

**first direct**

**first direct shares service  
Terms and Conditions**

**These terms are effective for all first direct shares  
service customers on and from 6 April 2017**

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## How to contact us

If you have any questions or need to contact us, you can phone or write to us by post or through Secure e-message.

### Telephone

Call us on **03 456 100 105**

(Please dial +44 113 234 5678 from abroad).

or by Text-phone **03 456 08 88 77**.

Our opening hours are:

Monday to Friday: 7.30am - 5.00pm

Saturday: 8.00am - 12.00pm

Sunday/Bank Holidays: CLOSED

### Post

You can post queries, comments and suggestions to us at:

#### first direct

40 Wakefield Road

Leeds

LS98 1FD

Transfer requests should be posted to:

Stockbroker Services

PO Box 716

Forum 1

The Forum

Parkway

Whiteley

Fareham

PO14 9QD

Please note: always send valuable documents to us, such as share certificates, by recorded delivery.

### Online

You can contact us by accessing your Portfolio on the website via Internet Banking using your user ID, password and providing other security information. When you have logged on and accessed the website, you can send a Secure e-message to us.

## Contacting You Personally

In these Terms, when we say that we will “**Contact You Personally**”, we may do this by post, telephone (including mobile phone), e-mail, mobile messaging, Secure e-message, a message on your Statement, or in any other way that will be sent to you individually.

## Introduction

The **first direct** shares service is an execution-only sharedealing and investment service provided by **first direct**.

This document (referred to as the “shares service Terms”) is part of a wider agreement between you and us in relation to the **first direct** shares service. That agreement consists of:

- the shares services Terms;
- the “Additional Conditions” comprising:
  - the **first direct** shares Key Features Document;
  - all charges that apply to the Portfolio which are covered in the Rates and Fees Page applicable to Portfolios (you will be given this as part of the Key Features Document when you take out the Portfolio with us and you can also find details of charges by telephoning us or by looking on the website); and
  - the **first direct** Account Terms and Conditions that apply to your use of our Internet Banking service to access the website and to the use of our telephone service in connection with your Portfolio and any other terms and conditions that apply to the banking services we provide to you; and
- any Supplemental Terms.

The shares service Terms and the Additional Conditions are together the “Terms”. If any Additional Conditions contradict the shares service Terms, then the Additional Conditions will apply.

## Execution-only service

We are not able to advise you on your Investment dealings. The **first direct** shares service is an execution-only service. This means that we execute the Investment dealings you ask us to and we do not provide you with any advice or personal recommendations. You are solely responsible for your own Investment dealings when using the **first direct** shares service. We are not required to assess the suitability of the **first direct** shares service for you and the protection afforded by the FCA on assessing suitability does not apply to the **first direct** shares service. As a result, before deciding to deal in an Investment we suggest you consider whether you need to take independent financial advice on the particular Investment dealing and, where you think it is appropriate to do so, seek and act on that advice.

In the Terms:

**Account Fee** means the account fee as set out in the Rates and Fees Page which applies to each Investment Account (other than an Investment Account designated by us as a dormant Investment Account in accordance with clause 18.2 of Section 2;

**Additional Conditions** means (i) the Key Features Document; (ii) all charges that apply to the Portfolio which are covered in the Rates and Fees Page; (iii) our Personal Internet Banking ('PIB') Terms and Conditions; and (iv) the terms and conditions that apply to the banking and internet services we provide to you;

**Administration Office** means **first direct**, 40 Wakefield Road, Leeds, LS98 1FD or such other address notified to you from time to time;

**Agreement(s)** means the Terms, any Supplemental Terms which we will communicate to you before we provide a product or service to you and the Application signed by you;

**Application(s)** means the document and/or any other electronic registration process that we may require you to complete to open a Portfolio with us;

**Associate(s)** means any holding company of ours or a subsidiary of any such holding company as such terms are defined in sections 1159 and 1260 of the Companies Act 2006 as amended or replaced from time to time;

**Authorities** includes any judicial, administrative, public or regulatory body, any government, any Tax Authority, securities or futures exchange, court, central bank or law enforcement body, or any of their agents with jurisdiction over any part of the HSBC Group;

**Best Execution Disclosure Statement** means the disclosure statement in Annex 3 which sets out how we will deliver the Best Possible Result when executing Client Orders;

**Best Possible Result** means achieving the best possible result for orders, taking into account the factors set out in Annex 3 - Best Execution Statement;

**Business Day(s)** means Monday to Friday, except for bank holidays;

**Cleared Funds** means the amount of funds standing to the credit of the relevant account after deducting any sums due in settlement of payments of which we have notice or any sums that have been credited to your accounts (such as a cheque payment) which has not yet cleared (excluding payments in connection with a trade in investments which we have executed with or for you but not yet settled);

**Clearing System(s)** means CREST, DTC or any other market clearance facility, settlement system, centralised securities depository or similar facility, system or depository;

**Client Order(s)** means an Instruction received and accepted by us to buy or sell a Financial Instrument;

**Communications** means all communications between us and you by post or Secure e-message including the sending of contract notes;

**Compliance Obligations** means obligations of the HSBC Group to comply with: (a) Laws or international guidance and internal policies or procedures, (b) any demand from Authorities or reporting, disclosure or other obligations under Laws, and (c) Laws requiring us to verify the identity of our customers;

**Connected Person** means a natural person or legal entity (other than you) whose information (including Personal Data or Tax Information) you provide, or which is provided on your behalf, to any member of the HSBC Group or which is otherwise received by any member of the HSBC Group in connection with the provision of the Services. A Connected Person may include, but is not limited to, any guarantor, a director or officer of a company, partners or members of a partnership, any Substantial Owner, Controlling Person, or beneficial owner, trustee, settlor or protector of a trust, account holder of a designated account, payee of a designated payment, your representative, agent or nominee, or any other persons or entities with whom you have a relationship that is relevant to your relationship with the HSBC Group;

**Consolidated Tax Certificate** means a document detailing the total income and or interest received on your investments held in your Portfolio during a tax year together with details of the tax deducted at source;

**Controlling Persons** means individuals who exercise control over an entity. For a trust, these are the settlor, the trustees, the protector, the beneficiaries or class of beneficiaries, and anybody else who exercises ultimate effective control over the trust, and for entities other than a trust, these are persons in equivalent or similar positions of control;

**Crown Employee(s)** means non-UK residents working overseas and paid by the UK Government categorized as Crown employees, including diplomats or members of the armed forces, and the spouse or civil partner of such Crown employee;

**Customer Information** means any Personal Data, confidential information, and/or Tax Information relating to you or a Connected Person;

**Customer Service Centre** means our service centre which handles all telephone calls and Secure e-message enquiries for services and products offered under the Agreement;

**Default** means where you do not have sufficient cleared funds in your Qualifying **first direct** Account to meet the costs of any settled Trades (including any associated charges and/or any outstanding Account Fees) and you do not reimburse us in full by end of the Business Day following the day on which the Trade was made or the day the Account Fee was due;

**Execution Policy** means our internal policy setting out how we will deliver the Best Possible Result when executing Client Orders;

**Execution Venue** means a trading venue that HSBC Global Banking and Markets believe offers the best prospects for us to obtain the Best Possible Result on a consistent basis;

**Failed Trade** means the event that takes place when we go into the market to buy an Investment for you but, because we can't source the Investment in the market (for whatever reason), we are restricted to using our reasonable endeavours to obtain the Investment for you from other sources;

**FCA** means the Financial Conduct Authority, an independent body that regulates the financial services industry in the United Kingdom, or any successor regulatory body;

**FCA rules** means the Handbook published by the FCA (or such other replacement rules as may be published from time to time by the FCA);

**Financial Crime** means money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, and/or any acts or attempts to circumvent or violate any Laws relating to these matters.

**Financial Crime Risk Management Activity** is defined in clause 14.8 of Section 1 below;

**Financial Instrument(s)** means those financial instruments (e.g. equities, bonds, OEICs and unit trusts) that fall within the scope of the Markets in Financial Instruments Directive (2004/39/EC) and are subject to a best execution obligation under the FCA rules;

**first direct** means **first direct** a division of HSBC Bank plc;

**first direct shares service** means the execution-only sharedealing and investment service and all associated Services offered by **first direct** to you in accordance with the Agreement;

**Force Majeure** means any abnormal and unforeseeable circumstances beyond our control, the consequences of which would have been unavoidable despite all efforts to the contrary;

**Foreign Currency Instrument** means an option, forward, swap, forward sale agreement or any other derivative relating to currencies;

**Fund Business Day** means a day upon which the Funds deal in Fund Shares;

**Fund Dealing Hours** means the hours during which Fund Shares may be bought or sold in the Funds;

**Fund Shares** means units or shares in the Funds;

**Funds** means the range of individual unit trusts or OEICs offered by us from time to time;

**HSBC Global Banking and Markets** means a division of HSBC Bank plc, carrying out the global markets business (or such other division of HSBC Bank plc as may supersede it from time to time);

**HSBC Group** means collectively and individually, HSBC Holdings plc, its affiliates, subsidiaries, associated entities and any of their branches and offices and "any member of the HSBC Group" has the same meaning;

**Instruction(s)** is any request or instruction to us from you given via the website, telephone, or in writing including instructions to effect Trades which are conducted through the **first direct** shares service by use of your Security Details;

**Internet Banking** means our internet banking service;

**Investment Account** means an account in which your Investments will be held;

**Investment Exchange** means any exchange defined as a Recognised Investment Exchange in the FCA rules;

**Investments** means the investments that we allow you to buy and/or sell using the Service, including all (i) freely transferable equity and debt securities listed on the UK exchange which are listed on the relevant page of our website or as notified to you from time to time, (ii) Fund Shares, and (iii) investment products linked to an index; which are listed in the relevant page of our website or as notified to you from time to time; but excludes derivatives and Foreign Currency Instruments;

**ISA** means an Individual Savings Account;

**Laws** include any local or foreign law, regulation, judgment or court order, voluntary code, sanctions regime, agreement between any member of the HSBC Group and an Authority, or agreement or treaty between Authorities and applicable to us or a member of the HSBC Group;

**Limit Order(s)** means a Client Order to buy or sell a specified Financial Instrument at a fixed price or better;

**Linked Supplier(s)** means a company which provides additional benefits or services to you under an arrangement with us;

**Market Data** means all securities prices, quotations, news (both financial and non-financial), company information and other information and facilities provided via the website or Customer Service Centre by Market Data Providers;

**Market Data Providers** means various third party sources, who provide Market Data via our website, including, but not limited to the New York Stock Exchange, Inc., American Stock Exchange, Deutsche Börse, NASDAQ Stock Market, Inc., Dow Jones & Company, Inc., London Stock Exchange, FTSE100 International Limited, Nikkei, other exchanges, their affiliates and agents, third party Market Data Providers and members of the HSBC Group;

**Multilateral Trading Facility** means a computer system through which multiple parties can buy and sell certain types of Financial Instrument;

**Normal Market Hours** means, in respect of an Investment Exchange and a day on which it is open for trading, the hours between which it is open for trading, details of which can be found on the website;

**OEIC** means an open ended investment company;

**Operator(s)** means the person responsible for the management of the property held for or within a Fund which, for an authorised unit trust, will be the manager and for an OEIC will be the company or its authorised corporate director;

**Personal Data** means any information relating to an individual from which they can be identified;

**Personal Information** means all the information you give to us or our HSBC Group and to Linked Suppliers or which we obtain about you personally in connection with the Agreement and account(s) you have with us;

**Portfolio** means the **first direct** shares service account offered by us which must comprise a Settlement Account and an Investment Account and may also include such other accounts and/or products as we may offer you from time to time, such as capital protected products and tax efficient products, for example ISAs;

**Qualifying first direct Account** means personal **first direct** current account in your name (including a joint account which you hold with someone else) as nominated by you in your Application or such other personal **first direct** current account as may be nominated by you from time to time;

**Quoted Market Size** means the number of shares a market maker will deal in at their advised prices;

**Rates and Fees Page** means the page on the website or in paper format as amended and notified to you from time to time which displays all our current fees for the provision of the **first direct** shares service as well as details of certain levy and tax rates set by external bodies (over which we have no control);

**Regulated Market** means the computer systems of an authorised market through which multiple parties can buy and sell the types of Financial Instrument which are admitted to trading under the rules of the market;

**Retail Client** means a customer who we have categorised as a Retail Client for the purposes of the FCA rules;

**Secure e-message** means a Secure e-message sent via the website relating to the **first direct** shares service;

**Security Details** means the information which enables us to authenticate your identity including your user ID, passwords or other details including those which allow you to use our Internet Banking service to access the website and to use our telephone service;

**Services** means all services provided to you in connection with your Portfolio and these Terms and includes (a) the provision of online research tools, (b) market data, (c) access to UK securities & gilt trading, (d) a secure online trading platform, linked to your Nominated Account, (e) safe custody of your portfolio & cash, (f) the administration of all corporate actions and dividend payments on your behalf, (g) a UK based call centre with knowledgeable and helpful staff;

**Settlement Account** means a sterling account held by us into which the proceeds of your Investments settle and into which proceeds of any dividends are paid;

**Settlement Date** means in relation to a sale transaction, the date the proceeds of sale are credited to your Settlement Account (which in the case of the sale of equity Investments will be two Business Days after the date of the Trade (T+2)) and in relation to a purchase transaction, the date the purchase monies are debited from your Settlement Account;



**Settlement Period** means the period of time between the date your trade executes and the Settlement Date. This period is agreed prior to the trade executing and is normally quoted as T+1, T+2, T+3 etc. The buyer must make payment, and the seller must deliver stock within this settlement period;

**Sharegift** means the share donation charity known as Sharegift located at 17 Carlton House Terrace, London SW1Y 5AH;

**Statements** means the pages on the website and any Communications listing the cash and Investments in your Portfolio and relevant transactions;

**Substantial Owners** means any individuals entitled to more than 10% of the profits of or with an interest in more than 10% of an entity either directly or indirectly;

**Supplemental Terms** means the various supplemental terms and conditions applicable to capital protected products, ISAs, or any other product or service that we may offer you from time to time which constitute part of the Agreement;

**Tax Authorities** means UK or foreign tax, revenue or monetary authorities (for example, HMRC);

**Tax Information** means documentation or information about your tax status and the tax status of any owner, Controlling Person, Substantial Owner or beneficial owner;

**Trade(s)** means the purchase or sale by you of an Investment;

**Trading Limit** means a financial limit (which we determine) on the amount you can trade up to on your Portfolio for all Trades placed and yet to settle;

**we, us, and our** means **first direct**;

**Web-Based Account** means a Portfolio in respect of which the Portfolio holder is able to issue Instructions and access Portfolio balances via the website;

**website** means the location within **firstdirect.com** accessed via Internet Banking and from which you can access the **first direct** shares service and give us Instructions in respect of your Portfolio;

**you** and **your** means the person who signed the Application or, if more than one person signed, one or both of them, including any joint Portfolio holder;

The Portfolio is provided to you for your personal use only and is not intended to be used for professional or business purposes. You will be categorised as a Retail Client in relation to your Portfolio and your use of the Portfolio. If you are acting as agent for someone else, we will treat you alone as our customer for the purposes of FCA rules and you will be liable, in addition to that person, in respect of any Trades entered into. No third party will have any rights under the Terms.

