

first direct

Notice of Variation

Important changes to our shares service Stocks and Shares ISA Terms and Conditions (the “Terms”) which take effect on **6 April 2017**

What's in this brochure?

We're letting you know about some important changes we're making to the shares service Stocks and Shares ISA Terms to make them clearer, and to reflect changes in the Individual Savings Account Regulations 1998 regarding the change in annual subscription limits.

This brochure gives you a summary of the main changes to the Terms and Key Features document which take effect on **6 April 2017** (the "**Effective Date**").

Expressions defined in the Terms and used in this Notice of Variation shall have the meaning given to them in the Terms.

If you're happy with the changes you don't need to do anything, so if we don't hear from you we'll assume you accept them. If you don't, you can end the service and, if applicable, transfer your sharedealing account to another provider before the changes happen by calling us on the number below, but we hope you'll choose to stay.

In case you're considering it, if you close your ISA and we can't transfer your Investments to a new provider, we'd have to sell them in the market and send you the money instead. So if their value has fallen, you could get back less than you paid in. If you're closing your Stocks and Shares ISA with us but you want to keep its tax benefits, you'd need to transfer it to another provider.

If you have any questions or if you'd like a full copy of the new Terms, visit **firstdirect.com/terms-and-conditions** or give us a call on **03 456 100 105** and we'll be happy to help. Lines are open 7.30am – 5.00pm Monday to Friday and 8am – 12pm Saturdays.

Because we want to make sure we're doing a good job calls may be monitored and/or recorded, we hope you don't mind.

Changes to the Terms

(Effective Date 6 April 2017)

We've amended Section 7 – Transfer to read:

7.3 *In accordance with the Regulations, at your written request and within the time you stipulate we will transfer all or part of your Account, with, where appropriate, all rights and obligations of the parties to it, to another ISA manager provided they agree to the transfer, within 30 days (subject to the transfer time you stipulate falling within 30 days). You will need to make arrangements with the ISA manager to whom you wish to make the transfer. The new ISA manager will then contact us to arrange the transfer. While we will normally carry out the transfer within the time you stipulate there may be occasions when the transfer takes longer to complete due to circumstances beyond our control. When we receive your request to transfer and confirmation of acceptance from the new ISA manager, we will assist to encash any shares in your Account and transfer the cash value of your Account, or, if requested by you, transfer the Account Investments (without first selling them) to the ISA manager of your choice. Current Tax Year Account Subscriptions can only be transferred in full.*

Changes to the Key Feature Document

(Effective Date 6 April 2017)

Question and Answers

We've amended the Paragraph "**What is an ISA?**" to read:

An ISA is a tax efficient way of saving or investing as all income and capital gains arising within an ISA are exempt from any personal liability to UK income tax and capital gains tax. There are various types of ISAs available. Before taking out an ISA, you should choose an option that is suitable for your needs.

*The option that **first direct** shares service offer is a:*

- *Stocks and Shares ISA*

This is self-directed, which means that you choose the individual investments to be held within your ISA.

When you make a payment into an ISA in any tax year, it is called a subscription. You can only subscribe to one of each type of ISA per tax year. ISAs can only be held in a sole name. Which means, ISAs held in joint names are not permitted.

For more information on what other ISAs are available please visit www.gov.uk

We've amended the Paragraph "**How much can I subscribe to an ISA?**" to read:

Because of their tax advantages ISAs are subject to annual subscription limits. For tax year 2017/2018:

- *your subscription allowance is £20,000.*

For more information on your ISA limits please visit www.gov.uk

You can subscribe to any combination of permitted ISAs in the same tax year, subject to the subscription limits and eligibility requirements for each type of ISA, but you cannot exceed the overall maximum ISA allowance of £20,000 for the tax year 2017/18.

ISAs may be transferred to another ISA with the same or a different ISA manager. When an ISA is transferred in this way, the amount transferred is not a subscription and therefore does not count towards the subscription limit explained above.

Current tax year subscriptions must be transferred in whole, but previous tax year(s) subscriptions can be transferred in whole or in part.

Please note that if a current tax year ISA subscription (which is not a Stocks and Shares subscription) is transferred to a Stocks and Shares ISA, under the ISA regulations the subscription is retrospectively deemed to have been subscribed directly to the Stocks and Shares ISA.

You can apply to make Additional Permitted Subscriptions into your Account following the death of your spouse or civil partner. The Additional Permitted Subscription will not count towards your current Tax Year ISA subscription limit.

