

Notice of Variation

Important changes to our Shares Service Stocks and Shares ISA Terms and Conditions (the “Terms”) which take effect from **31 August 2020**.

Please read this notice carefully and keep it in a safe place for future reference.

Notice of Variation

We're making variations to the Terms to reflect changes to how our Shares Service Stocks and Shares ISA will work, or to clarify how our Shares Service Stocks and Shares ISA works currently. We're giving you at least 30 days' written notice in line with our obligations under the Terms. We're also making changes to the Key Features Document of our Shares Service Stocks and Shares ISA (the "KFD") and our Shares Service Stocks and Shares ISA rates and fees. These changes will take effect from **31 August 2020** unless stated otherwise within this document.

The changes being made to the Terms, KFD and Rates and Fees are explained in this Notice of Variation. Where necessary, we've also updated clause references and made minor and/or other typing amendments which are not in this Notice of Variation. Copies of each of the amended documents can be found on our website firstdirect.com/sharedealing

Expressions defined in the Terms and used in this Notice of Variation shall have the meaning given to them in the Terms. Please read the information set out in this Notice of Variation carefully and keep it in a safe place for future reference.

What you need to do

If you're happy to accept the changes set out below, you don't need to do anything. If we don't hear from you before **31 August 2020** about the changes, we'll assume you accept them and agree to the updated Terms. If you don't accept them, you have the right to close your account(s) with us before the changes take place with no charge by calling us on the number below. However, it's important to note that if the value of your Investments has fallen, you may get back less than you paid in.

We're here to help

If you have any questions about the changes set out below, or you'd like us to send you a paper copy of the amended terms, please give us a call on **03 456 100 105 (+44 113 234 5678** if calling from overseas). Lines are open 7:30am - 5:00pm Monday to Friday excluding public holidays.

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 immediately)

Section – Glossary

We've updated the defined term for 'Communications' to now include 'text messaging' which will read as follows:

Communications means all communications between us and you by post, e-message, text message or telephone.

(Effective immediately)

Clause 1, Appointment and Authority – 1.5

The description of our service has been updated to clarify that we're not required to assess the suitability or appropriateness, (as defined by the Financial Conduct Authority) of any investment or of the **first direct** Stocks and Shares ISA service for you. The relevant clauses will read as follows:

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 in Financial Instruments 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 or appropriateness of any Investment or of the **first direct** shares service for you and the protection afforded by the FCA on assessing suitability and appropriateness does not apply. 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. You may be charged for any advice you receive.*

(Effective 31 August 2020)

Clause 3, Subscribing to and operating your account – 3.10

We've updated clause 3.10 to introduce the ability to restrict your account for up to 3 business days, should you make an invalid subscription to your ISA, or contribute to an invalid combination of ISAs, in order for us to correct your account. This clause will read as follows:

3.10 *We will notify you if, by reason of any failure to satisfy the provisions of the Regulations, your Account has or will become void or 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. Where we need to void all or part of your ISA Account, the Account will be restricted for up to 3 business days. This means you won't be able to place any purchase or sell orders during this period. We'll normally notify you of the restriction 10 business days before it's put in place. We may deduct any accrued charges and any additional expenses incurred terminating the Account including any amounts payable by you under Term 3.11 below and any amounts referred to in Term 9.1.*

(Effective 31 August 2020)

Clause 4, Investment and income – 4.4

You now have the option of receiving your ISA dividends as SCRIP (shares) instead of cash (where available). We've updated clause 4.4 which will read as follows:

4.4 *You've the option to receive dividends in cash or, where available, as shares or other non-cash assets (in other words, scrip). Dividends will be credited to your ISA Investment Account as shares, or to your ISA Cash Account in cash, depending on the standing instruction that you give us or gave to us on opening your Investment Account. You can check or amend the status of your standing instruction by calling us on the number found at the bottom of this document.*

(Effective immediately)

Clause 8, Cancellation of ISA Agreement– 8.2

We've updated clause 8.2 to clarify that, should you cancel your ISA with us within the 14 day cancellation period, to preserve your eligibility to open another Tax Year account with another ISA manager, the cancellation must take place in the same tax year in which your current Tax Year account was opened. This clause will read as follows:

8.2 *Should you choose to cancel your current Tax Year Account within the 14 day cancellation period, and the cancellation takes place in the same tax year in which your current Tax Year Account was opened, 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.*

Changes to the KFD

(Effective immediately)

How do I apply?

We've updated this section to clarify that we're not required to assess the suitability or appropriateness, (as defined by the Financial Conduct Authority) of any investment or of the **first direct** stocks and shares ISA service for you. This section will read as follows:

How do I apply?

*To apply for a **first direct** shares - Stocks and Shares ISA, log in to your **first direct** shares account and select ISA from the 'products and services' page of our website and follow the guidelines provided. Alternatively, call us. 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 in Financial Instruments 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 or appropriateness of any Investment or of the **first direct** shares service for you and the protection afforded by the FCA on assessing suitability and appropriateness does not apply. 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. You may be charged for any advice you receive.*

(Effective immediately)

How are dividends treated?

This section has been updated as you now have the option of receiving your ISA dividends as SCRIP (shares) instead of cash (where available). This section will read as follows:

How are dividends treated?

You've the option to receive dividends in cash or, where available, as shares or other non-cash assets (in other words, scrip). Dividends will be credited to your ISA Investment Account as Shares, or to your ISA Cash Account in cash, depending on the standing instruction that you give us or gave to us on opening your Investment Account. You can check or amend the status of your standing instruction by calling us on the number found in the 'How to contact us' section on page 2 of this document.

*The **first direct** shares service does not currently offer a Dividend Re-investment Plan (DRIP).*

Changes to our Rates and Fees

(Effective immediately)

Shares denominated in Euros - French Financial Transaction Tax rate change

The small transaction fee applied to French Share purchase transactions changed from 0.2% to 0.3% as at 2 January 2017. We're sorry for the delay in reflecting this in our Rates and Fees document, which will read as follows:

French Financial Transaction Tax (FTT) 0.3% on purchases

(Effective 31 August 2020)

Credit Interest

Following the reduction of the Bank of England's Base Rate to 0.10% on 19 March 2020, we'll no longer be paying credit interest on any cash balances held within a **first direct** Stocks and Shares ISA. Our Rates and Fees document has been updated to reflect this.

Contact us online or by phone

send us a message via Online Banking

03 456 100 105

firstdirect.com

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