments as a result of the investor buying or selling shares/units in the fund. It is normally only charged when those costs are significant. Where a dilution adjustment is made by a fund manager, it will typically increase the dealing price for an investor when there are net inflows into the fund and decrease the dealing price when there are net outflows. The dealing price of each class of unit in a fund will be calculated separately, but in percentage terms any dilution adjustment should affect the price of units of each class identically. On the occasions when the dilution adjustment is not made, there may be an adverse impact on the total assets of the fund. As dilution is related to the inflows and outflows of money from a fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently a fund's manager will need to make such a dilution adjustment. Details can be found on the Key Investor Information Document (KIID) or the Key Information Document (KID). It is important to note that any dilution levy/adjustment is paid into the fund.

### Key Information Documents - performance scenarios

- 1.10.41. When you buy certain types of investment products (for example, funds, investment trusts, exchange traded products), we are required to give you a Key Information Document (KID) drawn up by the product's provider. In a section headed "What are the risks and what could I get in return?", the KID presents a number of performance scenarios for the product. These scenarios illustrate the rates of return that the product might achieve in different circumstances and if held over different periods of time. However, because financial markets have experienced stronger-than-usual growth over recent years, there is a possibility that the performance scenarios – which are calculated using past performance data – may be over-optimistic. Consequently, please bear in mind that the performance scenarios are simply an estimate and that past performance is not a reliable indicator of future results.

### 1.11. MATERIAL INTERESTS AND POTENTIAL CONFLICTS OF INTEREST

- 1.11.1. Where any firm acts for more than one client, there is the possibility of a conflict of interest. Conflicts may also exist between the interests of a firm, including Persons connected with it, and the interests of clients. Investment firms are required by the Rules of the FCA to establish, implement and maintain an effective conflicts of interest policy appropriate to the size and organisation of the firm and the nature, scale and complexity of its business, in line with the FCA Principles for Business and in particular Principle 8: "A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client".
- 1.11.2. Our firm maintains a Conflicts Management Policy (the Policy) that identifies, with reference to our services, the circumstances that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients. We take all appropriate steps to identify conflicts of interest between our firm, including managers and staff, and our clients, and between one client and another client, which arise or may arise in the course of providing our services.
- 1.11.3. Our staff are required to act in the best interests of each individual client and not to have regard to the interests of one client over the interests of any other. They are required to comply with a policy of independence and disregard any interest other than your own when making recommendations to you or carrying out transactions on your behalf. We maintain and operate effective organisational and administrative arrangements in order to take all appropriate steps to prevent or manage such conflicts from adversely affecting the interest of clients. In respect of the business that we conduct with you, the procedures we follow and measures we adopt include at least those items in the following list that are necessary for us to ensure the requisite degree of independence:
- (i) effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
  - (ii) the separate supervision of persons whose principal functions involve carrying out activities, or providing services to, clients whose interests may conflict, or whose interests may conflict with the interests of our firm;
  - (iii) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant

person carries out services and activities, and to prevent or control the simultaneous or sequential involvement of relevant persons in separate services or activities where such involvement may impair the proper management of conflicts of interest; and

- (iv) a policy of the removal of any direct link between the remuneration of persons principally engaged in one activity and the remuneration of, or revenues generated by, different persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.

- 1.11.4. Where conflicts of interest are so great that they cannot appropriately be prevented or managed by a combination of these and/or other steps in such a way as to ensure fair treatment for a client and to ensure that client interests will not be damaged, we would be required to disclose the general nature and/or source of the conflict. However, disclosure to clients is a measure of last resort and is not a form of managing that conflict of interest. We are required to take appropriate steps to prevent or manage conflicts of interest beforehand, and rely on disclosure of a conflict only when our administrative and organisational arrangements have failed in this regard.
- 1.11.5. As a result of our organisational and administrative arrangements, we have no general conflicts of interest that are not appropriately prevented or managed, and that we would be obliged to disclose in accordance with the FCA Rules. However, for your information we set out below the details of certain specific areas of conflict and controls.

#### Group Structure/Close Links

- 1.11.6. A potential conflict would exist if a third party product provider or supplier had a material shareholding or financial interest in Charles Stanley group (or vice versa), of a size significant enough to be able to influence the operating decisions of the firm to the detriment of client interests. At the date of these Terms, the Charles Stanley group has no close links to product providers or insurers, other than with respect to the Charles Stanley OEIC range. If circumstances were to change and such close links arose, we would review the situation carefully to identify and appropriately manage any potential conflict.

#### Holistic Wealth Management

- 1.11.7. Our firm provides full-service wealth management, including discretionary and advisory managed portfolios, advisory and execution-only services and fund management, with investment management services also being provided through the discretionary managed model portfolios hosted on third party investor and Independent Financial Adviser platforms. We (or a Person connected with us) may be the trustee or operator (or an adviser to the trustee or operator) of a collective investment scheme or other Retail Investment Product in which you invest. We are cognisant of the potential for conflict between providing investment management services and offering in-house funds, the primary mitigating factor of which is the absence of incentives for staff to promote in-house funds.

#### Remuneration Policies

- 1.11.8. Our Charles Stanley group Remuneration Policy sets out how we seek to comply with our regulatory obligations regarding executive and staff remuneration and group remuneration schemes, including the consideration of potential conflicts within our incentive schemes. Where staff are remunerated by reference to business volumes, there is potential for conflict with client interests as such remuneration schemes may provide an incentive to maximise revenues at the expense of clients' interests. It is our policy to assess incentives-based conduct risks and factor these into internal control and monitoring routines. Additional policies are designed to counter any incentives to engage in poor behaviours. Staff are not permitted to receive any payments from clients directly.

#### Staff Personal Dealing

- 1.11.9. Staff personal interests in holdings of securities, or in dealing in securities, may conflict with their obligations to clients. For example, staff or connected persons may have an interest, relationship or arrangement that is material in relation to the Investment, transaction or service concerned. We have policies, procedures and monitoring arrangements in place to review staff personal dealing and to restrict it in certain circumstances.

#### External Business Interests

- 1.11.10. Staff may not accept any employment or business interest outside the Charles Stanley group without prior approval from management.

#### Inducements/Gifts and Hospitality

- 1.11.11. As a matter of policy, our firm and staff do not solicit or accept inducements that could conflict with our obligations to its clients, nor offer nor give inducements which could conflict with the recipient's

obligations to its own clients. Gifts, corporate hospitality and similar benefits may fall within this category and we maintain a Gifts & Hospitality Policy and Procedure detailing the requirements around the giving and receiving of gifts and hospitality.

#### Client Categorisation

- 1.11.12. A potential conflict exists in that it may be to our benefit to categorise clients as Professional rather than Retail Clients, thereby reducing the level of investor protection enjoyed by clients. Policies and procedures are in place to ensure that clients are only categorised as Professional when this is fully justified in all the circumstances and permitted by the FCA Rules on client categorisation. Otherwise, clients are categorised as Retail Clients.

#### Client Orders

- 1.11.13. When we enter into a transaction for you, conflicts may exist where:

- (i) we carry out your Order by matching it with that of another client;
- (ii) we carry out comparable Orders given simultaneously by different clients;
- (iii) we allocate Investments, where you are a discretionary managed client or your Orders are aggregated with those of other clients but full allocations are not possible; or
- (iv) a Person connected with us is dealing as principal for their own account by selling the Investment concerned to you or buying it from you.

- 1.11.14. In carrying out any transaction for you, we are not required to disclose that the other party to the transaction may be ourselves, a company connected with us, or another client of ours or of another company. Our firm maintains Client Order Handling procedures that are designed to ensure the fair treatment of clients in such instances.

#### Research

- 1.11.15. Our firm's main sources of income are fees and trading commissions from our investment management, and advisory and trade execution activities, and the commercial requirements of these businesses can create conflicts of interest for research analysts, as the desire to maximise trading commissions can conflict with the requirement for analysts to provide high quality, timely and unbiased recommendations to investing clients. Charles Stanley and its connected companies, their directors, members, staff and members of their families may have positions in the securities of Financial Instruments referred to in our research. Under our Research Analysts Policy, analysts making a recommendation about a security are required to disregard any relationship, arrangement or interest of their own or of our firm, which might influence the advice or recommendation. Our Research Analysts Policy sets out detailed standards for analysts, both as regards their own conduct and the disclosure of potential or actual conflicts within research publications. Our policy on managing actual or potential conflicts of interest in respect of research can be found at: [www.charles-stanley.co.uk/about-us/our-policies/conflicts-of-interest](http://www.charles-stanley.co.uk/about-us/our-policies/conflicts-of-interest).

#### Disclosure of conflicts of interest

- 1.11.16. Although as a result of our organisational and administrative arrangements, we have no general conflicts of interest that are not appropriately prevented or managed, it is possible that we may face specific conflicts in respect of services and/or products provided to particular clients that cannot be appropriately prevented or managed, and that in accordance with the FCA Rules we would be obliged to disclose. Where this occurs, the disclosure shall clearly state that the organisational and administrative arrangements established by us to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented. The disclosure shall include specific description of the conflicts of interest and shall explain the general nature and sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks, in sufficient detail to enable that client to take an informed decision regarding our investment services. Ultimately, it is likely that we would decline to act for such a client.

## 1.12. HOW WE DEAL WITH YOUR MONEY

- 1.12.1. We will deal with your money in accordance with the Rules. Your money is subject to protection under the client money rules set out in chapter 7 of the Client Assets sourcebook of the FCA Rules. Any of your money which is not due and payable to us and is not otherwise paid to you will be segregated from our money and held by us in a UK or EU regulated credit institution or a bank authorised in a third country or in a qualifying money market fund or funds as defined by the Rules of the FCA, in which case your money would be held in accordance

with the custody rules rather than the client money rules of the FCA. Client money placed by us with a bank or building society will be held in instant access and term deposit accounts at our discretion, in accordance with the Rules. Your money will be held at all times within the United Kingdom unless we choose to hold it abroad in relation to business we transact, or contemplate transacting, overseas or you transact business overseas and this requires us to pass or hold your money abroad. We shall not be liable in the event of default or delay in repayment by a bank, other borrower, agent, broker or other Person who is holding your money pursuant to these Terms. We shall not be liable for any restriction on redemption or diminution in the value of qualifying money market fund or funds. Where we hold money for you overseas, or we need to pass it to an overseas Person (such as a broker, settlement agent or option counterparty) we look for similar safeguards to those pertaining to your money held in the United Kingdom but these may be less secure. In particular:

- (i) the legal and regulatory regime which applies to the bank, overseas broker or other overseas Person will be different from that of the United Kingdom, and in the event of default by the bank, broker or other Person your money may be treated differently from the position which would apply if the money was held by an approved bank or broker or other such Person in the United Kingdom; and
- (ii) we require any such overseas bank to acknowledge that it accepts that it has no right of set-off or counterclaim against money held for you in a client bank account in respect of any sum owed on any other account of ours. If you instruct us in writing, before entering into a transaction, that you do not want your money held in a bank in a particular country or jurisdiction then we will place it elsewhere for you, or return it to you.

1.12.2. We accept and place deposits of clients' money on the following basis:

- (i) in relation to an ISA, to the extent permitted by the Treasury Regulations. We shall repay such deposits to you where required to do so, by or in accordance with the Treasury Regulations, and where we are required by the HMRC to make any deduction from such payments we shall account to the HMRC for such deductions;
- (ii) in relation to all other deposits, these are accepted exclusively in the course of our investment business, being funds arising from or intended for investment. Deposits in relation to which no transactions take place during a period of 365 days or more are not eligible for this service, and in such cases they will be repaid to you.

1.12.3. Interest at our standard rates, which are net of any retention by us of part of the interest which we receive on deposits (which you so authorise), will be added to your Account (or deducted in the event that our standard rates are negative) in respect of all balances standing to your credit, and will be charged to your Account at Our Reference Rate in respect of any debit balance, in both cases accruing on a daily basis. Interest will not be credited, paid or charged if the amount of such interest is less than the minimum amount as shown on our Website. Our standard interest rates and Our Reference Rate are shown on our Website.

### 1.13. HOW WE DEAL WITH YOUR INVESTMENTS

#### Registration

1.13.1. Investments which are capable of being registered, and which are purchased through or by us, will be registered or otherwise recorded in the name of our nominee, Rock (Nominees) Ltd or of a nominee controlled by a recognised or designated investment exchange or by a Custodian (or its nominee), in accordance with the custody rules set out in chapter 6 of the Client Assets sourcebook of the rules of the FCA. In relation to those of your Investments registered in the nominee's name that nominee will hold the legal title to such Investments and you will at all times be the beneficial owner. Where we have agreed with you, you may have holdings registered in your own name as a Personal Member of CREST in the electronic share register of each relevant company, in which case clauses 4.4-4.42 will apply. Where we have not agreed with you but you still wish to register your holdings in your own name as a Personal Member of CREST in the electronic share register of each relevant company, you would need to consider an alternative service to Charles Stanley Direct, provided by our firm, that allows for CREST Personal Membership.

1.13.2. We are responsible for the acts of our nominee to the same extent as for our own acts including, for the avoidance of doubt, losses arising from negligence, intentional wrongdoing or fraud.

#### Statements and Notices

1.13.3. Subject to the availability of our systems you may at any time view on our Website a statement of the Investments and cash which we

(or a nominee, bank or a Custodian selected by us) are holding for you at that time (except in the case of Investments which are held temporarily by us or our selected nominee or Custodian pending settlement of transactions). We would be happy to provide additional such statements on request, please refer to our schedule of charges provided to you for any costs that may apply. You are requested to review the statement and to notify us of any errors that it may contain.

1.13.4. Every three months we will provide you with a statement of the Investments, if any, then held for you. We will normally send an email letting you know that your statement is available to view by logging into the secure area of our Website. In accepting these Terms you consent to receiving your statement of Investments in this form, and we remind you of your responsibility to maintain your email address in this regard (see clause 1.4.6).

#### Pooling

1.13.5. Your Investments may be pooled with those of other clients for administrative reasons, but they will be strictly segregated and identified in our records and they will not be used for the account of any other client. The effect of pooling is that individual client entitlements may not be identifiable by separate Certificates, other physical documents of title or equivalent electronic record. Where Investments are held in a pooled (or 'omnibus') account, there is a risk that your Investments could be withdrawn or used to meet the obligations of other persons, or that the balance of assets held does not reconcile with the quantity required to be held, such that you may not in such circumstances receive your full entitlement of Investments (a 'shortfall'). In the unlikely event of a client's Investment within such a pool being used to settle another client's transaction, for example due to an administrative or settlement error, we will fund the former client's position such that there is no shortfall. In the event of an unreconcilable shortfall after the default of a Custodian, or on our insolvency, clients may share proportionately in that shortfall. Please note that this segregation of client assets may not necessarily occur in relation to Overseas Investments, as described in clause 1.13.8 below. We will take due care in selecting suitable Custodians to hold your cash and Investments, but will not be liable in the event of default by a Custodian unless that Custodian is connected with us. In the event of default we will use our best endeavours to recover the cash or Investments for you.

1.13.6. Due to the nature of omnibus accounts events such as settlement delays, timing differences or administrative or settlement errors may on occasion result in the account experiencing a shortfall. In the unlikely event of your Investments being used to settle the transaction of any other person or client we will fund the position such that there is no shortfall, by either appropriating:

- (i) a sufficient number of our own assets to cover the value of the shortfall and holding them for the relevant clients under the FCA Rules;
- (ii) a sufficient amount of our own money to cover the value of the shortfall and holding it for the relevant client as client money pursuant to the FCA Rules; or
- (iii) a number of assets and an amount of money (each in accordance with (i) or (ii) above).

1.13.7. Stock which we hold for you on a pooled basis may attract different treatment during corporate actions or other events than it would have done if the Investment was held in a separately designated account, and your options may be limited. In such cases any rights or other benefits will be shared proportionately among all shareholders whose holdings are affected.

#### Overseas Investments

1.13.8. Where we purchase and/or hold non-United Kingdom Investments for you these may be registered or recorded in the name of a Custodian in one or more jurisdictions outside the United Kingdom if, due to the legal requirements or the nature of market practice in the jurisdiction(s) concerned, it is in your best interests to do so or it is not feasible to do otherwise. A list of the jurisdictions in which this will be done will be supplied on request. As a consequence of registering your Investments overseas they may not be segregated from Investments belonging to us or the Custodian and therefore your protection may be less should a default occur on the part of the Person in whose name the Investments are registered or recorded. Investments belonging to you which are held overseas may be subject to different settlement, legal and regulatory requirements than those which apply within the United Kingdom. All Orders in respect of Overseas Investments will automatically be converted into sterling where this is required.

#### Despatch of Certificates

1.13.9. We will take all reasonable care to ensure the despatch of your Certificates in accordance with or pursuant to your instructions, but

all Certificates are despatched at your risk. In the event of loss within our firm, in transit to or from us, or in the course of registration or settlement, it is agreed that you and we will each take all reasonable steps to find or replace the Certificates.

#### Lending Your Investments

1.13.10. Except as provided in these Terms, we will not dispose of, surrender, lend or pledge your Investments without your instructions. Investments owned by you and held by us may not be given as security in respect of money borrowed by you or on your behalf or used as collateral for any loan or other arrangement, except with our prior approval and subject to the same being agreed separately between us. In the absence of any alternative provision in an agreement between us we shall be entitled to dispose of or otherwise deal with any of your investments which are held as security for borrowed money or used as collateral, so as to discharge part or all of the borrowing or collateral, in the manner provided for in clause 1.14.3.