Please note that each year all ISA managers are required to report details of ISA subscriptions made by their customers to HM Revenue & Customs (HMRC) so that HMRC can check that individuals do not exceed the limit.

*We've added the following Paragraph to the sections entitled "**Can I transfer my existing shares into my first direct Stocks and Shares ISA?**":*

To complete this process please contact us via the telephone and one of our representatives will be able to assist you. The process of selling shares out of your investment account and reinvesting them into an ISA, is sometimes called a Bed and ISA.

Registered in England number 00014259.

Registered office: 8 Canada Square, London E14 5H0. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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Member **HSBC**  *Group*

first direct

Terms and Conditions

for the **first direct** shares service
Stocks and Shares ISA

Effective on and from 6 April 2017

Introduction

These Terms set out the details of the contract between you and us in respect of your Account. Please read them carefully in conjunction with the **first direct** shares service Terms and the Best Execution Disclosure Statement and Conflicts of Interest Policy contained therein.

Further information and an Application form for an Account can be found on **first direct's** Website.

Application Requirements:

You may only open or maintain an Account if you have a **first direct** shares service Account with us in your sole name. If you close your **first direct** shares service Account, your Account must be closed or transferred to another ISA manager at the same time. You may only open and make Subscriptions to an Account if you are resident in the UK for tax purposes or, if you are not so resident, you are a Crown Employee working overseas and paid out of UK public revenue or you are married to or in a civil partnership with a person who performs such duties, notwithstanding any local restrictions. In addition you must not have subscribed to another stocks and shares ISA in the same tax year unless you have transferred that ISA to us; and you must not have exceeded the overall subscription limit currently published by HM Revenue & Customs.

Subject to Term 7, you may transfer your ISA from another ISA manager to us, whether or not you are resident in the UK for tax purposes, without losing any of your tax advantages in accordance with the conditions of your existing ISA.

The value of any tax savings and eligibility to invest in an ISA will depend on individual circumstances. **first direct** shares service offers a stocks and shares ISA.

first direct shares service does not offer a cash ISA.

Glossary

Except as otherwise specified in the Glossary, all Terms defined in the **first direct** shares service Terms have the same meaning when used in these Terms.

The following terms have the meanings specified below:

Account means **first direct** shares service Stocks and Shares ISA offered by us and entered into in accordance with this Agreement which will comprise an ISA account and a British Pounds Sterling denominated ISA cash account.

Account Manager means HSBC Bank plc.

Additional Permitted Subscription means an additional Subscription which you can apply to make into your Account following the death of your spouse or civil partner. The Additional Permitted Subscription will not count towards your current Tax Year ISA subscription limit.

Agreement means these Terms and the **first direct** shares service Terms.

Application means a properly completed application to open an Account with us which must be completed online or by such other means as we may accept (and which includes, in the case of an application to transfer an ISA to us, the Transfer Form).

Assets means Investments, income, interest, cash balances and any other rights and entitlements from time to time held within your Account.

Associated Company means any holding company of ours or a subsidiary of any such holding company (as defined in section 1260 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 statement concerning our best execution duties which is set out in Annex 3 of the **first direct** shares service Terms.

Best Possible Result means when executing orders, 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 the orders to achieve the Best Possible Result. Price and execution costs will be paramount although factors such as the type of order, the type of Investment and the choice of Execution Venue will also be considered where necessary.

Conflicts of Interest Policy means HSBC Group's conflicts of interest policy which is set out in Annex 4 of the **first direct** shares service Terms.

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.

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.

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

Crown Employee means a person who performs duties which, by virtue of Section 28 of the Income Tax (Earnings & Pensions) Act 2003 (Crown Employees serving overseas), are treated as being performed in the United Kingdom.

Execution Venue means a trading venue that we believe offers the best prospects for us to obtain the Best Possible Result on a consistent basis.

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

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 Term17.5 below.

first direct means a division of HSBC Bank plc.

first direct shares service means the stocks and shares investments dealing service provided by **first direct** under the **first direct** shares service Terms.

first direct shares service Terms means the terms and conditions for **first direct's** shares service together with any relevant Supplemental Terms.

first direct shares service Account means your **first direct** settlement account and investment account as defined in the **first direct** shares service Terms.

Gilts means UK Government issued debt securities.

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.

