

## **Terms of business**

Discretionary portfolio management

Advisory trading

Advisory managed

Execution only

These *Terms of business* are effective from November 2020 and replace all previous.

## This is an important document.

These *Terms of business* set out the basis upon which Sanlam Private Wealth (SPW) will provide investment services to you. These *Terms of business*, together with (as applicable) the *Guide to charges*, *Client agreement form* and/ or *Investment solution* or *Investment mandate*, the *Sanlam privacy statement*, your *Nominated Person form* (and, where applicable, the *ISA or JISA application form(s)*) and any other terms we may issue to you constitute our binding agreement with you and are together referred to as 'this agreement'.

The terms upon which the Appointed Custodian (appointed by us as your agent) will hold your money and investments and provide associated services are summarised in Appendix 7.

The 'client' is the person, persons, company or other organisation named as the client on the *Client agreement form*, *Investment solution* or, as the case may be, the relevant *ISA or JISA application form(s)*, who is entering into this agreement with SPW. Your application is subject to acceptance by SPW.

## Important information

By the time you sign the agreement you should be certain that service is suitable for you in light of your overall financial position; if you have any doubts, or wish to obtain further clarification about anything contained within these documents, please consult us or your financial adviser.

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# 1. Quick reference section

We want to make it straightforward for you to understand how we provide our services. It is important you understand these *Terms of business* and are comfortable with your responsibilities and how your investment portfolio will operate before proceeding.

While you should make sure you read these Terms of business and ask us, your portfolio manager or your adviser (if you have one) if you have any queries, we have summarised below some key information to assist you.

## Summary of Important Information

<p><b>What do we provide?</b></p>	<p>Access to the following investment services: discretionary portfolio management, advisory trading, advisory managed, execution only and AIM IHT investment services;</p> <p>Access to the Portfolio ISA and SPW JISA;</p> <p>Access to up to date information about your account via Sanlam Client Connect.</p> <p>For the avoidance of doubt, we do not provide a general financial planning service.</p>
<p><b>What are your key responsibilities?</b></p>	<p>Ensure you understand and comply with these Terms of business because they are binding on you;</p> <p>Comply with any eligibility requirements applicable to your account and pay all fees and expenses due;</p> <p>Promptly provide us with information we may request;</p> <p>Tell us if you see anything wrong with your Sanlam Client Connect account or any investment portfolio information provided to you;</p> <p>Notify us if you change adviser (if you have one);</p> <p>Ensure any information you provide is complete, correct and kept updated; Keep secure any login and passwords issued to you;</p> <p>Be responsible for any loss which may arise if you do not comply with these Terms of business.</p>
<p><b>You should also note</b></p>	<p>By accepting these Terms of business you will also become a client of the Appointed Custodian (currently Pershing Securities Limited) and agree to be bound by their terms in Appendix 7.</p> <p>We will exercise reasonable skill and care when appointing the Appointed Custodian but we will not be responsible for loss caused by the Appointed Custodian.</p> <p>If you have any queries regarding your account with the Appointed Custodian you should tell us and we will deal with the Appointed Custodian on your behalf.</p> <p>We shall not be responsible for any loss you may incur if we act on information you provide which is incorrect, incomplete or misleading.</p> <p>As a 'retail client' you are entitled to the highest level of protection under the regulatory rules.</p> <p>We may have to undertake maintenance and upgrades to Sanlam Client Connect to improve our services, so it may not be continually available.</p> <p>We will usually correspond with you via Sanlam Client Connect unless we have agreed otherwise.</p> <p>We may update these Terms of business from time to time.</p> <p>We may (on your behalf) change Appointed Custodian or agree changes to your agreement with the Appointed Custodian, as explained in these Terms of business. In each case we will always aim to minimise disruption to you and give you prior written notice (except in exceptional circumstances or if a change is not material).</p>

<b>Our key responsibilities</b>	<p>Provide our investment services in accordance with these <i>Terms of business</i> and applicable laws.</p> <p>Appoint the Appointed Custodian, and agree the terms on which they will provide their services, in each case on your behalf.</p> <p>Be responsible if we do not comply with these <i>Terms of business</i> or if we are negligent or fraudulent.</p> <p>Enable you to cancel or terminate your account in accordance with the rules of the Financial Conduct Authority (FCA) and these <i>Terms of business</i>.</p> <p>Provide a clearly defined complaint process.</p>
<b>Custodian's key responsibilities</b>	<p>Provide custody, safekeeping and associated services in respect of your investments and cash, in accordance with their terms, the FCA rules and applicable laws.</p>
<b>Your financial adviser's key responsibilities (if you have one)</b>	<p>Assessing your risk appetite, your investment objectives, the suitability of any investment services and investment strategy and explaining these <i>Terms of business</i> and any risks to you.</p> <p>Notifying us of any changes to your personal circumstances which could affect how we manage your portfolio for you.</p> <p>If you cease to have an authorised Financial Adviser we may choose to provide you with our Execution Only Service instead of our Discretionary Service until such time as we have contacted you and assessed your personal and financial circumstances to enable us to assess suitability. Should this occur, we will write and notify you of this.</p> <p>We will advise you clearly in writing as to whether we or your financial adviser takes general suitability responsibilities.</p>

#### Where to find important information

Important information about:	Where to find it
Description of our services	Section 7 Appendix 1 Appendix 2 (for ISAs)
How we communicate with you about your account	Sections 7, 11, 12, 30 and 31
When this agreement starts and how you, we and the custodian can terminate it	Sections 9, 13 and 24
How your investments and cash will be held	Sections 9 and 10 Appendix 7
When we may make changes to our terms	Section 14
How to make a complaint	Section 22 Appendix 7, section 14
Protection you may have under the regulatory regime	Section 23 Appendix 7, section 15
How your personal data may be used	Section 29 Appendix 7, section 13
The extent of your, our and the custodian's liability	Sections 15 and 20 Appendix 7, sections 9 and 10
Potential risks to be aware of	Section 18 and Appendix 3
Appointed Custodian's terms	Appendix 7

## 2. Governing regulations

Sanlam Private Wealth is a registered trading name of Sanlam Private Investments (UK) Ltd, which is authorised and regulated by the Financial Conduct Authority (122588) (FCA), whose address is 12 Endeavour Square, London, E20 1JN, and is bound by its rules in the conduct of investment business. Except where stated, or where the context otherwise demands, words and phrases defined in the

FCA rules have the same meaning when used in this agreement. Except as otherwise stated nothing in this agreement shall confer on any third party the right to enforce any term of this agreement. These *Terms of business* are subject to the laws of England and Wales and other applicable laws and rules. In the event of conflict between these *Terms of business* and any such laws and rules, the latter will prevail.

## 3. Client categorisation

Unless we inform you to the contrary, you will be categorised as belonging to the 'retail client' category of investor under the FCA rules and we will provide our services as a portfolio manager on that basis. This provides you with the highest level of protection under the rules. You have the right to request categorisation

as an 'elective professional client'. Any such reclassification will only be possible subject to you meeting certain quantitative requirements and we reserve the right to refuse to agree to any such reclassification. Some protections afforded to retail clients do not apply to professional clients.

## 4. General provisions applicable to services

This section covers general provisions applicable to all our services covered by these terms. Appendix 1 covers additional terms relevant to specific services.

### Restricted advisory services

Any advice which we provide to you will be defined by the FCA as 'restricted advice' on Markets in Financial Instruments Directive (MiFID) Financial Instruments and Retail Investment Products (RIPs). RIPs are much more widely defined than Packaged Products, including not only unit trusts and open-ended investment companies (OEICs), but also unregulated collective

investment schemes, investment trusts, exchange traded funds (ETFs), structured investment products, and other investments, in packaged form, which offer exposure to underlying financial assets; it also includes life policies and pension schemes (where we are not authorised to provide advice). Providing 'restricted advice' simply means that we will not provide advice on the whole range of Financial Instruments and RIPs.

However, we will select from a wide range of suitable investments, except in cases where our in-house funds are suitable for you, where, in some circumstances, we will only provide advice on those funds.

We will not normally provide advice in relation to any designated investment that is not part of the investment portfolio managed by us, nor make a personal recommendation as to whether any individual RIP (whether or not part of the portfolio under management) is suitable for you, based on a consideration of your personal circumstances. Should, on occasion, any such advice be given, or personal recommendation made, we may charge you a flat fee for this. The amount will be agreed with you at the time the advice is requested and will be based upon the nature and complexity of the advice requested. We will not be responsible for the ongoing performance or monitoring of any such stock purchased on this basis but will review this at your specific request and subject to the application of the agreed flat fee on each occasion.

### Transaction identifier

When certain transactions are placed in respect of your investment portfolio, certain information relating to you and your transaction must be reported in accordance with FCA rules, including a specific identifier for you. We will request any relevant information from you. You acknowledge we will not be able to trade on your behalf without this information and we shall not be responsible for any resulting loss that may be incurred by your investment portfolio as a result.

### Provision of key investor information documents

We will not provide key investor information documents (KIIDs), simplified prospectus, or key features details of unit trusts or any other packaged product which we may purchase on your behalf when providing the discretionary service. This information is taken into account before effecting such transactions.

### Execution only (client request) stocks

In cases where you request us to purchase a specific stock on your behalf, we will ask you to open a separate 'execution only' account and these *Terms of business* will apply. Such purchases will be made on an 'execution only' basis, meaning we will make no assessment and give no advice or recommendation as to the suitability for you personally of this transaction. As such, it will not constitute investment advice under the Financial Services and Markets Act.

Unless we agree otherwise, we will not be responsible for the ongoing monitoring or performance of any stock purchased on an execution only basis or otherwise selected by you.

### Financial planning

Please note that SPW specialises in portfolio management and does not provide a general financial planning service. Should you require wider financial planning or wealth management services, we may refer you to an associate company, which will inform you as to the scope of its services and the nature of the advice provided. In undertaking such services for you, SPW and any such company will rely on information you provide to either company and may share information with each other. You are under no obligation to utilise the services of that company.

### Sanlam Client Connect

Sanlam Client Connect, our online client portal, provides secure online access to view information in respect of your portfolio. We may provide you with access to Sanlam Client Connect, subject to your entering into our Sanlam Client Connect terms and conditions. SPW will issue documents and correspondence relating to your account via Sanlam Client Connect, including regulatory reports, valuation statements, contract notes and tax information reports, as applicable.

Sanlam Client Connect also enables secure messaging. If you do not want to use Sanlam Client Connect, you may notify us of this on your application form or provide notice in writing to your usual Sanlam portfolio manager. In these circumstances, we will send you information in respect of your portfolio(s) using the email and/or postal address you have provided us, as instructed by you. Please note we reserve the right to charge a fee for providing information and documentation by post.

Where you have an adviser, your adviser may have access to information regarding your account through our Adviser Connect portal. In these circumstances, your adviser will have access to the same information and documentation to which you have access through Sanlam Client Connect in respect of your account.

## 5. Investment universe and restrictions

*Discretionary portfolio management, advisory trading and advisory managed services only:*

Subject to the restrictions you have agreed with us, transactions carried out on your behalf, or our suggestions to you, may include investments of any type, and may be effected on any recognised or designated investment exchange, directly with the manager of regulated or unregulated collective investment schemes, over-the-counter (OTC) or through independent brokers. Please refer to our *Order execution policy* at [www.sanlam.co.uk/legal-and-regulatory/order-execution-policy](http://www.sanlam.co.uk/legal-and-regulatory/order-execution-policy) for full details of our execution venues. A hard copy is available on request.

We may invest in investment trusts and other funds which use gearing as part of their investment strategy (for more detail on gearing see paragraph 2(b) of Appendix 3.

However, we will not directly gear your portfolio by borrowing or the use of derivative transactions without first informing you of this intention. In the event that we do choose to gear your portfolio directly, we would not intend to place or carry out transactions which

would require you to supplement the assets of your investment portfolio, as such transactions will normally be covered by the cash or assets held in your portfolio. In accordance with the FCA's rules regarding geared portfolios, we would then provide you with monthly valuation statements.

In the course of managing your investment portfolio, we or the Appointed Custodian may effect or arrange transactions through any person, firm or company that we or they may select. We will not normally deal as SPW in any transaction with you, but may do so in specific circumstances to facilitate the orderly management of your portfolio.

Appendix 7 sets out details of the capacity in which the Appointed Custodian will deal in respect of transactions relating to your investment portfolio.

Where we act as your portfolio manager, we will not, without informing you, undertake short sales or enter into any underwriting commitments on your behalf. We may also acquire partly paid securities subject to any limitation set out in the *agreement*.

## 6. Corporate actions

**This section summarises how we deal with corporate actions that affect or relate to your investments.**

*Applicable to advisory trading, advisory managed and execution only services:*

We will endeavour to notify you as soon as is reasonably practicable of any corporate actions notified directly to us or to us by an Appointed Custodian (including conversion and subscription rights and other rights or privileges arising in connection with takeovers, other offers or capital reorganisations).

Our notification to you will include information of the event and the date of any deadline by which we must receive a response. You will need to respond to us by email ([corpaction@sanlam.co.uk](mailto:corpaction@sanlam.co.uk)) stating your intentions. Where we receive your instructions by the stated deadline, we will pass your instructions to the Appointed Custodian. Please note we may not be able to give effect to any instructions received after the deadline, and these will be handled on a best-endeavours basis.

In respect of events involving subscriptions or further investment, we will act on instructions only if sufficient cleared funds are available in your portfolio at the time of the event. In the absence of satisfactory instructions or sufficient funds, we will exercise any rights or privileges as we see fit.

Where you are the beneficial owner of shares issued in a limited number of EU markets, you will be notified of any company general meetings. These notifications are at no cost to you and you are able to opt out from receiving them, please contact us if you do not want to be notified. If you wish to vote, there may be a charge for this service, which we will inform you of in advance and which will be publicized on our website [www.sanlam.co.uk](http://www.sanlam.co.uk). We will facilitate proxy voting utilising a portal-based messaging service. We do not facilitate proxy voting in any other EU markets.



*Applicable to Discretionary Portfolio Management Service:*

We will exercise voting, conversion and subscription rights and proceed on your behalf in takeover situations, other offers or capital re-organisations concerning your Holdings.

In law, if you are the beneficial owner of shares issued in certain EU markets you have a right to be notified of upcoming company general meetings and to exercise your right to vote. You agree that we will not pass on such notifications and we retain the right to exercise voting rights. We will vote in accordance with our Engagement Policy, which is available on the Sanlam website [www.sanlam.co.uk](http://www.sanlam.co.uk).

*Applicable to all of our services:*

We will not automatically reinvest dividends received by the Appointed Custodian in respect of assets held in your portfolio.

From time to time, the issuer of assets in your portfolio may offer a dividend in the form of the issue of additional securities. You may instruct us to accept such dividends in respect of all assets in your portfolio, where offered, by indicating this on your application form or notifying us in writing. We will not accept such instructions in respect of individual holdings within your portfolio. In the absence of such instructions, we will instruct the Appointed Custodian to accept all dividends in cash.

Fractional entitlements in investments which cannot be allocated to particular client accounts may arise as a result of corporate actions in respect of assets held by the Appointed Custodian in respect of multiple clients on a pooled basis. SPW may in its discretion instruct the Appointed Custodian to sell such fractional entitlements and pay the proceeds to a registered charity of SPW's choice, subject to compliance with applicable law and regulation including without limitation the FCA's rules.

## 7. Reporting arrangements

Unless otherwise agreed with you, we will provide the following reports in relation to your investment portfolio. These reports will be provided to you through Sanlam Client Connect, unless you have requested to receive communications by email or by post. Please note we reserve the right to charge a fee for providing reports by post.

As part of our service we produce monthly and weekly market commentary updates, these are optional and will be sent by email upon agreement with your portfolio manager.

### a) Valuation reports

All clients will receive a quarterly valuation of assets held with us, where your assets are held by the Appointed Custodian (as defined below) this will also be considered the formal statement of the assets they hold in safe keeping on your behalf. These reports will be provided as at standard quarter ends (March, June, September and December).

In addition these valuation reports will include the following:

- (i) a measure of the performance of the account in the previous reporting period;
- (ii) a statement of all income received and rights conferred during the period with respect to the investments held;

- (iii) a list of all purchases, sales or asset transfers within the period;
- (iv) a statement of all remuneration received by SPW within the period.

### b) Contract notes

For all advisory and execution only services you will be provided with a contract note via Sanlam Client Connect within 1 business day of the execution of the trade or, where the trade has been executed by a third party, of our receipt of confirmation from the third party. We will not provide contract notes for the discretionary service unless specifically requested to do so.

### c) Tax reporting

At the end of each UK tax or calendar year as elected by you we will prepare an Annual Tax report. For all clients in all investment services this will contain the following:

- (i) a valuation of your portfolio as at the period end on the basis outlined in these *Terms of business*;
- (ii) details of all income received and capital transactions during the previous 12 month period or since the assets were held by the Appointed Custodian whichever is the shorter.



Where your personal tax situation makes it appropriate you will also receive one or both of the following:

- (i) a consolidated tax certificate;
- (ii) a statement of realised gains and losses (based on our reasonable understanding of the original costs/ dates of acquisition) and calculation of the capital gains tax position.

#### **d) Managing to your investment objectives**

Applicable to the discretionary portfolio management and advisory managed services only:

We will provide you, on an annual basis, with an assessment in writing of how your portfolio has been managed with reference to your stated investment objective in light of your risk profile.

#### **e) Reporting on 10% falls in value**

Applicable to the Discretionary Portfolio Management Service only:

We will also notify you if your account depreciates in value by 10% from its value at the beginning of the reporting period and thereafter at multiples of 10%. We will provide such notice no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

#### **f) We will provide you, on an annual basis, with a full disclosure of all fees and charges charged to your account(s)**

We reserve the right to make an additional charge for complex reports where additional information is requested.

## 8. Basis of valuations and performance measurement

Valuations will be calculated on the following basis:

- a) Investments traded on, or under the rules of, a recognised or designated investment exchange or OTC market will be taken at the closing fair market value for such investment, exchange or OTC market. The basis will be disclosed to you in your valuation; generally, if bid and offer prices are not obtainable, then the closing price at, or the last traded price before, the close of business on the relevant valuation date will be utilised.
- b) Unit trusts will be priced at the valuation point and the basis of valuation will be disclosed in your valuation; OEICs at the quoted market price.
- c) Other assets, and investments which in our opinion are not readily realisable, will be taken at such fair valuation as may be determined on each occasion by us.

*Applicable to the discretionary portfolio management and advisory managed services only:*

Performance will be measured by comparing the performance of the portfolio during the period since the previous assessment (or, as the case may be, since commencement) and such other period as we consider appropriate, with relevant data over the same period(s). Performance will be calculated on a daily basis in respect of the relevant period.

If we agree a specific benchmark for your portfolio, its purpose will be purely to provide you with a reference point for the performance of the portfolio. Your portfolio will not necessarily be based upon the investments that make up the indices in the benchmark nor will it necessarily follow its asset allocation – as a result, the contents and performance of your portfolio may not mirror that of the agreed benchmark, nor that of other clients with a similar investment objective.

## 9. Your investments and cash

Subject to section 10, SPW will not hold your investments or cash in the course of providing our services to you.

By accepting these terms you authorise SPW to appoint a custodian on your behalf to hold your client money and investments and to provide associated services as we may determine from time to time, in order to carry out investment transactions we execute or arrange on your behalf. We refer in these terms to such custodian as an “Appointed Custodian”. The agreement under which an Appointed Custodian is appointed is referred to as the “Custodian Contract”. Under this arrangement there will be a contract between you and us and between you and the Appointed Custodian. **Consequently, you will be bound by both these terms and the Appointed Custodian’s terms.**

You therefore grant us all necessary power and authority to do the following on your behalf:

- to agree the terms of the Custodian Contract under which the Appointed Custodian will provide you with services and to enter into the Custodian Contract, and to agree any amendments to the Custodian Contract;
- issue instructions to the Appointed Custodian and receive instructions from that Appointed Custodian;
- give any consents, authorities and permission to the Appointed Custodian as may be determined by us and as required for the provision of our services to you;
- give any warranties, representations and undertakings to the Appointed Custodian where we, acting reasonably, believe we can give such warranties, representations and undertakings and such warranties, representations and undertakings are reasonable and in line with general market practice given the context in which they are given;
- agree to indemnities and other provisions under which you may become liable to meet certain costs and liabilities of the Appointed Custodian where we, acting reasonably, believe we can agree on your behalf to such indemnities and other provisions;

- to receive notices, statements and reports and other communications to you from the Appointed Custodian as the Appointed Custodian’s client (including, without limitation, notices of variation of the Custodian Contract) on the basis that we then notify you and/or your adviser of such notice;
- enter into any assignment and/or novation of any existing contract with an Appointed Custodian to effect the appointment of an alternative custodian selected by us and make arrangements for your investments (including, without limitation, cash) to be transferred to an alternative custodian appointed by us in accordance with this clause 9;
- terminate an existing Custodian Contract with an Appointed Custodian and make arrangements for your investments (including, without limitation, cash) held by that Appointed Custodian to be transferred to an alternative custodian appointed by us in accordance with this clause 9, or to be transferred to us on the basis of a contract between you and us that is on terms the same as or better than the terms of the relevant Custodian Contract.