**Please read the Terms and keep them in a safe place. You can ask for a copy of the Terms at any time.**

**Your use of the Portfolio is subject to you complying with these Terms.**

## **Channel Island and Isle of Man customers only**

References to the Channel Islands mean Jersey and Guernsey (including Alderney and Sark). The telephone service is currently only available to some Channel Islands and Isle of Man customers. We would also draw your attention to the following sections for specific information relating to customers of the Channel Islands and the Isle of Man: 15 (Bankruptcy) and 13.10 (Probate).

**Please note that we no longer accept applications from persons resident in the Channel Islands or the Isle of Man. Any references to the Channel Islands or the Isle of Man in these Terms apply only to first direct customers resident in the Channel Islands or the Isle of Man who have opened an account prior to 8 September 2014.**

## Section 1 – shares service Terms – Operation of the Portfolio

This Section 1 describes how you open a Portfolio, the information you must provide to us when you place a Client Order and the different ways in which you can ask us to place a Client Order and important security information.

Section 1 also contains terms relating to joint Portfolios, Statements, fraud prevention and responsibilities, changes to the Terms, ending the Terms and closing your Portfolio.

### 1 Opening and Maintaining a Portfolio

- 1.1** You may apply to open a Portfolio by completing an Application on our website or through the website by logging on to Internet Banking or by telephoning our Customer Service Centre. A Portfolio may be opened in your sole name or be opened in joint names (please see clause 7 for more details).
- 1.2** To open and maintain a Portfolio you (and, in the case of a joint Portfolio, both joint Portfolio holders) must:
- be resident in the UK, or a UK Crown Employee or, if you opened an account prior to 8 September 2014, resident in the Channel Islands or Isle of Man;
  - hold a Qualifying **first direct** Account; and
  - be at least 18 years of age;
  - However, even if you satisfy these criteria, we do not have to accept your application. If you cease to satisfy these criteria and, in particular, if you move and become resident outside the UK, we may end the Service or place restrictions on your use of the Service.
- 1.3** We will open a Settlement Account and an Investment Account for you when your Application has been accepted and our account opening processes have been completed, together with such other accounts as you may have requested. We will confirm to you in writing when our processes are complete and whether your Application has been accepted or not. We will notify you of your Trading Limit upon account opening as described in 2.1 of Section 3.
- 1.4** We reserve the right to refuse to accept your Application to open or renew a Portfolio.

## 2 Telephone service

### 2.1 Making enquiries and placing Client Orders

When you want to telephone us to raise an enquiry or place a Client Order please ring **03 456 100 105** (Text-phone 03 456 08 88 77). Lines are open 7.30am - 5.00pm on Monday to Friday, 8.00am - 12.00pm on Saturday, excluding Bank Holidays. Please dial +44 113 234 5678 from abroad.

To ensure we carry out your Instructions accurately, to help us to continually improve our service and in the interest of security, we will record and may monitor and keep records of all conversations we have with you.

- 2.2** Our telephone service is available, provided that your identity can be verified, by speaking to a customer services representative or otherwise completing our security procedures.
- 2.3 Your Instructions**
- 2.3.1** You can instruct us to place orders through our telephone service (once you have completed our security procedures) by speaking to a customer service representative, who will take details of the Instructions and then confirm the details to you. You must confirm these details are correct before we place the Client Order. Your confirmation will be your agreement for us to place a Client Order.
- 2.3.2** On satisfactory completion of our security procedures, we can act on any Instructions given to us, even if these Instructions were not given by you or with your authority.
- 2.4** Our telephone service and/or our Internet Banking service may be temporarily unavailable if we have to carry out routine or emergency maintenance. We will try to inform you in advance but it may not always be possible to do so.

### 3 Important Security Information

- 3.1** You must use our telephone service, Internet Banking service and our website in accordance with the Terms and your **first direct** Account Terms and Conditions which apply to your use of our telephone service and/or Internet Banking service.
- 3.2** You must take all reasonable precautions to keep safe and prevent fraudulent use of any Security Details.
- 3.3** These precautions include but are not limited to all of the following, as applicable:

#### General

- never writing down your Security Details;
- not choosing Security Details that may be easy to guess;
- taking care to ensure that no one hears or sees your Security Details when you use them;
- keeping your Security Details unique to your accounts with **first direct**;
- not allowing anyone else to have or use your Security Details (including for our telephone service and Internet Banking service) and not disclosing them to anyone, including the police and us, except your Security Details when registering for or resetting your telephone service and your Internet Banking Security Details (but even then do not disclose in full);
- keeping information about your Portfolio containing personal details and your user ID (such as Statements) safe and disposing of them safely. People who commit fraud use many methods such as searching in dustbins to obtain this type of information. You should take simple precautions such as shredding paper containing such information;
- keeping your Security Details safe;
- telling us as soon as possible if you change address;
- telling us as soon as possible if you have forgotten your Security Details or you think that someone else is trying to use any of your accounts;
- telling us as soon as possible if you think your authentication details become known by another individual;
- if we give you software to help you to use the **first direct** shares service you must not change it or allow anyone else to use or copy it. You must carry out your own virus checks;
- you must tell us as soon as possible if you find any fault, failure, delay or error in your Portfolio, especially in the sending or receiving of Instructions. Our records of your Instructions will be conclusive unless there is a clear mistake;
- changing your Security Details immediately and telling us as soon as possible in accordance with clause 3.4 if you know, or even suspect, that someone else knows any of those details, or if we ask you to.

#### Telephone service

- when you call us, we will confirm your identity using our current security procedures. We will never ask you for more than two digits of your telephone banking password. We may not be able to assist you if we are unable to identify you as our customer using our security procedures;
- when you contact us by telephone please ensure that you take necessary security precautions and we recommend that you use either a landline or a digital mobile telephone. We are not responsible for the security of your Portfolio if anyone intercepts or overhears you speaking to us on the telephone.

## If using a Text-phone

- it is your responsibility to always clear your Text-phone's memory after every conversation with us;
- ensure that you tear out and destroy any printed record of your personal Security Details from any printer attached to your Text-phone;
- keep your Text-phone properly operational.

## website access

- keep your personal computer secure by using anti-virus and spyware software and a personal firewall;
- keep your passwords and other Security Details secret – we will never ask you for your Internet Banking security information in full;
- always access the website by typing in the bank address to your web browser, never go to an internet banking site from a link in an email and then enter personal details;
- never access the website from any computer connected to a local area network (LAN) (this is usually the case for computers you use at work) or any public internet access device or access point (e.g. at an internet café) without first making sure that no one else will be able to observe or copy your access or get access to the website by pretending to be you;
- never record any password or other Security Details on any software which retains it automatically (e.g. any computer screen prompts or 'save password' feature or the line on your internet browser);
- once you have logged on to the website, do not leave the device from which you have accessed it or let anyone else use that device until you have logged off;
- follow all security measures recommended by the manufacturer of the device you use to access the website, e.g. the use of personal identification numbers for mobile telephones with internet access.

**3.4** If any Security Details are lost or stolen, or you suspect that someone has used or tried to use them, you must tell us without delay by calling us on the number set out in the "How to contact us" section above.

**3.5** If asked, you must confirm in writing the loss or theft of your Security Details relating to the **first direct** shares service, the website, our Internet Banking service or our telephone service.

**3.6** We will ask you to co-operate with us and the police in relation to any investigation into the actual or suspected misuse of your Security Details and/or Portfolio. You must report any unauthorised transactions to the police within seven days of our request. We may also disclose information about you or your Portfolio to the police or other third parties if we think it will help prevent or recover losses.

## 4 When Trades will and will not be placed by us

**4.1** If we refuse to place a Trade you will normally be told when you give your Instructions, unless we suspect fraud - please see clauses 10 and 14.10 for details about our fraud prevention measures and what we do if we suspect fraud. In all cases, if you telephone us, we will tell you if a trade has been refused, the reasons for the refusal (if possible) and the procedure for correcting any factual errors that led to the refusal. This information will be available immediately after our refusal of your Instruction. We will normally not be able to provide you with details in any of these ways if it is unlawful for us to do so.

**4.2** We may refuse to accept a Trade, when your Trading Limit has been reached or has been or will be exceeded, as further described in Section 3, clause 2.

## **5 Charges for services and for enquiries about an Instruction**

- 5.1** We may charge you to place Trades and/or for the Services. The applicable charges, including the amount, frequency and basis for the fee, are set out in our Rates and Fees Page. We may make changes to the charges we apply to your Account (including introducing new charges or fees or making changes to the amount, rate or basis on which we charge) in accordance with clause 12.1.
- 5.1.1** By opening and maintaining a Portfolio, you authorise us to deduct any applicable Account Fees from your Qualifying **first direct** Account at the frequency set out in our Rates and Fees Page.
- 5.1.2** Each time you give us Instructions, you authorise us to deduct the costs of any purchases and any applicable charges from your Settlement Account and to debit from and credit to your Qualifying **first direct** Account the necessary funds to ensure that the balance of your Settlement Account is returned to nil at the close of each Business Day.
- 5.2** We may make a charge for any enquiries we receive in respect of an Instruction, whether made by you or another person. We will not charge you if we have made an error. We will advise you of the charge before we start investigations on your behalf.
- 5.3** You must also pay any applicable VAT, stamp duty, stamp duty reserve tax, other taxes and levies relevant to your Instructions to us.
- 5.4** We may share fees with our Associates and other third parties where they are fees which enable or are necessary for the provision of carrying out transactions on your behalf. Details of any such remuneration or charging arrangements will not be set out in the relevant contract note or confirmation note but will be made available to you if you contact us on **03 456 100 105**.
- 5.5** Certain additional fees will apply as set out in our Rates and Fees Page from time to time in the event that you do not comply with your obligations under these Terms.
- 5.6** On occasion we may benefit from non-financial incentives, such as corporate hospitality and training. We maintain strict policies to control how benefits of this type are managed to protect the interest of customers. Further information about these policies is available from us upon request.
- 5.7** Different charges will apply depending on whether you give us Instructions by telephone or through the website. These charges are set out on our Rates and Fees Page.

## **6 Transferring Investments into or out of your Portfolio**

- 6.1** You can transfer Investments into or out of your Portfolio by the methods notified to you on the website, in our Key Features Document, or by contacting us using the numbers set out in clause 2. There may be a charge for a transfer out of your Portfolio. Please see our Rates and Fees Page for details. Please be aware that we are unable to transfer joint holdings from other providers, or joint holdings held in certificated form, into a sole account with us.

## **7 Joint Portfolios**

- 7.1** You can apply to us for a Portfolio jointly with another person but we reserve the right to reject Applications. A joint Portfolio is limited to two joint Portfolio holders.
- 7.2** Unless this conflicts with another authority given in writing on the joint Portfolio, and until any one of you cancels this authority, you authorise us to:
- accept Instructions signed or given to us by any one of you to act on behalf of you both to buy or sell Investments;
  - accept Instructions from either of the joint Portfolio holders to vary the Terms on which your joint Portfolio is operated;
  - make information about the joint Portfolio available to the other joint Portfolio holder; and
  - accept Instructions signed or given to us by any one of you to act on behalf of you both in all other transactions with us, including providing any other facilities on your joint Portfolio in accordance with these shares service Terms, opening further accounts in your joint names and closing such accounts in your joint names. For such purposes, Instructions may be in writing or any other form we accept and may be given by any means or through any media we accept and on such Terms as we may tell you.

- 7.3** We will accept such authority until it is cancelled by either of you (unless otherwise agreed in writing) or treated by us as cancelled under clause 7.4.
- 7.4** If either of you tells us of a dispute between either of you, we may treat this as notice of cancellation of the authority set out at clause 7.2. If we do, any further transactions will need the authority of you both and the use of additional services such as access to the website may be suspended.
- 7.5** We will cancel or close a joint Portfolio other than as specified in clauses 7.3 and 7.4 only on the written Instructions of both joint Portfolio holders.
- 7.6** We may disclose to either of you any information we hold about the account(s) including historical Statement information.
- 7.7** Unless clause 7.4 above applies, in the event of the death of either of you, the survivor has authority to instruct us to pay them any credit balance and deliver to them any Investments held in the Portfolio. This is subject to any rights which we or a third party may have.
- 7.7.1** If we receive notice that at least one of you has become mentally incapable, we will treat this as notice of cancellation of the authority set out in clause 7.2. This means that we will only act on Investment dealing Instructions and/or make payments out of the Settlement Account that were authorised before we received notice until either an Attorney or Receiver is appointed to act for the person who is mentally incapable.
- 7.8** You agree that if either of you registers to use our Internet Banking service or any other banking service provided over an electronic channel which we may make available to you:
- 7.8.1** We may provide access for our Internet Banking service or such other service in respect of your joint Portfolio even if each of you has not registered access to the website or such other service;
- 7.8.2** You will be bound by **first direct** Account Terms and Conditions in connection with your use of the Internet Banking service and/ or the Terms of such other service (Terms are available on request or at **firstdirect.com**); and
- 7.8.3** We may follow any Instructions given to us in relation to your joint account by either of you, even if any joint account mandate requires the authority of both of you. This clause overrides the mandates.
- 7.9** In respect of Web-Based Accounts we will usually send any Statements, Communications or other material relating to the joint Portfolio, including contract notes, by Secure e-messaging only to the joint Portfolio holder who sent us the service request, or gave us the Instruction.
- 7.10** In respect of Portfolio holders who do not have a Web-Based Account, or if we send any Communications, Statements or other material relating to the joint holders of a Web-Based Account by post, we will usually send one copy addressed to both Portfolio holders to the address of the first joint Portfolio holder on our records.
- 7.11** Unless we agree otherwise, we will not send copies of Communications or other material to both joint Portfolio holders. The receipt of any Communication by one Portfolio holder will be deemed to have been received by both.
- 7.12** If you open a joint Portfolio you accept that you are both individually and together bound by these Terms and responsible for any money which may be due to us.
- 7.13** Please also see the joint Portfolio provisions in clause 7, clause 3 for using our telephone service, clause 8 for third party authority and clause 9 for statements.