Investments means all investments which are listed in the relevant page of **first direct's** Website or otherwise notified to you from time to time and which under the Regulations are qualifying investments for the purposes of a stocks and shares ISA. We do not permit insurance products to be purchased in the Account.

ISA means an Individual Savings Account under the Regulations.

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.

Payments means any amount received from you or from another ISA manager on your behalf for payment into your Account.

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

Rates Page means the specific page on **first direct's** Website or in paper format as amended and notified to you from time to time. It displays our current interest rates for your **first direct** shares service Account depending on the type of accounts you maintain with **first direct**, messages referring to interest rate changes and all our current fees for the provision of services subject to the **first direct** shares service Terms. In addition the Rates Page sets out details of third parties' taxes and costs attributable to specific Investments (the imposition and amount of which is outside our control).

Regulations means the Individual Savings Account Regulations 1998 as amended or replaced, as the case may be, from time to time and any other applicable statutes and regulations.

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

Rules means the rules of the FCA, and any other organisation acting within the scope of the Financial Services and Markets Act 2000 or any other legislation applicable to the Account at any given time.

Services includes (a) the opening, maintaining and closing of your bank accounts, (b) providing you with credit facilities and other banking products and services, processing applications, credit and eligibility assessment, and (c) maintaining our overall relationship with you, including marketing services or products to you, market research, insurance, audit and administrative purposes.

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.

Scrip Dividend means a distribution by a company in shares or a combination of shares and cash.

Subscription means the cash and/or shares subscribed or to be subscribed to your account under the Regulations and these Terms, and where applicable, an Additional Permitted Subscription.

Supplemental Terms means any supplemental terms applicable to the specific products or services that we may offer you from time to time.

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.

Tax Year means a year beginning on 6 April and ending on the following 5 April.

Terms means these Account terms and conditions.

Transfer Form means the form that needs to be completed to transfer an ISA to the Account, which is available on our Website or from Customer Services.

We, us, our or **ourselves** means HSBC Bank plc.

Website means the location within **firstdirect.com** from which you can access the **first direct** shares service (as set out in the **first direct** shares service Terms).

You or **your** means the person whose name, address and other particulars in the relevant application.

1. Appointment and Authority

1.1 You appoint us as the Account Manager for your Account. We will operate your Account in accordance with this Agreement, your Application, the Regulations and the Rules.

1.2 We reserve the right to reject any Application. If your Application is not completed in full, it may not be accepted by us. We may not open your Account until you have provided us with all information which we consider relevant to it.

1.3 Your Application for an Account only covers the Tax Year in which you opened your Account. In order to make any Subscriptions to your Account during any future Tax Year, you must make a fresh application for that year.

1.4 On receipt of your Application for a current Tax Year Account, we will send you a copy of the declaration contained in your Application either in hard copy or electronically. You should notify us of any inaccuracies in your declaration within 30 days of the date we send you a copy of the declaration.

1.5 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. The only duty we owe you is to achieve the Best Possible Result for your orders and any other duties are expressly excluded from the **first direct** shares service. 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.

2. Interpretation of and Changes to the Terms

2.1 This Agreement will replace the terms of any agreements which we have previously entered into with you in respect of the Account. If there is a contradiction between information on our Website or otherwise notified to you relating to the Account and these Terms or any conflict between these Terms and the **first direct** shares service Terms then these Terms will prevail.

2.2 We may amend this Agreement (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:

- i. if we reasonably consider that the change is favourable to you, by telling you about it within 30 days of the change;
- ii. if the change is not favourable to you, by giving you at least 30 days' written notice before we make the change.

We may make any change to this Agreement for all or any of the reasons set out in this Term 2 that apply, namely:

- if the change is favourable to you; or
- following, or in anticipation of, and to reflect a change in relevant law or regulation or to reflect a change in industry guidance or code of practice or good banking practice; or
- to respond to the making of a recommendation, requirement or decision of any court, ombudsman, regulator or similar body; or
- to reflect any change in the base rate or any rate that replaces it set by the Bank of England or by any bank that takes over responsibility for setting such a rate; or
- to reflect any change or anticipated change in interest rates charged by other major banks or financial institutions in the UK; or
- 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
- to make these Terms clearer; or

- 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
- 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
- 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.

Where we make a change under this Term 2, the change will be proportionate to the underlying reasons for the change.

We may also make changes to these Terms (including introducing new charges or fees or changing the amount, rate or, or basis on which we charge) or for any other valid reason that applies and is not described in this Term 2. We will always give you at least 30 days' prior written notice of such a change.