While exercising the permissions and authorities granted to us by you under this clause, we shall, at all times, act in accordance with all laws and the regulator’s rules that are applicable to us.

Before arranging for the transfer of your investments to an Appointed Custodian (or any alternative Appointed Custodian or from an Appointed Custodian to us), we shall give you at least 30 days’ written notice. If you object to the transfer, you may terminate your agreement with us. We will not make any charge if, in these circumstances, you transfer to another provider or if you terminate your agreement with us within 30 days of receiving a notice from us under this paragraph.

We have entered into an agreement with Pershing Securities Limited (“PSL”) pursuant to which PSL has been appointed as the Appointed Custodian. PSL’s services under that agreement include order execution services, clearing and settlement services, custody and nominee services and such

other services as we may agree with them from time to time. PSL is a company registered in England, company number 2474912, having its registered office at Royal Liver Building, Pier Head, Liverpool, England, L3 1LL. PSL is authorised and regulated by the Financial Conduct Authority (firm reference number 146576).

By entering into these *Terms of business*, **you agree to be bound by your agreement with PSL, which will operate on the basis set out in Appendix 7.** You should review the provisions set out in Appendix 7 and ensure that you are comfortable with your and PSL's respective rights and obligations under them.

You should note that, under the terms of your agreement with PSL, PSL may have liens, rights of set-off or other security interests in respect of assets and/or cash that it holds on your behalf to the extent that your obligations to PSL remain outstanding. Further details in this regard are set out in Appendix 7.

You may terminate your agreement with PSL at any time by providing written notice of termination to us, subject to any outstanding obligations you owe to PSL being discharged. On receiving such notice, we will terminate your agreement with PSL on your behalf.

PSL may terminate its agreement with you by providing 60 days' written notice of termination, subject to applicable law and regulatory requirements. PSL is able to stop providing its services to you and close any accounts it holds and maintains in your name in certain circumstances, further details of which are set out in paragraph 3.2 of Appendix 7.

Please note that we may also terminate our agreement with you if your agreement with PSL is terminated, in which case this agreement will terminate on the date that your agreement with PSL terminates.

Further details regarding the consequences of termination of your agreement with PSL are set out in section 24 below.

All instructions regarding the administration of your investments and cash held by the Appointed Custodian on your behalf should be provided to SPW in accordance with section 11 and we will liaise with the Appointed Custodian where required. When the Appointed Custodian needs to provide you with information relating to investments it holds in safe custody on your behalf, we will normally notify you of this through Sanlam

Client Connect or by writing to you. However, in cases of urgency, we may telephone you or send you a message electronically via email or fax.

Dividends, tax reclaims (where applicable) and income received on your investments will be credited to your account immediately upon receipt of the cash and associated documentation. If you choose to receive income from your portfolio, income will be paid by direct credit to your nominated bank account.

For clients taking regular fixed sum income payments, the amount paid will be the amount estimated to be one twelfth or, as the case may be, one quarter or one half of the estimated annual income receivable on the portfolio or ISA unless otherwise agreed between us. Unless otherwise agreed with you, for clients taking income as it arises, the amount paid will be the accrued income held within the portfolio as at the processing date to be remitted to your 'nominated' bank account by the month end. Payments can be facilitated monthly, quarterly, half yearly and yearly.

Any cash withdrawals from the portfolio must normally be requested by you in writing and payments will only be made to a nominated bank account. No third party payments will normally be permitted on the account(s).

Any cash held pending investment will be deposited with a bank or credit

Institution and may earn interest. Applicable rates of interest will be displayed on the Sanlam website [www.sanlam.co.uk](http://www.sanlam.co.uk).

Your account will not be credited if the underlying rate of interest (normally the central bank base rate) is negative.

Pershing charges a management fee on cash balances and that fee may be higher than any interest payable. A charge in the form of debit interest may apply in both cases, further details of which are set out in paragraph 7.4 of Appendix 7.

If you request the sale of an investment and the asset is not readily realisable, we reserve the right to pre-fund the market value of the sale proceeds in order to provide you with liquidity and then to claim the proceeds when the investment is sold on the open market. We will normally only apply this right in exceptional circumstances.

## 10. Certificates and documents of title

Where the assets in your portfolio include certificates or documents of title, SPW may require to hold such certificates or documents in order to confirm their validity before they can be transferred to the Appointed Custodian. Such certificates or documents will be held by SPW as custodian in accordance with the FCA rules and these *Terms of business*.

Upon confirming that such certificates or documents of title are valid, SPW will transfer these to the Appointed Custodian on your behalf as soon as reasonably practicable. Such certificates or documents will be held by the Appointed Custodian on your behalf in accordance with their agreement with you. SPW will not re-register any certificates or documents of title it holds for you in accordance with this section 10.

If the Appointed Custodian refuses to accept any certificate or document of title held by SPW for you in accordance with this section 10, or if SPW is unable to confirm the validity of any such certificate or document of title, SPW will return such certificate or document to you as soon as reasonably practicable.

Certificates or documents of title belonging to you will not be lent to, or deposited by way of collateral with, a third party and money cannot be borrowed on your behalf against the security of those investments. SPW will maintain full records in respect of the beneficial ownership of all certificates and documents of title held by SPW.

Certificates registered in a client's own name may be held in safe custody by SPW. If applicable, a statement of any such certificates will be sent to you once a year within a period of 25 business days of the date as at which the statement is made up. When SPW needs to provide you with

information relating to investments held in safe custody on your behalf, we will normally do so through Sanlam Client Connect. If you have opted out of Sanlam Client Connect, we will normally provide this information to you in writing. However, in cases of urgency, we may telephone you or send you a message electronically via email or fax.

SPW will take appropriate measures to prevent unauthorised use of safe custody assets it holds for you by closely monitoring the use of such assets and, if an issue is identified, taking remedial action with the use of firm money to cover any asset shortfalls.

SPW performs regular reconciliations of its client asset records. Any discrepancies identified in this reconciliation process are investigated and, if required, any shortfalls are covered by the transfer of either firm monies or assets.

Any client assets due to you on an account which has not been active for twelve years will cease to be client assets and such assets may be liquidated and the proceeds paid to a registered charity, subject to compliance with the FCA's rules. We will attempt to contact you at least three times should we intend to exercise these rights and, should we do so, we undertake to make good any valid claim that may subsequently be made against assets we have liquidated in this way.

## 11. Communication and client instructions

We will make valuation statements and other reports in respect of your portfolio(s) available on Sanlam Client Connect, unless you have told us in writing that you do not wish to use Sanlam Client Connect.

Otherwise all communications will be sent to the address (or email address) shown in your agreement unless you notify us otherwise in writing. Please note we reserve the right to charge a fee for providing information and documentation by post. Communications to SPW should be sent to your usual SPW contact. General queries should be directed to our Client Services team, whose contact details can be found on our website, [www.sanlam.co.uk](http://www.sanlam.co.uk). SPW shall be entitled to consider that any correspondence or emails properly despatched and correctly addressed have been received.

We will acknowledge your instructions by acting upon them unless we advise you that we believe such compliance may not be practicable or might involve either party in a contravention of any law, rule or regulation. We will normally require you to give us written instructions in relation to the exercise of any rights attaching to investments held in safekeeping for you.

We may rely and act upon any instruction whether given or purported to be given by you, or by a third party where you have notified us in writing that the relevant third party may give instructions on your behalf. We may continue to rely and act upon instructions from such third party (whether or not in writing) until we receive written notice from you to the contrary.

We may not act upon instructions left verbally on a telephone answering service or device without additional written confirmation.

Where you send us a communication via post or email it should not be assumed this has been successfully received by the recipient unless this instruction has been acknowledged by the firm. Where no acknowledgement of an instruction is received, you should telephone the firm to confirm safe receipt. Failure to do so may result in delays for which the firm cannot be held responsible.

Please note if you have any queries regarding your account with the Appointed Custodian you should tell us and we will deal with the Appointed Custodian on your behalf. The Appointed Custodian will normally only accept instructions from us not you in respect of your account.

## 12. Service administration

In the interests of the proper administration of the portfolio and for related investment purposes only, SPW, its representatives and/or employees, may call upon you by telephone, visit or otherwise communicate verbally with you without express invitation. In doing so, we will abide by the FCA rules regarding such contact. We will not contact you in this way for marketing purposes, other than with your consent.

## 13. Commencement of agreement (effective date, initial value and portfolio composition)

The agreement between us and you with respect to our services comes into effect on the day on which we receive and accept your signed *client agreement form* and/or investment solution proposal. We will advise you clearly in each case.

As soon as practicable we will send you a statement showing the initial composition and value of your assets held for you by the Appointed Custodian.

Our fees will be applied from the date the first cleared assets within your account are received by the Appointed Custodian.

We will have provided our total costs and charges and this forms part of our agreement with you in line with current regulations. It is your responsibility to ensure you are aware of the charges before you invest.

Under the terms of the EU Distance Marketing Directive, clients who have not personally met a representative of SPW to discuss the management of their assets will have the right to cancel this agreement within 14 days of our receipt of the signed *Client agreement form* or *Investment solution* and/or the receipt by the Appointed Custodian of the documents of title (and/or cash) which are to comprise their portfolio. This right to cancel applies only to your agreement with SPW and not to the underlying assets which form part of your portfolio. If you exercise your right to cancel, and if we have undertaken transactions on your behalf during this period, we will instruct the Appointed Custodian to return to you the market value of your assets.

This means that you will benefit from any rise – or suffer from any fall – in the market value of those assets. We will charge our management fee pro-rata and any applicable dealing or stock transfer charges, as stated in the *Guide to charges* or *Investment solution* document, as applicable.

If you exercise your right to cancel, we will cancel your agreement with the Appointed Custodian on your behalf. Please see section 9 above and section 24 below regarding the consequences of termination of your agreement with the Appointed Custodian.

In certain circumstances, because of applicable laws and regulations and/or internal policies, SPW may be unable to accept your application. In such circumstances, we will endeavour to notify you as soon as is reasonably practical, but you should not treat any failure to notify you as implying acceptance of your application. SPW will not be liable for any failure to accept your application.

# 14. Amendments and assignment

## Changes to these Terms of business

We can change this agreement to make it fairer to you or more easily understandable, or to correct a mistake (provided that this correction would not adversely affect you).

We may also, at any time, change the terms of this agreement for any valid reason including, but not limited to, the following reasons:

- a) to reflect a change in the law or any regulation (or the way in which they are applied);
- b) to reflect a change in technology, to cover an improvement or change in our services, methods of operation, or in the facilities that we provide;
- c) to reflect a change in market conditions or the overall cost of providing our services to our clients; and/or
- d) to ensure the good management or competitiveness of our business,
- e) to make them fairer and/or more easily understandable;
- f) to remedy an error, omission or ambiguity we may discover.

Where we make changes to these *Terms of business* which we reasonably consider either to be minor or not to be material, and which will not cause you disadvantage, we will not normally notify you of this but will reflect such amendments in the *Terms of business* available on our website, [www.sanlam.co.uk](http://www.sanlam.co.uk). We will only do this in accordance with applicable law and regulation, including without limitation the FCA's rules, and where we are satisfied that you are being treated fairly.

We will always provide you with at least 30 days' prior written notice of any other change to these *Terms of business*.

Any written notice of amendments to these *Terms of business* will normally be provided through Sanlam Client Connect. If you do not use Sanlam Client Connect, or have chosen to receive communications from us by email or by post, we will inform you of any amendments by email or post. We will not charge you where we notify you of such amendments by post.

Appendix 7 describes the circumstances in which the Appointed Custodian may amend their agreement with you.

## Changes to our fees

We reserve the right to vary our fees where we believe it is necessary, fair and reasonable to do so. This may include:

- a) changes to the way in which we provide our services (including changes in technology) or to reflect any changes in the cost of providing our services;
- b) to reflect market conditions and general good industry practice;
- c) to take account of changes to the law, regulation, codes of practice or the way in which we are regulated; or
- d) to take account of a decision by any court, regulator, ombudsman or similar.

Where we decide to vary our fees in the manner described above, we will only do so where we have provided you with a reasonable period of notice. We anticipate that in most cases we would communicate any changes to our fees in writing to you no less than 30 days' before those changes take effect. However such advance notice may not be possible where a charge or levy is imposed as a consequence of legal or regulatory change.

Once we have launched Sanlam Client Connect, which we intend to in early 2020, any written notice of variations to our fees will normally be provided through Sanlam Client Connect. If you do not use Sanlam Client Connect, or have chosen to receive communications from us by email or by post, we will inform you of any variations by email or post. We will not charge you where we notify you of such variations by post.

## Assignment

We may transfer our rights under these *Terms of business* to any associate (as defined in the FCA rules) and arrange on your behalf for it to assume our obligations to you. We will only do this where the relevant associate is appropriately authorised to lawfully provide our services under these Terms of business and we reasonably consider that they will provide those services to at least a similar standard.

We will provide you with at least 30 days' prior written notice before effecting such a transfer.



## 15. Clients' warranties and indemnity

- a) By signing this agreement, you warrant that you have full and unrestricted power to employ us to deal in or manage your investments on the basis of the services we will provide to you under the terms of this agreement and, insofar as may be appropriate, that you have the power to delegate the custody of investments. You warrant that the investments and/or cash comprising the portfolio are held by you free from all liens, charges and encumbrances, except as may be stated in the *Client agreement form*.
  - b) You warrant and represent to us that all information you have given to us is complete and accurate and is given with the intention that we will rely on it. You agree to notify us of any material change in any information supplied to us. Should you give us information which is not complete and accurate, or is misleading, or you fail to notify us of any change in the information you have given us:
    - (i) we will not be responsible to you for any loss that may be incurred as a result of our relying on any incomplete, inaccurate or misleading information; and
    - (ii) you will be responsible for reimbursing us for any liability, damage, loss, costs and expenses arising from any claims which may be made against us as a consequence of us relying on such information.
  - c) You agree to compensate SPW for all claims which may be made against us which result from your failure to meet your obligations under this agreement (for example, losses incurred as a result of a bounced cheque or your failure to deliver stock), except insofar as such claims result from the negligence, default or fraud of SPW.
  - d) You warrant that, if you provide us with an execution only instruction to deal in a particular stock, any such instruction is provided in good faith and is not based upon insider information, nor does it constitute any form of market abuse.
- e) and f) apply to the discretionary portfolio management, advisory managed and advisory trading services only:
- e) You undertake not to deal except through SPW with any of the investments and/or cash in the portfolio or to authorise anyone else so to deal (other than the Appointed Custodian).
  - f) Because SPW and/or the Appointed Custodian are permitted to apply for shares on your behalf in public issues or offers for sale, you undertake that no separate applications for such offerings will be made by you, or for your benefit, where such applications are prohibited without prior arrangement with SPW and/or the Appointed Custodian.

## 16. Potential conflicts of interest and material interests

In accordance with FCA rules, SPW has comprehensive procedures in place in order to identify, monitor, manage and, where applicable, disclose conflicts of interest and material interests that may exist. Broadly speaking, a conflict of interest may arise where SPW's own interests or a member of staff's personal interest does or could conflict with a duty we have to a client. Central to our management of conflicts of interest is the underlying culture at SPW which seeks at all times to treat customers fairly. This culture is also supported by formal systems and controls and robust corporate governance arrangements, comprehensive monitoring programmes and a regular review of risks, including conflicts, by the risk committee, with inspection visits by both internal and external auditors.

The overall aims of these procedures are to ensure that our interests are never put ahead of those of our clients, and that one group of clients is not treated more favourably than others. We will, therefore, apply the overriding principles of 'best execution' and 'suitability' when making investment decisions or effecting transactions on our clients' behalf.

SPW has set up systems to identify on an ongoing basis any conflicts of interest that may arise and to disclose these to clients in the event that the conflicts of interest arrangements are insufficient to protect clients' interests, or if necessary in the event of a severe conflict, to cease or decline to act for a client.

You should be aware that we may effect transactions in which we or another company in the Sanlam group of companies has a material interest or conflict of duties.

Examples of this include transactions in:

- a) a unit trust or other collective investment scheme which is managed by SPW or an associate; and
- b) investment vehicles of companies which allow a commission to SPW.

We may recommend or effect such transactions without prior reference to you (discretionary portfolio management, advisory managed and advisory trading services only) and without accounting to you for any commission, profit or other remuneration received by us or another company in the Sanlam group of companies, subject to the overriding principles of best execution and suitability and to the management of such conflicts in accordance with our *Conflicts of interest policy*.

A detailed *Conflicts of interest policy*, describing the conflicts of interest identified by us and how we manage them, is available upon request from your usual contact or from the compliance team at our Bristol office; it can also be found on SPW's website at [www.sanlam.co.uk/Conflicts-of-Interest-Policy.aspx](http://www.sanlam.co.uk/Conflicts-of-Interest-Policy.aspx).

We may give or receive minor non-monetary benefits to/from some of the firms with whom we work in order to offer you a better service. Such benefits may include information relating to financial instruments or investment services; participation in conferences, seminars and training events; and minor hospitality (such as food and drink during a business meeting, conference, seminar or training event). Any costs we incur in provision of such benefits will not affect the charges you pay for our service.

Further information regarding these arrangements is available on request.

## 17. Aggregation and order execution

Where we instruct the Appointed Custodian on your behalf to execute a transaction, the Appointed Custodian will normally deal as our agent. Further details regarding how the Appointed Custodian will execute transactions for your account are set out in Appendix 7 and the Appointed Custodian's order execution policy, which can be found at [www.sanlam.co.uk](http://www.sanlam.co.uk).

Subject to the FCA rules, we may aggregate transactions for your portfolio with those of other clients, our employees and our associates and their employees without prior reference to you or such other clients.

Aggregation may operate on some occasions to your advantage and on other occasions to your disadvantage. Also, we may act as your agent in relation to transactions in which we are also acting as agent for the account of other clients and associates.

Fractional entitlements in investments which cannot be allocated to particular client accounts may arise as a result of transactions in assets held by the Appointed Custodian on an aggregated basis, as described in Appendix 7. SPW may in its

discretion instruct the Appointed Custodian to sell such fractional entitlements and pay the proceeds to a registered charity of SPW's choice, subject to compliance with applicable law and regulation including without limitation the FCA's rules.

Further details on how we aggregate orders as well as how we arrange and execute orders can be found in our Order execution policy. This can be found at [www.sanlam.co.uk](http://www.sanlam.co.uk). By agreeing to these terms, you agree to the *Order execution policy* and provide consent:

- (i) for SPW to exercise discretion as to how and when unexecuted limit orders are shown to the market; and
- (ii) for SPW to execute outside of a regulated market multilateral trading facility or organised trading facility.

Transactions exceeding £10,000 in value may incur a levy of £1. Where you instruct a transaction, or we instruct a transaction on your behalf, which exceeds £10,000 and to which this levy applies, the Appointed Custodian will deduct the levy from the value of the transaction.

## 18. Nature and risks of investment

**It is important that you understand that all investment involves risk. The value of investments, and the income from them, may fall as well as rise and is not guaranteed. Investors may not get back the original amount invested. The past performance of investments is not a reliable indicator of future results.**

Appendix 3 is intended as a general explanation of the nature and risks of the different types of investment which may be included in your portfolio. It is intended to help you understand industry terminology and to enable you to make a decision about the management of your investments. It cannot, however, explain everything about the nature and risks of investments and, should you have any questions, you should not hesitate to contact us, or your financial adviser.