## **8 Third party authority**

You can authorise another person to operate your Portfolio. You will need to sign a document called a **first direct** shares service third party mandate in respect of the Portfolio which you may request from us. On joint Portfolios, both of you must sign the third party mandate. You may also do this by signing a power of attorney but you should take legal advice before doing so. If you authorise another person to operate your Portfolio then you will be responsible for their actions or omissions as if they were your own.

## **9 Statements**

- 9.1** If you have a Web-Based Account, we will provide you with paper Statements for transactions on your Portfolio by post every six months. You will also be able to view your holdings and transactions for the previous 12 months online. You have the right to request that we provide you with a paper Statement every three months.
- 9.2** If you do not have a Web-Based Account we will send you a paper Statement for transactions on your Portfolio by post every three months.
- 9.3** Statements will show details of the transactions that have passed through your Settlement Account and the Investments you hold in your Investment Account. Trades may be shown as settled, even if the Investments or proceeds have not yet been delivered. Statements are subject to any future adjustments that may need to be made in respect of any failed Investment or proceeds deliveries. The basis on which Investments shown on Statements are valued by us will be their estimated value on the Business Day shown on the Statement based on information we receive from reputable published sources.
- 9.4** If you have a joint Portfolio we will send a Statement as set out in clauses 7.9 and 7.10.
- 9.5** If you ask, we will send you additional Statements, including paper copies of Statements sent to you electronically or copies of those previously supplied. We may charge for additional Statements. Details of the charges for providing additional Statements are set out in the Rates and Fees Page.

### **9.6 Balance information**

- 9.6.1** We may provide you with details of the balance on your Portfolio. This may include transactions that are in process and therefore may be subject to change. Balance information is subject to any future adjustments that may need to be made in respect of any failed Investment or proceeds deliveries. The basis of the Investments provided are estimated values on the Business Day of us providing you with the balance of your Portfolio.
- 9.6.2** Your Portfolio and the transactions passing through it may be affected by a court order, e.g. a court order that is obtained, for example, against you or your Portfolio. If so, the balance may change and transactions may not be processed or may be reversed.

## **10 Fraud prevention**

- 10.1** We carry out certain checks on transactions on your Portfolio as part of our fraud prevention measures. We may Contact You Personally to say there may be suspicious activity on your Portfolio, or we may leave a message to ask that you call us. If we ask, you must contact us as soon as possible.
- 10.2** We, or any other member of the HSBC Group, may take whatever action we consider appropriate to meet any obligations, either in the UK or elsewhere in the world, relating to the prevention of fraud, money laundering and terrorist activity and the provision of financial and other services to persons who may be subject to sanctions. This may include, but is not limited to, investigating and intercepting payments into and out of your Portfolio (particularly in the case of international transfers of funds) and investigating the source of or intended recipient of funds. It may also include making enquiries to establish whether a person is subject to sanctions. Exceptionally, this may delay the carrying out of your Instructions or the receipt of Cleared Funds but, where possible, we will advise you of the reasons for and likely length of any delay. If we are not satisfied that a payment in or out of your Portfolio is lawful, we may refuse to deal with it.
- 10.3** Neither we nor any other member of the HSBC Group shall be responsible to you or any third party for any loss incurred as a result of us or any other member of the HSBC Group taking the actions set out in clause 10.2. In addition, we shall not be responsible to you for any loss you may incur if we, or any of our agents or correspondents, are prevented from or delayed in providing you with any banking or other services due to a Force Majeure.

## **11 Responsibilities**

### **11.1 Unauthorised transactions**

You must read your Statements carefully on receipt or when they are available online. To help us prevent fraud, you must tell us immediately by calling us if you do not recognise any transaction shown on your Statement or if you think any Client Order has been executed incorrectly. If you do not tell us promptly (at the latest within 13 months of the date the transaction occurred), you may not be entitled to have any errors corrected.

### **11.2 Liability for unauthorised transactions**

- 11.2.1** Subject to clauses 11.2.2 to 11.2.5 (inclusive) of the General Terms, we will be responsible for any unauthorised transactions that you tell us about in accordance with clause 11.1 of the General Terms (if we suspect that you have been fraudulent or grossly negligent, we will investigate the transaction and will only be responsible if/when we have concluded that you have not been fraudulent or grossly negligent). Where we are responsible, we will immediately refund the amount of the unauthorised transaction and any resulting interest and charges. Subject to any applicable Laws we will have no further liability to you.
- 11.2.2** You will be responsible for all losses if you act fraudulently or if you allowed another person (who is not a properly appointed authorised third party) to use your Portfolio.
- 11.2.3** You will be responsible for all losses arising from unauthorised transactions on your Portfolio as a result of:
- you acting fraudulently;
  - you intentionally, or with gross negligence, failing to use our telephone service, Internet Banking service and/or the website in accordance with the Terms (including keeping safe your Security Details); or
  - you intentionally, or with gross negligence, failing to notify us in accordance with clause 3.4 of Section 1 of these Terms of the loss or theft of any Security Details.
- 11.2.4** Unless you have acted fraudulently, you will not be responsible for any losses in respect of an unauthorised transaction:
- after you have notified us of the loss or theft of your Security Details in accordance with clause 3.4 of the General Terms; or
  - if we have failed to provide the facilities we describe in clause 3.4 of Section 1 of these Terms for you to tell us if any Security Details have been lost or stolen.
- 11.2.5** We will not be responsible to you if we fail to comply with any of the Terms in Section 1 of these Terms:
- due to any Force Majeure; or
  - where our failure to comply is due to our obligations under European or national law.
- 11.2.6** Nothing in the Terms excludes or restricts any liability which we have to you under Laws or any liability for a matter that cannot be excluded or restricted by Laws.

### **11.3 Account Aggregation**

If you use an account aggregation service that is not provided by a member of the HSBC Group, you may be liable for any fraud or mistakes that occur on your accounts as a result of using the service. An account aggregation service allows you to see, on one web page, details of the online accounts you hold with financial institutions. The service may be provided by a financial institution (with whom you hold an account) or through a website not owned by a financial institution.



## **11.4 Suspension of our telephone service, Internet Banking service or the website**

- 11.4.1** We may, at any time, suspend your use of our telephone service, Internet Banking service and/or our website or otherwise limit or restrict your ability to give instructions or use the Services if we have reasonable grounds to suspect:
- the security of or the suspected unauthorised or fraudulent use of our telephone service, Internet Banking service or the website; or
  - a significantly increased risk that you will be unable to repay any overdraft on your Qualifying **first direct** Account.

We will normally give you advance notice by contacting you personally if we are going to suspend your use of our telephone service, Internet Banking service or the website.

- 11.4.2** If we are going to suspend your use of our telephone service, Internet Banking service or the website we will tell you why we are taking this action but we will not give you notice or details of the reason for the suspension if this would compromise our reasonable security measures or if it is unlawful to do so. We may occasionally suspend your use of our telephone service, Internet Banking service or the website without notifying you where we have been unable to Contact You Personally in advance. We may also suspend your use of our telephone service, Internet Banking service or the website due to national or European legal obligations that apply to us.
- 11.4.3** We may deduct the settlement amount of any purchase Trade and any related charges from your Settlement Account and any Account Fee that is due from your Qualifying **first direct** Account despite the fact that your use of Internet Banking service or our telephone service may be suspended at the time we make the deduction.
- 11.4.4** You can ask us to lift any suspension of your use of our telephone service, Internet Banking service or the website by calling us.

## **12 Changes to the Terms**

- 12.1** We may amend the Terms (including by the introduction of new charges or fees or making changes to the amount, rate or basis on which we calculate and/or charge) in the following ways:
- 12.1.1** if we reasonably consider that the change is favourable to you, by telling you about it within 30 days of the change; and
- 12.1.2** if the change is not favourable to you, by giving you at least 30 days' written notice before we make the change.
- 12.2** We may make any change to the Terms for all or any of the reasons set out in this clause 12.2 that apply, namely:
- 12.2.1** if the change is favourable to you; or
- 12.2.2** following, or in anticipation of, and to reflect a change in relevant Laws or to reflect a change in industry guidance or code of practice or good banking practice; or
- 12.2.3** to respond to the making of a recommendation, requirement or decision of any court, ombudsman, regulator or similar body; or
- 12.2.4** to reflect any change in the base rate that replaces it set by the Bank of England or by any bank that takes over responsibility for setting such a rate; or
- 12.2.5** to reflect any change or anticipated change in interest rates charged by other major banks or financial institutions in the UK; or
- 12.2.6** to reflect changes or anticipated changes in costs associated with changes in relevant market conditions, changes in technology, changes in the costs we pay others, changes in inflation and/or changes in accounts, services or facilities we provide; or

- 12.2.7** to make the Terms clearer; or
- 12.2.8** to respond to any changes in our systems and procedures, including any change arising from the reorganisation of our business as a result of it being acquired or by our acquiring another bank or organisation; or
- 12.2.9** to reflect the costs or consequences of any event beyond our control that may impact upon our provision of accounts, services or facilities to you; or
- 12.2.10** to respond to our internal policies on competitiveness, market share and/or the profitability of our business as a whole, where we are not acting dishonestly, for an improper purpose, in a manner which inappropriately discriminates against a particular customer or as an unreasonable financial institution would.

**12.3** Where we make a change under this clause 12, the change will be proportionate to the underlying reasons for the change and in accordance with the Laws.

**12.4** We may also make changes to the Terms (including introducing new charges or fees or changing the amount, rate or, or basis on which we charge) for any other valid reason that applies and is not described in this clause 12. We will always give you at least 30 days' prior written notice of such a change. Please note however that we will not notify you of any change in third parties' taxes or charges attributable to Investments the imposition and amount of which are outside our control.

Where we make a change under this clause 12, the change will be proportionate to the underlying reasons for the change and in accordance with the Laws.

**12.5** You may, without charge, close your Portfolio in accordance with clause 13 within 30 days of the date of any advance notice of a change we send you or, if longer, up to the date upon which the change is due to take effect. If you do not tell us that you want to close your Portfolio by this time, then you will be deemed to have accepted such a change and the change will take effect automatically.

## **13 Ending the shares service Terms and closing your Portfolio**

**13.1** You can close your Portfolio and thereby end the shares service contract with us at any time, by writing or telephoning us. However, please note you will not be able to cancel any transactions undertaken via the **first direct** shares service or which are in progress at the time of closure. Any transactions in progress at the time of closure will be completed as soon as possible and you will not be entitled to a refund for any associated fees. Whenever you close your Portfolio there may be charges for the transactions required to transfer your Investments out of your Portfolio, except where you close your Portfolio in accordance with clause 12.5. Please see our Rates and Fees Page for details.

**13.2** If you close your Portfolio in accordance with this clause 13, other than clause 14 and where Terms/products/services are expressly stated to continue, your Agreement with us including these Terms, will also end.

**13.3** If you close your Portfolio or the Agreement ends for any reason:

**13.3.1** you must repay any money owed to us before we close your Portfolio including, without limitation, any charges (as detailed in the Rates and Fees Page) arising from carrying out the transactions required to transfer your Investments as you direct. If, after your Portfolio closure, any Account Fee(s) are owed and/or we pay for any outstanding Investment transactions you have made you agree to repay us these amounts in full. We will waive these charges where you close your Portfolio in accordance with clause 12.5.