You may without charge close your Account in accordance with Term 9 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 Account by this time, then you will be deemed to have accepted such a change and the change will take effect automatically. If you close your Account without transferring to another ISA manager the investment will no longer be contained within a stocks and shares ISA.

3. Subscribing to and Operating your Account

3. We do not segregate Assets by Tax Year but may segregate Assets in your current Tax Year Account from Assets representing previous Tax Years' Subscriptions if we need to do so.

3.2 You may make cash Subscriptions to your current Tax Year Account using any of the relevant methods specified from time to time on **first direct's** Website. We can only accept responsibility for Payments into your Account after we have received and checked them. You must not send us cash in the post.

3.3 Except in the case of Additional Permitted Subscriptions, you may make Subscriptions of shares that you receive from a savings related share option scheme or a share incentive plan directly to your current Tax Year Account. You need to make the Subscription within 90 days of:

- the exercise of the option date (in the case of a savings-related share option scheme); or
- the date on which the shares ceased to be subject to the plan (in the case of a share incentive plan). The value of your Subscription will be calculated by reference to the aggregate market value of the shares at the close of business of the exchange on which the shares are listed on the date of transfer.

3.4 You can make an Additional Permitted Subscription to your current Tax Year Account. You must complete the relevant form each time that you wish to make an Additional Permitted Subscription.

3.5 The Additional Permitted Subscription must not exceed the combined value of your spouse or civil partner's ISAs which they held at the date of their death (including any income accrued, but not paid or credited to the ISA at the date of death), and must be made in accordance with the requirements set out in the Regulations.

3.6 You may make several Additional Permitted Subscriptions; however, they must not, in aggregate, exceed the combined value of your spouse or civil partner's ISAs as at the date of their death and must be made within the timescales set out in the Regulations.

3.7 We will not accept an Additional Permitted Subscription where we know that the information you provide in the relevant form is false or where the requirements set out in the Regulations are not satisfied.

3.8 If you attempt to transfer cash and/or shares into your Account which would result in your Account exceeding the Subscription limit in any Tax Year, the cash and/or shares will be transferred to the **first direct** shares service Account.

3.9 We will notify you if, by reason of any failure to satisfy the provisions of the Regulations, your Account has or will become no longer exempt from UK Income and/or Capital Gains Tax. If all or part of your Account is void we will sell the affected Investments and pay the proceeds into your **first direct** shares service Account together with any cash balance held in the Account. We may deduct any accrued charges and any additional expenses incurred terminating the Account including any amounts payable by you under Term 3.10 below and any amounts referred to in Term 9.1.

3.10 You agree to indemnify us against any sum which we are required to pay to HM Revenue & Customs for a liability to tax in respect of your Account or which we are required to pay to any third party in respect of your Account under any applicable laws.

3.11 You must inform us immediately if you stop being UK resident for tax purposes or cease to perform duties as a Crown Employee working overseas and paid out of UK public revenue or cease to be married to or in a civil partnership with a Crown Employee working overseas, in each case, we may require that you transfer your Account to another ISA manager or that you close your Account.

3.12 Our right under these Terms to deduct a sufficient amount of funds from your Account to pay any tax liability you may have (as per clauses 3.9 and 9.1) shall only apply in respect of any tax liabilities which have arisen in relation to credit interest payments made to you on or prior to 5 April 2016. Where you have incurred a tax liability in respect of credit interest payments made to you on or after 6th April 2016 we will not deduct any amount in respect of these liabilities and it shall be your responsibility to account to HMRC for the full amount of such liabilities.

4. Investments and Income

4.1 The provisions of the **first direct** shares service Terms relating to Investment dealing and your **first direct** shares service Account will, except to the extent they conflict, or are inconsistent with these Terms or the Regulations, apply to your Account.

4.2 When placing an order to buy or sell Investments in your Account you must settle the trade through cash or Investments held in that Account and all Investments bought using cash held in your Account must be settled to that Account.

4.3 When placing a buy order for shares in respect of your Account you must enter a limit price which we will use to calculate the maximum potential settlement amount for the trade (including all commission, fees and taxes). You must have sufficient cash in your Account at the time the buy order is placed, to meet this maximum potential settlement amount. In the case of orders for Gilts, you must have sufficient cash in your Account at the time the buy order is placed to meet the cash amount of the order. For this purpose we will take account of cash due from Investments that have been sold but not yet settled, but we will deduct all cash which may become payable in respect of buy orders placed which have not yet settled.