#### Administration of your Investments

1.13.11. In respect of any Investments to which you are entitled and which are under our control:

- (i) we will not exercise any voting rights attaching to the Investments except on your instructions (and your attention is drawn to clause 1.4.6 in this regard);
- (ii) we will claim, and credit promptly to you, cash, dividends and interest payments accruing to you. You may choose to accumulate interest and dividends on your Account or to have these paid to you on a regular basis at agreed intervals;
- (iii) where in relation to a take-over, reconstruction, drawing, redemption, scrip dividend or exchange or issue of Investments, we receive any Benefit in respect of your holding, we will credit such Benefit to you, or (if your holding is aggregated with those of other clients) we shall allocate such Benefit between all such holders in proportion to their holdings. In any case where such distribution is less than £5, or includes a fractional allocation of an Investment, such cash or fractional Investment shall not be so distributed but shall be retained for our benefit;
- (iv) in respect of subscriptions to any offer, take-over offer, redemption, scheme of arrangement or any other entitlement, or exercise of conversions, warrants or any other right, we are under no obligation to notify you of such. Where we do not receive instructions from you in reasonable time to take action, we will take no action on your behalf except as provided in these Terms. Unless you direct us to accept scrip dividends (where offered), we shall accept cash dividends on your behalf. Where you direct us to accept scrip dividends, this direction shall apply to all Investments within that Account. It is drawn to your attention that certain corporate events have very short lead times, this is particularly relevant to Overseas Investments where we may require your near immediate response;
- (v) we will use our reasonable endeavours to comply with your instructions with respect to exercising any right or matter conferred on you by the ownership of the Investments, but we shall have no liability if, having used our reasonable endeavours to comply, the desired result has failed to occur. Your attention is also drawn to clause 1.4.6 in this regard;
- (vi) you instruct and authorise us, but without any liability on our part so long as we have acted reasonably in the circumstances, to pay any call on any Investment which we have purchased on your behalf in nil-paid or partly-paid form, or which you have delivered to us in such form to be held on your behalf and which we are holding in reasonable time before the call falls due and (where in our judgement insufficient funds are held by us for your account to make such payment) to sell sufficient of the relevant Investment to provide funds to pay for the balance, unless you expressly instruct us in sufficient time not to make such payment;
- (vii) bonus, capitalisation or other free issues will be credited automatically to you;
- (viii) where a take-over offer is declared unconditional, and no other instructions are received from you (taking into account clause 1.4.6), we will accept the offer on your behalf;
- (ix) you remain responsible for the correct notifications of any significant interests you may have in the voting share capital of any companies in which you are a shareholder, in accordance with the Rules;
- (x) in the event that you have not traded on your Account for a

period exceeding twelve months and we hold Investments on your behalf which are worth less than the charges you have incurred (or shall incur) for our services, we are authorised to transfer such Investments to a nominee account in our name to minimise the accrual of such charges and/or to sell such Investments to cover any outstanding debit balances on your Account. We shall give you not less than 30 days' notice of our intention so to do, and should any surplus be generated it will be credited to your Account; and

- (xi) where a class action or group litigation or any form of shareholder lobbying or other shareholder action is instigated by a third party in relation to an Investment which we or our Custodian are holding, or have previously held, for you or on your behalf, we are under no obligation to notify you of this or take any action in relation to it.

1.13.12. We reserve the right to refuse to accept any particular Investments into our custody, where we consider it reasonable in the circumstances to do so.

1.13.13. Should you ask to stop being a client in accordance with clause 1.2.3(i), we shall be entitled to charge a fee, as set out in our schedule of charges from time to time, for the transfer of stock out of your nominee Account.

#### Retail Investment Products and product commission

1.13.14. You are solely responsible for the choice of unit or share classes purchased through or transferred in to your Account, however, we reserve the right to reject the transfer to us of any Investments at our sole discretion, including commission-bearing units or shares that do not have an accessible alternative commission-free unit or share class. Where we accept a transfer to us of commission-bearing units or shares, we will not receive or rebate to you any commission other than where the amounts are £1 or less per fund per month, and we shall waive the platform charge which would otherwise apply in respect of such investments.

1.13.15. You remain solely responsible for any decision by you to convert or switch any purchased or held Investments to commission-free units or share classes. However, where we consider it in your best interests we have the right, exercisable at our discretion, to convert any existing Investments held by you to commission-free units or share classes; where we do so we will seek to give you prior notice.

1.13.16. You are solely liable for any tax liability due, following conversions or switches of unit or share classes

#### 1.14. SETTLEMENT, DELAYS AND DEFAULT

1.14.1. You agree to settle in full the cost of purchases, and all other amounts owing to us in accordance with and on the dates shown on our contract notes, invoices and statements. Provided that you supply us in sufficient time with appropriate Certificates in deliverable form, we will settle with you the proceeds of sales and other amounts owing to you on the due date. Settlement may be made from or to deposits which we maintain on your behalf. We reserve the right to buy-back sale Orders where all relevant and necessary documentation has not been received not later than two days prior to the settlement date specified on your contract note and the costs thereof may also be passed on to you.

1.14.2. If you pay us more than is required for immediate settlement we shall promptly repay the difference to you or hold it for you in accordance with clauses 1.12.1-1.12.3. If on the other hand we pay you more than the amount due for immediate settlement you agree to repay promptly any amount not due for immediate settlement.

1.14.3. Subject to the Treasury Regulations in relation to ISAs, your cash and Investments held by us or under our control or held in your CREST Personal Membership account are subject to a first fixed charge in our favour as a continuing security for the discharge of the charges and liabilities properly made or incurred by us on your behalf under these Terms (which means that we can claim for these in priority to anyone else). Accordingly we may realise on not less than three days' oral or written notice sufficient of such cash or Investments for our benefit:

- (i) should you fail to pay our fees, costs, charges and expenses properly incurred; or
- (ii) to settle any transaction properly entered into on your behalf.

In either case, you will still be liable to us for the difference where the amount realised is insufficient to cover such charge or liability. In addition, we may set-off any amount that we may owe you against such charges or liabilities. Any obligation on our part to deliver any Investments or other assets to you or make any payment to you or perform any other obligations to you under these Terms is subject to your performing all obligations that you owe us under these Terms.



- 1.14.4. In the event of delayed payment, or delayed settlement of a sale, or if the amount which you owe us does, or will on completion of unsettled transactions, exceed any limit notified to you by us, you authorise us to carry out without notice and at your expense one or more transactions at our absolute discretion so long as we have acted reasonably in the circumstances, and without any liability on our part under any requirements of suitability or otherwise, to close out the position in part or full and/or to charge interest at Our Reference Rate without prejudice to our other rights hereunder, together with any fines, charges, or other penalties imposed under the Rules.

#### **Dividends and other benefits due to the buyer or seller of your Investments**

- 1.14.5. You authorise us to debit your Account with the value of any dividend claim which is due to the buyer of Investments which you have sold or which is due to the seller of Investments you have purchased. Where you have a CREST Personal Membership account, any dividends will be transmitted to you directly by the registrars. In the event of a dividend claim due to the buyer of Investments you have sold or to the seller of Investments you have bought, we are obliged to accept such claims directly from CREST and are entitled to debit the value to your account. You agree to ensure that you will provide funds to your Account to meet such claims.
- 1.14.6. In the event that we carry out on your behalf a sale transaction in respect of which there becomes due to the buyer any Benefit, and we render a claim to you in respect of that Benefit, you agree to supply the Benefit promptly to us. If the Benefit (other than a dividend) is not supplied within 21 days of the claim, or in the case of a Benefit subject to an expiry date by not later than 2 business days prior to expiry, we shall be entitled at our discretion and without notification either to purchase the Investments or other Benefit at your expense so as to satisfy the buyer or to debit your Account with the equivalent value, to be calculated by us, such debit to be refunded proportionately as and when you supply the Investments or other Benefit in a form good for delivery to the buyer. In the case of a dividend claim you agree to supply the relevant payment, or authorise us to debit your Account with the value of the claim. Where you are so requested you also agree to supply the appropriate tax deduction or credit voucher, failing which we shall obtain one if the same is required by law or by the Rules, for which we are authorised to debit the cost to your Account.

### **1.15. OUR WEBSITE**

#### **Reliability of service and content**

- 1.15.1. Although we will use all reasonable endeavours to provide you with continuous access to our Website and App, we do not guarantee or represent that we can do so since neither we nor any other party has any control over the Internet, which is a global de-centralised network of computer systems. You acknowledge that the services may not be error free, that they may be interrupted and can be variable.
- 1.15.2. We reserve the right to suspend our services on occasions in order to maintain or repair our Website, App or related software, for regulatory reasons or if at any time we are unable for whatever reason to ensure the integrity of the service. You are reminded that we operate a telephone dealing service during Business Hours that you can use in such an event.
- 1.15.3. You understand that while you may be able to access certain research tools and reports which we provide, the availability of such information does not constitute a recommendation to buy, sell or otherwise trade all or any of the Investments mentioned therein. Neither we nor any Person connected with us nor our agents nor our suppliers make any representation as to the accuracy, completeness or timeliness of any information or opinions made available to you on our Website. No information or opinions on our Website or App constitute an offer or solicitation by us or a Person connected with us to buy, sell or deal otherwise in any particular Investments. You should seek professional advice as to the suitability of any investment referred to on our Website or App.

#### **Copyright**

- 1.15.4. All information and opinions on our Website and/or App are protected by copyright and other intellectual property laws. They may be displayed and printed for your personal non-commercial use only. You agree not to reproduce, transmit or distribute them to anyone (including, but not limited to, bulletin boards, mailing lists or newsgroups) without our prior written consent.

#### **Abuse, Corruption or Misuse of Equipment, Transmission or Data**

- 1.15.5. We use reasonable endeavours to ensure that the data on the Website and App is accurate and to correct any errors or omissions within our control as soon as practicable after we become aware of them. However, we do not guarantee that the Website, the App or any stock related or other information available from them will be error free or uninterrupted. We will not be liable for any inaccuracy, errors or omissions, regardless of cause, in the stock-related information which

may be caused by any event beyond our reasonable control (including the electronic transmission of data, content, material and information over the internet or telecommunications networks and the interception or decryption of it by others), or for any damages resulting therefrom.

- 1.15.6. You agree that you are fully aware of the fact that the information accessible via the Website or the App may contain viruses or other harmful and destructive components.
- 1.15.7. You agree to accept the services (including the Website and App) "as is" and "as available" without any warranty of any kind either express or implied, including but not limited to warranties of merchantability, speed of data transmission, of any kind whatsoever, fitness or purpose, title or non-infringement.
- 1.15.8. You are responsible for providing and maintaining at an appropriate standard the computer and communications equipment necessary for accessing and using our Website and / or App, and for all fees and charges incurred by you in such access and use.
- 1.15.9. You will not use our Website or App for any unlawful, obscene, abusive or libellous purpose.

#### **Liability for use of our Website and e-mails**

- 1.15.10. You accept that we have no liability to you, arising from breach of confidentiality or otherwise, if through no fault of our own any other person sees any communication which is deemed to have been delivered to your e-mail address. You acknowledge that any third party you may have appointed to act on your behalf in connection with your Account (or to whom you have given consent to view your Account) will, once authorised by us, be able to view your Account details online for administrative purposes only. Such authorisation includes the imposition on the third party of security measures similar to those appearing at clause 1.4.8 of these Terms.
- 1.15.11. We obtain and display on our Website and App information from third party sources and although we believe them to be of good repute we do not check or monitor it, and we accept no responsibility for the accuracy or timeliness of prices or any other information obtained from such third parties. Information obtained from a third party is clearly identified as such within our Website and/or App.
- 1.15.12. We cannot be held liable and will not be liable under any circumstances, for any damages of any kind which result or may result from your use of our Website and/or App (including but not limited to system errors, deletion or loss of files, defects or delays in transmission of instructions or other information, any failure of our server or the Internet, or any other event beyond our control) or your access to the Internet or use thereof for any purpose whatsoever or for any reliance on or use of information received on or through our Website, the App or the Internet. You agree that your sole and exclusive remedy if dissatisfied with our Website or App for any reason whatsoever, is termination of our services, and of these Terms, in accordance with the provisions of these Terms.

### **1.16. FURTHER LEGAL AND REGULATORY TERMS**

- 1.16.1. You agree that you will be responsible to us and any Persons connected with us for any expense, charge or liability incurred by us or them under these Terms, except in the case of our negligence, intentional wrongdoing or fraud or that of a Person connected with us.
- 1.16.2. Our failure to take action in respect of a breach by you of these Terms, or to insist on your strict performance of them or to seek any right or remedy to which we are entitled shall not constitute a waiver of our rights under these Terms.
- 1.16.3. If any provision of these Terms or any part of any provision shall be held to be invalid, unlawful or unenforceable, such provision or part thereof (as the case may be) shall be ineffective only to the extent of such invalidity, unlawfulness or unenforceability, without rendering invalid, unlawful or unenforceable or otherwise prejudicing or affecting the remainder of such provision or any other provision hereof.
- 1.16.4. We may assign or transfer our rights or obligations under these Terms in accordance with the Rules (for example, to the FCA) or, on written notice to you (which you will be given an opportunity to reject in accordance with clause 1.2.2(iv)) to another Person in the United Kingdom regulated by the FCA. You shall not assign or transfer all or any of your rights, benefits or obligations under these Terms.
- 1.16.5. We shall take reasonable care in performing our duties and obligations to you under these Terms. Subject to these Terms, if you suffer loss, expense or liability as a direct result of our negligence, intentional wrongdoing or fraud (or that of a Person connected with us) we shall be liable to you, although our liability will be limited to the replacement of securities or monies (including interest) lost as a direct result of our action or failure to act. We shall not be liable to you for any of the following, even if they arise as a result of our breach of these Terms or if we had been advised of the possibility that you might incur them:

- (i) losses, liabilities and expenses which were not reasonably foreseeable by us; or
- (ii) loss of profit or loss of opportunity.

- 1.16.6. A Person who is not party to these Terms has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of these Terms, but this does not affect any right or remedy of any such Person which exists or is available otherwise than in consequence of that Act.
- 1.16.7. These Terms, together with any documents referred to in them, together with any other written agreement between you and us, constitute the whole agreement between us relating to its subject matter and supersede and extinguish any previous arrangement, understanding or agreement, whether in writing or oral, relating to such subject matter. No statement or representation made by either of us can be relied upon by the other in agreeing to enter into these Terms.
- 1.16.8. Nothing in these Terms is intended to exclude or restrict liability for any fraudulent statement or act, or for any duty or liability we have under the Rules, or for death or personal injury.
- 1.16.9. In performing any service for you we may act either as principal, or as agent as between you and any other client or Person connected or not connected with us. You agree that we have authority from you to act as agent on your behalf in accordance with these Terms.
- 1.16.10. We may employ agents on such terms as we think fit, and shall exercise all reasonable skill and care in the selection, monitoring and appointment of any such agents.

#### Data Protection

- 1.16.11. In the course of providing our services as a data controller, we receive information from you and third parties about you and other individuals, such as your spouse or civil partner. In accordance with current legislation relating to data protection, privacy and the processing of personal data, we process your information lawfully and fairly and we maintain procedures to protect it. Where you provide us with information about another individual you must ensure that you have obtained their prior consent to provide this information to us and for us to process it in order to provide our services. If you choose to receive marketing information from us, we may notify you of other services which we provide by post, telephone or email. You have the right at any time to request we stop contacting you for marketing purposes. If you no longer wish to be contacted for marketing purposes, please email us at [unsubscribe@charles-stanley.co.uk](mailto:unsubscribe@charles-stanley.co.uk) or write to us at Myriad House, 33 Springfield Lyons Approach, Chelmsford, Essex CM2 5LB. To read our Privacy Notice, which sets out in more detail how we deal with your personal information, please visit: [www.charles-stanley.co.uk/about-us/our-policies/privacy-notice](http://www.charles-stanley.co.uk/about-us/our-policies/privacy-notice).
- 1.16.12. You agree that you will supply to us in writing, and as soon as reasonably practicable, any information which we may reasonably request. You must ensure that all information that you supply to us is and shall be correct to the best of your knowledge and belief, and that you will notify us promptly of any material change.

#### Credit Searches

- 1.16.13. We may make searches about you at credit reference agencies who will supply us with information, including information from the Electoral Register, for the purpose of verifying your identity. The agencies will record details of the search whether or not this application proceeds. We may also check your details with fraud prevention agencies and if you provide false or inaccurate information and we suspect fraud, we will record this. The searches will not be seen or used by lenders to assess your ability to obtain credit. We may use scoring methods to assess this application and to verify your identity. Credit searches and other information which is provided to us and/or the credit reference agencies about you and those with whom you are linked financially may be used by us and other companies if you, or other members of your household, apply for other facilities including insurance applications and claims. This information may also be used for debt tracing and recovery, the prevention of fraud and/or money laundering as well as the management of your Account. Alternatively, we may ask you to provide physical forms of identification. If you wish to receive details of those fraud prevention agencies from whom we obtain and with whom we record information about you, please write to the Head of Compliance at Myriad House, 33 Springfield Lyons Approach, Chelmsford, Essex CM2 5LB. You have a legal right to these details.

#### Complaints

- 1.16.14. In the event that you have a complaint, you are requested in the first instance to refer to our representative with whom you normally deal. If this reference fails to lead to a satisfactory resolution of the complaint you are asked to contact our Head of Compliance at Myriad House, 33 Springfield Lyons Approach, Chelmsford, Essex CM2 5LB or at [complaints@charles-stanley.co.uk](mailto:complaints@charles-stanley.co.uk). Your complaint will be handled in accordance with our internal complaints procedure, a copy of which is available on request. If you are an Eligible Complainant and you are dissatisfied with the response you may contact the Financial Ombudsman Service, which is an independent service set up by law. We should be pleased to supply details of this service on request. Its website is at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk) and its telephone numbers are 0300 1239 123 or 0800 023 4567.

- 1.16.15. If you are not satisfied with our response in respect of a complaint about your SIPP, please refer to Section C of these Terms.

#### Regulatory Status

- 1.16.16. We are authorised and regulated by the Financial Conduct Authority (FCA) whose address is 12 Endeavour Square, London, E20 1JN (Tel: 0800 111 6768). Accordingly we are an authorised person as defined by the Financial Services and Markets Act 2000. Please refer to the FCA's website ([www.fca.org.uk/firms/financial-services-register](http://www.fca.org.uk/firms/financial-services-register)) for confirmation of our address and regulatory status. Our FCA registered number is 124412. Our permitted business includes providing investment advice, stockbroking and financial planning services.