Appendix 3 is arranged as follows:

1. Major asset classes
2. Factors influencing investment risk
3. Investment funds (including exchange-traded products)
4. Structured investment products
5. Forwards, warrants and derivatives.

Not all of our investment services will include all of the above types of investment. More detail about the types of investment to be included in your portfolio will be included in your investment proposal.

## 19. Taxation

You and your professional tax adviser are solely responsible for the management of your affairs to the best advantage for tax purposes. We can accept no responsibility for any tax consequences of anything done within the scope of our authority.

*Discretionary portfolio management, advisory managed and advisory trading services only:*

We will take your capital gains tax (CGT) position into account when making

disposals from your portfolio where we have agreed with you in writing that we will do so. In the absence of such agreement, we shall not be responsible for considering CGT in respect of any such disposals, if any. There may be occasions when we consider it to be in your best interests to dispose of stock even where it exceeds your normal CGT allowance, resulting in a tax liability.

Please note that we can only consider the investment portfolios that we manage.

## 20. Liability

a) We may delegate any of our functions under this agreement to an associate or external third party. We may also, where reasonable, employ agents (including associates) to perform any administrative, dealing or ancillary services required to enable SPW to manage your portfolio under this agreement. SPW will act in good faith and with due diligence in the selection, use and monitoring of agents. SPW accepts responsibility for any loss caused by the negligence, wilful default or fraud of any delegate or agent which is an associate but will not otherwise be liable for any loss to you.

With the exception of sub-paragraph (d) below, we will not be liable for any loss arising from errors of fact or judgement or any action taken (or omitted to be taken) by us howsoever arising except to the extent that any such error or action (or omission) is due to our negligence, default or fraud or that of our employees.

b) Other than as set out in section 10, we do not hold your investments or cash. We will exercise all due skill, care and diligence in the selection, appointment and periodic review of the Appointed Custodian. However, we are not responsible for losses caused by the acts or omissions of the Appointed Custodian or any nominee company it controls. Appendix 7 explains the extent of the Appointed Custodian's liability to you in respect of the custody services.

c) To the extent that they come into our possession or control, we will be responsible for the safe custody of certificates and documents of title and for entrusting to the safe custody of the Appointed Custodian such certificates and documents of title.

d) Where investments or cash are held overseas with third parties, there may be different settlement, legal and regulatory requirements in overseas jurisdictions from those applying in the United Kingdom, as well as different practices relating to the segregation of investments or cash, including pooling investments held to the Appointed Custodian's order with those of other clients of the third party. In the event of default of a custodian, bank or intermediate broker or other third party, your assets may be treated in a different manner from that which would apply if the money was held by the equivalent counterparties in the United Kingdom.

You must notify us in writing if you do not want the Appointed Custodian to pass your cash on to intermediate brokers or other third parties in any particular jurisdictions. Unless you notify us to the contrary, we will assume that you have consented to the Appointed Custodian doing so. If the third party, were to become insolvent, there may be delays in identifying individual assets, and possibly an increased risk of loss if there should be a shortfall because additional time will be needed to identify the assets held for specific clients.

- e) A failure or delay by any party in enforcing any right under these terms is not an implied waiver of that right or of any other right in the future.
- f) SPW has no liability to you arising from any breach of confidentiality or otherwise if any person sees any communication which is deemed to have been delivered to your email address.

If we act upon instructions given to us by email or facsimile, we shall not accept liability for any loss you incur if it appears to us that the communication was sent by you. Unless you instruct otherwise at the time, we will assume that you are content for us to respond to an email communication from you using email ourselves. We shall not be liable for any loss you incur as a result of your failure to receive, for whatever reason, any communication sent by email by us, as a result of receipt by a third party of any such communication. We shall not be liable under any circumstances for any loss or damages which result or may result from any use of our websites or your access to the internet.

Sections g) to i) apply to the discretionary portfolio management, advisory managed and advisory trading services only:

- g) No warranty is given by us as to the performance or profitability of any investments, cash or other property forming part of, or constituting, your investment portfolio or investment account. Furthermore, you should be aware that, subject to our overall investment process, and our knowledge of the client, our portfolio managers and investment advisers exercise autonomy in their investment decisions and one portfolio manager may choose to utilise an investment for one client which another manager may choose not to utilise for another client in ostensibly similar circumstances.

As a result, it is possible that the performance of one client's portfolio may differ from that of another client (whether managed by the same portfolio manager or not) with a similar investment objective and risk profile.

- h) We will not be responsible for any loss of opportunity whereby the value of your investment portfolio could have been increased or for any decline in the value of your portfolio, howsoever arising, except to the extent that such loss or decline is due to our negligence, default or fraud, or that of our employees.
- i) SPW is entitled to treat any advice and research supplied to us by reputable sources as reliable even if it carries a disclaimer notice stating that the information contained within it is not guaranteed as to accuracy or completeness. The information we receive and the decisions and recommendations we make as a result can therefore never be guaranteed as to correctness in the long or short term and our recommendations may change without notice. We do not accept liability for any direct or consequential loss arising from the use of reputable third-party research. Further to the FCA's Conduct of business rules on investment research, we confirm that the provision of research which is reasonably provided by brokers to assist us in the provision of our services to you, does not (and is not likely to) impair compliance with our duty to act in your best interests.

Neither you nor we shall be responsible for each other for any indirect losses or damages. We shall only be responsible for losses which are reasonably foreseeable.

Nothing in these *Terms of business* excludes our duties or obligations under the FCA rules or excludes our liability for death or personal injury caused by our negligence or the negligence of our employees or agents, or for any other matter which at law we are not entitled to restrict our liability.

## 21. Force majeure

In the event of any failure, interruption or delay in the performance of our obligations resulting from acts, events or circumstances not reasonably within our respective control (including, but not limited to, industrial disputes, acts or regulations of any governmental or supranational bodies

or authorities and breakdown, failure or malfunction of any telecommunications or computer service or systems) SPW shall not be liable or have any responsibility of any kind for any loss or damage thereby incurred or suffered by you.

## 22. Complaint procedure

SPW will, at all times, follow the procedure laid down by the FCA for the effective consideration and proper handling of complaints from clients. If you wish to make a complaint, or would like to receive details of our complaint handling procedure, please contact the head of client operations at our Bristol office. In the unlikely event that a client's complaint(s) cannot be resolved, an eligible complainant will also have a right to complain direct to the Financial Ombudsman Service (FOS) under whose adjudication the client may have a right to compensation. The FOS offers to investors, without charge, an

independent consideration of complaints against firms regulated by the FCA. A statement is available from our head of compliance on request, detailing the main points of the ombudsman system and the way it operates. Full details of the FOS can be found on its website at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk). Certain clients, such as larger companies, trusts, pension funds and elective professionals, may not be considered eligible complainants by the FOS. If you have a complaint about a service provided online you may wish to complain via [ec.europa.eu/consumers/odr/](http://ec.europa.eu/consumers/odr/)

## 23. Client protection

As a retail client under the FCA rules, you may be able to benefit from the Financial Services Compensation Scheme (FSCS) if we are declared in default and are unable to meet our liabilities to you (up to a maximum of £85,000 per person per firm). Further information, including details of the extent

and level of cover, are available from the FSCS website ([www.fscs.org.uk](http://www.fscs.org.uk)), or on request from our head of compliance. Certain retail clients, such as larger companies, trusts, pension funds and elective professional clients, may not have access to the FSCS.

## 24. Termination

You are entitled to terminate this agreement at any time by written notice. Termination will take effect when we receive the notice or, if different, at the time specified in the notice, subject in either case to the completion of outstanding transactions.

We may also terminate this agreement on one month's notice to you in writing, or by immediate notice to you following your material breach of this agreement or if required to do so by any competent regulatory authority. We may also terminate our agreement with you if your agreement with the Appointed Custodian is terminated, in which case this agreement will terminate on the date that your agreement with the Appointed Custodian terminates. Further details regarding the circumstances in which your agreement with the Appointed Custodian may be terminated (whether by you or by the Appointed Custodian) are set out in section 9 and in Appendix 7.

Termination will not in any event affect accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payment save that you will be required to pay:

- a) our fees pro-rata to the date of termination or, as the case may be, we will rebate to you pro-rata any such fees paid to us in advance;
- b) any additional expenses necessarily incurred by us in terminating this agreement; and
- c) any losses necessarily realised in settling or concluding outstanding obligations. On termination, we may retain (or, where applicable, direct the Appointed Custodian to retain) such securities and cash as may be required to settle transactions already initiated and to pay any of your outstanding liabilities.

Upon receipt of your instruction to terminate this agreement, we will manage the portfolio's investments on a care and maintenance only basis until the assets are transferred out, or encashed, as applicable. SPW will use its best endeavours to ensure that assets are transferred out as quickly as possible but we cannot be responsible for delays caused by third parties. We will normally transfer ISAs as cash but can

arrange for in-specie transfers to be effected on request. Please refer to the relevant *Guide to charges* and/or *Investment solution documents* for details on charges associated with encashing or transferring your assets.

If, on termination, any money is or may become due as a result of a commitment entered into by us or the Appointed Custodian on the portfolio's account (an 'outstanding amount') we may at our discretion arrange for the sale of such of your investments as we may in our discretion select in order to realise funds sufficient to cover any outstanding amount (but only to the extent that insufficient funds are otherwise held on the portfolio's account and are available for the purpose). We may also cancel, close out, terminate or reverse any transaction or enter into any other transaction or do anything which has the effect of reducing or eliminating any outstanding amount, or reducing or eliminating liability under any contracts, positions or commitments undertaken on the portfolio's account.

Where our agreement is terminated, we will terminate your agreement with the Appointed Custodian on your behalf. In these circumstances, you must provide us with instructions to arrange the transfer of custody of the assets and cash held by the Appointed Custodian on your behalf to an alternative custodian appointed by you. If you do not provide us with such instructions within 90 days of the date on which our agreement terminates, we reserve the right to sell, or instruct an Appointed Custodian as your agent to sell the assets for you and to transfer the proceeds to your nominated bank account, together with any cash held for you, less any outstanding obligations you owe to us and/or to the Appointed Custodian. We will only do this where we have been unable to obtain your instructions having made all reasonable efforts to contact you. We will continue to collect our fees and charges in these circumstances in accordance with our *Guide to charges* until your cash and assets have been transferred to you.

Your agreement with the Appointed Custodian will continue from day to day following termination until all of your investments have been transferred.



## 25. Joint accounts

Where the client comprises more than one person (including without limitation trustees), we refer to each such person in this section as a “joint holder”.

Joint holders’ obligations under this agreement will be joint and several. This means that each joint holder is responsible individually and together with the other joint holders, and we may take action against one or more of them for any breach of the obligations that apply to the clients under these Terms of business. As such, any reference in this agreement to you as the client shall be construed, where appropriate, as a reference to any one or more of you.

Accordingly, any warning or other notice which is given to one of the joint holders will thereby be given to all joint holders.

All assets in a joint account are held equally and jointly by the joint holders, unless otherwise agreed by us in writing.

Save as notified otherwise to us in writing, any joint holder may give us instructions, and these instructions are binding on all joint holders. We shall not be obliged to communicate or confirm these instructions to the other joint holders. Notwithstanding this, we may require instructions from one joint holder to be co-signed by all of the joint holders (or, in the case of trusts, by at least two trustees; or, in the case of charity, corporate, pension, onshore bond or offshore bond clients, in accordance with the signing authorities specified in writing to us).

Furthermore, if we are notified in writing by one or more joint holders that they no longer consent to the other joint holder(s) giving instructions on their behalf, we will require future instructions to be co-signed by all joint holders.

On the death of any of the joint holders (being survived by any other joint holder):

(i) this agreement will not terminate; (ii) the assets held in the joint account will automatically pass to the surviving joint holder(s); and (iii) the survivor(s) will continue to be bound by this agreement.

We reserve the right to require any surviving joint holder(s) to open a new account with us as a condition of the continued provision of our services.

Where there is a change of joint holders other than as a result of death, for example a trustee retiring, SPW should be notified in writing.

Where the client is a trust, the liability of the trustees under this agreement shall be limited, in the absence of fraud, to the assets of the trust from time to time.

In the event of the above circumstances the account(s) will continue to be managed in accordance with these *Terms of business*.

## 26. Death

a) If you are an individual account holder or a sole trustee we will need to receive formal notification of your death and a copy of the death certificate. We are not responsible for any losses to your account during the period between your death and us receiving formal notice of it. On notification of your death to us until we receive the grant of representation or equivalent in respect of your estate, we shall where applicable continue to manage the assets of your investment portfolio

until this agreement is terminated by your personal representatives on giving notice to us or by us on giving notice to your personal representatives.

Notification of your death to us will not affect any outstanding order or transaction or accrued charges under these Terms of business or any legal rights or obligations which may already have arisen. Charges will also continue to apply in accordance with section 28.

- b) Subject to section 26(d) below, before we receive the grant of representation or equivalent, or if there is no statutory requirement to obtain one, we may, in our discretion, act in accordance with your personal representatives' instructions. Where we accept such instructions, we may charge an administration and custody fee in accordance with our Guide to charges.
- c) Subject to section 26(d) below, once we have received the grant of representation or equivalent in respect of your estate, we shall carry out your personal representatives' instructions. Until we receive such instructions your investments will be subject to daily price movements as normal and we will not be responsible for any losses as a result of us not being able to operate your account following your death.
- d) We shall not be obliged to give effect to any instructions provided by your personal representatives until: (i) your personal representatives have entered into such contractual arrangements as we may reasonably require; and/or (ii) we have been provided with such information and documentation as we may reasonably require as to the authority of your personal representatives to provide instructions in respect of your portfolio.
- e) In the case of a sole trustee, we may enter into a new agreement with and provide services to a new trustee, if one is appointed, subject to any specific instructions in this regard and us receiving any information and documentation that we may reasonably require.
- f) Where we pay any ongoing fees to your adviser in connection with your investment portfolio, we will cease to pay such fees with effect from the date of your death.
- g) If you are a joint account holder please refer to section 25.

## 27. Anti-money laundering

As explained in the Sanlam privacy statement (referred to in section 29), in order to satisfy our obligations under the money laundering regulations and the FCA rules, we may need to request sight of certain documents (such as your passport) as proof of identity. As an alternative, or in addition, we may verify your identity, or the identity of trustees, directors or other signatories, by a search with a credit reference agency. To do so, the credit

reference agency may check the details you supply against any particulars on any database (public or otherwise) to which it has access. It may also use your details to assist other companies for verification purposes. A record of the search will be maintained. Any delay in providing such identity documentation, when requested, or in obtaining a satisfactory search at a credit reference agency, may result in a delay in the commencement of your portfolio.

## 28. Charges and remuneration

Our fees are illustrated in the schedule of fees in your investment proposal or *Investment solution*, or *Guide to charges* document, as applicable, which should be read in conjunction with these terms. Unless otherwise agreed, the management fee will be charged quarterly in arrears on the market value of assets in your portfolio(s), including uninvested cash balances, calculated on a pro rata daily basis.

By entering these *Terms of business*, you authorise us to deduct our fees, or instruct the Appointed Custodian to deduct our fees from any sums of cash held in connection with your portfolio by SPW, another Appointed Custodian, or their delegates. If your portfolio contains insufficient cash to meet our charges when they fall due, you

authorise us to sell, or instruct an Appointed Custodian on your behalf to sell investments from your portfolio to the extent required in order to meet any shortfall. We will ensure that you are treated fairly when we issue any such instructions, including without limitation in respect of the selection of investments to be sold. If the value of cash and investments in your portfolio is insufficient to meet our fees, you agree that you will be liable to us to meet any shortfall.

We may amend our fees from time to time on the basis set out in section 14.

Information regarding an Appointed Custodian's fees and charges is set out in the schedule of fees in your investment proposal, *Guide to charges*, or *Investment solution*, as applicable.

## 29. Data protection

In the course of providing our products and/or services to you, we will receive information from and about you and will act as data controller which means we are responsible for deciding how we hold and use your personal data. We take the security of your personal data very seriously. We will only process your personal data in accordance with applicable data protection laws. Further information about the way in which we use your personal data is set out in the *Client agreement form* and the *Sanlam privacy statement* which is available on our website at [www.sanlam.co.uk](http://www.sanlam.co.uk).

The Sanlam group includes a life and pensions company; financial advice companies; investment and fund managers; and companies which provide wrapper products such as ISAs and related investment and administration services.

Telephone calls may be recorded and monitored for quality control and regulatory purposes.

The Appointed Custodian will also be data controller. Further information about how the Appointed Custodian uses your information is set out in Appendix 7.

## 30. Electronic communication

Where you have provided an email address, you agree to be provided with information via email and, where appropriate, you agree to be provided with information through the Sanlam website ([www.sanlam.co.uk](http://www.sanlam.co.uk)) and Sanlam Client Connect, subject to section 31, unless you inform us to the contrary. These communications will be in respect of the services covered in your relationship with Sanlam and will include but are not limited to links to relevant Sanlam policies, the delivery of monthly reports, monthly and/or weekly investment commentary, transaction information and valuations. These communications do not include marketing communications.

If you have provided us with an email address but you would prefer to receive communications via post instead, please inform your usual Sanlam contact. Please note we reserve the right to charge a fee for providing information and documentation by post.

Where you intend to instruct us by email, we recommend you do not do so where the instructions are particularly time

sensitive. We shall only be responsible for instructions received by email where we have been previously advised of your email address, we receive the instructions in sufficient time to act upon them prior to any deadline and you have received our express acknowledgement that we have received and can act on the instructions.

Where we primarily communicate with you by email, you acknowledge that we are authorised to continue to use the email address provided until we have received notification of any change to your email address. We will not accept a notification by email of an email address change. You accept that email is not a secure form of communication and acknowledge that we shall not be liable for any loss caused by this form of communication.

We may record telephone and other electronic conversations for training, monitoring and any other purposes permitted by law. We may use these recordings as evidence.

## 31. Sanlam Client Connect

The following provisions apply if you use Sanlam Client Connect. We make no warranty or representation that Sanlam Client Connect can be accessed at all times. We reserve the right to limit, suspend or withdraw the availability of Sanlam Client Connect for maintenance and operational reasons if we have any concerns about the use of or access to the service. We will use reasonable endeavours to give you notice in such event. If we have to limit, suspend or withdraw Sanlam Client Connect for reasons beyond our control we will not be liable to you for any loss you may suffer as a result. You acknowledge the service is provided 'as is' without any warranty as to its purpose, functionality and appropriateness. You also acknowledge it may not be error free and may be interrupted.

We use reasonable endeavours to ensure the accuracy of information available in Sanlam Client Connect and to correct any errors or omissions within our control as

soon as practicable once we are aware of them. However we do not represent the accuracy, completeness or timeliness of the information available on Sanlam Client Connect. We do not accept responsibility for information obtained from third parties and we use reasonable endeavours to identify such information.

You agree you will not disclose any login and password details issued to you to use Sanlam Client Connect. If you become aware your login and password security has been breached, you agree you will notify SPW immediately. You will not use Sanlam Client Connect for any unlawful, obscene, abusive or libellous purpose. You shall use reasonable endeavours to ensure you do not introduce computer viruses, worms or similar items into Sanlam Client Connect.

You will be asked to agree to separate terms governing your use of Sanlam Client Connect when accessing the service.

## 32. Glossary

In these Terms the following definitions apply. Further definitions are set out in the relevant sections and appendices.