4.4 Any income and/or tax credits arising from Investments held in your Account will be paid in cash into that Account. Any dividends paid on your Investments will be taken as cash even though a Scrip Dividend may be offered as an alternative.

4.5 We may not offer the full range of Investments available in the Regulated Market. We will tell you which Investments you can deal in using the **first direct** shares service. 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 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. 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 the **first direct** shares service to you, this does not mean we are giving you any advice as to the suitability of that Investment.

5. Assignment and Delegation

5.1 Subject to the Rules and the Regulations, we may delegate any of our functions or responsibilities under this Agreement to any person, provided that before doing so we shall, and we shall continue to, satisfy ourselves that such person is competent to carry out those functions and responsibilities.

5.2 We may assign all of our benefits and obligations under this Agreement to an Associated Company. You will be notified of any such assignment.

6. Death

In the event of your death, your Account immediately ceases to be exempt from UK Income Tax and Capital Gains Tax and we will terminate it. This means that any income which will arise in respect of the Account may be taxable and should be reported to HMRC. We may use any money in your Account to reduce or repay any amounts you owe on other accounts with us anywhere in the same name. Subject to this, your Account will continue to be dealt with in accordance with this Agreement and also, subject to our discretion, in accordance with the instructions received from your personal representative(s) who will become subject to the Terms of this Agreement. Your personal representative(s) must provide proof of the death and of their appointment. Following receipt of such proof as is reasonably acceptable to us, we will deal with your Account in accordance with the instructions of your personal representative(s) and all the monies in the Account will be transferred to them or as they direct following deduction of our charges incurred in administering and terminating the Account. Any tax refunds claimed on your behalf after you die will be repaid to HM Revenue & Customs. We will provide the appropriate statements with regard to the Account and any relevant tax certificate to your personal representative(s).

7. Transfers

7.1 Subject to the provisions of this Term 7 and in accordance with the Regulations, you may instruct us to transfer all or part of an ISA that you hold with another ISA manager to us. We only accept the transfer of current Tax Year subscriptions in full; any prior Tax Year(s) subscriptions may be transferred in full or part. You must notify us of your wish to effect the transfer by completing, signing and posting a Transfer Form to us. We will then contact the relevant ISA manager(s) on your behalf and arrange the transfer for you. We reserve the right in our sole discretion to reject any request for a transfer to us of any existing ISA.

7.2 We may at our option accept the transfer of Investments from your existing ISA or we may require that they are sold and the transfer is made in cash. You will pay any charges that your current ISA manager makes in relation to the transfers and/or encashment.

7.3 In accordance with the Regulations, at your written request and within the time you stipulate we will transfer all or part of your Account, with, where appropriate, all rights and obligations of the parties to it, to another ISA manager provided they agree to the transfer, within 30 days (subject to the transfer time you stipulate falling within 30 days). You will need to make arrangements with the ISA manager to whom you wish to make the transfer. The new ISA manager will then contact us to arrange the transfer. While we will normally carry out the transfer within the time you stipulate there may be occasions when the transfer takes longer to complete due to circumstances beyond our control. When we receive your request to transfer and confirmation of acceptance from the new ISA manager, we will assist to encash any shares in your Account and transfer the cash value of your Account, or, if requested by you, transfer the Account Investments (without first selling them) to the ISA manager of your choice. Current Tax Year Account Subscriptions can only be transferred in full.

8. Cancellation of ISA Agreement

8.1 You have 14 days from when we accept your Application to write to us at **first direct** shares service, 40 Wakefield Road, Leeds LS98 1FD, and cancel your Account. Any dealing fees incurred in buying and selling Investments in accordance with your instructions will still be payable. Cancellation only applies to the ISA 'wrapper'. If you cancel your Application, any shares or cash held in your **first direct** shares service Stocks and Shares ISA in relation to the Application being cancelled will, unless otherwise instructed, be transferred to your **first direct** shares service Account. Any cash within the cancelled Account will be returned to your **first direct** shares service Account (as appropriate). If you cancel a Subscription the amount returned may be less than the amount invested if there has been a downward movement in the value of your Investments from the date of investment to the date your instruction to cancel was received. If you cancel within the 14 day period you will not pay any charges for cancelling.