#### Compensation

- 1.16.17. We are a participant in The Financial Services Compensation Scheme (FSCS). We understand that this offers protection to eligible claimants (including those with a Charles Stanley Direct SIPP) in respect of all the investment and insurance mediation services that we are authorised to conduct. On the default of a participating bank or building society with which we have placed client money, eligible claimants will be entitled to compensation under the FSCS. For information about the FSCS, including differing levels of cover for investment and insurance business, please refer to: [www.charles-stanley.co.uk/about-us/important-information/investment-management-services](http://www.charles-stanley.co.uk/about-us/important-information/investment-management-services). Further details, including whether you might qualify as an eligible claimant, will be provided on request, or can be found at [www.fscs.org.uk](http://www.fscs.org.uk).

#### Financial Abuse and Health & Wellbeing

- 1.16.18. Financial abuse includes theft, fraud, exploitation, pressure in connection with wills, property or inheritance or financial transactions, or the misuse or misappropriation of property, possessions or benefits. If we suspect and/or reasonably believe that your financial affairs are subject to such abuse, we may:
- (i) reject any instruction to carry out a transaction until such time as we are reasonably satisfied that there is no financial abuse; and
  - (ii) report suspicions to any legal, regulatory or governmental/local authority that we deem appropriate in the circumstances and in your best interests.
- 1.16.19. In the course of providing our services to you, there may be times where your state of health, or personal circumstances, or those of someone who you are responsible/caring for, affects decisions made as part of those services and how they are delivered in your best interests. At such times, we may take reasonable steps in order to protect your best interests. For example, we may:
- (i) reject any instruction to carry out a transaction; and
  - (ii) report concerns to government or local authority services.
- 1.16.20. Providing at all times that we act in accordance with your best interests and/or within our reasonable belief, you agree that we shall not incur any liability or obligation to you or, as a consequence, any third party under clauses 1.16.18 and 1.16.19.

#### Jurisdiction

- 1.16.21. These Terms are governed by the laws of England and Wales. Insofar as the Rules permit, for our benefit you irrevocably agree that the courts of the United Kingdom shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes (including non-contractual disputes or claims), which may arise in connection with the legal relationships established by these Terms or otherwise arising in connection with these Terms, and for such purposes you irrevocably submit to the jurisdiction of the courts of the United Kingdom. You waive any objection which you might now or hereafter have to the said courts being nominated as the forum to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the legal relationships established by these Terms or otherwise arising out of or in connection with these Terms and you agree not to claim that any such court is not a convenient or appropriate forum.
- 1.16.22. If we cannot perform any of our obligations under these Terms due to circumstances beyond our reasonable control, then we will take all reasonable steps to bring those circumstances to an end and to minimise its effect on our ability to perform our obligations. Examples of circumstances beyond our reasonable control include, but are not limited to, a natural disaster, epidemic or pandemic, war or terrorist activity, riot, civil commotion, malicious damage, any law or action taken by a government or public authority, industrial action, market conditions, the interruption or failure of any utility service, the inability to communicate with any relevant person and any act, omission, insolvency, breakdown, failure or other default of any system or computer facility used by us.



## SECTION B - INDIVIDUAL SAVINGS ACCOUNTS (ISAS)

### Governing Regulations and General Terms

- 2.1.1. ISAs are governed by this Section of the Terms, the cancellation provisions at clause 1.2.1(ii) and the following additional clauses 2.1.5-2.1.20 inclusive (the latter being described collectively as "this Section of the Agreement"). Every ISA, and this Section of the Agreement, is also subject to the Treasury Regulations. We will notify you if we become aware that by reason of any failure to satisfy the provisions of the Treasury Regulations your ISA (or part thereof) has or will become void for tax purposes. Your ISA, and this Section of the Agreement, will terminate automatically and at once if the ISA becomes void under the Treasury Regulations.
- 2.1.2. You agree that completion and submission of an application for an ISA constitutes acceptance of these Terms, which will take effect upon acceptance by us of your application.
- 2.1.3. We will only consider ISA applications made by a third party where we are satisfied that a registered lasting power of attorney is in place or, if the third party is acting under a general or enduring power of attorney, that you are physically incapable of signing the application.
- 2.1.4. Every ISA is defined as Execution-only. Every client is defined by reference to (and in relation to) his or her ISA as an Execution-only Client.
- 2.1.5. In accordance with the Treasury Regulations:
- (i) the ISA Investments will be in your beneficial ownership;
  - (ii) title in the ISA Investments will be vested in the name of a nominee company owned by us, or will be held to our order;
  - (iii) the Certificate evidencing title to each ISA Investment will be held by us or to our order;
  - (iv) we shall, if you so elect, arrange for you to receive a copy of the annual report and accounts issued by every company or other concern in respect of shares, securities or units which comprise your ISA Investments;
  - (v) we shall be under an obligation (subject to any provisions made by or under any other enactment and if you so elect) to arrange for you to be able:
    - (a) to attend shareholders', securities holders' or unit holders' meetings;
    - (b) to vote; and
    - (c) to receive in addition to the documents referred to in paragraph (iv) above any other information issued to shareholders, securities holders or unit holders;
  - (vi) we shall satisfy ourselves that any Person to whom we delegate any of our functions or responsibilities under these Terms is competent to carry out those functions or responsibilities;
  - (vii) your ISAs shall not be given as security in respect of money borrowed by you or on your behalf;
  - (viii) the maximum amount you can subscribe is the maximum ISA limit per tax year as prescribed in the Treasury Regulations. As well as any subscriptions to your ISA, money that you subscribe in another ISA and then transfer to your ISA with us in the same tax year will count towards your maximum subscription limit for the relevant tax year;
  - (ix) payments out of your ISA can be paid back in to the same ISA during the same tax year without counting towards your ISA subscriptions; and
  - (x) to preserve any ISA subscription allowance, most charges relating to the ongoing service may, upon request, instead be taken from another account held in your name.

### ISA Cancellation, transfer and withdrawal

- 2.1.6. Your attention is drawn to the notice of your cancellation rights at clause 1.2.1 above.
- 2.1.7. Where you wish to transfer your ISA, or part of your ISA, to another ISA Manager, we will transfer your ISA, or part of an ISA, to the ISA Manager specified by you, subject to our acceptance of your new ISA Manager's transfer request. Where you withdraw cash or Investments from your ISA we will, on receipt of your written instructions, transfer to you or your appointed agent all or part of the Investments held in the ISA or the proceeds arising from those Investments.
- 2.1.8. In both instances we will seek to process the transfer or withdrawal within 30 days of the receipt of your instructions (which for a transfer will be given to us by your new ISA Manager). You can ask us to make the transfer or withdrawal at a particular time in which case we will endeavour to meet this request. While normally we will carry out the instruction within a reasonable time you stipulate, occasionally it may take longer to complete due to factors outside our control.
- 2.1.9. We will not enter into transactions for you otherwise than on or in accordance with the rules of a Recognised Investment Exchange, as defined in the Rules.
- 2.1.10. You authorise us to reclaim from the HMRC all tax deductions and refunds to which you are entitled in relation to the ISA. Where we rebate

commission as set out in clause 1.6.7 of these Terms in relation to your ISA Investments, its application to your ISA will not be regarded as a fresh subscription and does not count towards the annual subscription limit.

- 2.1.11. Unless provided elsewhere in these Terms, we will issue to you a contract note following each transaction in accordance with clause 1.7.26, or a statement from time to time listing transactions, showing full details including our remuneration, including but subject to clause 1.6.8, any remuneration received from any third party (other than another client) in respect of that transaction.
- 2.1.12. Whereas you may (subject to these Terms) terminate your ISA, transfer it to another ISA Manager, or withdraw cash and securities from it, there are strict limitations on cancelling an ISA or withdrawing an application to subscribe to an ISA. This can only be allowed in exceptional circumstances, at our sole discretion, and in accordance with Treasury Regulations. If we do permit cancellation or withdrawal in accordance with this clause you will be deemed under the Treasury Regulations not to have held the ISA at all and your right to subscribe to another ISA will be unaffected.
- 2.1.13. Where we receive a valid instruction to transfer to another ISA Manager (which for the avoidance of doubt must be sent by you delivering to us a signed transfer instruction) any amount which you have subscribed to an ISA in the same tax year as that in which the transfer is to be effective, the instruction shall (regardless of the amount or value which we are instructed to transfer) be taken to extend to the entire ISA subscription (and neither less nor more) of such ISA, as revalued at the transfer date.
- 2.1.14. A surviving spouse or civil partner of a deceased ISA holder (held either with us or another ISA Plan Manager) may make Additional Permitted Subscriptions (APS) in accordance with the Treasury Regulations and the conditions set out in our application form for such purpose.

### Avoiding loss of ISA Benefits

- 2.1.15. In the event that compliance with your instructions reduces or extinguishes, or would or might, if carried out, reduce or extinguish any benefits of the ISA, we accept no responsibility for such reduction or extinction if we act in accordance with your instructions, but we reserve the right not to comply with any instructions which we reasonably believe may lead to such a reduction. It is further agreed that we may take such action as we consider necessary to avoid or minimise such loss, but shall have no liability for failing so to act so long as we have acted reasonably in the circumstances. In any case where it is our reasonable opinion that you wish your instructions to be carried out regardless of any possible adverse taxation or other consequences, we will carry out the instructions and not take mitigating action on our own initiative, and you accept the possible consequences of benefits being lost, the ISA being rendered void and/or the retrospective withdrawal of previous benefits.

### Repair of ISAs

- 2.1.16. In certain cases of breach of Treasury Regulations in relation to investment rules or governing subscription to a disallowed combination of ISAs, HMRC may allow the position to be rectified (a process known as "repair") and the ISA to be continued, subject to a penalty or to some action being taken in relation to the ISA. HMRC may impose a time limit for such action to be taken. You agree that, in the absence of alternative instructions from you, we are to seek to maintain the HMRC status of the ISA and to take such action and to meet such penalty on your behalf as is required by HMRC to effect the repair of the ISA. Provided that we act reasonably and in good faith we shall not be liable for any loss or tax liability incurred by our taking or not taking action in these circumstances, nor if the HMRC status of your ISA is nevertheless lost.

### Variation of ISA Terms

- 2.1.17. We may vary this Section of the Agreement in accordance with clause 1.2.2 provided that such variation does not infringe the Rules or the Treasury Regulations.

### Death

- 2.1.18. In the event of your death, your ISA will in accordance with the Treasury Regulations be designated a "continuing account of a deceased investor". No subscriptions, including replacement flexible subscriptions, can be made into a continuing account of a deceased investor. Investments held within a continuing account of a deceased investor continue to benefit from ISA tax advantages. We will apply our usual charges applicable to that account.
- 2.1.19. In the event of your death, your ISA will remain a continuing account of a deceased investor until the earlier of:
- (i) the completion of the administration of your estate;
  - (ii) the closure of the ISA; and
  - (iii) the third anniversary of your death.
- There is no requirement for us to check with your Personal Representatives if/when the administration of your estate has completed.
- 2.1.20. On the occurrence of one of the events in clause 2.1.19 above, your ISA (and any tax exemptions associated with the ISA) will cease and the ISA wrapper will be removed. The investments in the former ISA will either be dealt with in accordance with clauses 1.2.7 to 1.2.11 above or, where the spousal/civil partner transfer rules under the Treasury Regulations apply, in accordance with those Regulations.

## SECTION C - ADDITIONAL TERMS APPLICABLE TO A CHARLES STANLEY DIRECT SIPP

- 3.1.1. This Section C sets out the way that your Self Invested Personal Pension fund ('your SIPP') within the Charles Stanley Direct SIPP will be operated by EBS Pensions Limited (EBS). EBS is authorised and regulated by the FCA (No. 134908), with registered address 100 Cannon Street, London EC4N 6EU.
- 3.1.2. This section of the Terms should be read in conjunction with Section A concerning the Execution-only dealing services we provide in relation to your SIPP. In the event of conflict, Section C shall take precedence.
- 3.1.3. Our rights, obligations and liabilities and those of EBS under these Terms are several and mutually exclusive. This means that we and EBS shall be liable to you only for loss you suffer for which each is individually responsible, and not for loss caused by the other.

### Definitions

- 3.1.4. The following additional definitions apply to this Section C of the Terms:

**Alpha Trustees:** means Alpha Trustees Limited, the Trustee of the Scheme.

**Annual allowance:** the upper limit for a tax year, on the total value of Pension Inputs that can be made to your SIPP, and to any other registered pension schemes of which you are a member, in all Pension Input Periods ending in that tax year, which can benefit from tax relief.

**Crystallise:** to designate all or part of your SIPP funds for the provision of benefits.

**Capped drawdown pension:** pension income that may be taken from your SIPP subject to limits as set out by HMRC. This only applies if you had designated SIPP funds for Capped Drawdown Pension prior to 6 April 2015.

**Drawdown pension:** means either Capped Drawdown Pension or Flexi-access Drawdown Pension or short term annuity.

**EBS:** means EBS Pensions Limited, the Administrator of the Scheme.

**Employer:** includes any company of which you are an employee or a director and any other person in relation to whom you are an employee.

**Flexi-access drawdown:** pension income that may be taken from your SIPP having no upper limit other than the amount of funds available for the pension income.

**Pension flexible annuity:** an annuity from an insurance company that can decrease.

**Lifetime allowance:** the upper limit on tax favoured pension savings you can build up in aggregate in all of your registered pension schemes between 6 April 2006 and 5th April 2024.

**Lifetime annuity:** an annuity contract purchased from your SIPP funds from an insurance company of your choosing that provides you with a pension for life and cannot decrease.

**Lump Sum Allowance:** means the total amount of tax-free lump sums that can normally be paid from your pension benefits. This is currently set at £268,275, but may be higher if you've applied to HM Revenue & Customs (HMRC) for certain protections.

**Lump Sum & Death Benefit Allowance:** means the total amount of all your pension benefits that can be paid tax free, including death and certain other lump sum payments (such as for serious ill-health). The limit is currently set at £1,073,100, but may be higher if you have applied to HMRC for certain protections.

**Money purchase scheme:** a pension scheme under which all the benefits that may be provided are money purchase benefits. The Charles Stanley Direct SIPP is a Money Purchase Scheme.

**Money purchase annual allowance:** the reduced Annual Allowance for your Pension Inputs to Money Purchase Schemes arising on the happening of the first of any one of the following events in any Money Purchase Scheme: (i) receiving an Uncrystallised Funds Pension Lump Sum payment, a Flexi-access Drawdown Pension payment or a payment from a Flexible Annuity; (ii) exceeding your maximum Capped Drawdown Pension; receiving a payment from a scheme pension set up on or after 6 April 2015 from a scheme paying (broadly) fewer than eleven other pensioner/dependants' "scheme pensions"; (iii) receiving a payment of a "stand-alone lump sum" where you have a Primary Protection certificate from HMRC which includes protection for a lump sum in excess of £375,000.

**Pension commencement lump sum:** a tax free lump sum benefit paid to you in connection with an arising entitlement to a pension benefit under your SIPP (other than a short term annuity).

**Pension inputs:** includes gross contributions paid to your SIPP and any other registered pension scheme of which you are a member, by you, your employer and anyone else, and benefits increases in defined benefit and cash balance registered pension schemes.

**Pension input period:** the period (sometimes less than a year) ending in a tax year, for which the total Pension Inputs made by or for you to

registered pension schemes are tested against the Annual Allowance for that tax year. The first Pension Input Period for your SIPP will end on the 5th April following the payment of the first contribution to your SIPP. The end of each subsequent Pension Input Period will then be each subsequent 5th April.

**Relevant Benefit Crystallisation event:** an event which triggers a test of the amount of SIPP funds crystallised against your Lump Sum Allowance and Lump Sum & Death Benefit Allowance.

**Relevant UK earnings:** includes: (i) employment income; (ii) income which is chargeable under Part 2 of Income Tax (Trading and Other Income) Act 2005 and which is immediately derived from the carrying on or exercise of a trade, profession or vocation (whether individually or as a partner acting personally in a partnership); (iii) income which is chargeable under Part 3 of Income Tax (Trading and Other Income) Act 2005 and is immediately derived from the carrying on of a UK furnished holiday lettings business (whether individually or as a partner acting personally in a partnership); and (iv) patent income where the individual, alone or jointly, devised the invention for which the patent was granted.

Relevant UK Earnings are to be treated as not being chargeable to income tax if, in accordance with arrangements having effect under section 2(1) of the Taxation (International and Other Provisions) Act 2010 (double taxation agreements), they are not taxable in the United Kingdom.

**ROPS:** Recognised Overseas Pension Scheme.

**Scheme:** the Alpha SIPP of which the Charles Stanley Direct SIPP forms part.

**Scheme Rules:** the rules of the Alpha SIPP.

**SIPP:** Self Invested Personal Pension.

**Uncrystallised funds:** your SIPP funds which have not yet been Crystallised in order to pay out benefits to you or a beneficiary.

**Uncrystallised funds pension lump sum:** a lump sum paid directly to you from Uncrystallised Funds, part of which is tax-free.

- 3.1.5. The Scheme is a registered pension scheme for the purposes of the Finance Act 2004. EBS acts as the Scheme Administrator and its group company, Alpha Trustees, acts as the Scheme Trustee under the governing Scheme Rules, a copy of which is available on written request from EBS. Alpha Trustees acts as a bare trustee in relation to the Scheme.

- 3.1.6. All monies received by the Scheme on your behalf will be applied to your SIPP for your benefit alone, in accordance with the relevant investment service undertaken on your behalf by Charles Stanley Direct.

- 3.1.7. For the purposes of the services covered by this Section C we will classify you as a Retail Client in accordance with the Rules.