**13.3.2** the Services and any benefit or services provided to you by us will end immediately unless the Terms relating to the particular benefit or service state otherwise; and

- 13.3.3** subject to clause 13.9 below, and provided we have sufficient information from you, we will transfer the Investments held in your Investment Account to you or, in the event of your death, your personal representatives, or to other brokers, charity institutions in accordance with any written Instructions you give. In the case of a joint Portfolio, we will only transfer the Investments held in the Investment Account on the written Instructions of both joint Portfolio holders; and
- 13.3.4** we will credit or debit your Qualifying **first direct** Account such amounts as is required to bring your Settlement Account to nil.
- 13.4** Cancellation or closure will not affect any outstanding transactions or any right or obligations which may already have arisen between us. Transactions in progress at the date of cancellation and/or closure will be completed by us as soon as practicable subject to these Terms. Clauses 9, 10, 11 and 12 of Section 3 and the relevant parts of the glossary will continue to apply to us notwithstanding cancellation and/or closure.
- 13.5** If you do not hold any Investments, and there has been no activity on your Portfolio for a period of 12 months, or if we become aware that the contact information we hold is incorrect and we are unable to trace you, we may add a marker to your account which could mean you are unable to access your Portfolio online or use our website. We will be happy to undertake Trades on your behalf, or release any funds which may be in your Portfolio, if you telephone customer services. Any Investments which remain in your account will continue to be your property (or that of your estate upon your death).
- 13.6** We can restrict your ability to give instructions or end this contract with you and close your Portfolio immediately in any of the following situations:
- 13.6.1** if you have seriously and persistently breached any of your obligations under the Terms;
- 13.6.2** if there has been, or we have reasonable grounds to suspect there has been, Financial Crime involving any of your accounts with us or any transactions on your Portfolio;
- 13.6.3** if there has been, or we have reasonable grounds to suspect there has been, suspicious activity on your Portfolio;
- 13.6.4** if we have reasonable grounds for believing you have committed or are about to commit a crime in connection with the **first direct** shares service;
- 13.6.5** if you have not satisfied any anti-money laundering requirements;
- 13.6.6** if you fail to meet the costs of any Trades or any Account Fees;
- 13.6.7** if there is a change in Laws that requires us to do so;
- 13.6.8** if you are no longer eligible for the Portfolio;
- 13.6.9** if you have given us false information in connection with your Portfolio (for example, in your Application);
- 13.6.10** if you or any joint Portfolio holder is not, or is no longer, resident in the UK or, if applicable, in the Channel Islands or Isle of Man;
- 13.6.11** if you were a Crown Employee at the time of your Application, and you are no longer or you cease to be a Crown Employee;
- 13.6.12** if you close the Qualifying **first direct** Account or you choose to switch to another bank using the current account switch service and to not retain another eligible account with us; or
- 13.6.13** if your account(s) are being or have been used illegally or if we reasonably believe that your conduct will adversely affect the ability of our other customers to trade or the terms on which they trade (for example, if you were to deal repeatedly in many small lots, rather than one large lot so the market maker refuses to deal, or will only deal at a less favourable price in the future).
- 13.7** We will give you notice in writing immediately after your Portfolio has been closed under clause 13.6.

- 13.8** We may close your Portfolio and/or end the shares service Terms for any other reason by giving you at least 30 days' written notice.
- 13.9** If you have not repaid any money owing to us at the time the Portfolio is closed, we may exercise our right of set-off described in clause 16 and sell any Investments.
- 13.10** In the event of the death of a sole account holder, we may require a grant of probate or grant of representation issued by the authorities where your Portfolio is based (including in the Channel Islands or the Isle of Man) before releasing any monies in your Portfolio to your personal representatives.

## **Section 2 - shares service Terms - Miscellaneous**

### **14 Your information**

- 14.1** This clause 14 explains how we will use Customer Information. By using the **first direct** shares service, you agree that we and members of the HSBC Group may use Customer Information in accordance with such clause.
- 14.2** Customer Information will not be disclosed to anyone other than where:
- we are legally required to disclose;
  - we have a public duty to disclose;
  - our, or a third party's, legitimate business purposes require disclosure;
  - the disclosure is made with your consent; or
  - it is disclosed as set out in this clause 14.

#### **14.3 Collection**

We and other members of the HSBC Group may collect, use and share Customer Information (including information about you, your transactions, your use of our products and services, and your relationships with the HSBC Group). Customer Information may be requested by us, by any member of the HSBC Group or by a third party on behalf of us or any member of the HSBC Group, and may be collected from you directly, from a person acting on your behalf or from other sources (including from publically available information), and it may be generated or combined with other information available to us or any member of the HSBC Group.

#### **14.4 Processing**

We will process, transfer and disclose Customer Information in connection with any of the following purposes (the "Purposes"):

- the provision of Services and to approve, manage, administer or effect any transactions that you request or authorise;
- meeting Compliance Obligations;
- conducting Financial Crime Risk Management Activity;
- collecting any amounts due and outstanding from you;
- conducting credit checks and obtaining or providing credit references;
- enforcing or defending our rights, or those of a member of the HSBC Group;
- our internal operational requirements or those of any member of the HSBC Group (including credit and risk management, system or product development and planning, insurance, audit and administrative purposes);
- maintaining our overall relationship with you (including, if you agree, marketing or promoting financial services or related products and market research); and/or
- verifying your identity.

## 14.5 Sharing

By using the Services, you agree that we may, as necessary and appropriate for the Purposes, transfer and disclose any Customer Information to the following recipients globally (who may also process, transfer and disclose such Customer Information for the Purposes):

- any member of the HSBC Group;
- any sub-contractors, agents, service providers, or associates of the HSBC Group (including their employees, directors and officers);
- any Authorities, in response to their requests, or where you have provided us with false or inaccurate information and Financial Crime is detected;
- persons acting on your behalf, payment recipients, beneficiaries, account nominees, intermediary, correspondent and agent banks, clearing houses, clearing or settlement systems, market counterparties, upstream withholding agents, swap or trade repositories, stock exchanges, companies in which you have an interest in securities (where such securities are held by us for you);
- any party to a transaction acquiring interest in, or assuming risk in, or in connection with, the Services;
- other financial institutions, fraud prevention organisations, trade associations, credit reference agencies or credit bureaus, and debt recovery agents;
- any third party fund manager who provides asset management services to you;
- any introducing broker to whom we provide introductions or referrals;
- any third party in connection with a transfer, disposal, merger or acquisition of business by us or any HSBC Group member; and
- selected third parties for marketing purposes where you have consented to marketing, wherever located, including in jurisdictions which do not have data protection laws providing the same level of protection as the jurisdiction in which the Services are supplied.

## 14.6 Your obligations

**14.6.1** You agree to inform us promptly, and in any event within 30 days, in writing if there are any changes to Customer Information supplied to us or a member of the HSBC Group from time to time, and to respond promptly to any request from us or a member of the HSBC Group.

**14.6.2** You must ensure that every Connected Person whose information (including Personal Data or Tax Information) you (or anyone else on your behalf) provided or will from time to time provide to us or a member of the HSBC Group has been notified of and agreed to the processing, disclosure and transfer of their information as set out in these Terms before their information is provided. You must at the same time advise them that they have rights of access to, and correction of, their Personal Data.

**14.6.3** Where:

- you fail to provide promptly Customer Information that we reasonably request, or
- you withhold or withdraw any consents that we may need to process, transfer or disclose Customer Information for the Purposes (except for purposes connected with marketing or promoting products and services to you), or
- we have, or a member of the HSBC Group has, suspicions regarding Financial Crime or an associated risk, we or any other member of the HSBC Group with which you have a relationship, may, where permitted by Laws:
  - be unable to provide new, or continue to provide all or part of any Services to you and may end the relationship with you;
  - take actions necessary for us or a member of the HSBC Group to meet our Compliance Obligations; and/or
  - block, transfer or close your account(s) you have with us or another member of the HSBC Group.

In addition, if you fail to supply promptly your, or a Connected Person's, Tax Information and accompanying statements, waivers and consents, as may be requested, then we may make our own judgment with respect to your status, including whether you are reportable to a Tax Authority, and we or other persons may withhold amounts where legally required by any Tax Authority and pay such amounts to the appropriate Tax Authority.

## **14.7 Data protection**

**14.7.1** Whether it is processed in a home jurisdiction or overseas, in accordance with data protection legislation, Customer Information will be protected by a strict code of secrecy and security to which all members of the HSBC Group, their staff and third parties are subject.

**14.7.2** Under data protection legislation, individuals can make a written request for a copy of certain personal records we hold about them. The current fee is £10.00 per request from each individual.

## **14.8 Financial Crime Risk Management Activity**

**14.8.1** We, and members of the HSBC Group, are required, and may take any action to meet our Compliance Obligations relating to or in connection with the detection, investigation and prevention of Financial Crime ("Financial Crime Risk Management Activity").

Such action may include, but is not limited to:

- screening, intercepting and investigating any instruction, communication, drawdown request, application for Services, or any payment sent to or by you, or on your behalf;
- investigating the source of or intended recipient of funds;
- combining Customer Information with other related information in the possession of any member of the HSBC Group; and/or
- making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming their identity and status.

**14.8.2** Exceptionally, our Financial Crime Risk Management Activity may lead to us delaying, blocking or refusing the making or clearing of any payment, the processing of your instructions or application for Services or the provision of all or part of the Services. To the extent permissible by law, neither we nor any other member of HSBC Group shall be responsible to you or any third party in respect of any loss (however it arose) that was suffered or incurred by you or a third party, caused in whole or in part in connection with the undertaking of Financial Crime Risk Management Activity.

## **14.9 Tax compliance**

**14.9.1** You acknowledge that you are solely responsible for understanding and complying with your tax obligations (including but not limited to, tax payment and filing of returns or other required documentation relating to the payment of all relevant taxes) in all jurisdictions in which those obligations arise and relating to the opening and use of account(s) and/or Services provided by us and/or members of the HSBC Group. Each Connected Person (acting in their capacity as a Connected Person and not in their personal capacity) also makes the same acknowledgement in their own regard. Certain countries may have tax legislation with extra-territorial effect regardless of your or Connected Person's place of domicile, residence, citizenship or incorporation. Neither we nor any member of the HSBC Group provide tax advice. You are advised to seek independent legal and/or tax advice. Neither we nor any member of the HSBC Group have responsibility in respect of your tax obligations in any jurisdiction in which they may arise including any that may relate specifically to the opening and use of account(s) and/or Services provided by us and/or members of the HSBC Group.

**14.9.2** Following the end of each UK Tax Year, you will generally be issued with a Consolidated Tax Certificate (CTC) between May and September. A final CTC will also be issued once an account is closed and all outstanding dividends have been received. There will be no CTCs issued for customers who only have holdings in a Stocks and Shares ISA.

**14.9.3** From 6 April 2016, HM Revenue and Customs (HMRC) made changes to the way that interest is taxed. As a result, all credit interest on your portfolio will be paid gross and will contribute towards your Personal Savings Allowance (PSA), if applicable. If you exceed your allowances, it's your responsibility to declare this to HMRC, as you may be required to pay some tax on the interest received via your own tax return (please check your personal allowances). For further information on your allowances and responsibilities please visit [www.gov.uk](http://www.gov.uk)

Changes were also made to the way dividends are taxed. Dividends are now paid gross and will contribute towards your Dividend Allowance. If you exceed your allowances, it's your responsibility to declare this to HMRC, as you may be required to pay some tax on the interest received via your own tax return (please check your personal allowances). For further information on your allowances and responsibilities please visit [www.gov.uk](http://www.gov.uk). In addition, any growth in the value of an Investment may be subject to capital gains tax if your total capital gains (less allowable losses) from all sources exceeds your annual exemption limit. This information is based on our understanding of current UK tax law and HM Revenue & Customs practice. Both tax law and practice may of course change. Your tax liability will depend on your own individual circumstances, including your country of residence for tax purposes. If you are unsure about your own situation, you should seek appropriate professional advice.

**14.9.4** We will use reasonable endeavours to forward to you any tax documents which we may receive relating to you or any money or Investments in your Portfolio.

#### **14.10 Credit reference and fraud prevention**

**14.10.1** If you apply for a **first direct** current account or credit, we may use details of your credit history to assess your ability to meet your financial commitments.

**14.10.2** The credit reference agencies will record details which will form part of your credit history whether or not you proceed with your application. If you make several applications within a short period of time this may temporarily affect your ability to obtain credit. We may share details of how you manage any current accounts or borrowing from us with credit reference agencies.

**14.10.3** If we make demand for repayment following a Default and you fail to repay the full amount due or to make and keep to acceptable proposals for repayment within 28 days we may (in the absence of any genuine dispute about the amount owed) register the Default with the credit reference agencies. This may affect your ability to obtain further credit.

**14.10.4** If you make a joint application for a current account or credit, an association linking your financial records with those of your fellow applicant(s) will be created by the credit reference agencies. The credit history of your 'associates' may be taken into consideration in any future application for credit. The association will continue to link your credit histories unless and until you successfully file a 'notice of disassociation' with the credit reference agencies.

**14.10.5** Further details on credit scoring and explaining how information held by credit reference agencies and fraud prevention agencies may be used is set out in a leaflet entitled "Credit Scoring, Credit Reference and Fraud Prevention Agencies" available on our website [hsbc.co.uk](http://hsbc.co.uk) or can be requested from branches or by phoning 0800 587 7008 (Text-phone 0800 028 3516). Please call this number if you require details of the credit reference and fraud prevention agencies we use. Lines are open 8.30am to 6pm Monday to Friday, excluding bank holidays.

#### **14.11 Website and email personalisation**

**14.11.1** When you use a computer or other device to access websites operated by or on behalf of the HSBC Group and associated third parties, information may be stored and accessed on that device:

- to improve your experience;
- to improve the functionality, security and performance of those websites;
- to provide you with promotional content; and/or
- to provide us with information about how those websites are used and how users arrive at those websites.

**14.11.2** In the event that you receive emails sent by or on behalf of the HSBC Group, such emails may contain technologies to track for market research purposes whether you opened those emails and whether you accessed internet links contained within those emails. You agree to information being stored, accessed and used in this way.

**14.11.3** Members of the HSBC Group may also exchange, analyse and use relevant information about you in the ways described above to ensure that promotional content displayed to you on screen when you use HSBC Group websites is more likely to be relevant and of interest. Further information is available on our cookie policy, and site terms and privacy statement at our website [hsbc.co.uk](http://hsbc.co.uk).

## **14.12 Further information and marketing**

- 14.12.1** To ensure that we carry out your instructions accurately, to help us to improve our service and in the interests of security, we will record and may monitor your communications with us including telephone calls and conversations we have with you in our branches. In the interests of security and for preventing and investigating crime we may use closed-circuit television in and around our premises for the monitoring and collection of sound and/ or visual images. Any recordings remain our sole property.
- 14.12.2** We may make and retain copies of passports, driving licences or other identification evidence that you provide.
- 14.12.3** We will obtain your written consent before providing a banker's reference about you, however, if we receive a request from another financial services institution we will provide information required to verify your identity for money laundering prevention purposes.
- 14.12.4** If you change your mind at any time about receiving marketing information via post, telephone, email or any other method or about participating in market research, then please let us know.

## **14.13 Miscellaneous**

- 14.13.1** In the event of any conflict or inconsistency between any of this clause 14 and those in any other service, product, business relationship, account or agreement between you and us, this clause 14 shall prevail. Any consents, authorisations, waivers requested by us or any member of the HSBC Group and permissions that already exist from you in relation to Customer Information shall continue to apply in full force and effect, to the extent permissible by applicable local law.
- 14.13.3** If all or any part of the provisions of these Terms become illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability of such provision in any other jurisdictions or the remainder of the Terms in that jurisdiction.

