

# **first direct** **Shares - Stocks** **and Shares ISA** **(Individual Savings Account)**

## **Key Features Document**

Available to **first direct** sharedealing customers

The purpose of this document is to provide you with important information, please read carefully

**Effective date on and from 6 April 2020**

**first direct**


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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 as shown below. If you are registered for Online Banking we may also contact you using the e-message facility within Online Banking.


## Telephone

 Call us on **03 456 100 105** (text phone **18001 03 456 100 147**).  
Lines are open Monday to Friday, 7.30am - 9.30pm excluding public holidays.

To ensure we carry out your instructions accurately, to help us to continually improve our service and in the interest of security, we may record and monitor your communications with us. All calls that lead or may lead to transactions will be recorded and kept for seven years. You may ask for a copy of these records at any time in the applicable seven year period. We will always communicate with you in English.

Please note that during busy periods, you may experience delays on the telephone.

## Post

 You can post requests, queries, comments and suggestions to us at  
**first direct**  
40 Wakefield Road  
Leeds  
LS98 1FD

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

Throughout this document you will see this symbol  when you can telephone us, or  when you can write to us. Please refer back to these contact details.

## Key features of first direct shares - Stocks and Shares ISA

The purpose of this document is to provide you with important information to help you decide whether our **first direct** ISA is right for you. You should read this document carefully along with the **first direct** shares – Stocks and Shares ISA Terms and Conditions so that you understand the service you are applying for, and then keep it safe for future reference.

## Aims

The aims of a **first direct** shares - Stocks and Shares ISA are:

- to enable you to hold and trade investments in a tax efficient way
- to allow trading in a range of investments available under the **first direct** shares service, subject to the additional requirement that the investment can be held in a Stocks and Shares ISA under the ISA regulations.

## Your commitment

- you should view this as a medium to long term investment and should aim to keep it for at least five years
- to subscribe to the **first direct** shares – Stocks and Shares ISA you must be at least 18 years of age, have a sole **first direct** shares account and, subject to some exceptions relating to UK Crown servants working overseas, be resident in the UK for tax purposes and provide us with any information that we reasonably require to provide the service
- an application for a **first direct** shares - Stocks and Shares ISA allows subscriptions in the current tax year only. If you wish to subscribe in future tax years you will need to complete a new Application Form for each new tax year.

## Risks

The following is a brief summary of some of the risks that you should consider;

- a share is an instrument representing a shareholder's rights in a company. When purchasing a share you are becoming a co-owner of the company
- the value of shares can fall as well as rise and is not guaranteed. You may get back less than the amount you invested
- there is an extra risk of losing money when shares are bought in Alternative Investment Market (AIM) companies including penny shares
- past performance must not be viewed as an indication of future performance
- you will be able to deal in a range of investments each of which carries a different level of risk
- the favourable tax treatment of ISAs may not be maintained in the future if UK tax law and HM Revenue and Customs practice change.

Full details of the risks can be found under the 'Further Information' section in the **first direct** shares Key Features Document.

# Questions and Answers

## What is an ISA?

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](http://www.gov.uk)

## How much can I subscribe to an ISA?

Because of their tax advantages ISAs are subject to annual subscription limits. For tax year 2020/21:

- your subscription allowance is £20,000.

For more information on your ISA limits please visit [www.gov.uk](http://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 annual allowance in a tax year.

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.

However please note that if you transfer to a Lifetime ISA from an ISA that is not a Lifetime ISA, the amount transferred does still count towards the Lifetime ISA 'current year payment limit'. The current year payment limit is £4,000 for the 2020/21 tax year.


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 and Customs (HMRC) so that HMRC can check that individuals do not exceed the limit.

## 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. Our investment dealing service is execution-only. This means we execute the investment dealings you ask us to and we do not provide you with any advice or personal recommendations. Our duty to you is achieving the best possible result for your order and any other duties are expressly excluded from the service. You are solely responsible for your own investment dealings when using the service. We are not required to assess the suitability of the service for you and the protection offered by the Financial Conduct Authority on assessing suitability does not apply to the 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 appropriate to do so, seek and act on that advice. Please note that you may incur a charge for any advice sought.