### Cancellation

- 3.1.8. After setting up your SIPP, EBS will send a cancellation notice to you. If you change your mind, you will have 30 days from the date you receive the notice to cancel your SIPP. During this time, EBS will direct the Scheme Trustee to retain any sums received in the SIPP bank account until the cancellation period has expired (unless you have instructed us otherwise in your application form). If you decide to cancel, EBS will direct the Scheme Trustee to repay the realisable value of any contribution your SIPP has received directly from you or your Employer. Contributions received from anyone else will be returned to you.
- 3.1.9. If money, assets or both resulting from a pension transfer is paid into your SIPP at any time, EBS will send a cancellation notice to you. Again, you will have 30 days from when you receive the notice to change your mind and cancel the pension transfer. The transfer money will be held on cash deposit until the 30 day period has expired (unless you have instructed us otherwise in your application form).
- 3.1.10. If you cancel a pension transfer, EBS will direct the Scheme Trustee to attempt to repay the transferring scheme. However, the transferring scheme may refuse to accept the repayment, or only accept it on different terms to those applying prior to the transfer, in which case EBS will require your instructions on whether to direct the Scheme Trustee to pay the amount to another registered pension scheme.
- 3.1.11. If you choose to receive a Flexi-access Drawdown Pension, on the first occasion EBS will send you a cancellation notice once you have completed and returned the relevant form to us. If you cancel you will need to repay any Pension Commencement Lump Sum and Drawdown Pension, which has been paid to you in the intervening period. Any monies that are returned to your SIPP that are then subsequently invested may incur additional charges and will be subject to market conditions at the time of purchase.
- 3.1.12. There are no cancellation rights if you receive an Uncrystallised Funds Pension Lump Sum.
- 3.1.13. If you do not exercise your cancellation rights, your SIPP will continue.
- 3.1.14. If assets have been purchased during the cancellation period, any such monies invested will be subject to investment fluctuations. As a result, the value of the repayment may be higher or lower than the amount

originally invested. Any fees or costs incurred prior to cancellation will be payable proportionately for the relevant period and you will remain responsible for any transactions entered into prior to cancellation.

- 3.1.15. To exercise your cancellation rights you will be required to sign and return the cancellation notice within 30 days of receipt to EBS via Charles Stanley Direct, Nova House, 3 Ponton Street, Edinburgh, EH3 9QQ.

## 3.2. CONTRIBUTIONS, TRANSFERS AND CLIENT MONEY

### Contributions

- 3.2.1. You, your Employer or anyone else can pay contributions to your SIPP on your behalf. Standing order forms for regular contributions are available on request. All contributions must be in sterling and post-dated cheques are not accepted.
- 3.2.2. Provided you are UK resident and/or you have earnings subject to UK income tax, your contributions and those paid by anyone else (other than your Employer) are paid net of basic rate tax. EBS will reclaim the basic rate tax and apply this to your SIPP once received from HMRC. Any higher rate tax relief you may be entitled to may be reclaimed by you directly through your Tax Office. You are responsible for advising EBS if you are not entitled to tax relief on the whole or part of your contributions and to any other registered pension schemes of which you are a member, in all Pension Input Periods ending in that tax year.
- 3.2.3. Your contributions in a Pension Input Period, when combined with contributions from your employer and anyone else should not exceed the Annual Allowance or Money Purchase Annual Allowance for the tax year in which the Pension Input Period ends. If they do, you will be liable for a tax charge on the excess although this can be paid from your SIPP in certain circumstances.
- 3.2.4. If you have made contributions in a tax year which exceed 100% of your Relevant UK Earnings for that tax year, EBS may agree to a repayment of the excess to you, provided that sufficient funds are available in your SIPP, any amounts of tax due to be repaid to HMRC have been repaid and you have not exceeded your Annual Allowance or Money Purchase Annual Allowance for that tax year. If you have taken benefits or transferred the cash/assets of your SIPP to another registered pension scheme, you agree to be responsible to us for any tax due to HMRC as a result of the repayment.
- 3.2.5. The basic rate tax EBS reclaims on your behalf will normally be reclaimed and received from HMRC between eight to twelve weeks after the contribution has been paid. This tax reclaim is made as part of an aggregate reclaim for all relevant members of the Scheme.
- 3.2.6. HMRC pay the aggregate reclaim into an Alpha Trustee client account, from which EBS will promptly direct the Scheme Trustee to make the appropriate distribution to your SIPP.
- 3.2.7. Your contributions are paid gross and should not, when combined with contributions from your employer or anyone else in a Pension Input Period, exceed the Annual Allowance set by HMRC for the tax year in which the Pension Input Period ends. If they do, you will be liable for a tax charge on the excess although this can be paid from your SIPP in certain circumstances.
- 3.2.8. If you become liable for the Annual Allowance charge, EBS will provide you with a 'pension savings statement' as required under the relevant HMRC Rules.
- 3.2.9. EBS reserves the right to decline any contribution at its absolute discretion (for example, in circumstances where EBS has been unable to verify the identity of the contributor or where you are aged 75 or over).

### Transfers In

- 3.2.10. Permitted transfers in are subject to the discretion of EBS and its risk policy. You can arrange for a transfer of benefits from other registered pension schemes to your SIPP. Transfer values may be received either in cash and/or assets, provided the assets fall within the definition of a 'recognised transfer' under the HMRC Rules and fall within the range of investments that can be traded and held through Charles Stanley Direct.
- 3.2.11. It is your responsibility alongside your Financial Adviser, if any, to ensure that a transfer of other pension benefits is in your best interests. Neither EBS nor Charles Stanley gives advice, nor does EBS check your transfer application for suitability. EBS will not accept the transfer of pension benefits from a Defined Benefit (final salary) scheme or transfers that include guaranteed minimum pensions or guaranteed annuity rates unless you have received a positive recommendation to transfer from a firm which holds permission from the FCA for the activity of advising on conversion or transfer of pension benefits.

### Transfers Out

- 3.2.12. You can request a transfer out of part or your entire SIPP fund to another registered pension scheme or a ROPS at any time subject to completion and return of our relevant forms, applicable legislation, HMRC Rules and the agreement of the receiving scheme.

- 3.2.13. This will be done as soon as reasonably practicable and without penalty. Your SIPP will be liable for a transfer out administration fee made by EBS together with the withdrawal of stock fee made by Charles Stanley's nominee on the transfer of ownership of assets (where assets themselves are transferred). For more details please refer to 'Charges' below.
- 3.2.14. Where the receiving scheme is a ROPS, EBS will be required to test the transfer value against your remaining overseas transfer allowance which is set at the same level as the Lump Sum & Death Benefit Allowance.
- 3.2.15. EBS reserves the right to decline or delay a transfer out until it has received confirmation from the receiving scheme that it is a registered pension scheme or a ROPS and is willing to receive the transfer payment, whether in the form of cash and/or assets or if EBS suspect the transfer may involve pension liberation fraud. In the case of a ROPS, EBS will also require written confirmation from HMRC of its ROPS status and reference.
- 3.2.16. EBS does not accept any liability for any unauthorised payment charges that might arise in the receiving scheme in respect of the transfer of any assets that were authorised whilst in your SIPP but constitute unauthorised payments in the receiving scheme.

### Client Money

- 3.2.17. Your SIPP money will be held by Alpha Trustees as a bare trustee in an account with a bank or building society authorised and regulated by the Prudential Regulation Authority. Your SIPP money will be held at all times within the United Kingdom. Neither EBS nor the Scheme Trustee shall be liable in the event of default by a bank, other borrower, agent, broker or other Person who is holding your SIPP money pursuant to these Terms.
- 3.2.18. No interest is payable on that money while it is held in the SIPP Bank of Scotland pooled money accounts. Overdrafts are not permitted. No bank charges other than for a CHAPS or a SWIFT payment are made. Cheques paid into this account take five working days to clear.
- 3.2.19. Subject to any cancellation period (as referred to in clause 3.1.11), all cash received, once cleared, will be moved directly to Charles Stanley Direct's client account for investing unless an instruction to pay money elsewhere has been received.
- 3.2.20. EBS or Alpha Trustees may receive a commission from Bank of Scotland based on aggregate cash balances held across all client accounts.
- 3.2.21. A statement of your cash movements will be sent to you once a year.

## 3.3. INVESTMENTS

### Choice of Investments

- 3.3.1. Your SIPP may only consist of Investments that can be traded and held through Charles Stanley Direct. This range of investments may be altered by us from time to time with changes to our policy, legislation or HMRC Rules (as stated in clause 1.2.2(i)).
- 3.3.2. EBS does not provide advice in relation to investments. It is your responsibility to ensure that the investments you select are suitable for your SIPP and can be traded and held through Charles Stanley Direct. Your choice is subject to EBS' final approval. EBS may veto or impose certain restrictions and requirements on proposed investments you may wish to make. EBS will do this where EBS become aware that a proposed investment will or may not be in accordance with our policy, HMRC Rules, any legislation or the Scheme Rules. This may occur for example in instances of indirect investment in residential property.
- 3.3.3. Your SIPP cannot acquire investments from or sell investments to you or a person connected with you. This includes a member of your family, or a company which is directly or indirectly controlled by you or a person connected with you, or a partnership of which you or a member of your family is a partner.
- 3.3.4. If any asset within your SIPP is deemed to be taxable property by HMRC and/ or legislation, EBS may direct the Scheme Trustee to dispose of any such investment on giving reasonable notice to you (where practicable in the circumstances). EBS accepts no liability for any tax charge that is applied.
- 3.3.5. EBS' written approval is required before you may delegate your investment powers to a third party.

### Custody of your Investments

- 3.3.6. EBS does not have custody of your SIPP investments; this is the responsibility of Charles Stanley Direct (including dealing with any cash held in its client account for this purpose). Please refer to Section A of these Terms for more information.
- 3.3.7. Nevertheless you should ensure you understand the charges that will apply in relation to custody (see under 'Charges' below).

### Annual summary of assets and illustration of benefits

- 3.3.8. An annual summary of the assets held in your SIPP will be provided as at 5th April each year within twelve months of that date or another date as appropriate such as the date of a Relevant Benefit

Crystallisation Event. Unless you are within two years of your selected retirement date or in receipt of benefits from your SIPP, you will receive with the annual summary a statutory money purchase illustration of the inflation adjusted benefits you might receive at your selected retirement date based on various statutory assumptions.

#### Payment of your benefits

3.3.9. Once you reach the normal minimum pension age (currently 55, increasing to 57 in 2028) you can opt to take benefits from your SIPP. When you take the benefits from your pension, you can normally take a quarter (25%) of the value as a tax-free lump sum. In some circumstances, a higher amount may be available. The total of all tax-free lump sums you can take from your pension plans will normally be capped at the Lump Sum Allowance, currently £268,275. If you have a protected tax-free lump sum or previously applied to HMRC for certain protections, you may be entitled to a higher amount.

The total of all tax-free lump sums that can be paid from all of your pension plans, including lump sum death benefits, will normally be capped at the Lump Sum & Death Benefit Allowance, currently £1,073,100. If you've previously applied to HMRC for certain protections, you may be entitled to a higher amount.

Any benefits taken in excess of these allowances will be taxable as income.

3.3.10. Benefits will only be paid in sterling cash.

3.3.11. You may at any time from the normal minimum pension age exercise your right to use your SIPP, in whole or in part, to purchase a Lifetime Annuity, a Flexible Annuity or both from any annuity provider. EBS will not direct the Scheme Trustee to pay benefits or purchase an annuity in accordance with the above terms unless:

- (i) EBS has received a signed request from you or the appropriate person to make the relevant payment;
- (ii) EBS has received all required documentation and information from you that EBS in our reasonable opinion believe is necessary;
- (iii) EBS has received all charges due to us; and
- (iv) all costs chargeable to your SIPP and all liabilities of your SIPP have been satisfied.

3.3.12. In circumstances which in its absolute discretion EBS considers exceptional, EBS may defer the payment of benefits or the purchase of a Lifetime Annuity, a Flexible Annuity or both. EBS may do this where it is not possible to realise all or any of your SIPP investments or it is not possible to do so on what EBS considers to be reasonable terms. EBS will defer the encashment of your SIPP until it is possible to realise the relevant investments or it is possible to do so on what EBS consider to be reasonable terms. EBS will inform you when this is the case.

3.3.13. Where it has not been possible to realise an investment, EBS may:

- (i) direct the Scheme Trustee to transfer that investment to you in part or full satisfaction of any payment of benefits under your SIPP subject to satisfying HMRC requirements in this respect; or
- (ii) require you to buy the investment from your SIPP at fair market value or £1, whichever is the greater.

You must do all things and execute all documents that EBS may reasonably require to give effect to our rights under this term.

3.3.14. Your SIPP fund will normally consist of a single 'arrangement' (or pot), containing:

- (i) Uncrystallised Funds; and/or
- (ii) funds underpinning a Drawdown Pension which came into payment on or after 6 April 2006 ('crystallised funds').

3.3.15. Your SIPP fund may also consist of separate arrangements for each of the following, which may have different anniversary dates for Capped Drawdown and so require separate reviews (see clause 3.3.17):

- (i) funds underpinning a Capped Drawdown which came into payment before 6 April 2006;
- (ii) funds received as a transfer from another registered pension scheme which were underpinning a Capped Drawdown which came into payment before 6 April 2006; and/or
- (iii) funds received as a transfer from another registered pension scheme which were underpinning either a Capped Drawdown which came into payment on or after 6 April 2006.

3.3.16. On your 75th birthday you may choose the anniversary date of any one of your arrangements to be the anniversary for all of your arrangements.

#### Review of Capped Drawdown

3.3.17. A review of your Capped Drawdown from each 'arrangement' in your SIPP is required every three years until the year in which you attain age 75 (when it is required every year). You may request a review on any anniversary of the commencement of your Capped Drawdown Pension.

#### Charges

3.3.18. Charges relating to your SIPP are set out in detail on the Rates and Charges Sheet provided to you with, and incorporated into, these Terms. Such sheet explains the charges payable to EBS and Charles Stanley Direct in respect of your SIPP. In addition there may be bank charges (see clause 3.2.20 'Client Money' above).

3.3.19. SIPP administration charges will be deducted from your SIPP on or around 31 March and 30 September each year.

3.3.20. In the event that there is insufficient cash in your SIPP to meet its charges EBS reserves its right on not less than three days' notice to direct the Scheme Trustee to disinvest sufficient assets held in your SIPP in order to settle the charges.

#### Termination

3.3.21. Subject to the cancellation provisions above, your SIPP shall continue until terminated by the payment of the whole of your SIPP as one of the following in accordance with the Scheme Rules:

- (i) a transfer to one or more other registered pension schemes or ROPS, upon you serving written notice to terminate on EBS at any time (with no obligation to give any reason for the termination) or;
- (ii) the purchase price of a Lifetime Annuity, a Flexible Annuity (or annuities) or both with an insurance company in your own name after EBS gives you not less than ten business days' notice to terminate (with no obligation to give any reason for the termination);
- (iii) through taking an Uncrystallised Funds Pension Lump Sum or Drawdown Pension;
- (iv) in the event of your death, by the application of your SIPP in accordance with the Scheme Rules; or
- (v) in the event of the winding up or dissolution of the Scheme in accordance with the Scheme Rules, whereupon EBS shall seek to terminate its relationship with you according to the provisions of the Scheme Rules.

3.3.22. Your attention is drawn to the charges EBS may make on a termination, as set out in clause 1.2.2(iv) (variation of a material term), clause 3.2.13 (transfers to a third party) and clause 3.3.26 (death).

#### Death

3.3.23. On your death, EBS will require sight of your original death certificate. Until one or more beneficiaries of your SIPP have been determined, EBS will not, and will not direct the Scheme Trustee to, take any action in respect of your SIPP. Thereafter, EBS may (as appropriate) direct the Scheme Trustee to sell investments from your SIPP to provide death benefits or otherwise terminate the SIPP in accordance with the Scheme Rules.

3.3.24. If the Scheme Administrator determines that a beneficiary of the SIPP is entitled to receive an income from the SIPP, the SIPP will continue in accordance with these Terms and references to 'you' shall mean that beneficiary.

3.3.25. EBS is not responsible for losses in the value of investments held within your SIPP during the period between your death and the termination of your SIPP.

3.3.26. Your SIPP will continue to incur our charges until it is closed.

#### Representations

3.3.27. You agree and represent to both us and EBS both now and on each occasion that you use its services, as follows:

- (i) that you have all requisite power, authority and approvals to enter into and perform your obligations under this Section of the Terms;
- (ii) you are not relying upon any statements, representations, promises or undertakings whatsoever that are not contained in these Terms;
- (iii) that EBS has not advised you in relation to any transaction and that all Orders and instructions are given in reliance of your own judgment;
- (iv) your performance pursuant to these Terms and each transaction thereunder does not and will not violate, contravene, conflict with or constitute a default under any law, regulation, rule, decree, order, judgment or charge, contract, trust deed or other instrument binding on you or any of your assets; and

- (v) that you will supply to EBS in writing, and as soon as reasonably practicable, any information which EBS may reasonably request. You undertake that all information that you supply to EBS is and shall be correct to the best of your knowledge and belief, and that you will notify EBS promptly of any material change. It is important that the information EBS holds about you is accurate, complete and up-to-date at all times. EBS may also rely on information given to it by Charles Stanley.

3.3.28. You accept full responsibility for the monitoring of your SIPP. You agree to notify us immediately in writing if you become aware of any errors or omissions, including:

- (i) receipt by you of a contract note or confirmation of an instruction, order or transaction which you did not place; or
- (ii) any inaccurate information in your SIPP balances, records or assets or money held or transaction history.

#### Advice

3.3.29. EBS does not act as investment manager for your SIPP or give investment or financial advice. Nothing whatsoever provided to you verbally or in writing by it should be construed as regulated advice as defined under the Financial Services and Markets Act 2000.

#### Confidentiality

3.3.30. EBS undertakes not to disclose at any time information coming into its possession during the continuance of your SIPP to a third party except where expressly authorised to do so or where compelled to do so by law or regulatory authority.

#### Complaints

3.3.31. If you are not happy with any aspect of your SIPP or the service you have received, you may wish to make a complaint. In the first instance, please write to us at the office of EBS set out below and your complaint will be handled in accordance with our internal complaints procedure, a copy of which is available on request.

EBS Pensions Limited, Provincial House, 37 New Walk, Leicester, LE1 6TU  
Tel: 0203 953 1080 Email: [alphasupport@ebspensions.co.uk](mailto:alphasupport@ebspensions.co.uk)

3.3.32. If you are not satisfied with our response, you may refer your complaint to one of the following organisations:

The Financial Ombudsman Service, Exchange Tower, London E14 9SR  
(Tel: 0800 023 4567).