## **14.14 Survival on termination**

This clause 14 shall continue to apply notwithstanding their termination, any termination by us or a member of the HSBC Group of the provision of any Services to you or the closure of any account, including the termination of this Agreement.

## **15 Bankruptcy**

In the event that a petition for a bankruptcy order is presented against you then you agree that we may:

- refuse to act on any Instructions given by you or anyone else to make any payment(s) out of your Portfolio unless you have previously obtained an appropriate order from the Court; or
- set up a separate Portfolio in your name to which any of your future payments in will be credited. In the Channel Islands and the Isle of Man, local legislation will apply.

## **16 Our right of "set-off"**

- 16.1** In addition to any other rights, we will have a right to use the proceeds of sale of your Investments to reduce or repay any amounts you owe in relation to the Portfolio (including any Account Fees or other Default amounts) or on any other accounts you hold with us anywhere in the same name (including any joint Portfolio) whether or not those accounts are in the same currency.
- 16.2** If you hold both a sole Portfolio and a joint Portfolio with us, we may use any money or Investments held in your sole Portfolio to reduce any monies owed to us on your joint Portfolio or use any money or Investments held in a joint Portfolio to reduce any monies owed on your sole Portfolio.



- 16.3.1** If your Qualifying **first direct** Account is in credit, we may use cash in any currency, converted at our prevailing rates of exchange, to repay or reduce any other amounts you owe us including but not limited to any negative balance on your Settlement Account, any Default amount or other sums due on any joint Portfolio you hold with us and sums payable in connection with a Trade in Investments which we have executed for you but not yet settled.
- 16.3.2** If your Qualifying **first direct** Account is not in credit, or it is in credit but the Cleared Funds are not sufficient to repay the amounts you owe us, we may still deduct any or all outstanding amounts from that account. In these circumstances your Qualifying **first direct** Account may go into overdraft. It is your responsibility to meet any associated obligations (including any penalty fees) you may have under the terms and conditions applicable to your Qualifying **first direct** Account.
- 16.4** In addition to our rights under clauses 16.1 and 16.3 above, we also have the right to sell any of your Investments and use the proceeds to reduce or repay the amount owed as set out in more detail in Section 3, clause 10.
- 16.5** If we choose to exercise our rights under this clause 16:
- we will tell you why and when it has been done;
  - in doing so, we may (and you irrevocably authorise us to) convert to sterling at the prevailing market rate of exchange any balance that is in a currency other than sterling, and in doing so we will have no liability to you. Nothing in this clause 16 will prevent us from exercising at any time any other right of set-off or of combination of accounts to reduce or repay any amounts you owe us.

## **17 Cancellation of your Portfolio**

For a period of 14 days after the date we open your Portfolio, you have the right to cancel your agreement with us and close your Portfolio. You can do this by writing to us at our Administration Office or by sending us a Secure e-message from your Portfolio which is accessed through the website by logging on to Internet Banking. Each joint Portfolio holder must write to us or send a Secure e-message separately for this purpose. However, please note you will not be able to cancel any transactions undertaken during the 14 days period via the **first direct** shares service where the price depends on fluctuations in the financial market place. Any transactions in progress at the time of closure will be completed as soon as possible and you will not be entitled to a refund of any charges applicable to the transactions. We will give you all your money back together with any interest it has earned less any money due to us at the time you cancel the agreement, however you will not be charged for cancelling the agreement or closing your Portfolio. For Applications completed by telephone, the cancellation period will start from the date you receive the Terms in the post.

## **18 Contacting you**

- 18.1** You agree that we may use any of the contact details you have provided to us including your postal address, telephone number(s) (including your mobile telephone number) and email address to Contact You Personally for service or operational reasons. These include telling you about changes to the Terms and generally communicating with you about the day-to-day running of your Portfolio, products and services. If you are registered for our Internet Banking service you agree that we may also contact you using our Secure e-message service within the website for these purposes. You must ensure that the contact details you provide are accurate and that you notify us promptly of any changes. Remember, Communications may contain confidential information and if anyone else has access to your email inbox or mobile telephone messages for example they may be able to see this. If you would prefer that we do not contact you for service or operational reasons by email, mobile message or Secure e-message please let us know. Whilst we will try to use your preferred channels wherever possible, you may continue to receive important service messages via any of these channels, for example, when we need to contact you urgently. Where we hold alternative postal address(es) for you, we may send mail to your home address if it is returned from, or you do not respond to, mail sent to your correspondence address.
- 18.2** If for a 24 month period you hold no Investments, have not given us any Investment dealing instructions and have a cash balance below £10 and you have no other sharedealing accounts in the same name we will mark your account as dormant. If there is no activity for a further 12 months we may close your account. We will take this action to protect both you and us. If you ask us we will tell you how you can access your accounts either directly or via the British Bankers' Association, the Building Societies Association or National Savings and Investments dormant account scheme. If you have money in a dormant account, it will remain your property (or if you die it will form part of your estate). Dormant accounts will not be charged an Account Fee. If you have an Investment Account which ceases to be dormant we will write to you to confirm that your account is no longer dormant and giving you one month's advance notice that you will be charged an Account Fee.

## **19 Transferring rights and obligations**

We may transfer all or any of our rights in relation to your Portfolio. We may also transfer any of our obligations but only to someone we reasonably consider capable of performing them and who is authorised or recognised by the FCA as being entitled to accept deposits and deal in Investments. This includes us appointing another HSBC Group company as our agent (i.e. to act on our behalf) for debt recovery purposes. You may not transfer any of your rights or obligations in relation to your Portfolio.

## **25 Not enforcing the Terms**

We may occasionally allow you extra time to comply with your obligations or decide not to exercise some of our rights. However, we can still insist on the strict application of the Terms later on.

## **26 Your statutory rights**

Nothing in these Terms will reduce your statutory rights including your rights relating to mis-described accounts or services, the fairness of Terms on which they are provided to you, any rights you may have to close your Portfolio and/or claim compensation. For further information about your statutory rights contact your local authority Trading Standards Department or the Citizens Advice Bureau.

## **27 Governing law and language**

The Terms are governed by the laws of England and Wales as are our dealings with you until the time your Portfolio is opened. You and we submit to the non-exclusive jurisdiction of the courts of England and Wales. The Terms are in English and all communications we send to you will be in English.

## **Section 3 - sharedealing Terms**

### **1 Dealing and Foreign exchange**

- 1.1** You authorise us to enter into foreign exchange transactions on your behalf at our prevailing rates of exchange to enable us to execute your Client Orders. Such transactions will be made either on Instructions from you, or in the absence of such Instructions, as we think fit (either before or after termination or cancellation of the agreement) to enable us to execute your Client Orders under these Terms.
- 1.2** You will not be permitted to deal in Investments until your Application has been accepted and all account opening formalities have been completed including the confirmation of your Trading Limit.

### **2 Trading Limit**

- 2.1** We will confirm your Trading Limit to you in writing. This will allow you to deal in Investments with us up to a pre-determined limit within our defined Settlement Period. Thereafter, you may apply from time to time to us to increase or decrease your Trading Limit. We shall be under no obligation to grant any request to increase or decrease your Trading Limit.
- 2.2** Each time you make a Trade your available Trading Limit will be adjusted to reflect the amount of the purchase or sale price for that Trade (including any applicable fees and charges). The amount available to you in your Trading Limit for Trades will be affected by the length of time it takes to settle Trades following a sale or purchase of an Investment.
- 2.3** It is your responsibility to ensure that you do not at any time exceed your Trading Limit, unless we have expressly authorised you to do so. You must take into account any fees and charges which apply to Trades when making a Trade as these also affect your Trading Limit.
- 2.4** We reserve the right not to act upon an Instruction if it would result in your Trading Limit being exceeded.
- 2.5** If we execute a Client Order on your behalf, and you have exceeded your Trading Limit, this does not mean that we have agreed to increase your Trading Limit.

- 2.6** Where the available Cleared Funds held in your Qualifying **first direct** Account are insufficient to settle any of your purchases on the Settlement Date (including meeting any applicable charges), we reserve the right not to act upon a subsequent purchase Instruction until such time as sufficient Cleared Funds have been made available in your Qualifying **first direct** Account to settle the relevant purchase(s). In the case of joint Portfolio holders, the Qualifying **first direct** Account will be the account nominated by the first named joint Portfolio holder, or such other account as may be nominated by you from time to time.
- 2.7** If you do not have sufficient Cleared Funds in your Qualifying **first direct** Account to pay for any Trades you have made or any outstanding charges or Account Fees, you must reimburse us in full by end of the Business Day following the day on which the Trade was made or the day the Account Fee was due. Failure to do so will put you in Default. We may at our discretion serve you with a default notice requiring you to remedy the default within the period specified in the default notice, failing which we may sell any of your Investments to settle the outstanding amounts at our discretion and you authorise us to do so, as set out in more detail in clause 10 of Section 2.

### **3 Investment dealing service**

- 3.1** You may only trade in Investments as defined in these Terms. We do not provide any investment advice or personal recommendations. In giving orders to us to deal in Investments, you do so in reliance on your own judgement. Independent advice should be sought if required. You warrant that any orders placed pursuant to these Terms are placed on an execution-only basis.
- 3.2** You may submit your Instructions via our website or by calling the Customer Service Centre. Please be aware that we will not accept investment instructions by any other methods, which include, by fax, email or secure e-message. If you submit your orders via the Customer Service Centre, we will generally charge you a higher trading fee than for dealing via our website (as stated on our Rates and Fees Page). During times of exceptional stock market volumes you may experience long call waiting times due to the number of customers calling us. When you place an order, we may, in our absolute discretion, decline to accept it or subject it to conditions. We will use our reasonable endeavours to contact you personally to notify you if this happens. If the price of the relevant Investment is not in sterling, a foreign exchange transaction will be performed automatically on the execution date at our rate of exchange prevailing at the time at which the trade was executed, as displayed on your contract note and Statement.
- 3.3** When we accept an Client Order, we will use reasonable steps to achieve the Best Possible Result, but we will not be liable for any loss or expense you incur if we are reasonably unable to do so for whatever reason (including systems failures) or if there is a delay or change in market conditions before the transaction is effected. If you place a Trade or a Client Order to buy or sell Investments and we cannot execute your order in its totality, if your order can be partially executed, we will execute it to the extent possible and the balance will be cancelled at market close or on the expiry date of the order. Subject to any applicable Laws, we will not be liable for any loss suffered by you arising from partially executed or cancelled orders. Please be aware that if you place an extended Limit Order (over more than one day), and at the end of the day your order has partially executed (only some of the shares you wanted to trade were available at the price you set), the remaining balance from your original order will be placed the following day. This will occur until the expiry date of your order and you will be charged a trading fee (as set out in the Rates and Fees Page) for each day your order is partially executed.
- 3.4** We may not offer the full range of investments available in the Regulated Market.
- 3.5** We reserve the right to remove or suspend any Investment from the **first direct** shares service if there is extreme market volatility or for any other valid reason we may tell you of. However, if you have already asked us to buy an Investment before we decide to remove or suspend that Investment from the **first direct** shares service, we will still try to execute that order for you. If you have an Investment in your Investment Account which has been suspended or removed from the **first direct** shares service, we may still allow you to hold or sell that Investment. If we are no longer able to support holding an Investment for you we will inform you in writing with sufficient notice before any sale of the investment is undertaken.
- 3.6** We also reserve the right not to make all Investments available to all customers. If we do include or exclude a particular Investment when providing **first direct** to you, this does not mean we are giving you any advice as to the suitability of that Investment.
- 3.7** With the exception of Fund Shares, we may provide real time or delayed prices. All prices provided by us are indicative only unless expressed by us to be a 'fixed price quote' and accepted by you in the prescribed manner within 15 seconds. Please note however, that 'fixed price quotes' are occasionally subject to change as described below. All prices provided by us relate to orders of up to the Quoted Market Size. A Client Order from you will be carried out promptly. However, occasionally a 'fixed price quote' may be unavailable (for example, because the price quoted was no longer current), the market price may have moved, either in your favour or against you, during the time between the display of the price to you and the execution of your order. In these circumstances, the 'fixed price quote' will not stand. Additionally, orders above the Quoted Market Size will generally be executed at a less favourable price than orders within the Quoted Market Size. The Quoted Market Size will vary from Investment to Investment.