<b>Account</b>	means all investments you hold with Sanlam in the same legal capacity, including investments both held within and outside tax wrappers.
<b>Advisory Managed Service</b>	Your Portfolio Manager will advise you on an ongoing basis on investment strategy for your portfolio but you will make the final decision as to whether to proceed with the recommendations made.
<b>Advisory Trading Service</b>	Your Portfolio Manager will advise you on the merits of specific investments but you will make the final decision as to whether to proceed with the recommendations made.
<b>Agent</b>	means a firm trading on behalf of a client.
<b>AIM</b>	means the London Stock Exchange's Alternative Investment Market.
<b>AIM IHT Service</b>	means our Discretionary Portfolio Service which invests in an AIM Portfolio.
<b>AIM Portfolio</b>	means a portfolio of AIM shares in respect of which we provide our Discretionary Portfolio Service.
<b>AIM shares</b>	means shares admitted to trading on the AIM.
<b>Client Money</b>	means money arising from, or in connection with, the holding of safe custody assets by a firm, which is due to clients.
<b>Client Assets</b>	means assets which belong to the client, but which are held for investment purposes.
<b>Complex Instrument</b>	is defined in the Rules of the FCA and in general comprises financial instruments which are complex in structure and/or there are infrequent opportunities to dispose of the asset and/or the investor's potential liability exceeds their capital outlay and/or sufficient information may not be easily obtainable on the asset.
<b>Contract Note</b>	means a certificate confirming the terms of a sale of specified assets or securities between two parties.
<b>Custodian</b>	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.  A custodian provides clearing and settlement, safe custody and ancillary services. Custodians may also delegate some duties to a sub-custodian.
<b>Discretionary Portfolio Service</b>	means the service offered by your Portfolio Manager in relation to managing a Discretionary Portfolio on your behalf.
<b>Electronic Communication</b>	means a communication between you and us by Sanlam Client Connect, email, facsimile or other electronic means.
<b>Eligible Complainant</b>	is as defined by the FCA Rules.
<b>Execution Only</b>	means a transaction is executed upon your specific instructions without us providing financial advice relating to the merits of the transaction.
<b>Execution Venue</b>	means a Regulated Market, a Multilateral Trading Facility, 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.

<b>Exchange</b>	means a marketplace in which securities, commodities, derivatives and other financial instruments are traded.
<b>Financial Adviser</b>	means the person or organisation you have appointed to advise you on your financial affairs (if any).
<b>Financial Instruments</b>	include: (i) transferable securities; (ii) money-market instruments; (iii) units in collective investment undertakings; (iv) various options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivative instruments, financial indices, financial measures or commodities; (v) derivative instruments for the transfer of credit risk; and (vi) financial contracts for differences. For the avoidance of doubt, "Financial Instruments" do not include spot transactions or loans and certain exclusions apply to commodities.
<b>FCA Rules</b>	The rules contained within the Financial Conduct Authority's Handbook of rules and guidance or the rules of any successor.
<b>Guide to Charges</b>	This document outlines our standard charges for our Services. We will always agree with you and provide an illustration for the charges you will pay.
<b>IHT</b>	means inheritance tax.
<b>Investment Solution</b>	An initial investment proposal provided by your Portfolio Manager.
<b>ISA</b>	means an Individual Savings Account as defined by the Individual Savings Account Regulations. Further terms about ISAs are set out in Appendix 2 of these Terms.
<b>JISA</b>	means a Junior Individual Savings Account as defined by the Individual Savings Account Regulations (ISA regulations), as amended or re-enacted. Further terms applicable to JISAs are set out in Appendix 2 of these Terms.
<b>Key Features Document</b>	means a document prescribed by the FCA which contains information about certain types of Investment, such as unit trusts.
<b>Limit Order</b>	means an order to buy or sell a specified amount of a Financial Instrument at a specified price limit or better.
<b>Multilateral Trading Facility (MTF)</b>	means a multilateral system, operated by an investment firm 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.
<b>MiFID</b>	means the EU Markets in Financial Instruments Directive 2014/65/EU.
<b>Money Laundering Regulations</b>	means the UK Money Laundering Regulations 2007, and any other laws, rules and regulations regarding anti-money laundering requirements applicable to Sanlam.
<b>Nominee</b>	means a person or legal entity appointed to provide safe custody, nominee or associated services in relation to assets.
<b>Nominated Bank Account</b>	means the bank account in your name(s) to which we will make withdrawals or pay income. You can only have one nominated bank account.

<b>Non-Readily Realisable Investments</b>	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.
<b>Over the Counter (OTC)</b>	means where buying and selling of a Financial Instrument is not conducted over an exchange but by a direct transaction between the firms acting as counterparties to the transaction.
<b>Portfolio</b>	means the investments you hold with Sanlam.
<b>Portfolio Manager</b>	means the Sanlam investment manager who you have appointed to manage your Portfolio on a discretionary basis or who provides you with investment advice.
<b>Professional Client</b>	is as defined by FCA Rules.
<b>Registered contact</b>	means the relevant person identified in the JISA application with whom SPW contracts in respect of the JISA.
<b>Regulated Market</b>	means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments in the system, in accordance with its non-discretionary rules, in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of the MiFID II Directive.
<b>Retail Client</b>	A client who is not a Professional Client or Eligible Counterparty, as defined by FCA Rules. Broadly this will cover most individual and personal clients, unless they have chosen to be treated as Professional Clients.
<b>Retail Investment Product</b>	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.
<b>Risk Profile</b>	A risk profile is an evaluation of a client's willingness and ability to take investment risk. It is fundamental to the determination of portfolio asset allocation.
<b>Sanlam Privacy Statement</b>	is a document that explains how we collect your data and use it. It also explains your data rights.
<b>Simplified Prospectus</b>	means a marketing document which describes a fund's investment objectives, their charges and relevant risks.
<b>Service</b>	Any or all of the categories of service that we may provide to you under this agreement as described in the Service Guide.
<b>Stocks and Shares ISA</b>	An ISA which can invest in Qualifying Investments in accordance with the ISA Regulations.
<b>Terms (of Business)</b>	means these <i>Terms of business</i> (as varied from time to time).
<b>Website</b>	means that part of any internet site of ours, as updated from time to time. The address of our current website is <a href="http://www.sanlam.co.uk">www.sanlam.co.uk</a> .



# Appendix 1: Description of services

## 1. The Discretionary Portfolio Management Service

Where you appoint us to manage your investment portfolio on a discretionary basis, this means that we will have the right (as your agent and without prior reference to you) to:

1. buy, sell, retain or otherwise deal in investments including unregulated collective investment schemes;
2. make deposits;
3. subscribe to issues and offers for sale of, and accept placings of, any such investments;
4. effect transactions on any markets; and
5. otherwise act as we judge appropriate in relation to the management and investment of your portfolio.

In exercising our discretion, we will act in accordance with your stated investment objectives, attitude to risk and any specific restrictions as detailed in the *agreement*. The objectives and restrictions specified by you will not be deemed to have been breached as a result of changes in the value of certain assets in the portfolio brought about solely through market forces or movements in the market.

A list of our current discretionary services is available from Sanlam. We may add other Discretionary Services in the future.

Where relevant, you may limit the scope of our investment discretion in respect of any part of your investment portfolio, for example, by requesting that we do not sell certain holdings. However, in these circumstances we may require that the relevant portion of your investment portfolio be placed in a segregated execution only account and be subject to the sections of these *Terms of business* applicable to our execution only service. In these circumstances, we will not provide our *discretionary portfolio management service* in respect of the relevant portion of your portfolio.

Where you have a financial adviser they will be responsible for advising you on the suitability of this service.

## 2. The Advisory Trading Service

This service is suitable for more experienced investors who wish to make their own investment decisions. Based on your requirements, preferences and objectives, we will make suggestions which can include short or long-term positions in a number of different security classes.

It is important to note that when providing this service we will only provide you with advice in relation to specific transactions. This service does not include ongoing management or monitoring of your investments. We may on occasion contact you with investment suggestions where we feel they may be suitable for you.

You are not obligated to accept these recommendations. We will take into account your wider financial or other circumstances when assessing the suitability of this service for you.

However, we will not do so with regard to the individual transactions and shall have no obligation or responsibility to do so. This service is not designed to enable you to build a diversified portfolio of assets. You will need to decide whether to make any particular investment in light of your other investments and financial circumstances. If you do not understand the terms of this service, or if you feel that this service is not suitable for you, please contact us for assistance.

If required, this service can include advising you on the merits and suitability of a particular transaction which you are considering, but we will be under no obligation to offer you such advice. Where we provide you with advice as part of the Advisory trading service we will not exercise any discretion on your behalf. You will retain full control over all investment decisions.

Where we advise you on the purchase of RIPs, we will provide you with the UCITS KIID, PRIIPS KID, *Simplified prospectus* or *Key features* document as applicable.

We will act in accordance with your stated objectives, preferences and any specific restrictions as agreed between you and your advisor in the agreement. The objectives and restrictions specified by you will not be deemed to have been breached as a result of changes in the value of certain assets in the account brought about solely through market forces or movements in the market.

### 3. The Advisory Managed Service

This service is designed for investors who wish to have some control over their portfolio. We will provide advice to you on our own initiative or when you ask us to do so, on the merits of any individual investment or of your portfolio. You are not obligated to accept these recommendations.

We will use our in-house models as the basis for devising your investment strategy; the blend of asset classes and underlying investment selection will aim to produce a level of portfolio risk and return which we consider suitable to your objectives.

Where we believe there is a requirement to trade on your portfolio we will contact you.

As you retain overall control of your portfolio, you may opt to deviate from the models and on-list recommendations which will result in the overall level of risk and return altering from the objective and risk profile that you agreed in your fact find.

Where investments not in our models or on our recommended list are selected, they may not be as closely followed as those investments in your recommended portfolio.

We may on occasion contact you with investment suggestions where we feel they may be suitable for you. You are not obliged to accept these recommendations.

Where we advise you on the purchase of RIPs, we will provide you with the UCITS KIID, PRIIPS KID, *Simplified prospectus* or *Key features document* as applicable.

We will act in accordance with your stated investment objectives, attitude to risk and any specific restrictions as agreed between you and your advisor in *the agreement*. The objectives and restrictions specified by you will not be deemed to have been breached as a result of changes in the value of certain assets in the portfolio brought about solely through market forces or movements in the market.

### 4. Use of own funds

*Applies to discretionary, advisory trading and advisory managed services only:*

In order to achieve the investment objective and risk profile of your investment mandate, we may elect to invest clients into our own collective investment schemes as part of our strategy. These in-house funds are designed to achieve specific investment objectives and will only be included as part of your portfolio if they are assessed as suitable for your desired investment strategy. By investing in such funds, clients benefit from

our investment experience and research and have cost-effective access to a spread of different securities within a single umbrella. Investments purchased for such funds will be selected by us from the whole of market.

In future, we may launch other in-house funds designed to achieve specific investment objectives. Such funds may be included as part of your portfolio if they are assessed as suitable for your desired investment strategy.

The current group of funds into which we may invest is described in our Conflicts of interest policy, which can be found at [www.sanlam.co.uk/Conflicts-of-Interest-Policy.aspx](http://www.sanlam.co.uk/Conflicts-of-Interest-Policy.aspx)

### 5. Ancillary execution-only client requests

Where you have appointed us to perform another service for you and you request us to purchase investments outside of our models and on-list recommendations on your behalf, we may ask you to open a separate 'execution only' account under the relevant terms. Such purchases will be made on an 'execution only' basis, meaning we will make no assessment and give no advice or recommendation as to the suitability for you personally of this transaction. As such, it will not constitute investment advice under the Financial Services and Markets Act.

Unless we agree otherwise, we will not be responsible for the ongoing monitoring or performance of any stock purchased on an execution only basis or otherwise selected by you.

The terms in section 6 of this appendix will apply.

### 6. The execution only service

We will act as agent on your behalf in arranging transactions under the terms of this agreement. Instructions for transactions in the following categories will be accepted without further documentation being required:

- a) shares admitted to trading on a regulated market or an equivalent third country market (that is, one which is included in the list which is published by the European Commission and updated periodically);
- b) money market instruments, bonds or other forms of securitised debt (excluding those bonds or securitised debt that embed a derivative); and
- c) units in a collective investment scheme authorised by the FCA or under the UCITS directive.

This service is provided on an execution only basis, meaning we make no assessment of whether or not any particular transaction is suitable for you. This means we will not consider whether:

- a) the transaction suits your investment needs;
- b) you have the knowledge and experience to understand the risks involved; or
- c) you are able to bear the risk of loss normally associated with this type of investment.

We will not be responsible for the ongoing monitoring or performance of any stock purchased for you under this service.

Should you have any doubts about the suitability of a particular investment, you should seek proper professional advice. We may refer you to a third party or associate company for advice, which will inform you as to the scope of its services and the nature of the advice provided.

You are under no obligation to utilise the services of that company.

Short selling is not permitted.

### Complex instruments

We will not be able to carry out execution only transactions in 'complex instruments' unless we can establish that you have sufficient knowledge and experience to understand the risks of the investment in question. In this case, we must request that you complete an additional questionnaire before carrying out any such transactions.

'Complex instrument' is defined in the FCA rules, and in general comprises financial instruments which are complex in structure and/or there are infrequent opportunities to dispose of the asset and/or the investor's potential liability exceeds their capital outlay and/or sufficient information may not be easily obtainable on the asset.

### 7. Placing an order

*Applies to execution only, advisory managed and advisory trading services only:*

Each order you place constitutes an offer to purchase the service subject to these terms. We may, in our absolute discretion, decline to accept any particular order or instruction from you or we may accept your order subject to certain conditions which we will notify to you. Please refer to our Order execution policy at [www.sanlam.co.uk/order-execution-policy](http://www.sanlam.co.uk/order-execution-policy) for full details of our execution venues. A hard copy is available on request.

When we accept your order, we will use all reasonable endeavours to carry it out. However, we will not be liable to you for any loss or expense you incur if we are unable to carry out an order for whatever reason (other than our negligence, fraud or wilful default) or where there is a delay or change in market conditions before the transaction is completed. We will accept dealing instructions by verbal instruction, post, telephone, email or facsimile, and have no liability for any instructions until they are received by us. When placing an order for the service by telephone, our dealer will repeat your instructions back to you to confirm the terms of your order prior to us accepting it. The terms of the order accepted by us will be those repeated back to you subject to any amendments of which you may notify our dealer. All such calls will be recorded. In respect of all orders placed by you via email, no contract will be created until you have received a message from us confirming the acceptance of your order. If you do not receive such confirmation either by return telephone call or by email within a reasonable time of submitting your order, you should contact us to check that your order has been received.

We will record the date and time that you place an instruction and all relevant bargain details. In the event of a dispute, you agree that our records will be conclusive.

We may refuse to act on an instruction if, for any reason, we think it was not given by you, was not clear or might cause us to breach a regulation, law or contractual duty.

Although SPW does not impose a minimum trade value for the service, we reserve the right to refuse your order if, in our reasonable opinion, it would not be commercially viable for us to undertake the transaction, with the exception of trades arising from corporate actions or disposals of an entire holding.

You acknowledge and accept that:

- a) (Also applies to discretionary services)  
We will only: (i) accept instructions to purchase investments following confirmation by the Appointed Custodian that it has received sufficient cleared funds to effect the instruction, or (ii) accept instructions to sell investments if a sufficient number of such investments are held by the Appointed Custodian in connection with your portfolio.
- b) A quote that you obtain at, or prior to, the time you place an order is not a guarantee that all or part of your order will be executed at the quoted price. You acknowledge that when

you place an order, the price of the security may change between the time the order is placed and the time it is executed, and you agree not to hold SPW liable for these price fluctuations. In addition, if you place an order when the trading exchanges or marketplaces are closed, or for a security that has not traded on the public market before, you acknowledge that the security may be open for trading at a price substantially higher or lower than the previous closing price or the anticipated price. You agree to pay or receive the prevailing market price at the time your order is executed, even if the execution price is significantly higher or lower than you anticipated at the time you placed the order.

- c) The price quotes you receive when you place an order will only apply to a set number of shares for that security defined as the normal market size (NMS). You acknowledge that the price you pay may vary substantially if your order is larger or smaller than the NMS to which a price quote applies. Large market orders may be executed in multiple lots at different prices.

- d) You may limit the risk of price fluctuations by placing a limit order. However, if you place a limit order, you are less likely to get an execution. SPW can provide no assurance that your limit order will be executed at any particular time, or at all. Where you place with SPW a limit order in shares which are admitted to trading on a regulated market and that order is not immediately executed, you hereby instruct us not to make the order public and to instruct the Appointed Custodian accordingly.
- e) You authorise SPW to treat any applications, orders and instructions sent to us as valid. This authorisation remains in force until we have notice of its termination. Such notice will not affect the completion of orders already initiated by us pursuant to this authority. However, if you wish to cancel an order which has not yet been executed we will, without liability, please arrange for the building society to certify your name on the reverse.

# Appendix 2: Additional terms for SPW clients with ISAs and JISAs

**These additional terms will apply to you if you have an SPW ISA and/or JISA, depending on which type of account you have.**

SPW clients' ISAs will be invested via the SPW Portfolio ISA which is a Stocks and Shares ISA and is administered by SPW as a registered ISA Manager. This document contains additional terms and conditions applicable to the SPW Portfolio ISA. It should be read in conjunction with our *Terms of business for portfolio management services*.

The agreement for your ISA will consist of the Client agreement form or Investment solution (as applicable), the *Terms of business for portfolio management services*, these Additional terms and the *ISA application form*.

The SPW JISA is a Stocks and Shares JISA and is administered by SPW as a registered JISA Manager. The SPW JISA is only available on an execution only basis. The agreement for your JISA will consist of the Client agreement form or Investment solution (as applicable), the *Terms of business for execution only services*, these *Additional terms* and the *JISA application form*.

## 1. Definitions

- a) The ISA Manager and JISA Manager is Sanlam Private Wealth (SPW).
- b) The 'regulations' referred to are the Individual Savings Account Regulations 1998 (as amended or re-enacted).
- c) In respect of the SPW ISA the 'client' is the person whose name and address are shown on the ISA application form as the applicant. In respect of the SPW JISA the client is the registered contact for the SPW ISA, initially being the person who applies for the SPW JISA, and then whoever assumes the responsibility by written application to become the registered contact for the SPW JISA. Reference to "you" or "you" in this Appendix should be read accordingly depending on the account.

## 2. Investment strategy (Portfolio ISA only)

Your Portfolio ISA will be invested on a discretionary basis in accordance with your investment objectives, attitude to risk, and any specific restrictions as detailed by you in the *Client agreement form* (or as otherwise notified by you to us in writing), subject always to the requirements of HM Revenue & Customs (HMRC).

## 3. Investing in a SPW Portfolio ISA or JISA

Investments into a SPW Portfolio ISA or JISA may be by cheque, by transfer of cash from an existing portfolio held with us, or by transfer from another ISA or JISA manager (subject to HMRC's ISA or JISA transfer rules).

## 4. Opening your ISA or JISA account

This agreement will come into force on acceptance by us. We will write to you within a week to acknowledge receipt of your Portfolio ISA or JISA application form or Investment solution. In the case of transfers, as soon as is practicable after receipt by the Appointed Custodian of cash and/or assets from the transferring ISA or JISA managers, we will send you a statement showing the composition of your Portfolio ISA or JISA and its value. We may wait until all the assets and/ or cash proceeds have been received from your present managers before investing the cash value. This may sometimes result in delays outside our control.

You will not receive any share certificates because they are held in safe custody by the Appointed Custodian in accordance with the FCA rules.

Your investments will be registered in the name of the Appointed Custodian or as we may direct. Although assets are held in a nominee name, the ISA investments are beneficially owned by you and in respect of the JISA are beneficially owned by the named child. ISA and JISA investments must not be used as security for a loan.

You authorise us to:

- a) act as your ISA or JISA manager and to operate your ISA or JISA (as applicable) in accordance with these Terms and the ISA regulations;
- b) arrange for your cash subscription, investments, interest, dividends and any other rights or proceeds in respect of those investments or cash to be held by the Appointed Custodian;
- c) make on your behalf any claims for tax relief in respect of your ISA or JISA investments, excluding IHT relief where AIM shares are held in your ISA or JISA.

## 5. Your right to cancel

If you have not personally met a representative of SPW to discuss the management of these assets, you will have the right to cancel this agreement within 14 days of our receipt of your signed application form.

## 6. Reporting

We will provide you with regular reports showing the progress of your ISA or JISA investments. If you have a taxable portfolio with us, your ISA or JISA statements will be provided at the same frequency as your main portfolio valuation. If you have only an ISA or JISA, your valuation report will be prepared as at 31 March and 30 September each year. The report will include a detailed valuation and a statement of transactions made (including purchases, sales, corporate actions, re-investment of tax claims, dividends, distributions, interest and any additions or withdrawals) during the period. No contract notes are provided for ISAs.

## 7. Shareholders' rights

If you so request in writing, we will arrange for you to:

- a) receive the annual report and accounts issued by each company, unit trust or OEIC which forms part of your Portfolio ISA when such reports are published;
- b) exercise the normal shareholder, unitholder or bondholder rights in respect of attending shareholder, unitholder or bondholder meetings, voting (either directly or by proxy) and receiving other information issued to the shareholders, unitholders or bondholders.