8.2 Should you choose to cancel your current Tax Year Account within the 14 day cancellation period you will preserve your eligibility to open a current Tax Year Account either with us or another ISA manager, as HM Revenue & Customs will not treat this as a valid Subscription. Thereafter you can terminate your Agreement and close your Account at any time as detailed in Term 9.5 of these Terms.

8.3 Terminating your Agreement after the 14 day cancellation period may delay you from entering into another ISA agreement until the next Tax Year.

8.4 Whenever you cancel or terminate your Agreement and close your Account there may be charges for the transactions required to transfer your Assets out of your Account, except where you terminate in accordance with Term 2.2. Please see our Rates Page for details.

You will have to pay us any money due to us at the time you cancel or terminate according to the Terms of your Agreement notwithstanding cancellation/ termination.

8.5 A request to transfer your ISA in from another ISA manager has a 7 day withdrawal period starting from the time we receive your transfer request, after which the transfer process will commence and cannot be withdrawn. You must tell us in writing that you wish to withdraw your transfer request. If you withdraw within the 7 day period you will not pay any charges for withdrawal.

If you do not cancel within the 7 day or 14 day period (as applicable) above, thereafter you can terminate your Agreement and close your **first direct** shares service Stocks and Shares ISA at any time by writing to us.

9. Withdrawal and Closure by you

9.1 In accordance with the Regulations and subject to the provisions of this Term 9 and the provisions and time periods set out in the **first direct** shares service Terms, you may withdraw all or part of the Assets in your Account or any cash. At your request and within the time you stipulate we will:

- i. Pay you the amount of the withdrawal; or
- ii. Transfer to you Investments to the value of the amount requested for withdrawal.

Where you request us to transfer to you, Investments to the value of the amount requested for withdrawal we will normally carry this out within the time you stipulate, and in any case within 30 days, although there may be occasions where such transfers will take longer to complete due to circumstances beyond our control.

Before we make a payment to you or transfer your Account or all or any of the Assets in your Account, we shall be entitled to deduct from the Account (and to the extent of any shortfall, any other account within your portfolio) an amount necessary to discharge any obligations or liabilities incurred in connection with the Account (including tax liabilities in so far as is necessary) which may be due from you to any person including us and HM Revenue & Customs. If we subsequently receive any income arising from Investments transferred out, we will remit it to you or your new ISA manager (as appropriate).

9.2 You may withdraw cash from your Account by transferring it to your **first direct** shares service Account. Instructions to transfer cash may be given through the "move money" facility on **first direct's** Website, over the telephone or through such other means as we may agree. You may not withdraw cash from your Account to the extent that it may become payable in respect of buy orders placed which have not yet settled.

9.3 No partial withdrawal may be made for an amount less than our applicable minimum withdrawal limit for the Account. Any minimum withdrawal limit will be indicated on **first direct's** Website or otherwise advised by us from time to time.

9.4 If you withdraw any amount or investment from your account or close your Account you will lose the tax benefits available on the amount or investment withdrawn from the day of withdrawal or closure. If you have subscribed in the current Tax Year to your Account, you may not close your Account with us and open a new stocks and shares ISA for the current Tax Year with another ISA manager, although you may transfer your Account to another ISA manager at any time.

9.5 You may without charge (subject to Term 8.4) close your Account at any time by giving us appropriate instructions. However, we may continue to debit or credit your Account with the amount of any withdrawal or transfer previously instructed which was not debited or credited prior to its closure and, in any event, we reserve the right to keep your Account open to receive any relevant claims to tax claims or tax credits.

10. Closure of your Account by us

10.1 Subject to the Regulations, we may at our absolute discretion close your Account at any time by giving you 30 days' written notice, unless there are circumstances which justify us in closing the Account on earlier notice. We will transfer the Assets of your Account to your **first direct** shares service Account or as you otherwise direct and we may agree.

10.2 Your Account will close if we stop acting as Account Manager. We shall give you reasonable written notice if we decide to do this. At the end of that notice period your Account will close, but in the meantime you may withdraw or transfer Assets.

11. Ownership and Custody

11.1 All documents evidencing title to Assets in your Accounts are held by us or as we direct.

11.2 The provisions of the **first direct** shares service Terms relating to the custody of the Investments held in your **first direct** shares service Account will, except to the extent they conflict, or are inconsistent with, these Terms or the Regulations, apply to your Account. In accordance with the **first direct** shares service Terms, the title of all Investments held in your Account will be registered in the name of our nominee.