- 3.8** We will accept Client Orders given outside Normal Market Hours. Client Orders accepted when a market is closed will be placed when or as soon as reasonably practicable after the market next opens.
- 3.9** Client Orders given during Normal Market Hours are usually irrevocable. You will only be able to cancel a Client Order if you have entered it outside Normal Market Hours and it has not already been placed with the market in accordance with clause 3.7 of this Section 3 or if you have placed a Limit Order and the limit has not been met. We will not be liable for any loss if a Client Order cannot be cancelled at your request.
- 3.10** There is a risk of increased price volatility when placing a Client Order when the market is closed or near to the market's opening and you should consider placing a Limit Order.
- 3.11** With the exception of Fund Shares, if you place a Client Order shortly before the end of Normal Market Hours, whilst we will take all reasonable steps to arrange for your order to be executed before the market's close, your order may not be executed in which case it will be cancelled. We will make every endeavour to advise you of the cancellation and if you still want to buy or sell the Investments, you must place the order again. To the extent permissible under applicable Laws, we will not be liable for any loss arising from such a cancellation.
- 3.12** In exceptional circumstances your order may be combined with orders of other customers or other members of the HSBC Group. This would only be done where we believe that it will be more to your advantage than if your order was executed separately. Despite this, grouping orders may sometimes result in a less favourable price for you, thus working to your disadvantage.
- 3.13** In the absence of any written notification from you to the contrary we may deal for you in circumstances in which the relevant transaction is not executed on a Regulated Market or Multilateral Trading Facility or otherwise governed by the rules of any Investment Exchange. We may in any event seek to obtain your prior consent before executing a Trade that is not governed by the rules of an Investment Exchange.
- 3.14** You are not permitted to short sell (to sell any Investments that you do not already hold within your Portfolio).
- 3.15** You may ask us to transfer equity securities you hold in your Investment Account to a charity using Sharegift. We will act on your Instructions without charging you any fee.
- 3.16** You may not sell Investments that you do not have in your Investment Account, but you may sell Investments that have been bought but not yet been settled or utilise cash due from Investments that have been sold but not yet been settled.
- 3.17** You may enter market orders and Limit Orders although you are not permitted to place Limit Orders for Fund Shares. A market order is an order to execute at the best price reasonably obtainable. You may place a limit order to remain open for up to 28 days using our telephone service. You can place a limit order valid for 1 day on our website. While we try to execute Limit Orders if the limit price is reached, we cannot guarantee to deal at your given price, particularly in fast moving or volatile markets.
- 3.18** The following Terms in this clause 3.18 apply to dealing in Fund Shares (in addition to the Terms of clauses 3.1 to 3.17 (inclusive) of this Section 3, except where stated otherwise). In the event of a conflict between the Terms of this clause 3.18 and the Terms of clauses 3.1 to 3.17 (inclusive) of this Section 3, the Terms of this clause 3.18 of this Section 3 will prevail.
- 3.18.1** Orders for Fund Shares received by us after 11:00am on a Fund Business Day will be placed on the next Fund Business Day.
- 3.18.2** We will accept orders received outside Fund Dealing Hours, but if we are unable to carry out such orders on that day they will be placed on the next Fund Business Day.
- 3.18.3** Orders given during Fund Dealing Hours are irrevocable. You will only be able to cancel an order if you have entered into it outside Fund Dealing Hours and it has not already been placed with the Operator.
- 3.18.4** Orders to purchase Fund Shares shall be expressed in terms of cash to be applied in the purchase of such Fund Shares.

- 3.18.5** Orders for the sale of Fund Shares shall be expressed in terms of the number of Fund Shares that you wish to sell.
- 3.18.6** All dealings in Fund Shares are subject to the dealing arrangements and the Terms and Conditions of the Funds. The scheme particulars of the Funds together with the relevant key features documents are available on the website and hard copies are available upon request.
- 3.18.7** Subject to clause 3.18.6 of this Section 3, the minimum initial investment for each Fund is £1000. The minimum subsequent investment is £100. The minimum order for the sale of Fund Shares in a particular Fund is the lower of £500 and your entire holding of Fund Shares in that Fund. We may at our sole discretion waive in whole or in part the investment restrictions referred to in this clause.
- 3.18.8** In accordance with clause 7.1 of this Section 3, Fund Shares will be registered in the name of an appropriate nominee company selected by us.
- 3.18.9** The prices of the Funds appearing on the website will be based on the latest prices published by the Operator but these will not be the current prices since the Funds deal on a forward pricing basis (in other words, the price is fixed when the Fund is next valued after your order is placed).
- 3.18.10** The Operator has the right to suspend the issue and redemption of Fund Shares in certain circumstances and in the event of such a suspension we will have no liability for failure of Fund Shares being issued or redeemed in such a case.

## **4 Stabilisation**

- 4.1** When a new issue of shares comes on to the market stabilisation may occur. Sometimes the price of newly issued shares can drop before buyers are found. Stabilisation enables the market price of a security to be maintained during the period that the new issue is being sold to the public. It may affect the price of the new issue and the price of other securities relating to it.
- 4.1.1** The 'stabilisation manager' is normally the firm chiefly responsible for bringing a new issue to market. The stabilisation manager is entitled to buy back securities that were previously sold to investors or allotted to institutions that have decided not to keep them. The effect of this is to keep the price at a higher level than it would otherwise be during the period of stabilisation.
- 4.1.2** The fact that a new issue or a related security is being stabilised should not be taken as any indication of the level of interest from investors, nor of the price at which they are prepared to buy securities.
- 4.1.3** Stabilisation is allowed by the FCA and stabilising managers have strict rules that they must adhere to.

## **5 Best execution**

- 5.1** The only duties that we owe to you in respect of achieving the Best Possible Result for your Trades are those set out in the conduct of business sourcebook located in the FCA rules and any other duties are expressly excluded.
- 5.2** Your Trade will be executed in accordance with our Best Execution Disclosure Statement which is set out in Annex 3.
- 5.3** You agree and confirm that each time you give Instructions in relation to your Client Orders, you consent to:
- 5.3.1** our Best Execution Disclosure Statement; and
- 5.3.2** us executing deals for you either by entering into the deal on your behalf (acting as your agent) or by entering into the deal on our own account (acting as principal) and entering into another deal with you; and
- 5.3.3** to the execution of your Client Orders outside a Regulated Market or Multilateral Trading Facility, although we will in any event seek to obtain your prior consent before executing a Trade that is outside a Regulated Market or Multilateral Trading Facility or not otherwise governed by the rules of an Investment Exchange.

## 6 Client Money

Where **first direct** holds money for you we hold it as your banker and do not in any circumstances hold it as your trustee (nor your agent, if you are in Scotland). As a result, money held will not in any circumstances be held in accordance with the client money rules contained within the FCA rules (the "FCA Client Money Rules"). If HSBC Bank plc (of which **first direct** is a trading division) were to fail, the FCA Client Money Rules dealing with client money distribution would not apply to your money and so you would not be entitled to share in any distribution made under those rules. Money held may benefit from the deposit protection under the Financial Services Compensation Scheme subject to your eligibility to make a claim under that scheme.

## 7 Settlement and custody

- 7.1** Your Investments will be registered in the name of a nominee company and will be segregated from our property in order to protect your interests in the event that we or the nominee were to fail. We have policies and procedures in place to undertake checks and reconciliations of the records and accounts on your Investments to resolve any discrepancies which are identified and to deal with any shortfalls in your Investments for which we are responsible. Where we are responsible for any such shortfall, we shall purchase or borrow assets immediately at our cost to correct your position. We have also established a trust account for the purpose of holding any such assets or trust for your benefit. Subject to the terms of the relevant trust account, we may use or apply any income arising out of such assets for our own account or otherwise at our own discretion. The protection accorded to your Investments under the FCA Rules is in addition to any rights you may have, subject to eligibility, to claim compensation under the Financial Services Compensation Scheme, as set out in the General Information section of these Terms. In relation to your Investments:
- 7.1.1** we do not accept Instructions from our customers to register Investments in a name specified by them;
- 7.1.2** your Investments will be pooled with Investments we hold for other customers in a single securities account (including accounts held with a sub-custodian or Clearing System) for our customers' Investments which means that your ownership of a proportion of the Investments in the pooled account may not be identifiable by separate certificates or electronic records. However we will keep a separate record of your individual entitlement. In the event of a shortfall on the default of a sub-custodian or Clearing System, (and save as provided in clause 13.10 of this Section 3), you may share proportionately in that shortfall; and
- 7.1.3** your non-UK investments may be held overseas. There may be different settlement, legal and regulatory requirements and different practices for the separate identification of investments from those applying in the UK.
- 7.2** If you transfer Investments into your Investment Account, you will not be able to sell them until they have been transferred into our nominee name. We will not be liable for any loss you may suffer if you are able to sell any Investments that you do not have in your Investment Account or that have not yet been settled.
- 7.3** When you transfer Investments in your sole name to a joint Portfolio it will be deemed to be a transfer of ownership from your sole name to your joint names, which may result in a tax charge and in the loss of certain loyalty or other benefits offered by the company in which you have invested.
- 7.4** In the event of a Failed Trade, we will:
- move the money we took from your Settlement Account to effect settlement into an appropriate bank account until we are able to source the Investment in the market;
  - send you a letter telling you about the Failed Trade within two Business Days of the Settlement Date; and
  - inform you once the trade has settled in the Market.
- You will pay the same price in the event of a Failed Trade as you would have paid had the trade been settled in accordance with the contract note.
- Whilst you will not be able to transfer an Investment that is the subject of a Failed Trade, you will be able to sell the Investment. The delay in obtaining the stock will not affect your ability to sell the shares, nor will it affect your rights to any entitlements associated with the ownership of shares, such as dividends, which are due to you.
- 7.4.1** We will settle your Trades contractually. This means that on the expected settlement date our records will be updated to reflect as per clause 7.6 our records will be updated to reflect the Trade as settled even where there is a Failed Trade.

- 7.5** You authorise us to debit from and credit to your Qualifying **first direct** Account the necessary funds at the close of each Business Day to ensure that the balance of your Settlement Account is returned to nil. In the case of joint Portfolio holders, the Qualifying **first direct** Account will be the account nominated by the first named joint Portfolio holder, or such other account as may be nominated by you from time to time.
- 7.6** The Settlement date for sales of equity Investments will normally be two Business Days after the date of the Trade (T+2) and gilts normally settle one Trading Day after the date of the trade (T+1). For other types of Investments the Settlement Date will be indicated on your contract note. If you buy Investments you must at the Settlement Date have sufficient funds in your Qualifying **first direct** Account to settle your purchases. If you sell Investments, on the date you instruct us to sell, you must have sufficient Investments available to sell in your Investment Account and, on Settlement Date, you must have sufficient settled Investments to settle your sales.
- 7.7** You will be, and will remain, the beneficial owner of your Portfolio. However, the title to any Investments held in such accounts will be registered in the name of an Associate as our nominee or if required pursuant to clause 7.1.3 above in our nominee name or the name of a third party sub-custodian.
- 7.8** Where we act for you as your agent, it is the other party to the transaction and not us who is responsible for settling the trade with you and delivery or payment (as the case may be) will be at your entire risk. Our obligation is only to pass on to you, or to pass on as you direct, or to credit to your Portfolio, such deliverable documents or sale proceeds (as the case may be) as we actually receive. Where your money is held by a third party pending the settlement of a transaction which we have executed for you, we shall be entitled to retain any interest accruing on it for our own account.
- 7.9** We are authorised to hold your Investments with such sub-custodians and/or Clearing Systems as we may think fit, including sub-custodians who may be members of the HSBC Group. We remain responsible for your Investments to the full extent required by the FCA Rules.
- 7.10** Unless you give us Instructions in relation to voting in accordance with clause 7.16 of this Section 3, you will not be sent shareholder communications. You will not receive shareholder benefits and you will not be entitled to exercise any voting rights attaching to your Investments. Notwithstanding anything else stated in these Terms, in the absence of any specific Instructions we will not exercise any voting rights attached to any Investments.
- 7.11** Entitlements received by us or a sub-custodian on your Investments will be calculated by reference to our (or the sub-custodian's) aggregate holding of a particular Investment on behalf of all customers, us or Associates. The procedure adopted for calculating entitlements may mean we receive an aggregate entitlement greater or less than the sum of the individual entitlements we would have received if each such person's entitlement had been held separately.
- 7.12** Where such entitlement is greater, we will credit your Portfolio with an amount at least equal to the amount you would have received if your entitlement had been held separately. If you are entitled to a fraction of one share, this will be aggregated with the fractional entitlements of other customers and sold. You will receive the net proceeds from the sale on a pro-rata basis. We will be entitled to any remaining balance (which will be a fraction of one pence) for our own account.
- 7.13** Where such entitlement is smaller, we will credit your Portfolio with an amount calculated on a pro-rata basis, which will be less (by a fraction of one pence) than the amount that you would have received if your entitlement had been held separately.
- 7.14** We will be responsible for claiming and receiving dividends and interest payments accruing to your Investments. We will convert all money received from dividends, interest payments etc. into sterling and credit it to your Settlement Account. We will not notify you of the dividend payments attaching to your Investments, which will be credited to your Portfolio in either cash or Investments depending on the standing Instruction that you give us or gave to us on opening your Portfolio. You can check or amend the status of your standing Instruction by contacting us on **03 456 100 105**.

- 7.15** We will use reasonable endeavours to notify you of any corporate event such as rights issues, takeovers, mergers etc. attaching to Investments in your Investment Account. Any notification will be sent as soon as possible after we have been advised by our custodian or Market Data Provider.
- 7.16** If you notify us, within such period as we may specify, that you wish to exercise rights in respect of your Investments, we will use reasonable endeavours to give effect to your Instructions but only on such terms as we may agree from time to time. Otherwise, we will take such action, or refrain from taking any action, in respect of any corporate event, as we in our absolute discretion determine (including, without limitation, arranging the disposal of any subscription rights on your behalf in such manner as we think fit).
- 7.17** If you give us Instructions in relation to voting, only those Instructions relating to voting rights will be accepted by us and those Instructions must relate to a single line of stock (you are not permitted to make Instructions for multiple lines of stock at the same time). Instructions will not be accepted for other shareholder benefits. We will not accept standing Instructions.
- 7.18** Where a corporate event results in you receiving, in settlement, an Investment that cannot be held in your Investment Account we will transfer the Investment into your name on the Company's Register and arrange for you to be sent a share certificate or statement of holding. Where the Investment cannot be transferred into your name we will sell your entitlement and credit the net sale proceeds to your Settlement Account. Where the investment can be held in your portfolio and is received into an ISA, if the resultant stock is not ISA eligible, we will move it to your nominee account.
- 7.19** If we are notified of any demands on Investments in your Investment Account, in respect of unpaid monies, we will use reasonable endeavours to notify you of such demands. We will satisfy such demands on such terms as you advise and are reasonably acceptable to us. Otherwise, we will not be required to take any action on your behalf and will not have any liability in respect of the consequences of a failure to satisfy demands made. However, where we are legally liable to meet such demands we may do so and you will reimburse us immediately upon demand.

## **8 Material interests**

- 8.1** A summary of our policy on conflicts of interest is set out in Annex 4 at the end of these Terms.
- 8.2** We will always try to act in your best interests in carrying out any transaction for your Portfolio.
- 8.3** In some circumstances we may, without prior reference to you, (and without having to account to you for any benefit received as a result) carry out any transaction for your Portfolio even though:
- 8.3.1** a conflict may arise between our interests or that of any of our customers and our duty to you; or
- 8.3.2** we act on our own behalf or as agent of an Associate; or
- 8.3.3** we act as agent for you and for another party to the transaction (including an Associate); or
- 8.3.4** it relates to Investments, the issue, offer or sale of which has been underwritten, managed or arranged by an Associate within the previous twelve months; or
- 8.3.5** we act for more than one investor (including you) collectively.