An additional charge to cover our and our Appointed Custodian's costs will be levied each time the report and accounts of a company are forwarded; other company information is forwarded; a letter of authority to attend and vote at a general meeting is issued; and/or a form of proxy is lodged. These charges will be deducted from the assets in your Portfolio ISA or JISA. We will advise you of any applicable charges in each case.

## 8. Withdrawing your investment

You can withdraw all or part of the investments within your ISA at any time without incurring additional charges, other than the transaction charges stated on the *Guide to charges* and/or *Investment solution document*. In the case of partial withdrawals, the minimum withdrawal is £300 and the minimum value of the remainder must be £1,500. Requests for withdrawals must be made in writing. You will not incur any tax liabilities by withdrawing. We will acknowledge your instructions by writing to you at the address you have supplied to us. We will promptly account to you, or to your personal representatives, for all securities and cash held.

The ISA regulations allow amounts withdrawn during a tax year to be replaced into the ISA during the same tax year without the replaced funds counting towards the annual ISA subscription limit. This feature is currently available for clients who transferred from Thesis Private Office Limited and will be available for all SPW clients from 6 April 2020. This feature does not apply to the SPW JISA.

Withdrawals of investments (including cash and income) are not permitted from the JISA until:

- a) the JISA is closed when the child turns 18, dies, or where closure is otherwise permitted by the applicable regulations;
- or
- b) if the child is terminally ill.

## 9. Transferring your ISA or JISA

At your request, we will arrange for the transfer of all or part of your ISA investments, or all of your JISA investments (with the associated rights and obligations) to another ISA or JISA manager. These transfers will be subject to HMRC's ISA and JISA transfer rules as applicable. Transfers of ISAs and JISAs to another manager will normally be made in cash. However, if you so request, we will arrange for the transfer of assets to another manager in specie. Transfers in cash or in specie are subject to the charges shown in the *Guide to charges* and/or *Investment solution document*.



We will process your withdrawal or transfer request promptly and normally within the 30-day maximum period stipulated by HMRC, subject to circumstances outside our control (such as if dealing in a particular stock in your ISA or the JISA has been suspended, we may be unable to realise the proceeds for that stock until the suspension is lifted).

Should you wish the ISA withdrawal, or ISA or JISA transfer to take place at a particular time, we will endeavour to meet this request.

However, in the case of transfers, we are reliant on the receiving manager and cannot guarantee to do so.

### Closure/termination

Your Portfolio ISA may also be terminated:

- a) by us, if the value of your Portfolio ISA falls below the minimum amount specified above, subject to one month's written notice;
- b) otherwise by us, though only if we have arranged for you to be offered a transfer to another ISA manager, by giving written notice to that effect to you; or
- c) on SPW receiving written notice that you have had a trustee or custodian of your assets appointed by a court.

Any realisation of your ISA investments will be made at the prevailing bid prices and will normally be carried out once a week on the Wednesday immediately following receipt of your withdrawal/termination request (or the first business day thereafter in the event of a public holiday) unless you request a longer time period (which we will make every effort to meet, subject to liquidations being carried out on Wednesdays).

Termination of the ISA or JISA will be without prejudice to the settlement of any outstanding fees and the completion of any transactions already initiated. You will pay our fees up to the date of termination, and we will be entitled to instruct the Appointed Custodian to retain such securities and cash as may be necessary to discharge such fees.

The JISA automatically terminates upon the child's death. The JISA will cease to be tax exempt and will be closed. We will continue to hold investments until we receive a court probate or equivalent document together with instructions from the registered contact or their adviser.

The JISA may also be terminated by the registered contact if the child is terminally ill. Terminally ill means the child has a disease or illness that is going to get worse as a consequence life expectancy is no more than six months.

When a child reaches the age of 18 no further subscriptions to the JISA will be accepted and it will convert to a Portfolio ISA. Where the child retains their Portfolio ISA after the child reaches the age of 18, the ISA terms in this Appendix will apply and we may require the child to agree to such terms before the child can make any subscriptions or withdrawals.

### 10. Death (Portfolio ISA only)

If we are notified that your death occurred on or after 6 April 2018, your ISA will be designated a 'continuing account of a deceased investor' until the earlier of:

- completion of the administration of your estate;
- closure of the ISA; or
- the third anniversary of the date of your death.

We will advise your executors or personal representatives of their options and that the ISA can continue during the administration period for a maximum of three years.

A 'continuing account of a deceased investor' will continue to receive the tax advantages as per the ISA regulations and any interest, dividends or gains arising after the date of death are exempt from tax.

No subscriptions can be made into a 'continuing account of a deceased investor'. Your executors or personal representatives cannot request the transfer of a 'continuing account of a deceased investor' to an alternative ISA manager.

If, after a period of three years, the administration of the account is ongoing and the ISA has not been closed, the ISA will cease to be a 'continuing account of the deceased investor'. In these circumstances, on the next working day following the third anniversary of your death, we will remove the ISA wrapper from the account and all subsequent income or gains will become taxable in the hands of the estate.

In the event of your death, where you are survived by a spouse or civil partner, your survivor will be entitled to an additional ISA allowance known as 'additional permitted subscriptions' or APS. Where death occurs on or after 6 April 2018 the additional allowance will be either the value of your ISA at date of death or the value at which point the ISA ceases to be a 'continuing account of a deceased investor'.

The APS allowance is available in addition to the survivor's own annual ISA allowance.

### 11. Charges

Our fees and charges in relation to your ISAs or JISA are as stated in the *Guide to charges, Investment solution or Investment Proposal document* as applicable. We reserve the right to charge a fee of £100 (plus VAT) for work carried out in voiding a subscription which is the fault of the client.

### 12. Risk factors

Investing in equities or fixed interest investments involves risk. The value of investments, and the income from them, may go down as well as up.

Investments may be subject to an initial charge. You may not get back all that you originally invested, particularly in the case of early withdrawal. Past performance should not be seen as a reliable indicator of future results. Any tax reliefs referred to are those currently available. Their value depends on the individual circumstances of the investor. Levels, bases of and reliefs from taxation may change. Please refer to section 18 and Appendix 3 of these *Terms of business* for details of additional risk factors.

### 13. ISA regulations

You authorise us to disclose to HMRC all such information as required by law. We will notify you in writing if, by reason of any failure to satisfy the provisions of the regulations, your Portfolio ISA or JISA has or will become void.

The management of the SPW Portfolio ISA and the JISA is subject to the rules and regulations of HMRC. In the event of any conflict between these SPW Portfolio ISA and JISA terms and HMRC regulations, the HMRC regulations shall be overriding.

### 14. Delegation

We will satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under this agreement is competent to carry out those functions and responsibilities.

These additional terms apply to the SPW portfolio ISA and JISA (as applicable) only. Different terms and conditions apply to the white list portfolio ISA.

The additional terms which apply to the White List ISA can be found on our website at [www.sanlam.co.uk](http://www.sanlam.co.uk)



# Appendix 3: Nature and risks of investment

This section is intended as a general explanation of the nature and risks of the different types of investment which may be included in your portfolio. It is intended to help you understand industry terminology and to enable you to make a decision about the management of your investments.

It cannot, however, explain everything about the nature and risks of investments and, should you have any questions, you should not hesitate to contact SPW or your financial adviser.

It is important that you understand that all investment involves risk. The value of investments, and the income from them, may fall as well as rise and is not guaranteed. Investors may not get back the original amount invested. The past performance of investments is not a reliable indicator of future results.

This section is arranged as follows:

1. Major asset classes
2. Factors influencing investment risk
3. Investment funds (including exchange-traded products)
4. Structured investment products
5. Forwards, warrants and derivatives

## 1. Major asset classes

### a) Cash

Cash deposits are the most secure investment as the capital value does not vary. Depending on the type of account, interest will be paid and this will usually be greater if you are willing to tie up your money for a longer period. However, even cash deposited in a bank has some degree of risk. There is the risk that the bank may fail and you may lose your deposit. In addition, the capital value of the bank deposit is most at risk from inflation and will gradually be eroded over the years. For example, inflation at 3% per annum reduces the purchasing value of cash by 50% in 23 years.

### b) Bonds or fixed interest securities

Debt instruments (usually called bonds, loan notes or debentures) are issued by the borrower and represent a contractual

obligation to repay the capital borrowed to the debt holders on the terms specified, usually over a fixed time period or on a certain specified date. The interest payments on bonds may be fixed in advance or variable. Gilt-edged stocks, or gilts, are bonds that are issued by the government.

Other bonds are issued by local authorities and companies (corporate bonds). The main benefit of these investments is that they normally provide a regular stable income.

They are not generally designed to provide capital growth.

Bonds have a nominal value. This is the sum that will be returned to investors when the bond matures at the end of its term.

Most bonds have a nominal value of £100. However, as bonds are traded on the bond market, their price will vary from the nominal value until the date of maturity and may be more or less than £100. There are several reasons why the price may fluctuate from the nominal value.

Uncertainty concerning interest rate movements, interest rate risk, means that the purchasers of fixed rate securities carry a risk of a fall in the prices of the securities if interest rates rise and the fixed rate of the bond they have purchased becomes relatively less attractive. The longer the duration of the loan and the lower the interest rate, the higher a bond's sensitivity to a rise in market rates. Conversely, a short-dated gilt is one of the most predictable forms of investment.

The value of the bond will also fall in the event of a default or a reduction in the 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. The debt holders will become creditors of the borrower in the event that it becomes insolvent and unable to pay its debts.

Although debt holders may rank above other general creditors and shareholders in this eventuality, there is nevertheless a risk that the bonds may become worthless.

Other risks include early redemption risk, where a borrower has the right to redeem a bond early if interest rates fall, and this may result in a change in the expected yield.

### **c) Shares**

Shares are also known as equities or stocks.

A purchaser of shares in a company buys a part of that company and becomes a co-owner of it. The value of the company, and hence of its shares, will tend to increase over the longer term providing that the company grows and increases its profitability. In addition, shareholders may receive a dividend, which is an income paid out of a company's profits. As a company grows, its dividends tend to increase too.

Share prices may undergo unforeseeable price fluctuations causing risk of loss.

One factor that could affect the price of a share is a change in opinion as to how well the company itself is performing or could perform in the future. This is known as company risk. An extreme case would be if the company went bankrupt, in which case the value of the shareholding and all sums invested could be wiped out. For this reason, our discretionary managed portfolios tend to hold a number of different equities to provide some degree of protection through diversification.

Share prices are also affected by market risk. Share prices alternately increase and decrease in the short, medium and long term without it being possible to determine the duration of those cycles. This general market risk should be distinguished from the specific risk attached to the company itself. Both risks jointly influence share prices.

In addition, share prices may be affected by dividend risk. The dividend paid per share is influenced by a company's earnings and dividend policy. In the event of low profits or losses, dividend payments may be reduced or not made at all.

Over the long term, the return on equities in general is likely to exceed inflation; as economies grow, so do the companies operating within them. If you are investing in shares, you should expect the value of your investment to go down as well as up.

### **d) Physical assets**

Physical investments such as property and commodities involve specific risks.

#### *Property*

Income from property and land is received in the form of rent and there is potential for capital growth if property prices rise.

However, property prices can be volatile and there is the risk of significant capital loss in periods of falling property prices, when property can be difficult to sell.

### *Commodities*

Commodity markets are markets where raw or primary products (such as gold, wheat and oil) are exchanged. The fungible quality of raw commodities means that they can be traded on regulated commodities exchanges, where they are bought and sold in standardised contracts.

Commodity risk refers to the uncertainties of future market values caused by the fluctuation in the prices of commodities, which are influenced by some unique factors. One of the inherent risks of commodities is that the world's natural resources are located in various continents and the jurisdiction over these commodities lies with sovereign governments, international companies and many other entities. In addition, commodities are subject to other specific supply and input risks as well as local inflation and exchange rate risks, which can lead to large and unpredictable price changes.

Many financial investments are based on property and commodities and are often referred to as 'alternative investments'.

### **e) Alternative investments**

'Alternative investments' is a loosely defined term that includes a wide range of investment categories falling outside the traditional categories of 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 may involve various risks, including the fact that some products use gearing and other speculative investment practices that may increase the risk of investment loss; some can be illiquid; some may not be required to provide periodic pricing or valuation information to investors; some may charge high fees; some may not be subject to the same regulatory requirements as regulated collectives; and in many cases the underlying investments are not transparent and are known only to the fund manager. You should be aware that returns from some alternative investments can be volatile. You may lose all or a portion of your investment.

## 2. Factors influencing investment risk

### a) Foreign markets and currency risk

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.

Investments in emerging markets may be exposed to additional risks, including accelerated inflation, exchange rate fluctuations, adverse repatriation laws and fiscal measures, and macroeconomic and political distress.

The value of investments denominated in a foreign currency may also rise and fall purely as a result of exchange rate changes.

### b) Geared investments

Gearing 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:

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

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

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

Geared investments may include hedge funds and other alternative investments, options, warrants, investment trusts and other forms of derivative investment.

### c) Liquidity

Investments that are exchange-traded are subject to the rules of the relevant exchange, with regularly quoted prices for standard dealing sizes (an active 'secondary market').

They are usually relatively liquid (barring a major crisis in confidence). Investments are usually not readily realisable because they are not traded on a recognised or designated investment exchange or because transactions in them are too infrequent or irregular for a reliable quoted price to be available. It may therefore be difficult to obtain full book value or to deal at all in such investments, or to obtain reliable information about its value or the extent of the risks to which it is exposed.

Non-readily realisable investments include unquoted shares (usually in small companies) which are not listed on a recognised investment exchange. Companies listed on the Alternative Investment Market (AIM) are classified as 'unquoted'. AIM provides an opportunity for companies to raise capital for expansion, a trading facility and a way of establishing a market value for their shares. AIM companies tend to trade on wider spreads than companies on the main market.

Similarly, 'penny shares' involve an extra risk of losing money as there can be a big difference between the buying price and the selling price of these shares and they can be subject to large and rapid price changes.

Non-readily realisable investments may also include some hedge funds, some property funds, other 'alternative investments', unregulated collective investment schemes, some structured investment products (SIPs) and other OTC products, where the product provider is effectively responsible for providing liquidity (see OTC products in (d) below) and there is, therefore, no active secondary market.

### d) Over-the-counter (OTC) products and counterparty risk

OTC products (those that are not exchange-traded) can be tailored more closely to the investor's needs but the investor is reliant on the product provider (often called the counterparty) to live up to its contractual obligations. The counterparty will be responsible for the repayment of any initial capital invested plus the investment return, in accordance with the investment contract.

The ability of the counterparty to honour their contractual obligations will largely be dependent upon their financial solvency.

In the event of the counterparty becoming bankrupt they may not be able to make the required payments during an investment term or repay the final investment amount due. If a counterparty fails you could lose some or all of your money.

#### **e) Securities that may be subject to stabilisation**

We may effect transactions in investments whose price is being stabilised. This means that the market price is being artificially maintained during the period when a new issue of securities is being sold to the public. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation. Unless you inform us to the contrary, we may carry out such transactions on your behalf without first having to consult you.

### **3. Investment funds**

#### **a) Unit trusts and open-ended investment companies (OEICs)**

Unit trusts and OEICs are the most common forms of collective investment scheme in the UK. A collective investment scheme enables investors to 'pool' their assets into a fund which is managed by a professional fund manager. By pooling together the assets of many investors, the fund can invest in a far broader spread of investments, thus reducing risk. Unit trusts and OEICs are 'open ended' because the number of units/shares in issue increases as more people invest and decreases as people take their money out. This means that the unit price will always directly reflect the value of the underlying assets held within the fund. As an investor, you buy units/shares in the hope that the value will rise over time as the prices of the underlying assets increase.

You might also get income from your units/shares through dividends paid by the shares, or income from the bonds, property or cash that the fund has invested in.

Unit trusts and OEICs generally invest in one or more of the four major asset classes: shares, bonds, property and cash. The level of risk will depend on the specific risks of the underlying investments and how well diversified the fund is. A fund that invests only in one industrial sector, such as technology, will invariably be more risky than funds that invest across the whole range of companies.

Some funds might also invest in derivatives, which may make the fund more risky.

However, fund managers often buy derivatives to help counterbalance or cancel out the risk involved in owning assets or in holding assets valued in other currencies.

Your money in a unit trust or OEIC is protected by a trustee or depositary who ensures that the management company is acting in the investors' best interests at all times.

Funds of funds are unit trusts or OEICs which invest in a range of funds, rather than directly in the underlying investments themselves.

#### **b) Investment trusts**

An investment trust is a company with shares quoted on the stock exchange and is another form of collective investment scheme. As a quoted company, an investment trust is a 'closed ended' fund with a fixed number of shares in issue.

Conventional investment trusts issue only one class of ordinary share. These usually give shareholders a right to dividend distributions and offer the opportunity of capital growth to increase the value of their investment.

Unlike unit trusts and OEICs, the price of an investment trust will often be below or above the underlying value of its assets and this price risk may make them more volatile than other pooled investments, assuming the same underlying investments.

An investment trust may also borrow money to invest on behalf of its shareholders, meaning it may 'gear up'. An investment trust that is geared is a higher risk investment than one which is not geared, assuming the same underlying investments. Gearing can provide a boost to investment performance when markets are rising.

Similarly, when markets are falling, the falls may be exaggerated and, in the case of particularly highly geared investment trusts, there is a risk of total loss of your initial investment (see paragraph 2(b) of this appendix regarding the risks of geared investments). Investment trusts are also permitted to invest in unquoted shares (see paragraph 2(c) of this appendix) and may pursue a policy of 'cross-investing' in other investment trusts which may themselves use gearing, which again can add to the risk for investors, even if the potential rewards might be greater.

### c) Hedge funds

Hedge fund is a generic term for funds that can pursue a wide range of different strategies and which carry very different risk profiles. Whilst some hedge funds have a relatively low risk profile, others carry significantly higher risk than conventional funds because they may borrow heavily; use gearing as part of their investment strategy (see paragraph 2(b) of this appendix); invest in derivatives and other high-risk assets and take extreme positions.

Strategies pursued by hedge fund managers may also include the following:

- short selling (selling a stock that the fund does not own in the hope of buying it back at a lower price);
- arbitrage (simultaneously buying and selling an identical item on different markets) in order to benefit from pricing anomalies; and
- placing 'bets' on market trends.

Investments in hedge funds may be subject to sudden and large falls in value and you may get back nothing on this part of your portfolio if the fall in value is sufficiently large.

Many hedge funds are not regulated by the FCA. They usually also have less frequent dealing and longer settlement times than regulated funds, which means that it may not be possible to obtain the cash invested quickly (see paragraph 2(c) of this appendix regarding non-readily realisable investments).

### d) Property funds

Property funds invest predominantly in property either directly (at least 60% of assets) in property or in property securities (at least 80% of assets). Owing to the nature of property investment, such funds can be difficult to sell, so you may not be able to cash in this part of your investment when you want to. The fund providers may have to delay acting on our instructions to sell your investment. Additionally, the value of property is generally a matter of a valuer's opinion, rather than fact.

### e) Exchange-traded products (ETPs)

A range of ETPs is now available, including:

#### *Exchange-traded funds (ETFs)*

ETFs are open ended funds that are traded on an exchange in the same way as stocks and shares. ETFs have a stated investment objective, usually of tracking a particular index, with the aim of replicating as closely as possible the performance of an index or of a selection of stocks.

They combine the liquidity benefits of exchange-listed securities and the diversification advantages of traditional funds. Most ETFs listed in Europe comply with the UCITS (Undertakings for Collective Investment in Transferable Securities) regulations.

There are two methods used by ETFs to track the performance of an index. The first method is direct investment in some or all of the components of the related index.

The second method, investing synthetically, involves replicating the index performance via an OTC index swap transaction with a counterparty such as an investment bank, in which case counterparty risk applies, see paragraph 2(d) of this appendix. Close tracking of the underlying indices can be difficult for the manager during periods of market volatility.

#### *Exchange-traded commodities (ETCs)*

ETCs are simple and transparent open-ended securities, which trade on regulated exchanges. ETCs enable investors to gain exposure to commodities without trading futures or taking physical delivery. ETPs are subject to roll yield risk, the yield that a futures investor captures when their futures contract converges to the spot price (which may be positive or negative). Roll yield can have a strong impact on the return from such futures trading.