## How long does it take to open a first direct shares - Stocks and Shares ISA?

The application, once completed, will be reviewed and if everything is in order your account will open within two business days.

If you apply over the telephone your account will also be open within two business days. We will send you a post sale declaration confirming the answers given over the telephone, which you must check and contact us if any of the information on the declaration is incorrect.

## How do I fund my first direct shares - Stocks and Shares ISA?

You can transfer funds from your nominated **first direct** account to your **first direct** shares - Stocks and Shares ISA by selecting the 'move money' option from the 'my portfolio' section on our website. Your ISA will be credited immediately and this subscription will count towards your annual ISA subscription limit.

Also, once your ISA has been opened, we'll provide you with the six digit sortcode and eight digit account number for your **first direct** shares - Stocks and Shares ISA, which you can use to make electronic payments using Internet Banking.

You will not be able to trade inside your **first direct** shares - Stocks and Shares ISA until it has been funded.

## Can I transfer my existing ISA to a first direct shares - Stocks and Shares ISA?

We accept transfers of existing Stocks and Shares ISAs and Cash ISAs. However, we do not currently accept transfers from innovative finance ISAs or Lifetime ISAs.

Just complete the Transfer ISA form, which can be found by selecting 'share transfer' on the 'products and services' page of our website. Once we receive your completed form we will liaise with your current ISA manager to complete the transfer.

You can instruct us to arrange with your current ISA manager to either transfer your shares to us or to sell them and transfer the settlement proceeds. Your existing ISA Manager may make a charge for the transfer. The transfer for a Stocks and Shares ISA may take up to 30 days. For Cash ISAs, the transfer will usually take up to 15 business days. If you choose to transfer shares to us, you will not be able to sell your shares until the transfer process is complete.

Please note – your existing ISAs may contain investments which are not traded by **first direct** shares. These investments will need to be sold by your existing ISA manager and the proceeds transferred as cash.

You must not withdraw your cash and/or investments from an ISA and re-invest them in another ISA yourself, as it will count against your annual ISA allowance. Both the shares and cash must pass directly from your current ISA manager to us.

### **Can I transfer my existing shares into my first direct shares - Stocks and Shares ISA?**

Under the ISA Regulations it is not normally possible to transfer shares currently held outside of a Stocks and Shares ISA directly into a Stocks and Shares ISA. In most instances such shares would normally need to be sold (outside of an ISA), and then the cash sale proceeds used to make a cash subscription to an ISA, following which shares of the same type can be purchased in the ISA. Please note that selling such shares outside an ISA in this way is usually a disposal for UK capital gains tax purposes.


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.

There is one exception to the position outlined above. Shares acquired from an HMRC approved all employee share scheme, namely a Save As You Earn (SAYE) Scheme or Share Incentive Plan (SIP), can be directly subscribed (transferred) to a Stocks and Shares ISA if the ISA manager accepts this type of subscription. The **first direct** shares - Stocks and Shares ISA does allow subscriptions to be made in this way. As such shares do not have to be sold outside the ISA this avoids a disposal for UK capital gains tax purposes from taking place.

Such subscriptions must be made within 90 days of either the date the option was exercised (SAYE schemes) or the date the shares ceased to be subject to the plan (SIP), and the shares must have remained in your sole name as beneficial owner. Subscriptions made in this way are still subject to the annual ISA subscription limit. The market value of the shares on the date they are subscribed to the ISA is used to calculate the appropriate subscription amount

### **Can I cancel my application?**

#### **Applications to subscribe**

Yes. For a period of 14 days from when we accept your **first direct** shares – Stocks and Shares ISA application, you will have the right to cancel your application. You must tell us in writing that you wish to cancel. 