## **9 Market Data Providers**

- 9.1** The Market Data provided to you is provided by various third party sources referred to as Market Data Providers. By using the Market Data, you acknowledge and agree that:
- 9.1.1** the Market Data is provided solely for your individual use and may not be used in connection with the issuance, trading, marketing or promotion of investment products without a separate written agreement between you and the Market Data Provider who owns it. You may not copy, distribute or redistribute the Market Data, including by caching, framing or similar means, or sell, resell, re-transmit or otherwise make the Market Data available in any manner to any third party. You may not store the Market Data for the purposes of creating a historical database or historical data product;



- 9.1.2** the Market Data is and will remain the property of the respective Market Data Providers;
- 9.1.3** at any time, the Market Data Providers may discontinue disseminating any category of Market Data, may change or eliminate any transmission method and transmission speed and you will not hold the Market Data Providers or us liable for any resulting liability, loss or damage.
- 9.2** This clause 9 is for the express benefit of the Market Data Providers and they may enforce these provisions against you.
- 9.3** This clause 9 will remain in effect for as long as you have the ability to receive Market Data and will survive termination of your Portfolio.
- 9.4** The Market Data is provided “as is” and there may be delays, omissions or inaccuracies in it. We, the Market Data Providers and our and their respective employees, affiliates and agents cannot and do not guarantee the accuracy, completeness, timeliness, merchantability, fitness for a particular purpose, title or non-infringement of the Market Data and disclaim any such express or implied warranties, to the fullest extent permitted by law.
- 9.5** Neither we nor the Market Data Providers, or our or their affiliates or agents, will be responsible for any delays, losses, costs, damages or expenses you suffer in the event of a Force Majeure, provided where relevant, that we will remedy the situation as soon as possible.

## **10 Charges over Investments**

- 10.1** All of your Investments and money in your Portfolio (other than those held within ISAs) are subject to a general charge in our favour to cover outstanding amounts (including interest and any other fees) due from you to us. If you default in paying any amount by the due date, we are, subject to the default notice referred to in clause 2.7 of this Section 3, entitled to sell any such Investments and/or use any such monies in any way we consider fit to discharge your debts. Thus, you hereby charge with full title guarantee free of any adverse interest whatsoever to and for our benefit:
- 10.1.1** by way of first fixed legal charge, the Settlement Account and all cash from time to time credited to that account; the Investment Account and all Investments from time to time credited to that account and, by way of separate first fixed legal charge, the benefit of each such account and any rights against any banker, custodian or other person on whose books any such Investments and cash are from time to time credited;
- 10.1.2** by way of first fixed legal charge, all Investments in respect of which title has been transferred by way of security to us or to our order;
- 10.1.3** by way of fixed equitable charge, all other assets which (or the certificates or documents of title to which) have been deposited in any account or are otherwise held by us; and
- 10.1.4** by way of first fixed legal charge, all sums of money held by us for you, the benefit of all accounts in which any such money may from time to time be held and all your rights, title and interest under any trust (whether arising by agreement or otherwise) relating to such money or to such accounts.
- 10.2** If the Portfolio you hold with us is in credit, we may use it to reduce or repay any amounts you owe on other accounts you hold with us anywhere in the same name (including any card accounts and any joint accounts) whether or not those accounts are in the same currency. If we choose to exercise this right:
- we will tell you why and when it has been done; and
  - in doing so, we may (and you irrevocably authorise us to):
    - bring to an end any fixed deposit period applying to any of the accounts you hold with us and adjust any interest payable by the Bank;
    - convert to sterling at the prevailing market rate of exchange any balance that is in a currency other than sterling; and in doing so we will have no liability to you.

Nothing in this clause 10.2 will prevent us from exercising at any time any other right of set-off or of combination of accounts to reduce or repay any amounts you owe us.

- 10.3** If either the Settlement Account or the Investment Account is in debit, we may use any other accounts you hold with us anywhere in the same name (including any card accounts and any joint accounts) whether or not those accounts are in the same currency to reduce or eliminate the debit balance. If we decide to do so:
- we will tell you why and when it has been done; and
  - in doing so, we may (and you irrevocably authorise us to):
    - bring to an end any fixed deposit period applying to any of the accounts you hold with us and adjust any interest payable by the Bank;
    - convert to sterling at the prevailing market rate of exchange any balance that is in a currency other than sterling; and in doing so we will have no liability to you.

Nothing in this clause 10.3 will prevent us from exercising at any time any other right of set-off or of combination of accounts to reduce or repay any amounts you owe us.

- 10.4** The security created hereunder will remain in full force and effect by way of continuing security and will not be affected in any way by any settlement of account or other matter or thing whatsoever and will be in addition to any other security, guarantee or indemnity now or hereafter held by us or any other person in respect of your liabilities.
- 10.5** You hereby authorise us to execute and sign all such transfers, assignments, further assurances or other documents and do all such other acts and things as may reasonably be required to vest or to realise the above security or any of it in us or to our order or to a purchaser or transferee or to perfect or preserve our rights and interests in respect of the security or for the exercise by us of all or any of the powers, authorities and discretion conferred on us by these Terms.
- 10.6** Unless the context requires otherwise, references in this clause 10 to "us" include references to any person holding any of the security or in whose name any of it may be registered.
- 10.7** In enforcing the security, we may sell, pledge, deposit or otherwise deal with all or any of the security, free of any interest of Yours and as we in our absolute discretion think fit (without being responsible to you for any loss or reduction in price).
- 10.8** The net proceeds of any such dealings will be applied towards the discharge of your liabilities. You will be entitled to any balance remaining after discharge of all liabilities. In the event of a shortfall, you remain liable for any such shortfall and will immediately pay to us the balance remaining due.
- 10.9** All of your Investments in your Investment Account (other than those held within an ISA) are subject to our lien.
- 10.10** Sections 93 (restriction of right of consolidation) and 103 (restriction of right of sale) of the Law of Property Act 1925 will not apply to these Terms.
- 10.11** If you fail to make any payment or to deliver any assets due to us, we may enforce the security, without prior notice or demand to you.

## **11 Information and communication**

### **When you contact us**

- 11.1** You may contact us by Secure e-message, by telephone to our Customer Service Centre, by post to our Administration Office and in such other ways as we may inform you from time to time. When you contact us by Secure e-message or telephone, we will check your identity using your Security Details.
- 11.2** We may, in our absolute discretion allow you to contact us by fax, except for the purposes of buying, selling or exercising rights in respect of Investments. If we allow you to contact us by fax, you do so at your own risk and we will not be held liable for, and you will be responsible to us in respect of, the consequences of our acting in good faith in accordance with any Instructions contained in such fax.
- 11.3** Unless otherwise stated in these Terms, you must not contact us by email. If you do so, you do so at your own risk and we will not be held liable for, and you will make good any loss to us in respect of, the consequences of our acting in good faith in accordance with any Instructions contained in such email.
- 11.4** For security purposes, we may ask you to confirm in writing Instructions given to us via our website or by telephone or carry out such further security checks as we deem appropriate before carrying out your Instructions.

## When we contact you

- 11.5** Where we say we will Contact You Personally we may do so by post, telephone (including mobile phone), e-mail, mobile messaging, Secure e-message, a message on your Statement, or in any other way that will be sent to you individually.
- 11.6** If you are a Web-Based Account holder you agree that for the purposes of sending you any Communications or other documentation relating to your Portfolio, such as Statements and contract notes in respect of your Investments, we may in our absolute discretion send such documentation in electronic form only.
- 11.7** We will inform you of any changes in our contact details. Please tell us as soon as you can if you change your name, address, telephone, email address (if applicable) or any other details. We will not be liable for Communications or Statements sent to you using your old details prior to our receipt of your new details in accordance with this clause 11.7.
- 11.8** To ensure we carry out your Instructions accordingly, to help us continually improve our service and in the interest of security, we will record and may monitor your telephone calls with us and keep records of Secure e-Messages, emails and other internet Communications. Any recordings remain our sole property.
- 11.9** Any news, prices and other information given to you or displayed on our website is or are provided solely to enable you to make your own investment decisions and do not constitute personal investment recommendations or advice.
- 11.10** We cannot provide taxation advice.
- 11.11** We do not make any representation as to the completeness, accuracy or timeliness of such information nor do we accept any liability for any losses, costs, liabilities or expenses which may arise directly or indirectly from use of, or reliance on, the information. Such information is not an offer or solicitation by us to buy, sell or otherwise deal in any particular Investment.
- 11.12** The information is and remains our property, the property of our licensors or the property of Market Data Providers and is protected by copyright and other intellectual property laws.

## 12 Your obligations

- 12.1** You agree and confirm to us each time you use the **first direct** shares services, that:
- 12.1.1** you are not in any way legally or otherwise restricted or prohibited from making a transaction or otherwise using our services;
- 12.1.2** these Terms and each transaction hereunder are your valid and legally binding obligations (and/or the obligations of the person(s) on whose behalf you are acting);
- 12.1.3** your entering into and performance of these Terms and each transaction hereunder does not violate, contravene, conflict with or constitute a default under any law, regulation, rule, judgment, contract or other instrument binding on you or any of your assets (and/or of the person(s) on whose behalf you are acting);
- 12.1.4** in accepting these Terms, we have not made, and you are not relying upon, any Statements, presentations, promises or undertakings that are not contained herein;
- 12.1.5** you and any other joint Portfolio holders remain resident in the UK, or, if applicable, the Channel Islands or Isle of Man or Crown Employee(s);
- 12.2** You accept full responsibility for monitoring your Portfolio. You should notify us as soon as possible in writing if you become aware of:
- 12.2.1** the failure by you to receive a message from us indicating that an order was received, rejected and/or executed or any such message becoming distorted or wrongly transmitted due to defects in the network where you use our internet service; or
- 12.2.2** any inaccurate information in your Portfolio, payments, balances, records or assets or money held or transaction history.
- 12.3** You should not access the website from another country if it is not permissible to do so in that country. You acknowledge that it is your responsibility to check that this is not the case and we will not be liable for your failure to do so.

- 12.4** If you buy or sell Investments during an offer period in either a target or bidder company involved in a takeover, you may be required to report details of your dealings to the Takeover Panel if you own or control 1% or more of the company's securities. It is your responsibility to make any such report or any similar report in analogous circumstances concerning a US company.

## **13 Liability**

- 13.1** Subject to clause 1 of Section 1 of the General Terms, neither we nor any of our Associates, agents or licensors or their directors, officers or employees will be liable for any losses, costs, liabilities, expenses or damage incurred by you in connection with the Agreement unless caused directly by our or their negligence, default or fraud. To the extent that such liability arises, and save where the law provides otherwise, we will only be liable to the extent that any losses, costs, liabilities, expenses or damage result directly from such negligence, wilful default or fraud. We will not be liable for any losses we could not reasonably have expected to occur.
- 13.2** We will not be liable to you if we do not act on your Instructions for any reason set out in the Agreement or if we cannot carry out our responsibilities to you because of any cause that we or our agents or sub-contractors cannot reasonably control. This exclusion includes any losses arising from the unavailability of the relevant network to users of our internet services or data entered through or data becoming scrambled, lost or wrongly communicated in transmission. This may be due to defects in the network, direct or indirect failure of power supplies, equipment, data processing and communication systems or transmission links. This exclusion also includes and any losses arising because of strike or other industrial action to the extent that such matters are outside our/or our agents or sub-contractors reasonable control.
- 13.3** From time to time we may have to shut down the website to enable us to perform essential work on, or major upgrades to, our service. We will make every effort to keep disruption to a minimum and to notify users of web based accounts in advance if such shut down becomes necessary.
- 13.4** If you default in paying any amount due including any Account Fees or charges, interest and Associated administrative and recovery costs will be payable by you on demand at the rate from time to time published in our Rates and Fees Page.
- 13.5** All transactions are subject to the rules and customs of the relevant exchange, market and/or clearing house and to any other applicable rules, regulations and/or Laws so that:
- 13.5.1** if there is any conflict between such rules and these Terms, the former will prevail;
- 13.5.2** we may take or omit to take any action we think appropriate to ensure compliance with such rules; and
- 13.5.3** such rules and any such action we take will be binding on you.
- 13.6** Nothing in these Terms excludes or restricts any obligation we have to you under FCA rules and/or the Financial Services and Markets Act 2000 or requires you to exempt or make good any loss to us against any breach by us of such an obligation.
- 13.7** If any provision of these Terms is held to be invalid or ineffective, it will not affect any other provisions.
- 13.8** Any of our services may be provided using the services of third parties, including our affiliates, who may act as agent for us on such Terms as we think appropriate. We may do whatever we consider necessary or desirable for or incidental to the provision of our services.
- 13.9** We will not be deemed to have accepted any amendments to these Terms unless we agree otherwise in writing.
- 13.10** We accept liability for any sub-custodian or nominee company that is a member of the HSBC Group. We will remain responsible for the acts or omissions of other sub-custodians to the extent of our own negligence, fraud and wilful default and to the full extent required by the FCA Rules. We will not otherwise be liable for any losses suffered and/or expenses incurred as a result of Investments or cash being held with a Clearing System.

- 13.11** In the event of the insolvency of a Clearing System or of a sub-custodian or nominee company that is not a member of the HSBC Group, we will not be liable except to the extent of our own negligence, fraud or default.
- 13.12** In the event at any time that we have reasonable grounds to believe you have broken the Terms, we may without notice:
- 13.12.1** treat any outstanding Client Order as having been cancelled and terminated;
- 13.12.2** arrange the sale of Investments to realise funds to cover any outstanding amount;
- 13.12.3** close out, replace or reverse any transaction or take, or refrain from taking, such other action at such times and in such manner as we consider necessary or appropriate to cover, reduce or eliminate loss or liability under or in respect of any contract, positions or commitments.