### f) Cancellation rights

Please note that you will not be eligible for cancellation rights on unit trusts, unregulated collective investment schemes or any other packaged products which we may purchase on your behalf under the terms of this agreement.

## 4. Structured investment products (SIPs)

SIPs can take many different forms. Typically, they aim to provide 'known' investment returns (such as a set level of income and/or growth) at the end of a fixed period – conditional upon the performance of an underlying investment or stock market index (such as the FTSE 100 index).

Structured investment products carry risk – your capital (and any income) may be lost in whole or in part:

#### *Stock market risk*

SIPs are typically linked to the performance of a particular investment or stock market index, such as the FTSE 100. If the performance of this index falls below a predetermined threshold, capital invested – and/or any income payments due – are at risk, and may be lost in part or in full.



### *Counterparty risk*

When you invest in a structured investment product, your money will typically be used to buy some over-the-counter (OTC) assets, such as bonds and derivatives, to provide the intended return. The institutions which provide these securities are known as counterparties. If the counterparty goes bankrupt, you may lose some or all of your money (see paragraph 2(d) of this appendix).

### *Interest rate risk*

Investors in a SIP should consider the likely effects of inflation on the value of their investment. The returns on a SIP may not protect investors' capital from inflation over the investment term.

### *Liquidity*

SIPs are designed to be held to maturity. They can sometimes be traded at a profit on a secondary market (if the conditions are right), but if you need to sell the investment before the end of the term you should be aware that there may be some time delay, and you may not receive back the full value of your investment.

### *Financial Services Compensation Scheme (FSCS)*

You should be aware that the FSCS does not cover performance related issues in respect of investments, which means that in the event of counterparty default or breaches of the index threshold, FSCS protection would not apply.

### *Tax*

Depending on the amount invested, investment in a SIP may give rise to a significant capital gains tax liability at the end of the investment term.

SIPs may be suitable for investors who:

- want an investment which has potential to provide greater returns than those currently available from bank or building society deposits;
- understand and accept that capital invested is at risk, and may be lost in part or in full;
- are investing as part of a balanced and diversified investment portfolio; or

- have sufficient funds available for emergencies; do not expect to need access to the funds invested before the maturity date(s).

They are not likely to be suitable for investors who:

- do not wish (or cannot afford) to take any risk with their capital;
- may need access to funds invested before maturity;
- do not have sufficient funds set aside for emergencies;
- may want to change their investment strategy during the investment term;
- want to take higher risks in return for higher potential rewards; or
- want to protect their capital from the effects of inflation over the longer term.

Even if a SIP offers 'capital protection' it can sometimes fail, causing you to lose some or all of your original money. For this reason, SIPs should form only a small part of a balanced investment portfolio. Investing in a range of different SIPs with different counterparties limits exposure to any one counterparty.

When purchasing SIPs on your behalf, we will do so only if we consider that they are suitable for you in the light of our understanding of your overall financial circumstances and investment requirements. Please contact us (or your adviser if applicable) if you would like further information.

We may also use structured deposits, which generally have a maturity date of between one and five years. The return is linked, through derivative instrument(s), to the performance of an index/assets such as currencies, commodities, equities or bonds. The returns may be subject to an overall cap (limit) or a participation rate, which specifies the percentage of the gains in the index/asset performance experienced. Unlike structured products, the initial capital is not at risk (assuming the issuing bank can meet its obligations).

## 5. Forwards, warrants and derivatives

### a) Forward contracts

Like futures contracts, forward contracts are a contract to deliver a commodity, or foreign currency, on a future date at a pre-arranged price. Unlike futures, forwards are always OTC and can simply be a signed contract between two parties. Forward contracts are not standardised, but are unique, and they are not rebalanced daily, so that a large differential can build up between the forward delivery price and the settlement price due to movements in the price of the underlying asset. This means that one party may incur a sizeable loss at delivery, creating a credit risk, as well as gearing and contingent liability risks.

### b) Warrants

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 in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The price of warrants can therefore be volatile. 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 time-scale then the investment becomes worthless.

Transactions in off-exchange warrants may involve greater risk than 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 when they are, they will be established by dealers in these instruments. Consequently, it may be difficult to establish what is a fair price.

We may acquire and trade warrants where these are related to other investments in your portfolio, but we will not actively gear your portfolio via warrants without notifying you.

### c) Options

These are securities that convey the right, but not the obligation, to buy or sell an asset at a given price on or before a specified date. For example, a call option provides the right to buy some amount of a security at a set price at some time on or before the expiration date, while a put option provides the right to sell. The decision on whether to exercise

the right to buy or sell will depend upon the value of the underlying security at the time and whether this will result in a profit or not.

There are many different types of option with different characteristics and risks subject to the following conditions. Buying options involves less risk than writing options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges.

If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of any premium received.

By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (where the options will be known as 'covered call options'), the risk is reduced. If you do not own the underlying asset ('uncovered call options') the risk can be unlimited.

### d) Futures

Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures trading means that entering into such transactions can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements set out in paragraph 5(h) of this appendix.

### e) Contracts for differences (CFDs)

A CFD is a contract between two parties, typically described as 'buyer' and 'seller', stipulating that the buyer will pay to the seller the difference between the current value of an asset and its value at contract time. (If the difference is negative, then the seller pays the difference to the buyer.) In effect, CFDs are financial derivatives that allow investors to take advantage of prices moving up (long positions) or prices moving down (short positions) on underlying financial instruments and are often used to speculate on those markets.



A CFD can be made upon a wide selection of different investment instruments, such as equities, bonds, currency and indices. The holder does not own the underlying asset. The CFD price tracks that of the underlying asset, meaning that the holder will benefit from or experience losses based upon the price movement in the stock, bond or currency index.

These contracts are only settled in cash. CFDs are 'margin-traded' meaning that the investor does not have to deposit the full value of the contract with the provider and therefore may have a contingent liability, as detailed in paragraph 5(g) of this appendix.

Investing in a CFD carries the same type of risk as investing in an option or a future, as set out in paragraphs 5(c) and 5(d) of this appendix.

#### **f) Securitised derivatives**

These instruments (which include instruments such as covered warrants and linked notes) may give a time-limited or absolute right to acquire or sell one or more types of investment, which is normally exercisable against someone other than an issuer of that investment. Alternatively, they may give you rights under a contract for differences which allow for speculation on fluctuation in the value of the property of any description or an index, such as the FTSE 100 index. In both cases, the investment or property may be referred to as the 'underlying investment'.

These instruments often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investment results in a much larger movement, unfavourable or favourable, in the price of the instrument. The price of these instruments can therefore be volatile.

These instruments have a limited life, and may (unless there is some form of guaranteed return to the amount that you are investing in the product) expire worthless if the underlying investment does not perform as expected.

#### **g) Contingent liability**

A contingent liability is the obligation to pay certain sums contingent on future events.

Investments with a contingent liability are often margin-traded; this means that the investor does not have to deposit the full

value of the asset or contract with the provider, but will be expected to make additional or 'margin' payments to cover any adverse price movements.

Trading in futures, contracts for differences or sell options may result in a total loss of the margin you deposit to establish or maintain a position. If the market moves against you, you may be called upon to pay a substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit.

Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract. SPW will only carry out margined or contingent liability transactions with or for you if they are traded on or under the rules of a recognised or designated investment exchange. See paragraph 5(h) of this appendix for further information on margined transactions.

#### **h) Margined transactions**

Certain types of transaction, such as the purchase or sale of options, futures and contracts for differences, allow you to enter into contracts for future purchases, sales, or settlement of price differences, which could result in a loss of more than the amount of the initial transaction. In some cases, your risk of loss may be unlimited. We will seek to notify you of the amount of margin which you may be required to provide, to help mitigate the impact of any adverse price movements, and the form in which this is to be provided. You understand that such margin may be taken to meet a loss arising on the position, and may not be recovered. The amount of margin may change from day-to-day, and in some cases from time to time during the day. If you enter into such transactions you agree that you will provide sufficient margin as required by us within the time and in the form stipulated by us.

You further agree that, if you fail to do so, we may, without further notice, take such steps (including closing out all or part of the position) at such time and in such manner as in our absolute discretion we deem appropriate in seeking to mitigate any loss.

## Appendix 4: Additional terms for pension schemes

The terms in this Appendix 4 will apply where you use a pension scheme to make investments. If you ask us to carry out our Services for you by using your pension scheme to make investments we will do so in compliance with these Terms and the FCA Rules. You will comply with the terms of any agreement you enter into with the trustees or provider of your pension scheme.

If you ask us to carry out our Services for you by using your pension scheme to make investments we will require the express written consent of the trustees or provider of your pension scheme (as applicable) to transfer or liquidate assets or make a payment of cash. You agree that any reports, formal valuations,

notices about changes to these Terms or other information which we send to you may also be sent to the trustees or provider of your pension scheme at the address that has been nominated in the application form.

These Terms do not constitute a full financial planning service; in particular, we will not provide any analysis or advice as to the adequacy or suitability of your pension arrangements for your personal goals or circumstances.

The Appointed Custodian will treat the pension scheme trustee or provider as its client for custody and safekeeping services.

## Appendix 5: Additional terms for investment bonds

The terms in this Appendix 5 will apply where you use an investment bond to make investments. If you ask us to carry out our Services for you by using your investment bond to make investments we will do so in compliance with these Terms and the FCA Rules. If you ask us to carry out our Services for you by using your investment bond to make investments, you may only do so via our Discretionary Portfolio Service and Advisory Managed Service. You will comply with the terms of any agreement you enter into with the provider of your investment bond.

You confirm that you are:

1. aged 18 years or over;
2. you are resident and ordinarily resident in the United Kingdom for tax purposes, or if not so resident, that you perform duties which, by virtue of Section 28 of Income Tax (Earnings & Pensions) Act 2003 (Crown employees serving overseas), are treated as being performed in the United Kingdom; or
3. you are married to, or in a civil partnership with, a person who performs such duties; and

4. you will immediately inform us if you cease to be so resident and ordinarily resident or to perform such duties or to be married to, or in a civil partnership with, a person who performs such duties as described above.

Where you are permitted, under the terms of the investment bond, to ask us to carry out our Services for you by using your investment bond to make investments we will require the express written consent of the provider of your bond to transfer or liquidate assets or make a payment of cash.

You agree that any reports, formal valuations, notices about changes to these Terms or other information which we send to you may also be sent to the provider of your bond at the address that has been nominated in the Application Form or otherwise notified to us in writing. If required by the terms of your investment bond, you authorise us to deduct any charges from your investment bond. You acknowledge these Terms does not constitute a full financial planning service.

The Appointed Custodian will treat the provider of your bond as its client for custody and safekeeping services.

## Appendix 6: Additional terms for the AIM IHT service

The terms in this Appendix 6 will apply where you use our AIM IHT service to make investments.

In principle, AIM shares currently qualify for business property relief for IHT purposes, as they are shares that are admitted to trading, rather than listed, on a recognised stock exchange. If you ask us to carry out our Services for you by using an AIM Portfolio to make investments, you may only do so via our Discretionary Portfolio Service.

If you ask us to carry out our Services for you by using an AIM Portfolio to make investments we will do so in compliance with these Terms. We will provide our Services to you in relation to eligible AIM shares, managing your AIM Portfolio on your behalf, taking investment decisions for which we shall have full authority at our discretion. Without prior reference to you, we may enter into any kind of transaction or arrangement for your account in relation to eligible AIM shares.

You confirm you are:

1. aged 18 years or over;
2. you are resident and ordinarily resident in the United Kingdom for tax purposes, or if not so resident, that you perform duties which, by virtue of Section 28 of Income Tax (Earnings & Pensions) Act 2003 (Crown employees serving overseas), are treated as being performed in the United Kingdom; or
3. you are married to, or in a civil partnership with, a person who performs such duties; and
4. you will immediately inform us if you cease to be so resident and ordinarily resident or to perform such duties or to be married to, or in a civil partnership with, a person who performs such duties as described above.

You acknowledge these Terms do not constitute a full financial planning service. Nothing in this Agreement obliges us to provide you with announcements or other market information on any AIM shares.

- 5.1 AIM Portfolios may have a larger proportion of smaller companies on which published research is limited and which lack any track record. This means that the AIM Portfolio will be less diversified and have a higher proportion in illiquid investments.
- 5.2 The value of AIM shares and the income received from them may go down as well as up and you may not get back all the money invested in the AIM Portfolio. The main reasons for this are:
  - 5.2.1 the actual or perceived financial standing and trading performance of the relevant AIM companies may change;
  - 5.2.2 the AIM shares may be subject to significant price movements irrespective of market and corporate factors, due to supply and demand; and
  - 5.2.3 the AIM Market is capable of large movements due to economic, political and other factors.
- 5.3 The AIM Market is designed for emerging or smaller companies to which a higher investment risk is usually attached than is attached to larger or more established companies admitted to the official list of the United Kingdom Listing Authority.
- 5.4 Please note:
  - 5.4.1 We may enter into transactions on your behalf in investments that are not readily realisable, namely investments in which the market is limited or could become so. They can be difficult to deal in or obtain reliable information about their value;
  - 5.4.2 certain investments may not have a regular dealing date, may only deal on certain dates or may have a minimum holding period; and
  - 5.4.3 We may execute transactions in penny shares, which has an additional risk of losing money. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them.
  - 5.4.4 Our dealing dates for this service will be monthly, with quarterly rebalancing.

# Appendix 7: Pershing Services Limited – Terms of Business

- 1 Relationship between you, us and Pershing Securities Limited**
- 1.1 To help us provide our services to you we have entered into an agreement with Pershing Securities Limited (**PSL**) under which PSL provides **clearing and settlement, safe custody** and other associated services to our clients (“the **PSL Agreement**”) in order to carry out the investment transactions we execute or arrange for our clients and to hold the related investments and cash. When we consider it necessary or desirable in connection with our services to you, we may agree with PSL that it will also provide other services, such as investment dealing services, under the PSL Agreement. The PSL agreement covers both us and you as one of our clients. Please note that any terms set out in bold in these terms of business are described further in the Glossary which is set out in Annex 1 to these terms of business.
- 1.2 PSL is a company registered in England, company number 2474912. Its registered office is at Royal Liver Building, Pier Head, Liverpool, Merseyside L3 1LL. PSL is authorised and regulated by the Financial Conduct Authority (“**FCA**”) which is located at 12 Endeavour Square, London E20 1JN. PSL is also a member of the London Stock Exchange (“**LSE**”).
- 1.3 So that you can understand your rights and obligations in relation to the PSL Agreement, the main terms of the PSL Agreement which affect you are summarised below. If you have any questions about the PSL Agreement or these terms of business you should contact us to discuss this as soon as possible, and before you accept the terms of business or instruct us to act for you. As with any agreement or contract, you should also take any independent legal, financial or other advice which you think you need before accepting these terms.
- 1.4 By accepting these terms of business, you agree that:
  - (a) we are authorised to enter into the PSL Agreement on your behalf, acting as your agent;
  - (b) accepting these terms means that there is a contract between you and us and also between you and PSL. As a result of that contract, you will be bound by both our terms of business and the PSL Agreement (as set out or summarised below);
  - (c) we may give instructions to PSL on your behalf as allowed by our terms of business and the PSL Agreement and may provide information about you to PSL. When PSL receives such instructions or information from us, PSL is entitled to rely on them without making any further checks or enquiries; and
  - (d) PSL is authorised to hold cash and investments on your behalf and can transfer such cash or investments from your account to meet your settlement or other obligations to PSL.
- 1.5 When you read these terms, it is important you understand that you will be a client or customer of ours, but you will also become a client of PSL for settlement and safe custody purposes.
- 1.6 We retain responsibility (including responsibility for complying with any related regulatory requirements) and PSL shall not have any responsibility for the following matters:
  - (a) our own operations;
  - (b) the opening of an account for you;
  - (c) the supervision and operation of your account for you;
  - (d) our ongoing relationship with you;
  - (e) making all necessary anti-money-laundering compliance checks;
  - (f) explaining to you the types of investments covered and any risks relating to investments, investment transactions or any investment strategy to be pursued on your behalf;
  - (g) accepting and executing orders for investment transactions, following your instructions or within the mandate given by you;

- (h) any required assessment of the suitability or appropriateness of transactions and investments for you or, where permitted and necessary, warning you of any possible inappropriateness of an investment;
  - (i) if required, providing any investment advice to you or taking investment management decisions on your behalf;
  - (j) reviewing your accounts for market abuse, insider trading and compliance with FCA Rules and any other applicable legal and regulatory requirements to which we or you may be subject; and
  - (k) giving instructions to PSL which are proper, accurate and in accordance with any instructions or mandate you give us.
- 1.7 It is important that you understand that PSL is not responsible to you for the matters for which we are responsible. In particular, PSL will not provide investment advice nor will it offer any opinion regarding the suitability or appropriateness for you of any particular transaction or order. When it provides settlement and clearing or safe custody services, executes transactions or provides other services to you, it does so relying on the instructions and information we provide and is only responsible for following those instructions.

## 2 Client Classification and the roles and obligations of people acting together or for one another

- 2.1 For the purposes of the rules of the Financial Conduct Authority (“**FCA Rules**”), you will be classified as either a retail client, professional client or an eligible counterparty. PSL will rely on information received from us in relation to your status and will adopt the same client classification for you. We will notify you in writing if there is any change to this position.
- 2.2 If you hold an account jointly or otherwise hold assets jointly, with any other person, then you and any such other person(s) shall have **joint and several liability** to PSL. Examples of situations where such **joint and several liability** may arise are as follows:
- (a) *Joint account holders:* As well as joint account holders being jointly and severally liable in the way described above, any payment or

accounting made by PSL to any one or more of those account holders will be treated as made to all of them.

- (b) *Trustees:* As well as the trustees of any trust being jointly and severally liable to PSL in the way described above, PSL will treat the trustees as its client and not any beneficiary of the trust. Any payment or accounting made by PSL to any one or more of the trustees will be treated as made to all of them.
- (c) *Partners:* If a partnership is PSL’s client then each partner will be personally, jointly and severally liable to PSL in the manner described above. Any payment or accounting made by PSL to any one or more of the partners will be treated as made to all of them.
- (d) *Agents:* If you are an agent acting on behalf of someone else (whether or not that person (the “Principal”), has been identified to PSL as the person for whom you act) you will be treated as PSL’s client under the FCA Rules and you will also be fully liable to PSL under these terms as if you were acting for yourself. You and your Principal will be jointly and severally liable in the manner described above.

## 3 Your Accounts with PSL

- 3.1 PSL will open and maintain accounts on its books in your name in order to provide its services to you. When PSL receives any cash and investments from you, or on your behalf, then it will record them in your accounts.
- 3.2 PSL will have the right at its absolute discretion (but subject to compliance with applicable law and regulation) to stop providing services under these terms and close any accounts it holds and maintains in your name which may occur, for example:
- (a) if PSL is obliged to stop providing services under any applicable law or regulation (such as anti-money laundering provisions);
  - (b) if PSL is not able to provide the services effectively or providing the services would materially adversely affect PSL’s operation;
  - (c) where you are in material breach of these terms or we are in material breach of the terms of the PSL Agreement;

- (d) if providing the services to you or to us in relation to your account will have a materially adverse effect on PSL's reputation; or
- (e) if your liabilities in relation to your account, and amounts owing by you to PSL, exceed or are likely to exceed the value of the cash and investments PSL holds for you.

We will notify you if PSL chooses to exercise this discretion and the reasons for its decision unless we or PSL are prevented from doing so by some legal or regulatory constraint.

- 3.3 You may at any time when there are no outstanding obligations owed by you to PSL, give notice in writing to us to stop receiving services from PSL and close your accounts with PSL.
- 3.4 If either you or PSL decide to close your accounts with PSL you will need to give instructions on the future custody of your investments so that PSL can transfer your money and investments (after deducting amounts owed to it) to your new custodian.