11.3 The Account Investments will be, and must remain in, your beneficial ownership. You may not use your Account as security for a loan. You may dispose of or transfer an interest in any Asset only through us and you may not create (or have outstanding) any charge or security on or over any Asset.

12. Minimum Balances

12.1 You must maintain a minimum balance in your Account equal to any applicable minimum balance requirement as indicated on our Website or as advised by us from time to time. We reserve the right to change our minimum balance requirement from time to time. If we do so, we will notify you in accordance with Term 2.2.

13. Interest Rates

13.1 Any cash in your Account will earn interest at the applicable rate specified in our published tariff, which also sets out information on when interest will be paid to you. On request, a full explanation of how interest is calculated will be provided. We reserve the right, at our discretion, to vary our interest rates at any time in accordance with the procedure set out in Term 2.2. Interest paid on the cash in your Account will be credited gross.

14. Documentation and Voting

14.1 For any Investment held in your Account, we can arrange at your request in writing (to us) for you to:

14.1.1 Receive a copy of the annual report and accounts for each company or other concern in respect of shares or securities in which you have invested; and

14.1.2 Attend meetings of shareholders or securities holders and exercise voting rights and receive information sent to such holders in addition to the annual report and accounts.

14.2 We do not accept standing instructions in respect of the matters referred to in Term 14.1 above for all Investments held in your Account. If you wish to exercise your rights referred to in Term 14.1 in respect of more than one investment held in your Account you must make a written request in respect of each relevant Investment.

15. Rights Issues, Takeovers etc

15.1 The **first direct** shares service Terms governing the exercise of rights attaching to your Investments will, except to the extent they conflict, or are inconsistent with, these Terms or the Regulations, apply to Investments held in your Account. However, all Payments due in respect of any such rights must be settled from your Account.

15.2 In the event that the exercise of any such rights results in any Investments being held in your Account which are not qualifying Investments for the purposes of the Regulations you must transfer them out of your Account or sell them. If you fail to do this within 21 days of the date on which the non-qualifying Investments are first acquired we will transfer them out of your Account and into your **first direct** shares service Account, or, at our discretion, sell them.

16. Fees, Charges and Expenses

16.1 Details of the commission and any other fees payable in respect of your Account are set out in our published tariff as indicated on our Rates Page. For the avoidance of doubt, you must also pay any applicable Value Added Tax, Stamp Duty, Stamp Duty Reserve Tax, other taxes, levies or other transaction costs.

16.2 We reserve the right to charge you for copies of annual reports and accounts and other information and/ or for arranging for you to attend meetings and/ or vote in respect of the Investments held in your Account as referred to in Term 14.1. Details of any such charges will be specified on our Rates Page or otherwise advised by us from time to time.

16.3 Subject to Term 16.4 below, you may specify whether the fees referred to in Terms 16.1 and 16.2 above should be charged to your **first direct** shares service Account (as appropriate). If you do not specify, these fees will be charged to your **first direct** shares service Account (as appropriate). In any event, if there are insufficient Assets in your Account to meet such fees, we may deduct any amounts owing from your **first direct** shares service Account (as appropriate).

16.4 All commission and all Stamp Duty payable in connection with the Investments held in your Account will be charged to your Account.

16.5 If you are in default in paying any amount due, 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 Page.

17. Collection, processing and sharing of Customer Information

This Term 17 explains how we will use Customer Information. By using the Services, you agree that we and members of the HSBC Group may use Customer Information in accordance with such Term.

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 Term 17.

Collection

17.1.1 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.

Processing

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

- a. the provision of Services and to approve, manage, administer or effect any transactions that you request or authorise;
- b. meeting Compliance Obligations;
- c. conducting Financial Crime Risk Management Activity;
- d. collecting any amounts due and outstanding from you;
- e. conducting credit checks and obtaining or providing credit references;
- f. enforcing or defending our rights, or those of a member of the HSBC Group;
- g. 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);
- h. maintaining our overall relationship with you (including, if you agree, marketing or promoting financial services or related products, and market research); and/or
- i. verifying your identity.

Sharing

17.1.3 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):

- a. any member of the HSBC Group;
- b. any sub-contractors, agents, service providers, or associates of the HSBC Group (including their employees, directors and officers);
- c. any Authorities, in response to their requests, or where you have provided us with false or inaccurate information and Financial Crime is detected;
- d. 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);
- e. any party to a transaction acquiring interest in, or assuming risk in, or in connection with, the Services;
- f. other financial institutions, fraud prevention organisations, trade associations, credit reference agencies or credit bureaus, and debt recovery agents;
- g. any third party fund manager who provides asset management services to you;
- h. any introducing broker to whom we provide introductions or referrals;
- i. any third party in connection with a transfer, disposal, merger or acquisition of business by us or any HSBC Group member; and
- j. 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.