## **Annexes**

**Please read carefully**

### **ANNEX 1**

#### **IMPORTANT INFORMATION**

The website is owned, issued and maintained by HSBC Bank plc and is intended for residents of the UK, certain residents of the Channel Islands and Isle of Man and Crown Employees only. With the exception of Crown Employees, it should not be accessed by persons outside the UK, Channel Islands and Isle of Man and in particular in the US and Canada. We are regulated by the FCA. A share is an instrument representing a shareholder's rights in a company. When purchasing a share, you are, through our nominee company, becoming a co-owner of the company, you therefore participate in its development as well as in chances for profits and losses which makes it difficult to forecast the precise yield on such an Investment. An extreme case would be if the company becomes insolvent, thereby eroding the total sums invested.

The value of your stocks and shares and those referred to on the website and the income from them can go down as well as up and you may not get back the amount you originally invested. This may also happen as a result of changes in the rate of exchange where overseas securities or securities denominated in a currency other than sterling are held. Any investment should be considered as a medium to long term investment (i.e. at least 5 years).

Past performance is not an indication of future performance. There is an extra risk of losing money when shares are bought in Alternative Investment Market (AIM) companies including penny shares. 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. The price may change quickly and it may go down as well as up. You should also specifically bear in mind the following risk factors which are relevant to investing in fixed interest securities such as gilts. Like all investments available including those available through the website, the value of your gilts and the income from them can go down as well as up and you may not get back the amount you originally invested. If you purchase gilts above par value and hold them to redemption, you will receive less than you paid for them. You should also specifically bear in mind the following risk factors which are relevant to investing in regulated collective investment schemes such as Funds. By holding Fund Shares, you are indirectly investing in a wide range of different companies. Although this should spread risk, any investment in the stock market involves risk and you should view your investment as medium to long term. Typically this means 5-10 years for medium term and over 10 years for long term Investments.

We will not deduct basic rate tax from credit interest; it will be paid gross (without deduction of tax). As a result you may be required to pay some tax on the income received via your own tax return (please check your personal allowances). In addition, any growth in the value of an investment may be subject to capital gains tax if your total capital gains (less allowable losses) from all sources exceeds your annual exemption limit. This information is based on our understanding of current law and HM Revenue & Customs practice. Both law and practice may of course change. Your tax liability will depend on your own individual circumstances, including your country of residence for tax purposes. If you are unsure about your own situation, you should seek appropriate professional advice.

Where a corporate action takes place, we will use reasonable endeavours to contact you to advise you. Although there may be some situations where this is not possible, in these scenarios, we will act on your behalf and in the best interests we see fit. If we let you know, we will do so as soon as possible after we have been advised by our custodian or Market Data Provider. We will have no liability for any losses suffered and/or expenses incurred, if after using all reasonable endeavours, we are not able to tell you about a Corporate Action.

The Operators of the Funds may ask applicants to provide additional information and documents regarding proof of identity and other information required by relevant money laundering laws. You will provide us with such information as may be necessary to comply with such requirements and you acknowledge that the Operators reserve the right to refuse applications for Fund Shares and that we will have no liability for the consequences of not being able to place an order due to the fact that the Operator has refused the application.

### **The website: disclaimer of warranty and limitation of liability**

The website is intended for use by retail customers and not for professional purposes and, by accessing the website, you represent that you are using it for such purposes. We reserve the right to terminate your access if this is not the case. Nothing in the website constitutes a solicitation or recommendation by us or any other person to buy, sell or hold any security, financial product or financial service or otherwise for the purpose of making a public offer of the same.

The information on the website is provided “as is”. The information on the website is obtained or compiled by third parties and provided by us in good faith. Although it is provided by us in good faith, we cannot be responsible for its accuracy; however, if we become aware that such information is incorrect, we will change it as soon as we are able to.

The information available on the website is subject to change without notice. We expressly disclaim any obligation to keep the information on the website up to date, free of errors or viruses or to maintain uninterrupted access. We may stop producing or updating any part of the website without notice. Access to and use of the website is at your own risk. We do not warrant that the use of the website or any material downloaded from it will not cause damage to any property, including but not limited to loss of data or computer virus infection.

Our sharedealing and investment service is an execution-only service. Nothing on the website or in other documentation provided to you constitutes investment, legal, accounting, or tax advice, nor a representation that any investment or strategy is suitable or appropriate to your individual circumstances. Before entering into a transaction in respect of an investment referred to on the website or otherwise, you should consult your own investment advisors as to its suitability for you. We bear no responsibility or liability for your use of any third party vendor’s software, products, services or equipment in connection with your access and use of the website.

### **In no circumstances will we be liable for any decision made, action or inaction taken by you in reliance on any information or data on the website.**

### **Reservation of rights**

All content and information contained within the website or delivered to you in connection with your use of the website is the property of ourselves and other third parties. The trade mark, trade names and logos (the “**Trade Marks**”) used and displayed on the website or otherwise are registered and unregistered Trademarks of ourselves and other third parties. Nothing on the website or otherwise should be construed as granting any licence or right to use any Trade Mark. We do not waive any of our proprietary rights on the website. You are entitled to view, copy and print documents from the website solely for your own non-commercial use, provided that you do not remove any copyright or other proprietary notices. You may not sell, publish, reproduce, sublicense, assign, modify or change (by use of an html “frame” or otherwise) any portion of the website or any content and information contained within the website without our prior written consent.

### **Use of links**

Should you leave the website via a link contained in the website and view content that is not provided by us. You will do so at your own risk.

We provide links only as a convenience and without liability. The ability to link to another website and the fact that a link exists does not mean that we endorse or guarantee such site, the site sponsor or the site contents. In addition, be aware that when you leave the website you will be subject to the Terms of use and privacy policies of the new website which you are visiting.

### **Cookies**

In order to improve your use of the website, we use “cookies” to track your visit. A cookie is a small amount of data that is transferred to your browser by a web server. It functions as your identification card. We use cookies to track your visits to the website.

### **Access**

The website is intended only for customers who reside and are present at the point of access, in the UK. This is to ensure that usage is in accordance with local Laws and Regulations.

## ANNEX 2

### Security information

We are committed to the privacy and security of your Personal Information. We keep your Personal Information secure by ensuring that:

- the public (pre-login) areas of the website do not contain any of your Personal Information the secure area of the website supports the use of strong encryption (128 bit SSL).
- to take advantage of this level encryption, you will need to use a browser that supports that level of encryption our web servers are protected behind “firewalls” and our systems are monitored to prevent any unauthorised access. As an extra measure of security your data is stored on separate computers from those used to serve web pages we will not send Personal Information to you by email.
- as the security of email cannot be guaranteed, you should only send emails to us using the Secure e-messaging facility within the website. In particular, to prevent unauthorised access to your data you should take care when opening emails from sources that are not otherwise known to you.

Please note that we cannot guarantee confidentiality of emails that are not sent using our Secure e-messaging facility within the website.

## ANNEX 3

### Best execution disclosure statement

#### 1. Purpose and scope

This Best Execution Disclosure Statement provides a summary of the steps we will take to achieve the Best Possible Result for Client Orders, taking into account the factors set out below, under our Execution Policy.

#### 2. Best execution factors

When executing Client Orders, we will take all reasonable steps to achieve the Best Possible Result on a consistent basis, taking into account a range of factors which include price; cost; speed; likelihood of execution and settlement; size; nature or any other consideration relevant to the execution of Client Orders.

Price and execution costs will be paramount although other factors such as the type of Client Order, the type of Financial Instrument and the choice of Execution Venue will also be considered where necessary to achieve the Best Possible Result.

#### 3. Execution venue

In most cases, we, HSBC Bank plc, acting through our business division HSBC Global Banking and Markets will be the Execution Venue for orders. In such circumstances, we will execute the deal for you by entering into the trade on our own account (as principal) and entering into another trade with you, either matching or improving upon the execution price available from an alternative Execution Venue (for example, The London Stock Exchange in respect of UK Equity Investments). In other cases, we will choose another Execution Venue.

The table below shows the Execution Venues on which we place significant reliance. This list is not exhaustive and we may use other Execution Venues from time to time. You consent to us executing your orders outside a Regulated Market or Multilateral Trading Facility.

Financial Instruments:	Execution venues:
UK and European Equities	HSBC Bank plc (acting by its division HSBC Global Banking and Markets)
UK and European Bonds	HSBC Bank plc will execute as agent (or principal if executed through HSBC) through a pool of HSBC approved market makers and any selected multilateral trading facility, typically sourcing the best price from Barclays Bank, Deutsche Bank, HSBC Global Banking and Markets, Lloyds Bank and Winterflood Securities.
Unit trusts and OEICs	The Manager/Authorised Corporate Director of the relevant unit trust/OEIC.

#### **4. Limit orders**

Where you have placed a Limit Order in an Equity Investment admitted to trading on a Regulated Market, and the Limit Order is not immediately executed under prevailing market conditions; we will make your Limit Order public to ensure that it is executed at the earliest opportunity, unless you instruct us otherwise.

There is no requirement for a Limit Order to be made public if it involves Shares which are not admitted to trading on a Regulated Market, or if it is significantly larger in scale compared with than the normal market size.

#### **5. Specific Instruction warning**

We will only execute your instruction as set out within these Terms and we will process your order in accordance with our Execution Policy. We are not able to accept any additional specific instructions you give us as to how to execute an order e.g. to use a specific broker.

#### **6. Effective date, review, amendments and Monitoring**

This Best Execution Disclosure Statement is reviewed at least annually. Where necessary we may amend it, where a material change has occurred, which includes changes to the list of Execution Venues on which we place significant reliance. We will inform you of any changes either in writing or by publishing the amended Best Execution Disclosure Statement on our website.

We will also monitor our effectiveness in achieving best execution of Client Orders on a regular basis.

### **ANNEX 4**

#### **Policy on HSBC conflicts of interest**

**first direct** is a division of HSBC Bank plc and is part of the HSBC Group, a global organisation which provides a wide range of financial services. As such, it, or a company with whom it has an association (HSBC), may from time to time have interests which conflict with its clients' interests or with the duties that it owes to its clients. These include conflicts arising between the interests of HSBC, its Associates and employees on the one hand and the interests of its clients on the other and also conflicts between clients themselves.

HSBC has established procedures which are designed to identify and manage such conflicts. These include organisational and administrative arrangements to safeguard the interests of clients.

A key element of this policy is that persons engaged in different business activities involving a conflict of interest must carry on those activities independently of one another.

Where necessary, HSBC maintains arrangements which restrict the flow of information to certain employees in order to protect its clients' interests and to prevent improper access to client information.

HSBC may also deal as principal for its own Investment Account and may be matching transactions with another client. Procedures are in place in order to protect the client's interest in this instance.

In some cases, HSBC's procedures and controls may not be sufficient to ensure that a potential conflict of interest does not damage a client's interests. In these circumstances, HSBC may consider it appropriate to disclose the potential conflict to the client and obtain the client's formal consent to proceed. However, HSBC may decline to act in any circumstance where there is residual risk of damage to the interests of any client.

You may have further questions which relate to the underlying procedures within HSBC. In such cases you should contact us.



## Complaints

If you are unhappy in any way with our products and services then please let us know. On receipt of your complaint, we will send you a copy of our leaflet "Listening to your comments", which explains how we will handle your complaint. A written copy of our complaint procedures is available on request. If we cannot resolve your complaint in the first instance, you can refer it to:

Financial Ombudsman Service  
Exchange Tower  
London E14 9SR

Telephone: 0800 023 4567 or to call from abroad +44 20 7964 0500

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

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

The Financial Ombudsman Service will generally review complaints from retail customers. However, their criteria for reviewing complaints may mean that even if you have been categorised by a provider of products and services as a retail client, they may not regard you as an eligible complainant.

Complaining to the ombudsman will not affect your legal rights.

We offer many services for our disabled customers. For more information call us on 03457 404 404 (Text-phone 1800 103457 125 563). Lines are open 8am - 10pm every day (excluding Christmas Day Boxing Day and New Year's Day) in the UK or 08456 006 161 (Text-phone 1800 103457 125 563) in the Channel Islands and Isle of Man. To help us continually improve our service and in the interests of security we will record and may monitor your telephone calls.

## General Information

HSBC Bank plc is covered by the Financial Services Compensation Scheme (FSCS). You may be eligible to compensation from the scheme if you have a valid claim against us in respect of investment business and we cannot meet our obligations. Most types of investment business are covered up to a maximum limit of £50,000 per person. Your eligible deposits (including cash balances in your settlement account) are covered separately by the FSCS. The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations. Most depositors are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to the current FSCS limit for deposits. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, each depositor would have a separate claim up to the FSCS deposit limit and so the maximum amount that could be claimed in total would be twice the current FSCS deposit limit. The FSCS deposit limit relates to the combined amount in all the eligible depositor's accounts with the bank, including their share of any joint account, and not to each separate account.

**first direct** and HSBC are both trading names of HSBC Bank plc and customers who hold deposits under both trading names will only be eligible for one claim of up to the FSCS deposit limit in total. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) please refer to the FSCS website [www.FSCS.org.uk](http://www.FSCS.org.uk) or call the FSCS on 0800 678 1100 or 020 7741 4100. Please note only compensation related queries should be directed to the FSCS.

**first direct** is a division of HSBC Bank plc. HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority. The FCA's contact address is at 25 The North Colonnade, Canary Wharf, London, E14 5HS and the Prudential Regulation Authority's address is the Bank of England, Threadneedle Street, London EC2R 8AH.

HSBC Bank plc is also registered with the Jersey Financial Services Commission, the Guernsey Financial Services Commission and the Isle of Man Financial Supervisions Commission for banking and investment business.

HSBC Bank plc is registered for credit business under Interim Permission Number 0006343. HSBC Bank plc is established at 8 Canada Square, London E14 5HQ, which is its registered office.

**first direct** is a division of HSBC Bank plc.

We are a member of the HSBC Group, one of the world's largest banking and financial services organisations with around 8,500 offices in 86 countries and territories.

**first direct** shares, 40 Wakefield Road, Leeds LS98 1FD

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