#### 4 Communication and Instructions

- 4.1 PSL will only accept instructions for your accounts from us and not directly from you.
- 4.2 PSL may rely on and act on any instructions which PSL in good faith believes were given by us or our representatives. Such instructions can only be cancelled or changed if we give written notice to PSL sufficiently in advance to enable PSL to prevent the processing of the instructions. If PSL seeks instructions from us and we do not respond within a reasonable time, then PSL may take such action as it considers appropriate on the relevant matter. PSL is not responsible or liable to you for any delays or inaccuracies in the transmission of instructions or other information (or any resulting action or failure to act) where that delay or inaccuracy is as a result of factors outside the reasonable control of PSL. This means that if the delay or inaccuracy is not PSL's fault, then you cannot obtain redress from PSL.
- 4.3 There may be circumstances where PSL refuses to accept any order or other instruction for your account. For example, PSL may do so for any of the reasons set out in paragraphs 3.2(a)-(e) above or where:
  - (a) the transactions falls outside the dealing criteria that PSL applies;
- (b) PSL cannot carry out the instruction because it cannot access a market; or
- (c) we or PSL do not have the necessary FCA permission to deal in a particular investment.

**We will inform you if PSL refuses to accept an instruction and the reasons for its decision unless we or PSL are prevented from doing so because of any legal or regulatory constraint.**

- 4.4 If you have any questions or concerns relating to your account with PSL, you should tell us and we will deal with PSL on your behalf. You should not contact PSL directly.
- 4.5 All communications whether written, spoken, electronic or in any other form between you, us and/or PSL shall be in English.

#### 5 Dealing

- 5.1 We have agreed with PSL that it is to execute transactions for your account when we transmit orders to it and also that, rather than you, we will be PSL's client for the purposes of the FCA Rules. In order for PSL to provide **dealing** services for your account, you need to ensure that:
  - (a) where you are buying investments, there is sufficient cash in your account; and
  - (b) where you are selling investments, documents of title or transfer forms that are required are delivered to PSL, in either case, prior to the execution of the transaction by PSL.
- 5.2 PSL will provide **dealing** or **execution** services on the following basis:
  - (a) execution by PSL will be subject to the FCA Rules and the rules of any investment exchange or other trading facility on which the transaction is executed;
  - (b) PSL will treat the instructions we give them as binding on you. Any express instruction from us to PSL on your behalf concerning order execution will override PSL's order execution policy and will remain binding on you;
  - (c) PSL will execute such orders in accordance with PSL's order execution policy as amended from time to time and provided to us;



- (d) PSL may combine your orders with orders for its other clients or PSL's own orders. PSL will only do this if it considers that it is unlikely to work to the overall disadvantage of you or any of its clients involved however it is possible that aggregating orders in this way may sometimes operate to your advantage and sometimes to your disadvantage by giving you a higher or lower price than might have been the case if your order had been placed individually; and
- (e) once PSL executes any transaction on your behalf, PSL will, unless you previously instructed us otherwise, send a contract note to you. It is very important that you check the detail of all contract notes you receive, and notify us (and not PSL directly) immediately if there is any error or if you have any question about them, because the contract note will be considered a conclusive and final record of any detail contained in it, unless we notify PSL of an error within 1 working day after receipt by you and in any event no later than the settlement date for the transaction concerned.

## 6 Settlement of Transactions

- 6.1 When transactions are undertaken on your behalf, they will be due for settlement in accordance with market requirements and the relevant contract note or advice. These settlement terms will vary dependent upon the market and securities dealt in. The contract note will specify the settlement date.

As stated above, it is your responsibility to ensure that PSL receives the necessary investments, documents or cash (as the case may be) in order for PSL to settle the transaction on your behalf. PSL must receive any cash in cleared funds in sufficient time prior to the settlement date in order that it can make the necessary payment.

- 6.2 You hereby undertake that any cash or investments held by or transferred to PSL by you will be free from any right of a third party to make claims against that money or those investments. In particular, it is your obligation to make sure that no other person will be entitled to:
- (a) security rights over them, such as a **mortgage** or a **charge**;
  - (b) any right to withhold or retain them, such as a **lien**;

- (c) any other rights to have any of the cash or investments paid or transferred to them or to prevent any transfer of such cash or investments from going ahead; or
- (d) any right to be paid all or any of the proceeds of a transaction;

so that settlement on your transaction can take place.

- 6.3 In order to settle transactions on your behalf, PSL will need to deal with the other party to the transaction (the "counterparty"). If a transaction has to be settled through a **CCP** or **CSD** the specific provisions set out in Annexes 2 and 3 shall apply.
- 6.4 You agree that you will not have any rights to cash or investments which are due to be received by you following a transaction until you have performed your own obligations in relation to that transaction and PSL has been able to settle that transaction on your behalf. Similarly, PSL has no obligation to account to you for any such cash or investments until you have performed your obligations and the transaction has been settled. Until that has happened, PSL is entitled, without giving you any further notice, to sell or otherwise dispose of any such investments and apply the proceeds or any cash it receives in relation to the transaction in order to discharge or reduce any of your obligations in relation to the transaction.
- 6.5 PSL is not obliged to credit any cash or investments it receives to your account until it has received them in irrevocable and unconditional settlement of the relevant transaction without the sender being able to reverse the settlement or require redelivery. If for any reason PSL does credit cash or investments to your account earlier than this and PSL reasonably considers that irrevocable and unconditional settlement is unlikely to take place then PSL will be entitled to reverse the entry and require you to give back or redeliver the cash or investments or their equivalent.
- 6.6 In some cases, transactions will be subject to **netting**. You agree, in respect of any transaction which is subject to **netting**, to discharging the settlement obligations on a net basis in accordance with the rules of the relevant **CCP, CSD** or agreement with the counterparty. You acknowledge that if net settlement takes place then PSL will only be obliged to account to you for any investments or cash in connection with the transaction on a net basis.



- 6.7 If a transaction is undertaken on your behalf on non-UK markets, the specific provisions set out in **Annex 3** shall apply.
- 6.8 Transactions executed on your behalf may settle in the books of a **CCP, CSD** or other body or custodian combined with transactions for the account of other clients of ours. If this happens then PSL will allocate between our clients the cash or investments received by it or on its behalf as a result of the settlements in accordance with the client trades we have notified to it. If PSL receives cash or investments for trades that were intended to settle at the same time (but which, for whatever reason, do not do so), then PSL will allocate that cash or investments received by it on the following basis:
- (a) in accordance with any priority for settlements determined by PSL prior to the transactions taking place;
  - (b) if transactions have the same priority, then the allocation will be in order of time, by reference to the intended settlement date of the transaction which we specified to PSL, so that the earliest in time will settle first in each case;
  - (c) where transactions have the same priority and intended settlement date, then the allocation will be by value so that the larger or largest trade by value (not by number of units or size) will be settled first in each case.
  - (d) where these allocations are necessary, they will also be subject to the operation of the relevant **CCP, CSD**, custodian or other entity. Such operations may include a **netting** rule or practice, automatic splitting of unsettled transactions or other automatic aggregation, splitting or allocation.
- 6.9 **Time shall be of the essence** with respect to any payment, delivery or other obligation of yours to PSL.
- ## 7 Client Money
- 7.1 Money held by PSL for your account, will be held in compliance with the FCA Client Asset Rules when these apply to the money. This means, amongst other things, that PSL will hold your money in a special designated client bank account which is an account kept separate from PSL's own funds.
- 7.2 When considering where that client bank account should be, PSL will exercise due skill, care and diligence and will periodically review the adequacy and appropriateness of any bank or credit institution where your money is deposited and of the arrangements for holding your money (such as which banks or credit institutions are used, the amount of client money deposited with the bank or credit institution and any use of fixed term deposits for client money). These requirements will not apply where your money is held with a central bank of a country. It is important to note that PSL is not responsible for any acts, omissions or default of a credit institution or bank chosen by it but only for taking care in its choice and monitoring.
- 7.3 When PSL holds your money in a client account it may be pooled with money belonging to other clients of PSL. Where funds are pooled in this way, you will not have a claim for the specific sum in a specific account. Your claim would be against the client money pool in general and if there is a deficiency in the pool you would share pro rata in that loss. Such a deficiency is likely to arise if a relevant bank or credit institution with which client money is deposited by PSL becomes insolvent or otherwise defaults on its obligations to pay out money when due.
- 7.4 If PSL holds money which is not immediately required to settle an investment transaction, such money will be deposited with a bank or credit institution, together with other clients' money. Money may earn interest at a rate determined by the relevant bank or credit institution. However, the amount of any interest on money that would be credited to your account and made available to you (subject to clauses 11 and 12.3), will be determined by us, and will be as notified by us to you from time to time. Any interest will be calculated on a daily basis and credited to your account every six months. We may decide not to credit your account if the amount of the interest falls below a threshold notified to you by us. Unless we notify you otherwise, you will be entitled to interest at the central bank base rate for Sterling, US Dollars, and the Euro, and the applicable local agent credit rate for other currencies, less a money management fee charged by PSL. PSL charges a fee for managing the balance on your account (the money management fee) and that fee will be applied to the balance on your account

and may be higher than any interest which would otherwise have been credited to your account in which case a charge in the form of debit interest may be charged for that balance as notified to you by us.

- 7.5 If we, or PSL, are unable to contact you (for example if you move and fail to update your address with us), so that we are unable to deliver money held for your account to you, or you fail to respond to our communications requesting any instructions from you concerning such money, with the result that any of your money held by PSL is unclaimed, PSL may transfer such money to a pooled client unclaimed money account subject always to PSL undertaking to make good any valid claim by you. The money held in the client unclaimed money account will be held by PSL in compliance with the FCA Rules.
- 7.6 Sometimes we or PSL will undertake a transaction for you which requires your money or investments to be passed to an **Relevant Party** in order to meet the obligations under that transaction or as **Margin** or **Collateral**. When a **Relevant Party** is involved then any money or investments passed to the **Relevant Party** may be at risk in the event of its insolvency. By accepting these terms, you acknowledge that this is the case.
- 7.7 Please refer to the provisions of Annex 3 which will apply if your money is held by a credit institution or bank outside the UK or EEA.
- 7.8 PSL may use a bank which is affiliated to PSL to hold client money on your behalf subject always to any specific FCA Rules concerning the use of such affiliated bank.
- 7.9 Money held by PSL in pooled client money accounts as set out in this clause 7, may (in part) be deposited (where permitted under FCA Rules) into a fixed term deposit. Money held in fixed term deposits cannot be withdrawn by PSL until the fixed term expires. This means that the part of the client money pool (as described in clause 7.3 above) which is held in fixed term deposits would not be available for immediate (or next day) withdrawal by you and the return of such client money would be delayed until the fixed term expires. In addition, PSL would not be able to move client money held in a fixed term deposit until the expiry of such fixed term and therefore would not be able to mitigate the risk of any default or insolvency of the relevant bank or

credit institution and the possible creation of a deficiency in the client money pool (resulting in a loss as described in clause 7.3) which may arise during such fixed term. By accepting these Terms of Business you acknowledge you are aware of and accept the risks set out in this clause 7.9.

## 8 Custody and administration of your investments

- 8.1 Subject to clause 8.2, where PSL holds investments for your account it will register those investments in the name of a **nominee company** controlled by PSL or by a member of PSL's group.
- 8.2 In some situations, for example where the rules of a particular market or **CSD** require, PSL will register your investments in the name of an **Eligible Custodian**. PSL will not usually register investments in your name but if it is required to do so, you shall remain responsible for the consequences of any such registration.
- 8.3 If your investments are held overseas the provisions of Annex 3 shall also apply.
- 8.4 When your investments (including any money held for your account) are held by a depository or an **Eligible Custodian**, such depository or **Eligible Custodian** may have rights against your investments, arising out of the operation of local law, local regulatory rules, or market practice which may include:
- (a) security rights over them including but not limited to a **mortgage** or **charge**;
  - (b) rights to withhold or retain them, such as by way of a **lien**;
  - (c) other rights to have the asset paid or transferred to them or to prevent a transaction involving such asset from going ahead; and/or
  - (d) rights to be paid any or all of the proceeds of a transaction involving the asset.

PSL has agreed with the **Eligible Custodians** that such rights as set out in this clause 8.4 are limited to those in respect of debts arising out of (i) properly incurred charges and liabilities arising from the safekeeping, administration and provision of services (including the settlement of transactions as set out in clause 6) with respect to the investments held by the **Eligible Custodian**; or (ii) arise under the rules of a **CSD**, **CCP** or local settlement system.

- 8.5 PSL shall keep a record of your entitlement to your investments in situations where PSL or an **Eligible Custodian** (or a **nominee company**) have registered or recorded your investment in a combined account or pooled in some other way with investments belonging to other clients of ourselves, of PSL or of the **Eligible Custodian**. In such a situation you should note the following effects and by accepting these Terms of Business you expressly acknowledge and accept these risks:
- (a) your individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register;
  - (b) In the course of settlement of transactions from the omnibus account (due to the nature of such holding and the operation of settlements into and from an omnibus account) circumstances could arise whereby your assets as held in the pool are used to satisfy the transaction of another client whose assets are also held in the omnibus account. You should note that Pershing has in place systems and controls to reduce the occurrence of such events and to mitigate the risk to you from such circumstances as required under FCA Rules;
  - (c) if there is an irreconcilable shortfall following any loss by or default of, PSL or the **Eligible Custodian** (or a **nominee company**) then you may not receive your full entitlement and may share in any shortfall on a pro rated basis with any other investors;
  - (d) sometimes PSL will receive investments or money on behalf of more than one client in connection with pooled holdings (for instance in a bonus or rights issue or takeover). In such circumstances PSL may, in accordance with FCA Rules, allocate such investments between clients on whatever basis it considers fair and reasonable in accordance with its allocation policy in force at the time;
  - (e) if a share issue or other corporate event favoured the small investor (as defined by the issuer making the issue or creating the corporate event) your actual allocation may be less than it would be if your investments were registered in your own name; and
  - (f) sometimes amounts or investments may arise which would not have arisen if the investments had been registered in your own name. You may not be entitled to any such additional amounts.
- 8.6 Any instructions you wish to give about the administration of investments held by PSL should be given to us in writing for us to send to PSL. We will not accept instructions from anyone but you and will not send instructions to other people on your behalf unless in either case you have previously provided us with a copy of a valid power of attorney authorising us, or the relevant person, to send such instructions.
- 8.7 PSL will inform us of any rights issues, takeover offers, capital reorganisations, conversion or subscription rights (collectively “corporate actions”) that affect or relate to investments held on your behalf by PSL or an **Eligible Custodian**. It will do so as soon as reasonably practicable after receiving notice of those events. We will, in turn, inform you.
- 8.8 You should contact us and not PSL if you need any advice in connection with any corporate actions. PSL is not responsible for taking decisions in relation to any corporate actions and will require instructions from you or us on matters such as:
- (a) exercising conversion and subscription rights;
  - (b) dealing with takeovers or other offers or capital reorganisations;
  - (c) exercising voting rights (where PSL exercises such rights on your behalf).
- 8.9 If any notification is given to you pursuant to clause 8.7 from PSL, you must ensure that you provide instructions to us, for onward transmission to PSL in sufficient time to ensure that PSL is able to act upon such instructions. The instructions given, their consequences, and the consequences of failing to give us instructions, will be entirely your responsibility. Neither we nor PSL is obliged to do more than give one notification on the relevant matter.
- 8.10 PSL will be responsible for claiming and receiving dividends, interest payments and other entitlements automatically arising in respect of the investments held for your account.

- 8.11 Sometimes PSL or an **Eligible Custodian** who is holding your investments may receive dividends, interest and other rights or payments after local withholding or similar taxes or other deductions are made from those sums. You accept that PSL or any **Eligible Custodian** may, if it is required to do so to comply with legal or regulatory requirements, withhold or deduct tax or other amounts from any such payments. Any costs PSL or an **Eligible Custodian** incurs when complying with these obligations may be deducted by PSL from your account. If you are eligible to reclaim any such withholdings or deductions then this will be your responsibility and not that of PSL or an **Eligible Custodian**, to do so.
- 8.12 PSL will arrange for you to receive safe custody statement showing the investments and cash balances it holds for you, reported on a trade date basis. The frequency of such statements is determined by FCA Rules. PSL may provide such statement to you via appropriate on line or electronic means and provided we or PSL notified you of the availability of such statement, it shall be your responsibility to access and review such statement.
- 8.13 In some circumstances PSL may refuse to hold any investment or investments for you. This may occur in any of the circumstances outlined in clause 3.2 of these terms or if the investment concerned is of a kind for which PSL does not have facilities, or arrangements with appropriate **Eligible Custodians**, to hold or if holding the investment would expose PSL to liabilities. We will notify you if PSL chooses to exercise this discretion unless legal or regulatory constraints prevent such disclosure.
- 8.14 PSL will not loan your investments or use them to raise finance.
- 9 Consequences of your default**
- 9.1 If you fail to pay cash or investments (as relevant) when due to meet any settlement obligations or if you otherwise fail to meet any of your other obligations to PSL then you should be aware that there will be certain consequences as a result of such failure, as further described in the remainder of this clause 9.
- 9.2 You will not have a right to title or interest in any cash or investments received for your account. PSL will have no obligation to deliver or account to you for any such cash or investments and PSL will be entitled to retain any such cash or investments until such time that you have met your obligations.
- 9.3 PSL may, without providing any advance notice, use any cash, or sell any securities, held or received for your account and use the proceeds (after deducting any costs in doing so) to eliminate or reduce any unpaid obligations owed to PSL. Any surplus remaining after discharging the obligations owed to PSL will be paid to you. If the cash and proceeds of disposals do not cover all the obligations owed to PSL, you will still owe PSL the balance.
- 9.4 PSL may, among other things, and without giving you further notice:
- (a) enter into any other transaction (including those with the effect of closing-out a position, or reversing or cancelling a transaction previously entered into);
  - (b) take or refrain from taking further action which it considers would, or could, reduce or eliminate any liability under any transaction undertaken for you. PSL may take similar action where it reasonably considers that you have not, or are unlikely to perform your obligations under these terms.
- 9.5 Where PSL exercises its rights to use your cash or dispose of your investments under clause 9.3 above, it will have no further obligation to you (and neither you nor we will have any right to require PSL to account to you, or to anyone else, for any investments or cash received when the relevant transaction is settled.
- 9.6 You agree that PSL may **set off** transfer or apply (without further notice to you) any obligations or monies owed by PSL to you in order to satisfy in whole or in part any debt or obligation or sum that is due from you to PSL. This applies even if the obligations are in different currencies and includes the payment of any fees or charges due to PSL and any amounts due under your indemnity obligations to ensure PSL does not lose money as a result of your default under these terms or the services it provides you with.
- 9.7 In exercising its rights under these terms PSL may convert currencies and carry out foreign exchange transactions with you or on your behalf at such rates and in a manner that PSL may in its discretion determine. In such circumstances, PSL shall be acting on its own behalf and not executing your orders. It shall therefore not be liable to you for the result obtained, nor for its choice of which investments are to be sold.

9.8 The provisions in this clause 9 will continue to apply even if we or PSL stop providing services to you, so long as any obligations for your account remain outstanding. They apply in addition to any other right PSL has, and they will not be affected by any failure by PSL or anyone else to fully enforce their contractual rights, whether as to payment, time, performance or otherwise.

## 10 Limits on PSL's Liability to you and Indemnities you give to PSL

10.1 The liability of PSL (and where relevant its directors, employees or agents) to you for any loss or damage which you suffer in connection with these terms shall be limited to circumstances where any such loss or damage has arisen directly as a result of negligence, fraud or wilful default or a breach of the FCA Rules by PSL or any associate of PSL (or where relevant, its directors, employees or agents). In any event, PSL will not be liable to you for any indirect or consequential losses (howsoever arising). PSL will also not be liable for any loss that is a loss of profit or for any losses that arise from any damage to your business or reputation.

10.2 This means that PSL will only be liable for losses that arise as a result of its negligence, fraud or wilful default and then only, for any losses which:

- (a) arise naturally from a breach by PSL of its obligations; and
- (b) which were reasonably foreseeable to PSL at the time these terms are entered into.

10.3 It is important that you understand that you are responsible for making sure that PSL does not suffer by reason of acting for you. You agree to make good and reimburse (indemnify) PSL and each of its directors and employees and agents ("**Indemnified Persons**"), after the deduction of any applicable taxes, for and against any liabilities, reasonable costs and expenses (including legal costs) and all duties and taxes (other than PSL's corporation tax) which are caused by;

- (a) PSL providing its services to you;
- (b) material breach by you of any of these terms;
- (c) default or failure by you to make a delivery of investments or payment when due; or

(d) any challenge to the validity of, or requirement for proof or ownership, or in respect of any fraud or forgery in relation to any investments delivered to PSL by you or on your behalf, or in relation to any document of transfer regarding such investments. This will include any electronic instruction or information, which appears to transfer such investments.