[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

Pension Wise, PO Box 10404, Ashby-de-la-Zouch, Leicestershire LE65 9EH (Tel: 0800 138 3944).

[www.moneyhelper.org.uk/en/contact-us/pensions-guidance](http://www.moneyhelper.org.uk/en/contact-us/pensions-guidance)

The Pensions Ombudsman (if the complaint concerns the administration of your pension), 10 South Colonnade, Canary Wharf, London E14 4PU (Tel: 0800 917 4487)

[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

#### Liability and Indemnity

3.3.33. EBS will exercise due care and diligence in the performance of its obligations under this section of the Terms and nothing in them seeks to exclude or limit its liability for:

- (i) any duty or liability under the FCA Rules;
- (ii) negligence, fraud or fraudulent misrepresentation; or
- (iii) death or personal injury caused by our negligence.

3.3.34. EBS shall only be liable for reasonably foreseeable loss and damage incurred by you or your SIPP in connection with these Terms where they result directly from EBS' negligence, wilful default or fraud. Loss or damage is foreseeable if either it is obvious that it will happen or if, at the time of setting up your SIPP, both EBS and you knew it might happen. Accordingly, the circumstances in which EBS has no liability to you include (but are not limited to) those arising:

- (i) as a result of EBS' actions or omissions in reliance upon an instruction given (or which it reasonably believes to have been given) by you or an appointed agent of yours;
- (ii) as a result of actions or omissions by Charles Stanley Direct or any other representative appointed by you;
- (iii) from the default of any bank or third party with whom EBS directs the Scheme Trustee to deposit your SIPP assets;
- (iv) from your decisions or omissions relating to the choice of any investments forming part of your SIPP;
- (v) from any instruction which is not received by EBS (through no fault of its own);

- (vi) as a result of EBS' requirement to sell a particular investment within your SIPP for the purposes of avoiding risks, liabilities or charges that may arise in relation to such an investment;
- (vii) from deducting any sum from your SIPP to cover any liability for tax, interest or charges due to HMRC; or
- (viii) in the circumstances set out in the Scheme Rules.

3.3.35. You agree to be responsible to EBS for all losses, costs, liabilities or expenses suffered or incurred by EBS in exercising its lawful duties and responsibilities in relation to your SIPP except in the case of its negligence, fraud or wilful misconduct.

3.3.36. Clauses 3.3.27-3.3.35 shall remain in force following the termination of your SIPP for any reason.

3.3.37. For the purposes of clauses 3.3.33 to 3.3.38 EBS's liability shall include that of Alpha Trustees.

3.3.38. These Terms are based upon our understanding of UK legislation and HMRC Rules at the time of publication, but these may change from time to time and are applicable to UK residents for tax purposes only.

## SECTION D - CREST PERSONAL MEMBERSHIP

### CREST Definitions

4.1. The following definitions apply to this Section of these Terms:

"Assured Payment Obligations" means obligations incurred to make or receive payments within CREST.

"CDI" means a CREST Depository Interest which is a special kind of security issued under English law by CREST Depository Ltd, a company wholly owned by Euroclear UK & Ireland, and which represents an entitlement to an overseas Investment held by CREST in an overseas share registration or settlement system.

"CMAs" means Cash Memorandum Accounts, which are further described in clause 4.22.

"CREST" means the computer-based system in respect of which Euroclear UK & Ireland is approved as the operator under the Uncertificated Securities Regulations 2001.

"CREST Admission Agreement" means the Agreement which you signed, so as to be admitted as a Personal Member of CREST.

"CREST Personal Member Admission Document" refers to the document of the same name incorporating the CREST Personal Member Guide, the CREST Personal Member Terms and Conditions and the CREST Admission Agreement.

A "CREST Investment" means an Investment in respect of which the issuer maintains an electronic register in CREST.

"CREST Personal Member Terms and Conditions" means the provisions which define and/or restrict and/or limit Euroclear UK & Ireland's duties and obligations in relation to the Euroclear UK & Ireland systems and CREST services, as such term is defined in the document entitled "CREST Personal Member Admission Document" issued by Euroclear UK & Ireland (as amended).

"The CREST Requirements" means the rules, regulations and definitions of Euroclear UK & Ireland as set out in the CREST Personal Member Admission Document.

"CREST shareholding" means a CREST Investment that you purchase in your CREST Personal Membership account that is registered in your own name and address in the electronic part of each Relevant Company's share register in CREST, or is a CDI.

"Euroclear UK & Ireland" means Euroclear UK & Ireland Limited, the operator of CREST.

"Escrow Account" means an account in CREST in which Investments are held by CREST to the order of a third party instead of the beneficial owner.

"Excluded Liabilities" has the meaning described in clause 4.35.

"Net Settlement Limit" means a limit which you impose on CREST as to the amount which CREST can settle, and is further defined in the CREST Personal Member Terms and Conditions.

"Our Bank" means such bank with whom we have entered into a Settlement Bank Facilities Agreement.

"Our CREST customers" has the meaning described in clause 4.23(iii).

"Process Agent" has the meaning described in clause 4.19.

"Rematerialisation" has the meaning described in clause 4.6.

"Relevant Company" means the company or undertaking which is the issuer of the shares or other Investments in question.

"Settlement Bank" means a bank which is authorised to settle CMAs in CREST.

"Settlement Bank Facilities Agreement" means an agreement between us and a bank by which the bank agrees (subject to certain conditions) to act as Settlement Bank for those of our clients that we nominate, or such similar agreement that we subsequently enter into with a Settlement Bank.

"The Sponsorship Agreement with Euroclear UK & Ireland" means the agreement between us or your Sponsor, on the one part, and Euroclear UK & Ireland on the other part, by which we or your Sponsor are entitled to sponsor clients as Personal Members of CREST.

"Your Investment Assets" has the meaning described in clause 4.29.

"Your Principal" has the meaning described in clause 4.29(iii).

"Your Sponsor" has the meaning described in clause 4.15.

#### **Your CREST Personal Membership account**

- 4.2. Your Personal Membership of CREST is subject to the CREST Personal Members Terms & Conditions, and you confirm that you will at all times comply with the CREST Requirements.
- 4.3. In the event that your Personal Membership of CREST is for any reason later terminated by you or by CREST, your CREST Personal Membership account with us will be closed.

#### **Registration of Investments**

- 4.4. Investments which you purchase in your CREST Personal Membership account will where applicable be registered in your own name and address in the electronic part of each Relevant Company's share register in CREST or will be held as CDIs. These are described as "CREST shareholdings" in these Terms. In all cases clause 1.13 (Registration) will apply, and this includes registration of Investments in your own name, in CREST, as described here.

#### **Adding other shares to your account**

- 4.5. As a Personal Member of CREST you may transfer into your CREST Personal Membership account any CREST Investments which you may be holding independently. Our charge for this service is available on request.

#### **Withdrawing shares and "Rematerialisation"**

- 4.6. You may withdraw any CREST shareholding which is held within your CREST Personal Membership account by instructing us either:
- (i) to transmit it electronically via CREST to another CREST membership account; or
  - (ii) unless it is a CDI, to have it converted by CREST into the form of a paper share certificate registered in your name and address (and no other), a process which is described in these Terms as "rematerialisation".

Our charge for this service is available on request.

Rematerialisation of CREST shareholdings may also occur for reasons outside our or your control, for example if the Relevant Company ceases to maintain an electronic register in CREST.

- 4.7. If a CREST shareholding in your Personal Membership account ceases to be a CREST Investment, other than a CDI, we shall at our sole discretion be entitled to rematerialise it in your name or to transfer it on your behalf into our nominee.
- 4.8. On termination of your CREST Personal Membership account we shall rematerialise all your CREST shareholdings other than CDIs except those in respect of which we receive instructions from you within one month of closure to transfer electronically to another participant in CREST. Our charge for this service is available on request.

#### **Inactive CREST Personal Membership accounts**

- 4.9. If for a period of not less than three months you hold no Investments in electronic form, and no activity of any kind takes place in your CREST Personal Membership account we reserve the right to close the account, after giving you not less than ten days' written notice.

#### **Net Settlement Limits**

- 4.10. If, as a Personal Member, you set a Net Settlement Limit, or we become aware that you have set a Net Settlement Limit, this will be deemed to be a material breach under clause 4.39.

#### **Notifications which you must make**

- 4.11. If you are a CREST Personal Member you agree to notify us promptly of any of the following events:
- (i) any change or inaccuracy in your name, address, telephone or fax number, email address or nationality;
  - (ii) any inaccuracy of which you become aware in the list of stocks which we show that we are holding for you;
  - (iii) if you become bankrupt;

- (iv) if any judgment or court order is sought or threatened against you (whether or not relating to bankruptcy);
- (v) if you are notified by Euroclear UK & Ireland about a bad delivery or asked by Euroclear UK & Ireland to request us to deliver securities to remedy a bad delivery; or
- (vi) any occurrence of any of the events referred to in clauses 2.1.3, 2.1.4 or 2.1.5 of the CREST Personal Member Terms and Conditions (which refer to events which may affect your legal right to transfer securities, or which mean that you have financial difficulties).

- 4.12. You agree to notify us in advance if:

- (i) you set a Net Settlement Limit;
- (ii) you instruct Euroclear UK & Ireland not to accept CDIs; or
- (iii) you terminate our authority to act for you or appoint a different sponsor or CREST Settlement Bank.

- 4.13. If you send any form, notice or other written communication to Euroclear UK & Ireland you shall send us a copy at the same time.

- 4.14. We will settle CREST Investment transactions for you through CREST, and accordingly you authorise your Sponsor to give relevant instructions to Euroclear UK & Ireland. As explained in clause 4.27, CREST Investments to be sold will be transferred prior to settlement to a nominee account in our name and Investments which we purchase for you will be transferred from our nominee account to your CREST Account once payment from you has been received.

#### **Delegation and Sponsor**

- 4.15. Subject to these Terms, we or any nominee company which is wholly owned by us and is utilised by us for the purpose of these Terms (collectively "your Sponsor") will sponsor you as a member of CREST in accordance with the CREST Requirements, subject to:

- (i) the continued acceptance by Euroclear UK & Ireland of you as a member;
- (ii) your Sponsor's continuing authorisation by Euroclear UK & Ireland to sponsor you; and
- (iii) the appointment on your behalf of our Bank as your CREST Settlement Bank on our Bank's standard terms, and our Bank's continuing acceptance of this appointment.

- 4.16. We may delegate any of our powers, functions or obligations (including the appointment of a Settlement Bank) to one or more of our nominee companies, but we shall retain responsibility to you for performance of these Terms.

#### **Administration of your CREST membership**

- 4.17. Where you have a CREST Personal Membership account, we will safeguard your Investments. Unless and until these Terms are terminated in accordance with its provisions or your Sponsor's appointment is terminated (and for so long thereafter as is necessary to ensure that you fulfil your obligations to your Sponsor and/or the Bank) you instruct, and grant exclusive authority to, your Sponsor:

- (i) to administer one or more accounts in CREST on your behalf;
- (ii) to send to and receive from Euroclear UK & Ireland instructions and other messages attributable to you, in particular in relation to movements of title to securities and of cash into and out of any account of yours in CREST and to exercising votes attaching to your CREST Investments;
- (iii) to pay or receive payment in respect of any account of yours through our Bank (including any refund arising from your cancellation of your CREST Personal Membership in accordance with your cancellation rights under the CREST Personal Member Terms and Conditions);
- (iv) to act as your agent for the purpose of receiving on your behalf all notices from Euroclear UK & Ireland relating to your participation in the CREST system; and
- (v) to continue that authority.

#### **Appointment of a Settlement Bank**

- 4.18. As a continuing condition of your admission by Euroclear UK & Ireland to be a member of CREST you are required to appoint a Settlement Bank to provide payment services and in particular to incur and receive Assured Payment Obligations in respect of sums which may become due or owing to or from you by reason of your holding uncertificated securities in CREST. Accordingly you hereby authorise us to request our Bank to act as your CREST Settlement Bank under your Identification



Number specified by Euroclear UK & Ireland for settlement in sterling or in such other currency as we may agree. You agree that if in its discretion our Bank shall accept such appointment and shall agree so to act, the appointment shall be governed by these Terms. You may appoint a different CREST Settlement Bank and/or account but unless agreed otherwise such appointment shall be deemed to be an immediate termination in accordance with clause 4.37 below.

#### Service of Legal Proceedings

4.19. You irrevocably appoint us as your agent to receive on your behalf service of process ("Process Agent") in any proceedings brought against you in England by our Bank. Such service shall be deemed completed on delivery to us.

#### CREST Requirements

4.20. You acknowledge that the services to be provided to you by us, by your Sponsor or by our Bank, and by one to another, insofar as such services are referable to transactions executed through CREST on your instructions or on your behalf or on your account, will be provided in accordance with the CREST Requirements, which may be amended or varied from time to time and that CREST may be suspended by Euroclear UK & Ireland from time to time. Neither we, your Sponsor nor our Bank shall have any liability for any loss or damage whatsoever as a result of any such amendment, variation or suspension by Euroclear UK & Ireland.

4.21. You shall duly comply on a timely basis with all the CREST Requirements and shall not ask us, your Sponsor or our Bank to do or not to do anything which, if done or not done by you, would constitute a breach of the CREST Requirements.

#### Cash Memorandum Accounts

4.22. CREST will maintain one or more CMAs in your name for the receipt and payment of certain cash items, for example dividends, and your CMAs will be settled by our Bank. Unless expressly agreed between us we will not allow your CMAs to go into debit. You agree that all such settlements shall be made by our Bank by way of an account in the name of Charles Stanley & Co. Limited.

#### Settlement Bank facilities

4.23. Our Bank is authorised:

- (i) to incur and receive Assured Payment Obligations for the account of your Sponsor in respect of debits or credits to your Sponsor's CMAs arising from transfers of securities by us through CREST on your behalf in accordance with clause 4.27;
- (ii) to receive Assured Payment Obligations for your account in respect of credits to your CMAs arising from sums receivable by you by reason of your holding uncertificated securities in CREST; and
- (iii) to debit or credit our account(s) with our Bank on the same day with the net amount of all such Assured Payment Obligations referred to in sub-paragraph (i) and the amount of all such Assured Payment Obligations referred to in sub-paragraph (ii) incurred or received by our Bank on that day in respect of any debit and/or credit to our CMAs and all of the CREST Personal Members under our sponsorship for whom the Bank is for the time being providing CREST Settlement Bank facilities ("our CREST customers").

4.24. In particular you acknowledge that:

- (i) our Bank shall have no obligation to account direct to you for any net credit balance of such Assured Payment Obligations or any part thereof referable to you;
- (ii) our Bank is under no obligation to make available any credit facility to you and that accordingly our Bank shall be entitled to set and maintain the Debit Cap on each of your CMAs at zero;
- (iii) the terms set out herein, together with the CREST Requirements, contain the entire obligations of our Bank relating to the services described in clause 4.23 hereof and our Bank shall have no other duties or obligations to you whatsoever.

#### Disclosure of Information

4.25. You authorise our Bank to disclose any information relating to you to Euroclear UK & Ireland or to any third party if such disclosure is necessary or appropriate for the purpose of compliance by our Bank with any of the CREST Requirements or any statutory or regulatory requirements in any part of the world.

#### Undertakings to our Bank

4.26. You undertake to our Bank as follows:

- (i) to comply in all respects and at all times with the provisions of the CREST Admission Agreement entered into between you and Euroclear UK & Ireland;
- (ii) to comply in all respects and at all times with all statutory and regulatory obligations applicable to the maintenance and operation of your CREST account;
- (iii) to notify our Bank immediately upon the occurrence of any of the events referred to in clauses 2.1.3, 2.1.4 or 2.1.5 of the CREST Personal Member Terms and Conditions. These clauses refer to events which may affect your legal right to transfer securities, or which mean that you have financial difficulties; and
- (iv) not to instruct us to give to Euroclear UK & Ireland any message which would result in a credit for value to any CREST account of yours and a corresponding debit to a CMA of yours.

#### Transfers of Securities and Cash in CREST Accounts

4.27. You acknowledge and agree that, in respect of your CREST Personal Membership Account, all transfers of securities through CREST shall be executed by us acting on your behalf as your Sponsor, as follows:

- (i) legal title to Investments acquired shall be credited first to a CREST account of our nominee company and only transferred by free delivery to your CREST account when we so instruct;
- (ii) the consideration for Investments acquired for your account shall be debited to our account with our Bank to which is debited and credited the consideration for all transfers or securities through CREST executed by us for our CREST Customers ("our Settlement Account"), and shall be reimbursed by you to us in accordance with clause 1.14.13;
- (iii) legal title to Investments disposed of shall be transferred by free delivery from your CREST Stock Account to a CREST account of our nominee company and only transferred to a CREST account in the name or for the benefit of the acquirer when your Sponsor so instructs; and
- (iv) the consideration for securities disposed of shall be credited to our CREST account (and not to your account) and shall be paid by us to you in accordance with clause 1.14.13.

#### CREST payment instructions conclusive

4.28. Our Bank shall be entitled to treat each CREST Payment Instruction and all information obtained through CREST as conclusive without further enquiry.

#### Interests in your Investment Assets

4.29. You warrant that:

- (i) you have full beneficial ownership of the Investments, funds and CDIs which are or which in future will be placed by you or on your instructions in your CREST Personal Membership account or which you ask us to hold on your behalf ("your Investment Assets");
- (ii) no third party has any charge of any kind over your Investment Assets (including yourself or any person for whom, directly or indirectly, you act as nominee or agent);
- (iii) if you are acting as trustee or agent for anyone else who has an interest in your Investment Assets ("your Principal") and need consent from your Principal in relation to any matter relating to CREST or otherwise, you will have obtained that consent before it is needed; and
- (iv) you will notify us promptly if you become aware of any reason that might prevent you from freely transferring any of your Investment Assets through CREST (for example, a Court Order, or uncertainty over your beneficial entitlement to the asset).