Your obligations

17.1.4 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.

17.2 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.

17.3 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:
 - a. be unable to provide new, or continue to provide all or part of any Services to you and may end the relationship with you;
 - b. take actions necessary for us or a member of the HSBC Group to meet the Compliance Obligations; and/or
 - c. 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.

17.4 Data protection

17.4.1 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 which all members of the HSBC Group, their staff and third parties are subject to.

17.4.2 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.

17.5 Financial Crime Risk Management Activity

17.5.1 We, and members of the HSBC Group, are required, and may take any action to meet 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:

- a. screening, intercepting and investigating any instruction, communication, drawdown request, application for Services, or any payment sent to or by you, or on your behalf,
- b. investigating the source of or intended recipient of funds
- c. combining Customer Information with other related information in the possession of any member of the HSBC Group, and/or
- d. 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.

17.5.2 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.

17.6 Tax compliance

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.

17.7 Credit reference and fraud prevention

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

17.7.2 If we make demand for repayment following 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.

17.7.3 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.

17.7.4 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 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 public holidays.

17.8 Website and email personalisation

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.

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.

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.

17.9 Further information and marketing

17.9.1 To ensure that we carry out your instructions accurately, to help us to improve our service and in the interests of security, we may monitor and/or record 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.

17.9.2 We may make and retain copies of passports, driving licences or other identification evidence that you provide.

17.9.3 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.

17.9.4 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.

17.10 Miscellaneous

17.10.1 In the event of any conflict or inconsistency between any of this Term 17 and those in any other service, product, business relationship, account or agreement between you and us, this Term 17 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.

17.10.2 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 these Terms in that jurisdiction.

17.10.3 Survival on termination

This Term shall continue to apply notwithstanding its 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.

18. Liability and Indemnity

18.1 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, wilful 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 cannot reasonably have expected to occur.

18.2 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 due to defects in the network, direct or indirect failure of power supplies, equipment, data processing and communication systems or transmission links and any losses arising because of strike or other industrial action to the extent that such matters are outside our or their reasonable control.

18.3 Nothing in the Agreement excludes or restricts any liability which we may have to you under Laws, Regulations or Rules or any liability for a matter that cannot be excluded or restricted by Laws, Regulations or Rules.

18.4 From time to time we may have to shut down our 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 web users in advance if such shut down becomes necessary.

18.5 Nothing in these Terms will reduce your statutory rights, including your rights relating to the fairness of the Terms on which products, services and facilities are provided to you and any rights you may have to cancel, close or terminate your Account and/or claim compensation. For further information about your statutory rights contact your local authority Trading Standards Department.

General Terms

19. General

19.1 If we do not deliver the standard of service you expect, or if you think that we have made a mistake, please let us know. We will then investigate the situation and, if necessary, set about putting matters right as quickly as possible. In addition we will take steps, where appropriate, to prevent a recurrence. Please allow us the first opportunity to answer any concerns to put matters right. However, if you remain dissatisfied and would like further information about our process for resolving complaints, please ask us for our explanatory leaflet "Listening to your Comments". This does not affect your right to make a complaint to the Financial Ombudsman Service at any time. Further information can be obtained by writing to the Financial Ombudsman Service, Exchange Tower, London E14 9SR or by visiting www.financial-ombudsman.org.uk/consumer/complaints or by telephone on 0800 023 4 567.

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

19.2 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 or call the FSCS on 0800 678 1100 or 020 7741 4100. Please note only compensation related queries should be directed to the FSCS.

19.3 To help improve our service and in the interests of security we may monitor and/or record your telephone calls with us. Our recordings are and shall remain our sole property.

19.4 The information on our Website is based on our understanding of current UK tax law and HM Revenue & Customs practice. Both UK tax law and practice can change and the tax treatment of ISAs may change in the future.

20. Governing Law

20.1 The Terms are governed by the laws of England and Wales. 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.

Call us any time on

03 456 100 105

Or visit us at

firstdirect.com

first direct is a division of HSBC Bank plc which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Financial Conduct Authority'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.

Member HSBC  *Group*