10.4 You will not be liable to indemnify PSL under this clause 10 and PSL will have no right or claim against you or us if any consequences to PSL are caused by its own negligence, wilful default, fraud or any breach of the FCA Rules.

10.5 PSL has no liability to you or us for failure to provide any of the services under these terms if that failure is caused wholly or partly by events beyond PSL's reasonable control. This includes (but is not limited to) any failure of communication, settlement, computer or accounting system or equipment, any failure or interruption in the supply of data, any political crisis or terrorist action, suspension or limitation of trading by any exchange or clearing house or any fire, pandemics, flood or other natural disaster. In any of these (or other similar) circumstances any or all of PSL's obligations will be suspended until the state of affairs giving rise to the failure of PSL is remedied.

10.6 The provisions in this clause 10 will continue to apply even if we or PSL stop providing services to you. They apply in addition to any other right of indemnity or claim of any Indemnified Person whether or not under these terms, and they will not be affected by any failure by PSL or anyone else to fully enforce their contractual rights, whether as to payment, time, performance or otherwise.

## 11 Charges

11.1 The fees and charges payable by you in relation to the services provided by PSL (in particular, the money management fee), and any taxes payable through PSL, will be set out in the fees and charges information provided to you by us from time to time. PSL can either pay these out of the assets and money it holds for you for your account or by way of set off as described at clause 9 above or require you to pay them directly to PSL or to PSL through us. You may also be liable for other taxes or charges which are not payable through PSL.



## 12 PSL's Conflicts of Interest

12.1 PSL, its associated group companies (associates) or nominees may provide services or enter transactions under these Terms in circumstances in which PSL or its associates have a material interest. This interest could be direct or indirect and PSL or its associates could also have a relationship with someone else, which may involve a conflict of interest or potential conflict of interest with you. Examples where such actual or potential conflicts may happen include situations where PSL or any of its associates:

- (a) is, or is acting on behalf of, the counterparty to a transaction that is executed by PSL (whether or not involving a fee or commission or increased or reduced price offered or received by PSL or its associates);
- (b) has a long or short position in the relevant investment; or
- (c) is otherwise connected to the issuer of the investment to which any instructions relate.

12.2 PSL may receive payments from fund managers if PSL provides services to those fund managers through the PSL Nexus Funds Trading Platform. Any payments of this kind are calculated by reference to the value of the assets that PSL holds in custody for its clients.

12.3 PSL may place money held for your account with a bank or other financial institution (in accordance with the FCA rules) and earn interest and retain some or all of that interest from that bank or financial institution.

12.4 A summary of PSL's conflicts policy (including further disclosure concerning the payments PSL may receive from fund managers) is published on PSL's website at [www.pershing.co.uk](http://www.pershing.co.uk) under the heading of "compliance disclosures" (a hard copy is available on request from us).

12.5 You acknowledge that neither PSL nor any of its associates is required to disclose or account to you for any profit made as a result of acting in any manner described above.

## 13 Data Protection and Confidentiality of Information

13.1 PSL may store, use or otherwise process personal information about you which is provided by you or us on your behalf. The purposes for which it can store, use or process such personal information are providing investment and other services under these Terms, administering

your account and other purposes closely related to those activities. This includes (but is not limited to) using information for the purposes for credit and anti-money laundering enquiries or assessments. In the United Kingdom PSL operates and has made all the appropriate notifications in accordance with applicable data protection legislation.

13.2 Any information that we and PSL hold about you is confidential to you and will only be used in connection with providing services under these Terms (as may be set out in more detail in PSL's published privacy policy as referred to in clause 17). Information of a confidential nature will be treated as such provided that such information is not already in the public domain. PSL will only disclose your information to third parties in the following circumstances:

- (a) If required by law or if requested by any regulatory authority or exchange having control or jurisdiction over you, us or PSL (or any associate of us or PSL);
- (b) to investigate or to prevent fraud, market abuse or other illegal activity;
- (c) in connection with the provision or services to you by us or PSL;
- (d) for purposes closely related to the provision of the services or the administration of your account including without limitation for the purposes of credit enquiries or assessments;
- (e) if it is in public interest to disclose such information; or
- (f) at your request or with your consent.

13.3 The restrictions on the use of confidential information described above are subject at all times to a general proviso that PSL may disclose your information to certain permitted third parties including members of its own group (associates) and its professional advisors (including accountants and lawyers) who are subject to confidentiality codes.

13.4 Neither we nor PSL will sell rent or trade your personal information to any third party for marketing purposes unless you give your express consent.

13.5 You should note that by signing or otherwise accepting these Terms you agree that PSL is allowed to send your information internationally including

to countries outside the EEA such as the United States of America. Some countries where your information is sent will offer different levels of protection in relation to personal information, not all of which will be as high as the UK. PSL will however, always take steps to ensure that your information is used by third parties only in accordance with PSL's policy.

- 13.6 You are entitled to a copy of any information PSL holds about you. In the first instance, you should direct any such requests to us and we will pass your request on to PSL. You should let us know if you think any information PSL holds about you is inaccurate and we will ask PSL to correct it.

## 14 Complaints

- 14.1 If you have a complaint you should notify our compliance officer in the first instance. If however, your complaint concerns an aspect of the service provided to you by PSL and you wish to copy your complaint to PSL directly copies should be sent to:

The Compliance Officer  
Pershing Securities Limited  
Royal Liver Building  
Pier Head  
Liverpool  
Merseyside  
L3 1LL

- 14.2 Where you make a complaint both we and PSL will endeavour to resolve your complaint as quickly as possible but in any event we will acknowledge receipt of your complaint within 3 business days. The acknowledgement sent will include a full copy of our or PSL's internal complaints handling procedure. We aim to resolve your complaint within 4 weeks of receipt. Where this is not possible we will contact you to explain why resolution will take longer than 4 weeks and indicate when we anticipate being able to resolve your complaint. Upon resolution of your complaint we or PSL will send you a final response letter, which sets out the nature of our response of any proposed resolution, and any appropriate remedy. If for any reason you are not satisfied with our or PSL's final response, or we have failed to resolve your complaint within 8 weeks of receipt, you may be entitled to refer your complaint to the Financial Ombudsman Service. A leaflet detailing the procedure is provided in our or PSL's final response.

## 15 Investor Compensation

- 15.1 PSL is covered by the UK's Financial Services Compensation Scheme ("FSCS"). Compensation may be available from the FSCS if PSL cannot meet its obligations to you. Your possible entitlement to compensation will depend upon the type of business and the circumstances of the claim. Most types of investment businesses are covered for £85,000 per person per firm. Further information about compensation arrangements is available from the FSCS, [www.fscs.org.uk](http://www.fscs.org.uk).

## 16 Amendment

- 16.1 PSL reserves the rights to alter these terms at any time. It will only do so after giving prior written notice to us in reasonable time for you to consider the impact of those changes, unless it is impractical in the circumstances to give such notice.

## 17 Provision of Information via a website

- 17.1 PSL may provide the following information to you via their website [www.pershing.co.uk](http://www.pershing.co.uk) (under the "disclosures" section). Such information may be amended from time to time by PSL:
- (a) General disclosures of information about PSL, its services and disclosures relating to such Services in general;
  - (b) Information concerning the safekeeping of investments and money held by PSL or any of its appointed **Eligible Custodians**;
  - (c) Information on costs and charges;
  - (d) Information relating PSL's order execution policy, order handling and conflicts of interest;
  - (e) PSL's privacy policy covering the processing of any personal data under the relevant data protection legislation; and
  - (f) Disclosures and policies containing general information in relation to the Services provided by PSL to you which PSL is required to publish or which is addressed to the generality of its clients (excluding amendments to these terms and conditions)

PROVIDED Always that such information provided via the website does not include any confidential information or personal data relating to you.



## 18 General

- 18.1 PSL's obligations to you are limited to those set out in these terms. PSL shall in particular not owe any wider duties of a fiduciary nature to you.
- 18.2 No third party shall be entitled to enforce these terms in any circumstances.
- 18.3 Any failure by PSL (whether on an ongoing basis or not) to insist upon strict compliance with any of these Terms is not deemed to amount to PSL giving up or waiving any of any of its rights or remedies under them. The rights and remedies conferred on PSL will be cumulative and the exercise or waiver of any part of them will not stop or inhibit the exercising by PSL of any other additional rights and remedies.
- 18.4 These terms are governed by English Law and you irrevocably agree to submit, for the benefit of PSL, to the non exclusive jurisdiction of the Courts of England.

# Annex 1: Glossary

<b>Business Days</b>	means any day on which the London Stock Exchange is open for trading.
<b>CCP</b>	<p>This stands for central counterparty, which is typically an institution that acts as an intermediary between two market participants. The seller of a security sells to the central counterparty. The central counterparty simultaneously sells to the buyer. This means that if one party defaults then the central counterparty will absorb the loss. This reduces the amount of counterparty risk that market participants are exposed to.</p> <p>Certain markets that PSL trades in on your behalf will involve a CCP and such transactions will be subject to the rules of the CCP.</p>
<b>Charge</b>	A charge does not involve a transfer of ownership but gives a degree of control to a third party over any dealing or disposal of the asset.
<b>Clearing and Settlement Services</b>	The process by which, once an investment has been bought or sold on your behalf, the money is transferred from the buyer to the seller and the investments or the title to the investments is transferred from the seller to the buyer.
<b>CSD</b>	<p>This stands for central securities depository which is a financial institution that custodies securities and provides securities settlement services to one or more markets.</p> <p>When settling a transaction on your behalf PSL may have to settle such transaction through a central securities depository or other securities settlement system and the transactions will be subject to the rules of the CSD.</p>
<b>Dealing or Execution Services</b>	The buying or selling of investments on your behalf.
<b>Eligible Custodian</b>	This refers to a third party custodian (or its <b>nominee company</b> ) who PSL selects under the FCA Rules to register your investments with.
<b>Joint and Several Liability</b>	If joint and several liability applies, the effect is that both you and the other person(s) separately promise to meet all obligations under these terms in respect of the account either (1) jointly with the other person(s); and (2) individually.
<b>Lien</b>	A Lien allows the person holding the asset to withhold or retain such asset pending the satisfaction of your obligations to them.
<b>Margin or Collateral</b>	This is where your money or investments are passed to a <b>Relevant Party</b> in order to provide security against the performance of obligations.
<b>Mortgage</b>	A mortgage transfers the ownership of an asset to a third party on the condition that it will be re-transferred on the discharge of the obligations owed to that third party.
<b>Netting</b>	Netting is the process under which PSL and/or the counterparty, <b>CCP, CSD</b> or other body concerned with settling a transaction are entitled to reduce their obligations to each other by setting off their obligations to deliver cash or securities to one another. This will give a single amount owing to one party from the other rather than a two-way payment. This single amount will then be paid or delivered to the relevant party.
<b>Nominee Company</b>	A nominee company is one which is used solely for holding investments separately and which does not carry on any other business.
<b>Relevant Party</b>	This includes (but is not limited to) an exchange, clearing house, intermediate broker, settlement agent or a counterparty dealt with directly (over the counter) outside of any exchange. The Relevant Party may be located in the UK or elsewhere.

<b>Safe Custody Services</b>	The safekeeping and administration of any investments held by PSL or its <b>nominee company</b> on your behalf.
<b>Set-Off</b>	This may arise where both you and PSL owe sums to each other. In such circumstances PSL may deduct any sums owed to it by you from any sums that are owed by PSL to you so as to either eliminate or reduce PSL's liability to you.
<b>Time shall be of the Essence</b>	The use of this term in relation to any payment, delivery or other obligation you have to PSL means that PSL shall be entitled to terminate these terms and, if appropriate, claim damages from you if you fail to perform your obligation in accordance with the time specified. It is intended to ensure that the relevant deadlines are strictly complied with.

# Annex 2:

## CCP and CSD Transactions

### 1 Settlement of CCP and CSD Transactions

1.1 In order to settle transactions on your behalf, PSL will need to deal with the other party to the transaction (the “counterparty”) and sometimes transactions will be settled through a central counterparty (“**CCP**”) or a central securities depository or other securities settlement system (**CSD**) or other depository transfer agent or similar body. When PSL deals with these parties, it does so as your agent, in good faith and on the basis that:

- (a) PSL is not responsible for any default or failure of the **CCP**, **CSD** or other counterparty or of any depository or agent of those entities; and
- (b) the delivery of any securities or payment to you as a result of the transaction is entirely your risk and not that of PSL.

1.2 In some cases, transactions will be subject to **netting**. You agree, in respect of any transaction which is subject to **netting**, to discharging the settlement obligations on a net basis in accordance with the rules of the relevant **CCP** or **CSD**. You acknowledge that if net settlement takes place then PSL will only be obliged to account to you for any investments or cash in connection with the transaction on a net basis.

1.3 We and you acknowledge and agree that:

- (a) PSL does not owe any duty to us, you or any other person to verify the appropriateness, adequacy or effectiveness of the rules, requirements and procedures of any market or **CCP**; or in relation to any exercise or non-exercise by the market or the **CCP** of its rights or powers under such rules, requirements and procedures; and

- (b) PSL shall have no liability for any loss or damage suffered or incurred by us or you by reason of PSL taking or failing to take any action, where such action or failure to take action is authorised, permitted or required by a market or a **CCP** or is otherwise deemed necessary by PSL under the rules, requirements and procedures of the market or the **CCP**.

### 2 Limits on PSL’s Liability to you and Indemnities you give to PSL

If any net settlement takes place then PSL’s only obligation to account to you will be to account for the net investments and/or cash received by it from any relevant **CCP**, **CSD**, or their respective agents, corresponding to the transactions relevant to the net settlement entered into on your behalf. In addition you agree that PSL shall have no liability to you in connection with the exercise by any **CCP**, **CSD**, or their respective agents of their powers under any Power of Attorney or equivalent right or power in respect of any settlement account operated by or on behalf of PSL in connection with the settlement of any transaction.

# Annex 3:

## Overseas Investments

### 1 Settlement of Transactions

If a transaction is undertaken on your behalf on non-UK markets, it will be subject to the rules of the relevant overseas exchange, clearing system and/or depository and to any terms of any foreign agent or custodian employed by PSL. These rules and terms may include, but are not limited to, such persons having the right to reverse a transaction (including reversing the delivery or re-delivery of any investment and any payment) even after it has been settled. In view of the number of markets and counterparties which may be used it is not possible to outline all of the potential rules and obligations that may apply in such cases.

### 2 Client Money

If your money is held by a credit institution or bank outside the UK or EEA or your money or investments are passed to a third party then it is important you understand that the legal and regulatory regime applying to that credit institution, bank or other third party will be different from that of the United Kingdom or the EEA. This means, amongst other things, that the rights and protections you have under the FCA Rules will not be available in respect of those banks or credit institutions or third parties. Other rules and regulations may apply to them under local law but your rights and obligations are likely to differ, particularly if such party is in default

### 3 Custody and administration of your investments

- 3.1 Whether or not they are registered or recorded in the name of PSL, or an **Eligible Custodian**, investments belonging to you which are held abroad may be subject to different settlement, legal and regulatory requirements from those applying in the UK or the EEA. Your rights may therefore also differ. In particular, such investments, by their nature may require, in order to effect settlement of your transaction, that the investment is held in a country that may not impose specific regulation covering the safekeeping of investments. Subject to PSL, satisfying itself that the arrangements for the holding of your

investment in such market by the **Eligible Custodian** it appointed are adequate (based on the due diligence referred to in clause 3.2 of this Annex 3), PSL will deposit such investment with such **Eligible Custodian** notwithstanding the risks outlined in this Annex 3.

- 3.2 PSL will exercise due skill, care and diligence in the selection, appointment and periodic review of any **Eligible Custodian** it appoints (including the regulatory rules applicable to such **Eligible Custodian**) and the arrangements for the holding and safekeeping of your investments. It is important that you understand PSL is not responsible for anything done or not done, or any default of an **Eligible Custodian** unless that default is caused by the negligence, fraud or wilful default on the part of PSL or any of its nominee companies. Although PSL will seek to make sure that adequate arrangements are made to look after your ownership rights in any investments (especially in the event of its own insolvency) you should understand that your investments may be at risk if an **Eligible Custodian** becomes insolvent.
- 3.3 Overseas investments may be registered or recorded in the name of PSL or in the name of an **Eligible Custodian**. Your acceptance of these terms indicates your consent to the possibility of registration in such manner. However any such registration in one of these ways will only be done after PSL has taken reasonable steps to determine that it is in your best interests to do so or that it is not feasible to do otherwise because of the nature of the applicable law and market practice in the jurisdiction where the transaction occurs. Registration in this way means that your investments may not be kept separate from other investments belonging to PSL or the relevant **Eligible Custodian**. Your protection may therefore be less, as if the person in whose name your investment is recorded defaults on its obligations, your investment may not be separately identifiable as yours. Accordingly it may be subject to other third party claims including claims by the general creditors of the defaulting person.

# Annex 4:

## Additional Clauses

### Agent as Client

If you are an agent acting on behalf of someone else (whether or not that person (the “Principal”), has been identified to PSL as the person for whom you act) you will be treated as PSL’s client under the FCA Rules and you will also be fully liable to PSL under these terms as if you were acting for yourself. You and your Principal will be jointly and severally liable in the manner described above. In addition, you represent warrant and undertake to us and PSL on a continuing basis that:

- You have full power and authority to instruct us on these terms;
- You have no reason to believe that any such underlying client will not be able to meet any settlement or other payment obligation under these terms;
- At the time you instruct us to undertake a transaction for such underlying client there are sufficient funds or assets under your authority to permit settlement and you will not subsequently execute transactions which could result in insufficient funds or assets being available;
- To your knowledge any transaction undertaken for any such underlying client will be its valid and binding obligation enforceable against it in accordance with its terms subject to bankruptcy and other applicable laws;
- You have no reason to consider that any such underlying client is or is likely to become insolvent;
- You have obtained and recorded evidence of the identity of any such underlying client or any underlying principal of such person in accordance with applicable laws and regulations (including without limitation anti money laundering regulations); and
- You will provide to us and PSL such information and written confirmations in relation to any such underlying client as we or PSL reasonably require to comply with all applicable laws and regulations.

### Trustee as Client

Where you are acting as a Trustee on behalf a trust (the “Trust”), as well as being jointly and severally liable to PSL in the way described above, PSL will treat the trustees as its client and not any beneficiary of the Trust. We shall warrant to PSL that::

- We will only cause PSL to be obliged to settle any transaction where we have full management control and full authority to instruct use of sufficient of the assets or cash of the Trust to meet any obligation incurred by PSL on behalf of the Trust and that we have full authority to direct the custodian, if any, of the underlying customer’s assets and cash to meet any obligations so incurred and that we have sufficient authority and consents to perform our obligations under these terms.
- We are not aware of any reason why the cash or assets of the Trust which are the subject of our management (as described above) could not be used to meet such obligations.
- We will not effect any transaction for the account of the Trust if we have any reason to believe that the Trustees of the Trust will not be willing or able to meet their obligations in respect of such transaction and will notify PSL as soon as reasonably practicable if we have any reason to believe that the Trustees will not be willing or able to meet their obligations in respect of any transaction; and
- We believe on reasonable enquiry and on reasonable ground that the Trustees of the Trust will have all requisite power and legal capacity to enter into any such transaction and to perform their obligations under these terms.

In your capacity as Trustees of the Trust you acknowledge and agree with PSL that:

- You will supply us with all relevant information of which you are aware in relation to the matters covered by our above warranties and you will not do anything to cause us to be in breach of our obligations as set out above;
- Any payment or accounting made by PSL to any one or more of the trustees will be treated as made to all of them;

- If you (or where you are more than one person any of you) become aware that any warranty given to PSL above has become untrue you will notify PSL and us in writing as soon as reasonably practicable on becoming so aware; and
- Your aggregate liability to us PSL and any other person under these terms shall be limited to the net value of the asset from time to time under your control in your capacity as the Trustees of the Trust save that this limitation shall not apply in respect of any liability to PSL for any breach of your obligations to PSL under this sub-clause.



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