#### Transfers to Escrow Accounts

4.30. Where you instruct us to transfer assets to an Escrow Account you warrant that you have given appropriate authority to the receiving CREST member to transfer ownership of the assets to their own account. This arises, for example, in the course of take-over bids, to facilitate your acceptance of the offer. We will act on your instructions to transfer assets in this way without any obligation to ensure that you have given appropriate instructions to the receiving CREST member.

#### CREST Depository Interests (CDIs)

4.31.

- (i) Unless you instruct us otherwise we will select the manner in which any overseas Investments are held on your behalf. These may be held in the form of a CDI, which is a UK interest in the overseas Investment issued under English law by CREST Depository Ltd, and which is transferable within the CREST system. Because of differing laws and rules in overseas jurisdictions and settlement systems some event may occur which is outside the control of us, your Sponsor or Euroclear UK & Ireland and which affects the underlying holding of the overseas Investment by CREST. As a result your entitlement to the Investment or the Benefits deriving from it could be adversely affected, reduced or removed. The "CREST Personal Member Guide (International)" describes in more detail the process which CREST will adopt in such cases.
- (ii) Rematerialisation of overseas Investments held as CDIs may not be possible because of overseas rules and practices (for example the requirement in some markets to hold minimum numbers of shares) and the only alternatives may be either disposal of the Investment or its transfer to another CREST membership account.
- (iii) It is not always possible to refuse to accept CDIs in your CREST Personal Membership account, for example where a UK Investment is taken over by an overseas company, but you can instruct us to dispose of the CDIs thereafter. Accordingly we cannot accept an instruction not to receive CDIs into your account. Notice to us or to Euroclear UK & Ireland not to accept CDIs (unless you rescind it) will be deemed to be a material breach in accordance with clause 4.39.

#### Indemnity

- 4.32. Save to any extent caused by negligence, intentional wrongdoing or fraud by our Bank or its employees, you agree to be responsible to our Bank for all or any liability, loss, damage, claim, proceedings, charges, costs and expenses incurred by our Bank directly or indirectly in connection with or arising out of the provision of (or omission to provide) the services described in these Terms howsoever, or which would otherwise not have been incurred.
- 4.33. Save to any extent caused by negligence, intentional wrongdoing or fraud by us, by your Sponsor or by our employees, you agree to be responsible to pay to us all or any liability, loss, damage, claim, proceedings, charges, costs and expenses incurred by us or your Sponsor directly or indirectly in connection with or arising out of the provision of (or omission to provide) the services described in these Terms howsoever, or which would otherwise not have been incurred.
- 4.34. You shall pay us promptly when validly demanded and you hereby agree that, without prejudice to any other rights or remedies to which we may be entitled at law, we may set off against any claim for payment by us, by your Sponsor or by our Bank any debts or other payment obligations we may owe to you on any account.

#### Exclusion of liability

- 4.35. In the case of each party itemised below, no liability shall arise against that party for, or in respect of, any Excluded Liabilities:
  - (i) where the party is our Bank, save to any extent caused by intentional wrongdoing or fraud by our Bank or its employees;
  - (ii) where the party is us or your Sponsor, save as required by the Rules or to any extent caused by negligence, intentional wrongdoing or fraud by us, your Sponsor or our employees.

The "Excluded Liabilities" are any loss or damage, or any failure to comply, or delay in complying, with any obligations hereunder, or any other obligations in respect of or in connection with CREST, which is caused directly or indirectly by any cause, event or circumstance in the nature of force majeure or otherwise beyond that party's reasonable control, including (without limitation) any suspension, unavailability for use, breakdown, failure or damage (however caused) of or to CREST or any other computer, communications or other service system, or any act, omission, breach of contract, fraud, misrepresentation, insolvency, receivership, administration, bankruptcy or liquidation of any other Person.

#### Reliance on instructions

- 4.36. You agree that we may rely on and act in accordance with any instructions or requests (whether in writing or otherwise) which are (or which we reasonably believe to be) from you or issued on your behalf.

#### Termination of Settlement Bank appointment

- 4.37. Our Bank may terminate or suspend its appointment as Settlement Bank for you at any time on giving you notice, provided always that such appointment shall terminate with immediate effect if (and, in the case of a suspension, for as long as) our, your Sponsor's or your participation in CREST is terminated or suspended for any reason.
- 4.38. You may terminate our Bank's appointment as your Settlement Bank upon expiry of 30 days' written notice to our Bank.

#### Termination of Sponsorship

4.39. The appointment of your Sponsor under these Terms shall terminate:

- (i) immediately, if you commit a material breach of these Terms, and we shall endeavour (but without liability if we fail) to give you prior notice of this;
- (ii) immediately in the event that these Terms are terminated in accordance with its provisions or if Euroclear UK & Ireland terminates or suspends your Personal Membership of CREST or our or your Sponsor's ability to act as your Sponsor, or if our Bank or any successor Settlement Bank selected by us ceases its appointment in relation to your membership of CREST; and
- (iii) in the event that we or you give notice to terminate the appointment of your Sponsor by giving written notice to the other. Where notice is given, the appointment shall terminate on the expiry of 30 days from the date on which the notice is treated as served under clause 1.3.

- 4.40. Termination of our appointment for any reason shall not affect any rights or obligations of either of us which accrued prior to termination (which in clause 4.39(i) above is the expiry of the notice, if this has been given) and, in particular, shall not limit or restrict your obligation to be responsible to us in relation to any act, event, or omission occurring prior to termination (whether or not we have made any demand or the liability has arisen prior to termination).

#### General disclaimer

4.41. You acknowledge and agree that:

- (i) we must comply with the rules of, and the terms of the Sponsorship Agreement with, Euroclear UK & Ireland and that we can only do, or require Euroclear UK & Ireland to do, what is required or permitted by CREST;
- (ii) Euroclear UK & Ireland (rather than us) is responsible for ensuring that your Net Settlement Limit is not exceeded and we cannot persuade Euroclear UK & Ireland to exceed it even if delivery of securities in excess of the limit is needed to ensure due settlement;
- (iii) we do not monitor the Escrow Agent and we have no control over securities once they are transferred to an Escrow Account (for example, if securities are charged to your bank or you want to accept a take-over) and therefore cannot prevent securities being transferred from an Escrow Account improperly; and
- (iv) as your Sponsor is independent of Euroclear UK & Ireland, it has no authority to give any advice or waiver, or make any representation on behalf of Euroclear UK & Ireland.

4.42. You agree that we shall have no responsibility or liability to you in relation to:

- (i) any matter required or prohibited by the CREST Requirements or the Sponsorship Agreement with Euroclear UK & Ireland or outside our control;
- (ii) the suspension or termination of the CREST membership of any nominee of ours or of our or your Sponsor's ability to act as your Sponsor; or
- (iii) any default by a Settlement Bank (whether or not appointed or recommended by us).

#### Benefit of Agreement

- 4.43. Our Bank shall be entitled to the benefit of clauses 1.2.4-1.2.6 inclusive, 1.16.6, 1.16.21, 4.18-4.28 inclusive and 4.32-4.38 inclusive. With these exceptions, these Terms confer no rights on any persons other than you and us.

## SECTION E - JUNIOR ISAS

### General

5.1. In addition to Section B of the Terms, JSAs are governed by these Supplementary Terms and the Treasury Regulations. Reference in Section B of the Terms to an ISA shall be read as to applying equally to a JISA, unless the contrary appears below.

5.2. The following additional definitions apply to JSAs:

"Eligible Child" means a UK resident under the age of 18 in whose name and for whose benefit the JISA is held, and who otherwise satisfies the conditions for eligibility to hold a JISA as set out in the Treasury Regulations.

"JISA" means a Charles Stanley Direct stocks and shares Junior Individual Savings Account.

"JISA Application" means an application to us in our standard form to open or transfer a JISA (which may include the transfer of a Child Trust Fund), and made in writing or by electronic communications.

"JISA Investments" means the Investments held in a JISA.

"Registered Contact" means a person who is over 16, and either has parental responsibility in relation to the Eligible Child or is the Eligible Child who holds the account.

All references to "you" in Section E of the Terms shall mean the Eligible Child and/or the Registered Contact as appropriate.

### JISA Account Opening and Cancellation

5.3. A JISA Application may only be made by a Registered Contact on behalf of an Eligible Child.

5.4. A JISA Application may be cancelled by the Registered Contact within 14 days from the date we receive the JISA Application, by writing to us at JISA Dept, Charles Stanley Direct, Myriad House, 33 Springfield Lyons Approach, Chelmsford, Essex CM2 5LB. HMRC will treat the position as if no subscription to a JISA had been made. We will return the subscription to the Registered Contact, after deducting our proportionate charges.

5.5. We shall refuse to accept a JISA Application:

- (i) which is unsigned by the Registered Contact, is undated or is otherwise incomplete;
- (ii) where, in our reasonable opinion, any part of the JISA Application is untrue, or that any document presented in support of it is incorrect;
- (iii) which indicates that the eligibility conditions for JSAs or specified subscription limits (as set by HMRC, the Treasury Regulations or Section E of the Terms) have not been satisfied; or
- (iv) where we have previously terminated an account held with us by the Registered Contact in accordance with clause 1.2.3 of the Terms.

### Registered Contact

5.6. We shall only accept instructions concerning the management of the JISA from the Registered Contact, unless we have become aware that the Registered Contact no longer has parental responsibility in relation to the Eligible Child, whereupon clause 5.9(ii) shall apply.

5.7. In accordance with the Treasury Regulations, we shall consider an application in our standard form for a change of the identity of the Registered Contact, unless:

- (i) any of the provisions of clause 5.5 above apply; or
- (ii) we have reason to believe that the applicant has provided untrue information

and, in either case, provided that we have received the consent of the existing Registered Contact.

5.8. We shall consider an application in our standard form for a change of the identity of the Registered Contact without receiving the consent of the existing Registered Contact in circumstances where:

- (i) we have received evidence of the death or incapacity of the existing Registered Contact;
- (ii) despite reasonable efforts having been made by us to contact the Registered Contact, that person cannot be contacted;
- (iii) the applicant is the adopter or has been appointed as a guardian or special guardian of the Eligible Child;
- (iv) we are bound to follow the direction of a Court order; or
- (v) a Court order, under which the Registered Contact has parental responsibility, is brought to an end.

5.9. The authority of the Registered Contact in relation to the JISA shall cease on the earlier of:

- (i) the Eligible Child's 18th birthday (whereupon the JISA ceases to be a JISA, and we shall hold the JISA investments in a tax free ISA wrapper pending instructions in accordance with clause 5.18 below); and
- (ii) Charles Stanley Direct becoming aware that the Registered Contact ceases to have parental responsibility for the Eligible Child.

We shall decline further instructions from such Registered Contact until we have accepted an application for a change of Registered Contact in accordance with clause 5.7 above. In the meantime, we shall not be liable for any investment or other losses arising as a result of not being able to act on any instructions received.

### Eligible Child

5.10. We may contact the Registered Contact and/or the Eligible Child prior to the Eligible Child's 16th birthday regarding the Eligible Child's right under the Treasury Regulations to open a JISA in his/her own name at age 16.

5.11. We will refuse any application from the Eligible Child to become the Registered Contact in the years between his/her 16th and 18th birthday, or on the application of any person aged 16 or 17 years to open a JISA. In the event that the Eligible Child wishes to take over the role of Registered Contact, the existing JISA will need to be transferred to another provider. The new provider will have to send us the Registered Contact's written authority for the transfer before it can take place. The JISA will be transferred to the new provider within the time period requested by the Registered Contact (provided this is not less than 30 days from the day we receive written notice of the transfer). We do not charge for arranging a transfer but the new provider may make a charge.

### Administration of the JISA

5.12. The JISA will be managed by us on an Execution-only basis, as set out in clause 1.5.8 (Service levels) of the Terms. The Eligible Child will be regarded as a Retail Client of ours.

5.13. The JISA Investments will be held in the beneficial ownership of the Eligible Child.

5.14. Contract notes, statements of account, valuations and reports applicable to the JISA as described in clause 1.7.26 of the Terms shall be issued to the Registered Contact until such time as the Eligible Child reaches 18 years unless:

- (i) We accept the Eligible Child's application to become the Registered Contact pursuant to clause 5.11: or
- (ii) We have accepted a JISA Application made by an Eligible Child who is at least 16 years of age whereupon they will be issued to the Eligible Child.

5.15. In the event that any person or organisation other than the Eligible Child or Registered Contact makes a subscription to the JISA:

- (i) it is the responsibility of the Registered Contact to advise such donor that the subscription is a gift to the Eligible Child and cannot be recovered;
- (ii) we will be under no obligation to record the identity of such donor, or to advise the Registered Contact of this fact. However, we may do so if required by the Rules; and
  - (a) we may refuse to accept any such subscription in circumstances where we reasonably believe that acceptance may result in the JISA (or any part of it) becoming void under the Treasury Regulations; or
  - (b) we are prevented from doing so by the Rules (for example, in relation to anti-money laundering requirements).

### JISA Transfers and Withdrawals

5.16. We will notify the Registered Contact if, by reason of any failure to satisfy the Treasury Regulations, the JISA (or any part of it) has or will become void for tax purposes (for example, as a result of an invalid subscription having been made). The JISA will be closed and as soon as practicable we shall transfer the value of the JISA (or the affected part) to the Eligible Child, after any tax on income received has been recovered and paid to HMRC and deducting our proportionate charges.

5.17. No withdrawals from the JISA shall be permitted until the Eligible Child reaches the age of 18 years and instructs us in accordance with clause 5.18, unless:

- (i) such a withdrawal is for the purpose of settling our charges and other incidental expenses pursuant to these Terms as set out in our published scale;
- (ii) we have received such evidence of the death of the Eligible Child as we require (where the provisions of clauses 1.2.7-1.2.11 and 2.1.18-2.1.20 of our Terms apply); or

- (iii) where the Eligible Child is terminally ill. Subject to the definitions and conditions of the Treasury Regulations in this regard, the JISA will be closed upon receipt of the documentation prescribed under the Treasury Regulations and the proceeds paid to the Registered Contact.

5.18. On the Eligible Child attaining the age of 18, the JISA will automatically cease to be a JISA. We shall hold the JISA Investments in a tax free ISA wrapper in our nominee. We shall advise the former Eligible Child of our standard ISA charges and these shall be applied to the holding until:

- (i) the former Eligible Child instructs us to close the account, or (on the receipt of such documentation as we may require) to transfer it to another ISA Manager. After settlement of our charges, we either shall pay the proceeds to the former Eligible Child, or transfer the former JISA Investments in accordance with the Treasury Regulations as appropriate; or
- (ii) such ISA account opening forms and information as we require to open an ISA account are submitted by the former Eligible Child and accepted by us.

5.19. In the event that we do not receive any instruction or documentation as envisaged by clause 5.18, we shall suspend the former JISA such that:

- (i) no action shall be taken in respect of the former JISA; and
- (ii) we shall not be liable for any investment or other losses arising as a result of our failure to administer the ISA during such suspension.

#### Child Trust Fund Transfers

5.20. Where we receive a valid instruction to transfer an existing Child Trust Fund to us and we have accepted an application from a Registered Contact to open a JISA in respect of that Eligible Child, we shall communicate with the existing trust fund manager to transfer the Child Trust Fund and convert it into a JISA.

5.21. We shall regard the instruction as valid if we are satisfied that the instruction concerns the same Eligible Child and Registered Contact and relates to the entire CTF.

5.22. The transfer shall be completed:

- (i) within 30 days of the expiry of the 14 day cancellation period set out in clause 5.4; or
- (ii) within 60 days from the expiry of the 14 day cancellation period set out in clause 5.4, where a change in the Registered Contact needs to take place.

5.23. In transferring, we only allow for the transfer to be made in cash. Once the JISA is opened and the transfer from the CTF provider has been completed, the JISA will be operated in accordance with this Section E. Should the transfer not complete for any reason within 60 days, we will close the JISA and return any cash to the CTF provider.

## SECTION F - TELEPHONE DEALING

6.1. This Section sets out which Orders may be made by telephone, and how our treatment of such Orders may differ from that for Orders made online via the Website as set out in Section A.

6.2. Orders made by telephone are only capable of acceptance by us:

- (i) during Business Hours; and
- (ii) where one of the following circumstances apply:
  - (a) in the event of a suspension of both our Website and App service as set out in clause 1.15.1 or in other circumstances beyond our reasonable control; or
  - (b) where our Rates and Charges Sheet requires that the Order is made by telephone (for example, in relation to certain Overseas Investments) - for further details please also refer to our International Trading page on Our Website and/or App.

6.3. We reserve the right to alter our stated Business Hours and while we will use reasonable endeavours to give advance notice where possible by posting the change on the Website, there may be occasions beyond our reasonable control when we are unable to give advance notice. Where we are unable to give advance notice, we shall post details of the change on the Website as soon as reasonably possible.

6.4. We will not accept Orders purported to be placed by telephone unless the caller satisfies our security verification procedures.

6.5. As set out in clause 1.4.9, until our Helpdesk receives confirmation from you that you have become aware that another party has acquired knowledge of your login details, you will be exclusively responsible for any instructions or Orders placed or purported to be placed by you under your login details, and we shall be entitled to treat all such instructions as authentic. We shall assume the identity of the caller is genuine unless it would have been obvious to any reasonable person

that he or she was not and provided that we have acted with all due care in accepting those instructions.

6.6. We may suspend your account if we have any reason to suspect that your account or security information is being used by someone else.

#### Limit Orders

6.7. Clauses 1.7.28 & 1.7.29 above and 19 & 28 from Appendix 1 regarding Limit Orders also apply to those Limit Orders we accept by telephone, unless the contrary appears below:

- (i) Limit Orders are accepted on an 'all or nothing' basis, unless otherwise agreed.
- (ii) For UK equities you may place a Limit Order by telephone only where they are listed on the London Stock Exchange or admitted to trading on the Alternative Investment Market.
- (iii) Where an order book facility is available we may, at our absolute discretion and subject to terms of the order book, agree to accept a Limit Order to buy or sell shares at a specific price. Where your Limit Order is not completed in full, such part of your Order that has been executed will be confirmed to you at the end of the business day and dealing charges levied at the standard telephone commission scale. Any Order balance will be resubmitted until (i) it is completed, (ii) the Limit Order expires, or (iii) you instruct us otherwise. Order type will be agreed between you and the dealer when placing the Order.
- (iv) For Orders in Overseas Investments we may at our absolute discretion accept a price limit or insist on a price limit as a condition of accepting an Order, including but not limited to where the Order is to buy at the open of the Relevant Market and/ or there is market or stock volatility. Where we accept Limit Orders for Overseas Investments, they will be accepted for one business day of the Relevant Market. You accept that where your Order is subject to price limit or 'at market', if you deal you may only achieve partial completion of your Order. We will not be liable for any loss or expense you incur if we are reasonably unable to complete a Limit Order for any reason (for example, it may not always be possible to execute Limit Orders under the prevailing market conditions or due to the failure of any third party we may use in the Relevant Market).
- (v) You agree to accept partial completion of Orders in Overseas Investments, with the Limit Order continuing in force for the remainder of the day, when (if still not fully completed) it will be cancelled.
- (vi) If we have accepted instructions from you in relation to a Limit Order by telephone, you will first need to cancel such instructions before you may attempt to subsequently transact the same Order (or part thereof) online via the secure area of our Website. Similarly, if we have accepted instructions from you in relation to a Limit Order online, you must cancel those instructions online before we may accept any such Limit Order by telephone. If you have any doubts as to whether the original Limit Order has been executed, it is your responsibility to check before you enter into any subsequent transaction for the same Order. If you fail to do so, you will be liable for all costs properly incurred by us in the event that we have to reverse any transaction in the market.

## SECTION G - ADDITIONAL TERMS APPLICABLE IF YOU WISH TO OPEN A CASH SAVINGS ACCOUNT

7.1. Our Cash Savings accounts ("Cash Savings") are provided to you by Bondsmith Savings Ltd ("Bondsmith"). Bondsmith is authorised and regulated by the FCA under the Electronic Money Regulations 2011 (Firm reference number 955601) for the issuing of electronic money, and is registered in England and Wales (Company number 13223331).

7.2. Bondsmith shall be legally responsible for all matters relating to your Cash Savings. All orders and instructions for Cash Savings should be submitted directly to Bondsmith.

7.3. A copy of the terms and conditions, and details on how Bondsmith use your data can be found on Bondsmith's [website](http://www.bondsmith.com/terms).

7.4. Bondsmith will handle all concerns and complaints about your Cash Savings; their contact details can be found [here](#).

7.5. This section of the Terms should be read in conjunction with Section A concerning Charles Stanley's general contractual obligations to you. In the event of conflict, this Section G shall take precedence. Neither us nor Bondsmith shall be liable to you for any loss caused by the other.

PAUL ABBERLEY (Chief Executive Officer)

Charles Stanley & Co Limited

Member of the London Stock Exchange. Authorised and regulated by the Financial Conduct Authority. October 2024

## APPENDIX 1: CHARLES STANLEY DIRECT - ORDER EXECUTION POLICY

The purpose of this summary is to provide our clients with information about our Order Execution Policy and to seek your consent for this policy.

Our Order Execution Policy outlines all the sufficient steps that we take to ensure that we achieve "Best Execution" for you, which means obtaining the best possible results for you when carrying out transactions on your behalf, sometimes referred to as "executing your Orders".

**Please note that this information should not be seen as a prescriptive statement of how a particular Order must be dealt with.**

If there are terms you do not understand, please refer to the Glossary at the end of this document.

### Client classification

1. Our Order Execution Policy applies only to Clients (defined in the Charles Stanley Direct Online Investing Business Terms) where we are executing Orders in Financial Instruments. We will be executing such Orders either "on your behalf", or transmitting them to a third-party firm for execution by that firm. In all instances we aim to achieve best execution on a consistent basis.

### Executing Orders on your behalf

2. We will be executing Orders on your behalf where you legitimately rely on us to protect your interests in relation to the pricing or other aspects of a transaction that may be affected by how we execute the Order. For example, this will be the case when we:
  - (i) execute your Order by dealing as agent;
  - (ii) execute your Order by dealing as Riskless Principal on your behalf; and
  - (iii) as agent, "work" an Order on your behalf, which occurs where you place an Order with us and we execute it over a period of time using one or more Execution Venues.

### Transmitting

3. We will transmit an Order to another party for execution by it where:
  - (i) we do not have access/membership to a particular execution venue, for example for Orders in securities traded on overseas markets; or
  - (ii) where in doing so we reasonably believe we may achieve a better outcome than by our directly executing on your behalf. For example we might employ a trading strategy offered via a provider of Direct Market Access (DMA) to execute a substantial Order, accessing multiple Execution Venues with the aim of achieving the best outcome for your Order through minimising the potential for negatively impacting the price whilst working the Order.

### Our obligation to our clients

4. The position at Charles Stanley Direct is that all our clients are legitimately relying on Charles Stanley to obtain the best outcome for their Orders, since our relationship is always on an agent/client basis. We do not deal as "principal" against our clients' Orders, including for any Riskless Principal trades, which are also conducted on an agency basis for our clients.  
**We therefore regard best execution as an obligation that extends to all our clients.**

### Order execution

5. Subject to any specific instructions that may be given by you when executing Orders on your behalf (see paragraphs 17 & 18 below), we will take all sufficient steps to obtain the best possible result for you taking into account the execution factors listed in paragraph 7. We will determine the relative importance of the execution factors by using our commercial judgement and experience in light of market information available and taking into account the execution criteria described in paragraph 6 below.

### Execution criteria

6. The execution criteria that will be taken into account are the characteristics of:
  - (i) the client, including whether categorised as Retail or Professional;
  - (ii) the Order;
  - (iii) the Financial Instruments that are the subject of that Order; and

- (iv) the Execution Venues to which that Order can be directed.

### Execution factors

7. The execution factors that will be taken into account are:
  - (i) **price:** for most liquid instruments, market price will be the overriding factor in attaining best execution. Price is likely to be the main execution factor for Retail Client Orders; however this may not always be the case where, for example, associated costs of dealing on a particular execution venue mean that the total consideration would be excessively impacted. In such circumstances costs rather than price may be the overriding execution factor.
  - (ii) **costs:** where particular Execution Venues carry additional charges (such as exchange fees or settlement/custody costs) we may pass these on. If these charges have a significant adverse impact on the total consideration for your Order (for example, due to the cost of many small trades on an Order book), then at our discretion this may become the most important factor for us to consider.
  - (iii) **speed:** similarly, the speed of execution may be important for some types of Order or client. Speed will be a high priority when executing an Order in liquid (frequently traded) shares in a fast-moving market.
  - (iv) **likelihood of execution and settlement:** in some instances, our ability to execute the Order at all will be the primary factor to be considered. Where, for example, the Financial Instrument is illiquid (rarely traded) or the size of the Order is unusually large compared to normal trading volumes, our ability to carry out the Order may take precedence over other execution factors. Application of the "total consideration" requirement (please see below for more information) may mean that this factor is given precedence over the immediate apparent price of a Financial Instrument where this will – in our opinion – deliver a better overall result for the client.
  - (v) **size and nature of the Order:** the best price in a market is usually represented by the opportunity to trade in a particular size (number of shares or units), which may not match the size of the client's Order. Where the Order is bigger than the typical quoted size, then the part of the Order executed over and above the threshold, or the terms offered for the whole Order may only be available at a less favourable price. There are various strategies for trading large Orders and we will exercise our discretion where there is no other instruction from the client. Large or illiquid Orders may be executed on a manual basis using the negotiating skills of our Dealing team. In such cases our dealers will source the best available terms by comparing the prices offered by a variety of Execution Venues (including other firms and Multilateral Trading Facilities (MTFs) and Organised Trading Facilities (OTFs)). This may require us to execute Orders over the course of a day, or a number of days, with the overall Order execution being expressed as an average price of all the individual execution fills carried out on a particular day.
  - (vi) **any other consideration relevant to the execution of the Order:** we will take into account any other execution factor relevant to the Order that we believe warrants consideration in terms of how that Order should be executed. This could be simply whether it is a buy or sell Order, the imposition of price limits, non-standard settlement, whether it is part of a contingent Order, or whether the security is dealt in another market.
8. As a Retail Client, the best possible result will be determined in terms of the "total consideration", representing the price of the Financial Instrument together with the costs related to execution (including our charges). Speed, likelihood of execution and settlement, the size and nature of the Order, market impact and any other implicit transaction costs will be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to you.

### Execution Venues

9. The main Execution Venues used by us are shown in paragraph 10 below. These Execution Venues are those upon which we place significant reliance. These may be markets where Charles Stanley is a direct member (for example, the London Stock Exchange) or other firms and DMA providers we use when transmitting Orders for them to execute on your behalf. We reserve the right to use other Execution Venues where we deem them appropriate in accordance with our Order Execution Policy and may add or remove any Execution Venues from this list. We will regularly assess the Execution Venues available in respect of any Financial Instruments that we trade to identify those that will enable us, on a consistent basis, to obtain the best possible

result when executing Orders. The list of Execution Venues will then be updated, where necessary, following such assessment. You should refer to [www.charles-stanley.co.uk/about-us/our-policies/order-execution-policy](http://www.charles-stanley.co.uk/about-us/our-policies/order-execution-policy) from time to time for the current and more detailed list of Execution Venues. You will not be notified separately of any changes to these venues.

10. When carrying out your Orders, we place significant reliance on the following Execution Venues:
  - (i) member firms of the London Stock Exchange;
  - (ii) member firms of the International Capital Market Association;
  - (iii) member firms of overseas stock exchanges;
  - (iv) platforms;
  - (v) managers and administrators of collective investment schemes and other investments;
  - (vi) other UK and overseas Execution Venues that we deem appropriate and that accord with our Order Execution Policy.
11. Where applicable, we take steps to ensure we do not structure or charge our commissions in such a way as to discriminate unfairly between Execution Venues.
12. We undertake ongoing assessments of the performance of the Execution Venues we use to determine whether they continue consistently to provide the best possible outcomes for clients and also to review the potential suitability of new Execution Venues. In making such assessments we use the results of our own internal best execution monitoring information as well as execution quality data reported by Execution Venues in accordance with the Rules. This includes the following factors:
  - (i) price
  - (ii) liquidity
  - (iii) execution and clearing costs
  - (iv) clearing arrangements, such as settlement reliability
  - (v) Execution Venue trading controls

#### Selecting an Execution Venue

13. Subject to the above, and to any specific instructions that may be given by you (see paragraphs 17 & 18 below), in order to select an Execution Venue for an Order we will use the following methodology:
  - (i) when carrying out Orders on a Trading Venue we will select the Execution Venue that we consider the most appropriate. The Execution Venue may be the Trading Venue itself, or a member firm of the Trading Venue.
  - (ii) for a Financial Instrument admitted to trading on a Trading Venue, where we believe that we can trade to your advantage or at no disadvantage to you, we may transmit an Order to, or execute an Order on, an Execution Venue that is outside a Trading Venue.
  - (iii) for a Financial Instrument not admitted to trading on a Trading Venue, we will select the Execution Venue that we consider the most appropriate.
  - (iv) where we believe that we can trade to your advantage or at no disadvantage to you, Charles Stanley may be used as the Execution Venue. Where we act ourselves as the Execution Venue, we will consider all sources of reasonably available information, including Trading Venues, Systematic Internalisers, other liquidity providers, exchanges, brokers and data vendors, to obtain the best possible result for your Order.
  - (v) some Financial Instruments (for example, collective investments such as unit trusts and open ended investment companies, as well as Structured Products) may have only one possible Execution Venue. With single venue products we will take sufficient steps to ensure the fairness of prices offered.

#### Execution strategies

14. Subject to any specific instructions that may be given by you (see paragraphs 17 & 18 below), we will carry out an Order by one of the following execution strategies or combination of strategies:
  - (i) on a Trading Venue by:
    - (a) executing your Order directly on a Trading Venue or, where we are not a direct member of the relevant Trading Venue, with a third party participant with whom we have entered into an agreement for handling Orders for that Regulated Market or MTF/OTF; or
    - (b) Executing your Order with, or transmitting it for execution

to, a liquidity provider that forms part of a Trading Venue; or

- (c) executing your Order with a matching Order from another client under the rules of a Trading Venue; and/or
- (d) acting as the Execution Venue ourselves.
- (ii) where we have obtained your prior express consent, outside a Trading Venue by:
  - (a) executing your Order with, or transmitting it for execution to, a liquidity provider that is not part of a Trading Venue;
  - (b) executing the Order with a matching Order from another client outside the rules of a Trading Venue; and/or
  - (c) acting as the Execution Venue ourselves.
- (iii) in respect of a Financial Instrument not admitted to trading on a Trading Venue, we will carry out your Order in the manner that we consider the most appropriate.
15. Whilst we might decide it is beneficial to execute all or part of your Order outside a Trading Venue, by way of improved price and/or faster execution, there might be additional risks including:
  - (i) Orders may not be subject to the rules of a Trading Venue that have been designed to provide the protection of a fair and orderly market for the execution of Orders;
  - (ii) Orders may not benefit from pre- and post-trade transparency that Trading Venues require for Orders to improve price formation; and
  - (iii) Orders may not be covered by the relevant clearing and settlement rules of a Trading Venue and non-Order book trades may not benefit from having a Central Counterparty. This means transactions may be subject to a counterparty settlement risk.

#### General dealing arrangements

16. The following information summarises in more general terms the execution strategies employed for more commonly traded Financial Instruments:
  - (i) **UK Equities (including Investment Trusts):** for Orders initiated during the hours that the London Stock Exchange (LSE) is open via the Charles Stanley Direct site, assuming normal market conditions, our automated Order management system will poll competing electronic Retail Service Providers (RSPs) for execution at the best available price. Although this is not guaranteed, prices are normally better than the best available LSE bid or offer price at time of polling the RSPs. For Orders initiated by telephone (including purchases in excess of the maximum consideration detailed in the Rates and Charges sheet) our dealers will, subject to the execution criteria and execution factors, the complexity of the Order and any specific client instructions, determine how best to execute the Order to achieve the best outcome. This may be via:
    - (a) the RSP network;
    - (b) direct negotiation with registered market makers or other member firms of the LSE or NEX exchange;
    - (c) use of Order books (such as LSE or BATS);
    - (d) transmission via an electronic DMA (Direct Market Access) system or Smart Order Router that provides our dealers with access to Systematic Internalisers and other Execution Venues; and/or
    - (e) by Agency Cross, where clients are sellers and buyers of the same Financial Instrument.

Larger or more complex Orders initiated by telephone may need to be worked over a period of time and might be executed using a combination of the above.

- (ii) **International Equities:** Orders are routed directly to our dealers, who will determine how to obtain the best outcome. Orders for Financial Instruments held as CREST Depository Interest will either be executed by RSP or via direct negotiation with London-based market makers. Our normal policy is to deal directly in the local market concerned, we may do this via:
  - (a) transmission via a DMA platform; and/or
  - (b) transmission to a brokerage firm in the local market.

Orders in international markets are subject to local market rules. Some clients might request that their Order is executed in its entirety or not at all. Whilst this might be possible for UK Financial Instruments (while at the same time restricting Execution Venue choice) this is not possible for international



Financial Instruments where Order book usage is normal.

- (iii) **Collective Investment Schemes (OEICs/Unit Trusts):** Orders in Collective Investment Schemes are routed to our preferred Platform(s). Our policy is to buy the units or share classes with the lowest Ongoing Charges Figure (OCF) that are available to us.
- (iv) **Debt securities (such as Government Bonds (Gilts) and Corporate Bonds):** Orders are routed directly to our dealers, who will determine how to obtain the best outcome.
  - (a) Execution of smaller Orders may be via:
    - (i) the RSP network; and/or
    - (ii) direct negotiation with a registered market maker.
  - (b) Execution of larger Orders or Orders in debt securities that are illiquid or difficult to source may be via:
    - (i) an electronic request-for-quote service directly to bank bond or Gilt desks with whom we are connected; and/or
    - (ii) for debt securities that are illiquid or difficult to source, a specialist bond broking firm may be engaged to access sources of liquidity that are not otherwise available to us.

Orders executed via the request-for-quote or specialist bond brokerage firm will normally be executed over the counter (OTC).

- (v) **Exchange Traded Products (ETPs):** as with (i), Orders initiated via the Charles Stanley Direct site will use our automated execution technology to poll competing RSPs. However, Orders placed when the LSE is closed, or where there is no RSP price available, will require a good for the day limit price. Good for the day limit prices may also be set at client discretion. Orders may be executed via:
  - (a) the RSP network; and/or
  - (b) direct negotiation with a registered market maker;

The following additional avenues might also be considered for telephone initiated Orders:

  - (c) an electronic request-for-quote service to specialist ETP brokerage firms; and/or
  - (d) electronic Order books, such as the LSE.
- (vi) **Other asset classes:** we will seek to execute Orders for Financial Instruments in other asset classes (for example Debentures, Convertibles, Warrants etc.) on an appropriate Execution Venue. It is likely that venue choice will be very limited and liquidity restricted.

#### Specific client instructions

- 17. Where you give us a specific instruction as to the execution of an Order, we will execute the Order in accordance with those specific instructions. Where your instructions relate to only part of the Order, we will continue to apply our Order Execution Policy to those aspects of the Order not covered by your specific instructions.
- 18. You should be aware that providing specific instructions to us in relation to the execution of a particular Order may prevent us from taking the steps set out in our Order Execution Policy to obtain the best possible result in respect of the elements covered by those instructions. We reserve the right to refuse specific instructions from you regarding the execution of your Order, where in our opinion such instructions are not practicable, may be contrary to your best interests or where we are unable or unwilling to transact with a requested venue or counterparty.

#### Publishing unexecuted Limit Orders

- 19. Limit Orders allow investors the ability to specify the minimum price at which they want to sell, or the maximum price at which they want to buy shares, and tell us how long they want the Limit Order to stay open to meet those requirements. It may not always be possible to execute Limit Orders under the prevailing market conditions. We would then be required to make such Orders public ahead of execution, unless you agree that we need not do so. We believe that it is in your best interests if we exercise our discretion as to whether or not we make such Orders public, taking into account what we believe to be your best interests. Where you place a Limit Order with us that is not immediately executed, unless we believe that it would be in your best interest to do so, or you expressly request otherwise, we will not publish your unexecuted Limit Order during the period that it remains unexecuted.

#### Reception and transmission of Orders

- 20. Subject to any specific instructions that may be given by you (see paragraphs 17 & 18 above), we may transmit an Order that we receive from you to another Charles Stanley entity or to an external entity, such as a third party broker, for execution. In doing so, we must act in your best interests and also comply with paragraphs 4 & 5 above.

#### Monitoring and reviewing

- 21. We monitor compliance with and the effectiveness of our Order Execution Policy. The outcome of all Orders executed in financial instruments admitted to trading on a Trading Venue, whether executed directly by us, transmitted to another party for execution or executed outside of a Trading Venue, are benchmarked against Trading Venues we access and other relevant Trading Venues at the time of execution. Post-trade analysis is undertaken by our dealing function with additional second line challenge and senior management oversight.
- 22. We will review our Order execution arrangements and Policy at least on an annual basis and whenever a material change occurs that affects our ability to continue to obtain the best possible result for the execution of client Orders on a consistent basis using the Execution Venues included in our policy. In so doing, we shall assess whether a material change has occurred and shall consider making changes to the relative importance of the best execution factors in meeting the overarching best execution requirement. We will notify you of any material changes to our execution arrangements, including our Execution Venues, or our Order Execution Policy, by posting updates on [www.charles-stanley.co.uk/about-us/our-policies/order-execution-policy](http://www.charles-stanley.co.uk/about-us/our-policies/order-execution-policy). You will not be notified separately of any changes.
- 23. You may request that we demonstrate that we have carried out your Orders in accordance with our execution policy. We will respond clearly and within a reasonable time to reasonable and proportionate requests for information about this policy and our Order execution arrangements and how they are reviewed.
- 24. Tables indicating the Execution Venues on which we place significant reliance for each class of financial instruments, for retail client and professional client Orders, can be found at [www.charles-stanley.co.uk/about-us/our-policies/order-execution-policy](http://www.charles-stanley.co.uk/about-us/our-policies/order-execution-policy).
- 25. The most recent execution quality report for the Execution Venues upon which we place significant reliance can be found at [www.charles-stanley.co.uk/about-us/our-policies/order-execution-policy](http://www.charles-stanley.co.uk/about-us/our-policies/order-execution-policy).

#### Consent

- 26. We are required by the Rules of the FCA to obtain your prior consent to our Order Execution Policy. **You will be deemed to provide such consent when you first give an Order after receipt of these Terms.**
- 27. In order for us to achieve the best results for your Orders when we execute them on your behalf, we may sometimes seek to place your Orders with an Execution Venue other than a Trading Venue. However, for a Financial Instrument that is admitted to trading on a Trading Venue, we are required to obtain your prior express consent before we execute an Order in such Financial Instrument outside a Trading Venue (save where no Trading Venue is included in the list of Execution Venues for that Financial Instrument). **By completing the registration process and agreeing to our terms thereby, you will be deemed to have provided such prior express consent.**
- 28. We are required by the Rules of the FCA to obtain your express consent to exercise our discretion when deciding whether or not to publish any unexecuted Limit Orders. **By completing the registration process and agreeing to our terms thereby, you will be deemed to have provided such express consent.** If you wish, in respect of a particular unexecuted Limit Order, that we should publish that Order ahead of its execution, you will need to include this request when placing your Order with us.

## Glossary

**Agency Cross:** where an investment firm acts as agent for both the seller and buyer of a security and crosses their Orders on an exchange at a mutually agreed price.

**Agent:** a firm trading on behalf of a client.

**BATS Europe:** a pan-European stock exchange.

**Collective Investment Scheme (CIS):** a collective investment scheme is a pooled investment vehicle, for example a unit trust or an OEIC (Open Ended Investment Company), into which investors can make an investment by purchasing a share, unit or fraction thereof, in the fund.

**CREST:** a UK based electronic settlement system (central securities depository) owned and operated by Euroclear UK & Ireland and approved as the operator under the Uncertificated Securities Regulations 2001.

**CREST Depositary Interest (CDI):** a special kind of security issued under English law by CREST Depositary Ltd, a company wholly owned by Euroclear UK & Ireland, and which represents an entitlement to an overseas Investment held by CREST in an overseas share registration or settlement system.

**Direct Market Access (DMA):** another firm's electronic trading platform that gives other firms access to liquidity in financial instruments via various markets and against its own book position, but provides the user with control over how an Order is executed.

**Eligible Investments:** are Investments defined in clause 1.7.5 of the Charles Stanley Direct Online Investing Business Terms.

**Equity:** equities represent ownership interest in a firm, typically referred to as "shares".

**Exchange:** a marketplace in which securities, commodities, derivatives and other financial instruments are traded. The core function of an exchange – such as a stock exchange – is to ensure fair and orderly trading, as well as efficient dissemination of price information for any securities trading on that exchange. Exchanges give companies, governments and other groups a platform to sell securities to the investing public. An exchange may be a physical location where traders meet to conduct business but more often are an electronic platform.

**Exchange Traded Fund (ETF):** see Exchange Traded Products.

**Exchange Traded Products (ETP):** investment products traded on stock exchanges that are usually benchmarked to the performance of indices, or to the price movements of other instruments such as commodities such as oil, gold or currencies. ETPs include Exchange Traded Funds, Exchange Traded Commodities and Exchange Traded Notes.

**Execution Venue:** a Regulated Market, a MTF, an OTF, a Systematic Internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the foregoing.

**FCA:** means the Financial Conduct Authority or any succeeding authority.

**Financial Instrument:** a generic term used to refer to any type of tradable financial asset, such as an equity or debt security, derivative or unit in a collective investment scheme. (See clause 3 of the Charles Stanley Direct Online Investing Business Terms).

**Fixed Income:** securities that pay a rate of interest and involve varying degrees of Counterparty Risk. The most common type of fixed-income securities are Eurobonds and Government Bonds.

**Limit Order:** an Order to buy or sell an Investment at a specified price limit or better and for a specified size.

**MiFID:** the EU Markets in Financial Instruments Directive (Directive 2014/65/EU) and the EU Markets in Financial Instruments Regulation (Regulation 2014/600).

**Multilateral Trading Facility (MTF):** a multilateral system, operated by an investment firm, credit institution or a market operator, which brings together multiple third-party buying and selling interests in Financial

Instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with the provisions of Title II of MiFID.

**NEX Exchange:** formerly ISDX (ICAP Securities and Derivatives Exchange), a secondary trading market for listed or quoted securities admitted to trading on other EU markets or early stage companies.

**Ongoing Charges Figure (OCF):** the OCF represents the ongoing costs attributable to Collective Investment Schemes. This includes the annual management charge (AMC) and other charges for administrative services performed by parties involved in the fund, such as the custodian.

**Order:** means an order or instruction which you give us for the Purchase or Sale of Eligible Investments and which is accepted by us for execution or transmission to a third party.

**Order Book:** electronic board, usually operated by Regulated Markets, displaying buyers and sellers of financial instruments. Orders can be entered to satisfy, or partially satisfy Orders already advertised at particular price levels or added to the board at a price that is not necessarily immediately achievable. Opening and closing prices are normally established by an auction process; thereafter price is driven by Orders entered on the board.

**Organised Trading Facility (OTF):** is a multilateral system, which is not a Regulated Market or MTF and in which multiple third-party buying and selling interests in bonds, structured finance product, emissions allowances or derivatives are able to interact in the system in a way which results in a contract.

**Over the Counter (OTC):** where buying and selling is not conducted over an exchange but via a direct link between the firms acting as counterparties to the transaction.

**Platform:** a firm engaged by Financial Adviser firms and financial institutions as an outsourced custodian for the purchase and sale of collective investment schemes and possibly other asset classes.

**Principal:** a firm which is trading on its own account.

**Regulated Market:** both a UK recognised investment exchange (RIE) and an EU regulated market which is authorised and functions regularly and in accordance with MiFID.

**Retail Service Provider (RSP):** also known as a market maker. A market maker is a regulated firm that is always ready to both buy and sell a stock at all times.

**Riskless Principal:** back-to-back transactions where the agent, acting on behalf of the client, stands between the market trade, or trades (that might have been executed on one or more venues) and the client. The agent does not take a position and the trades are on the same terms (for example, price, or average price).

**Rules:** means the rules and financial regulations of the FCA, the London Stock Exchange, any other Execution Venue, Clearing House or regulatory authority having jurisdiction in relation to business which we transact for you, and of Euroclear UK & Ireland Limited together with any requirements arising from or regulations made by the FCA or in accordance with the Financial Services and Markets Act 2000 (or any succeeding legislation).

**Smart Order Router (SOR):** an electronic system that routes Orders to a number of Execution Venues where a security is traded with the aim of obtaining best price and liquidity.

**Structured Products/Deposits:** structured products are generally a type of fixed-term investment where the amount you earn depends on the performance of a specific market (such as the FTSE 100) or specific assets (such as shares in individual companies).

**Systematic Internaliser:** an investment firm that, on an organised, frequent, systematic and substantial basis, deals on its own account when executing client Orders outside a Regulated Market or a MTF or OTF without operating a multilateral system.

**Trading Venue:** a Regulated Market, a Multilateral Trading Facility (MTF) or Organised Trading Facility (OTF).

## APPENDIX 2: DEFINITIONS

In these Terms the following definitions apply. Further definitions in relation to the Charles Stanley Direct SIPP, Junior ISAs and CREST Personal Membership are set out in the relevant Sections.

"We" and "us" mean Charles Stanley Direct, a trading name of Charles Stanley and Co. Limited.

"Account" means your trading, ISA or SIPP account opened with us once we have accepted your application to open such account.

"App" means the Charles Stanley Direct mobile application.

"Additional Permitted Subscription" means an additional subscription which you can apply to make into your ISA following the death, on or after 3 December 2014, of your spouse or civil partner.

"Benefit" means any dividend, rights, capitalisation, distribution or other entitlement due to the holder of an Investment.

"Business Hours" means the hours of 07:45 and 17:00 on a day (not being a Saturday or Sunday) on which banks in England and Wales and the London Stock Exchange are open for business.

"Certificate" means the document or other evidence of title (including electronic evidence) to an Investment.

"Child Trust Fund" or "CTF" means a child trust fund created pursuant to the Child Trust Funds Act 2004.

"Complex Instrument" is defined in the Rules of the FCA.

"Custodian" is defined in accordance with the Rules of the FCA, and includes banks, depositories, and custodians approved by the FCA, and members of recognised investment exchanges.

"Eligible Complainant" means, under the Rules:

- (i) a natural person acting for purposes outside their trade, business or profession;
- (ii) an enterprise, irrespective of legal form, that employs fewer than 10 persons and has a turnover or annual balance sheet that does not exceed €2 million at the time of the complaint;
- (iii) a charity with an annual income of less than £6.5 million at the time of the complaint;
- (iv) a trustee of a trust that has a net asset value of less than £5 million at the time of the complaint;
- (v) a small business at the time the complainant refers the complaint to the respondent; or
- (vi) a guarantor.

Exceptions to the above eligibility criteria and time limits may apply; please refer to the Financial Ombudsman Service website ([www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)).

"Electronic Communication" is a communication between you and us by facsimile or by email (including the secure messaging facility available on our Website or App).

"Eligible Investments" are Investments defined in clause 1.7.5.

"Execution Venue" means a Trading Venue, a Systematic Internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the foregoing.

"FCA" means the Financial Conduct Authority, or any succeeding authority.

"Financial Instruments" is defined in the Rules of the FCA and, in the context of our services, includes, but is not restricted to, money market instruments, units in collective investment undertakings and transferable securities such as shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares; bonds or other forms of securitised debt, including depositary receipts in respect of such securities; and any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.

"FTSE-100 shares" means those leading UK shares which are comprised in the FTSE-100 Index, which is an index operated jointly by the Financial Times Ltd and the London Stock Exchange plc.

"HMRC" means HM Revenue & Customs.

"Investment" means "Designated Investment" as defined by the Rules of the FCA, and includes securities such as stocks and shares, debentures, loan stocks, warrants and CREST Depositary Interests together with Financial Instruments. Please refer to clause 1.10 for additional disclosures about Investments and the risks associated with them.

"ISA" means a Charles Stanley Direct Individual Savings Account as defined by the Treasury Regulations.

"ISA Investment" is any Investment which may be held in an ISA in accordance with the Treasury Regulations. It does not include sterling cash deposits or any deposit, investment or security which may be held only in the cash component of an ISA.

"ISA Manager" means a Person authorised in accordance with the Treasury Regulations to provide an ISA.

"ISA Subscriptions" are subscriptions to an ISA that do not replace cash paid out from your ISA earlier in the same tax year.

"Limit Order" means an Order to buy or sell an Investment at a specified price limit or better and for a specified size.

"Leveraged instruments" are Investments that have the potential of magnifying an investor's exposure to an underlying risk.

"MiFID" means the EU Markets in Financial Instruments Directive (Directive 2014/65/EU) and the EU Markets in Financial Instruments Regulation (Regulation 600/2014).

"Multilateral Trading Facility" or MTF means a multilateral system, operated by an investment firm, credit institution or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with the provisions of Title II of MiFID.

"NEX Exchange" formerly ISDX (ICAP Securities and Derivatives Exchange), is a secondary trading market for listed or quoted securities admitted to trading on other EU markets or early stage companies.

"Non-Readily Realisable Investments" are defined in accordance with the Rules of the FCA. They include Investments which are neither government nor public securities, nor are officially listed or traded on an exchange in an EEA State, nor are regularly traded under the rules of a recognised investment exchange.

"Order" means an order or instruction which you give us for the Purchase or Sale of Eligible Investments and which is accepted by us for execution or transmission to a third party.

"Organised Trading Facility" or OTF is a multilateral system, which is not a Regulated Market or MTF and in which multiple third party buying and selling interests in bonds, structured finance products, emissions allowances or derivatives are able to interact in the system in a way which results in a contract.

"Our Bank" is defined in clause 4.1.

"Our Reference Rate" is an interest rate of 5 per cent per annum above the Bank of England base rate at the time interest is calculated, and subject to a minimum of zero.

"Overseas Investment" means an investment in a company or undertaking, which has its primary quotation on a Relevant Market based outside the United Kingdom.

"Penny Share" means an Investment in respect of which, at the time of the transaction, the selling price is at least 10% below the buying price, but it excludes Non-Readily Realisable Investments, government and public securities, FTSE-100 shares, stocks and shares of companies with a market capital at that time of at least £100 million.

"Person" includes one or more individuals, bodies corporate, firms, association whether incorporated or unincorporated, trustees, personal representatives, and any other entity recognised by law.

A Person is "connected with" us if so defined by the Rules of the FCA. This includes any company which is a holding company or subsidiary company of ours, or which is a subsidiary company of a holding company of ours; it also includes our employees and those of a connected Person.

"Purchase" includes subscription for new issues, acceptance of rights issues, and equivalent.

"Relevant Markets" are referred to in clause 1.7.4.

"Relevant Market Hours" means the normal trading hours of each Relevant Market, as referred to in clause 1.7.4.

"Regulated Market" means both a UK recognised investment exchange (RIE), and an EU regulated market which is authorised and functions regularly and in accordance with MiFID.

"Retail Client" means a client who is not an Eligible Counterparty or a Professional Client as defined by the Rules.

"Retail Investment Product" means a unit trust or OEIC; an investment trust; a structured capital-at-risk product; a life policy; a stakeholder pension scheme (including a group stakeholder pension scheme); a personal pension scheme (including a group personal pension scheme); or any other designated investment which offers exposure to underlying financial assets, in a packaged form which modifies that exposure when compared with a direct holding in the financial asset (in each case as defined in the Rules).

"Rules" means the rules, regulations or practice of the FCA, HMRC, the London Stock Exchange, any other Execution Venue, Clearing House or regulatory authority having jurisdiction in relation to business which we transact for you, and of Euroclear UK & Ireland Limited together with any requirements arising from or regulations made by the FCA or in accordance with the Financial Services and Markets Act 2000 (or any succeeding legislation).

"Sale" includes redemption and repayment of Investments and equivalent.

"Scheme" means the Charles Stanley Direct SIPP.

"SETS" means the Stock Exchange screen-based trading system.

“SIPP” means a Self Invested Personal Pension.

“Standard Assets”, as determined by the FCA, include deposits; cash funds; securities admitted to trading on a regulated venue; units in regulated collective investment schemes; shares in investment trusts; exchange-traded commodities; government and local authority bonds and other fixed interest stocks; investment notes (structured products); permanent interest bearing shares (PIBs); real estate investment trusts (REITs); managed pension funds; and National Savings and Investment products. A Standard Asset must be capable of being accurately and fairly valued on an ongoing basis and readily realised within 30 days, whenever required.

“Structured UCITS” are collective investment undertakings in the form of Undertakings for Collective Investment in Transferrable Securities (UCITS), which provide investors, at certain predetermined dates, with algorithm-based payoffs that are linked to the performance, or to the realisation of price changes or other conditions, of financial assets, indices or reference portfolios or UCITS with similar features.

“Systematic Internaliser” means an investment firm that, on an organised, frequent, and systematic and substantial basis, deals on its own account when executing client orders outside a Regulated Market or a MTF or OTF without operating a multilateral system.

“The Stock Exchange” means London Stock Exchange Limited.

“Trading Venue” means a Regulated Market, a MTF or an OTF.

The “Treasury Regulations” mean the Individual Savings Account Regulations 1998, as amended, made by HM Treasury and any HMRC guidance or interpretation given thereon.

The “Website” means our Charles Stanley Direct internet site at the url: [www.charles-stanley-direct.co.uk](http://www.charles-stanley-direct.co.uk) and also [www.charles-stanley.co.uk](http://www.charles-stanley.co.uk).

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