Cancellation only applies to the ISA “wrapper”. If you cancel your application, any shares or cash held in your **first direct** shares – Stocks and Shares ISA in relation to the application being cancelled will, unless otherwise instructed, be transferred to your **first direct** Investment and Settlement Accounts, as applicable.

Cancellations made within the 14 day period will preserve your eligibility to open a current tax year stocks and shares ISA with us or another ISA manager, as HM Revenue and Customs treat such cancelled subscriptions as if they never took place.

If you cancel within the 14 day period you will not pay any charges for cancelling. However, please note that you will not be able to cancel any transactions undertaken, once placed in the stock market, where the price depends on fluctuations in the financial market place. You will also have to pay us any money due to us at the time you cancel/terminate your **first direct** shares – Stocks and Shares ISA, for example trading fees if a trade has been placed but is yet to settle.

For full details please refer to section 8 of the **first direct** shares – Stocks and Shares ISA Terms and Conditions.

#### **Applications to transfer-in**

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

#### **Closing your account**

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

#### **Once my first direct shares - Stocks and Shares ISA is open, what will I receive from you?**

Once we have set up your account we will send you confirmation that your account is open.

We will send you by post quarterly paper statements issued in March, June, September and December. We will send you a contract note (trade confirmation) for each deal you undertake and will send the contract note to you by Secure e-message on the business day following the day the trade was made. You may ask for paper copies by telephoning on the number at the front of this document.

### **Can I withdraw money?**

Yes. You can withdraw money from your **first direct** shares - Stocks and Shares ISA at any time by transferring money to your **first direct** shares Settlement Account. The transfer is immediate.

Please remember that if you make a withdrawal from your **first direct** shares - Stocks and Shares ISA, you will lose the tax benefits of holding the money within an ISA on those funds withdrawn.

### **Can I transfer my first direct shares - Stocks and Shares ISA to another ISA manager?**

Yes. You can transfer your **first direct** shares - Stocks and Shares ISA to another ISA manager at any time by telling us in writing. The new ISA manager must agree to the transfer.

Charges may apply. Full details of our charges can be found by visiting [firstdirect.com/rates](https://www.firstdirect.com/rates), or in our **first direct** Costs and Charges Disclosure document.

### **Can I continue to hold my first direct shares – Stocks and Shares ISA if I no longer live in the UK?**

If you become a permanent resident outside of the UK, and do not continue to meet the eligibility criteria for a **first direct** shares account, you have the following 3 options:

- transfer your **first direct** shares – Stocks and Shares ISA to another ISA manager to retain the ISA tax benefits. As the ISA Regulations allow you to keep your ISA open, you will still be entitled to the tax benefits on the investments held in the ISA, but you will not be allowed to subscribe any more money into it
- transfer the investments held into your own name to be held outside of an ISA
- sell any investments in the ISA, and have all the cash held in the ISA returned to you and close the ISA.

If you do not instruct us to transfer your **first direct** shares – Stocks and Shares ISA we will close it along with your **first direct** shares account and pay the proceeds into your nominated **first direct** account.

Please remember that once your **first direct** shares – Stocks and Shares ISA is closed, you will lose the tax benefits of holding the money within an ISA on those funds.

Non-UK residents who are Crown employees, such as a diplomat or a member of the armed forces, working overseas and paid by the UK Government, can still open and/or maintain a **first direct** shares – Stocks and Shares ISA and can continue to make subscriptions to it while resident outside the UK. This also applies to a non-UK resident spouse or civil partner of such a Crown employee.

### **Will my first direct shares - Stocks and Shares ISA be taxed?**

ISAs are exempt from any personal liability to UK income tax and capital gains tax. As a result you do not have to declare any income and capital gains from an ISA on any self assessment tax return you may need to send to HM Revenue and Customs.

If you sell shares within your **first direct** shares - Stocks and Shares ISA, the cash proceeds from the sale will remain in your ISA, along with any other cash you may have in your ISA. You will receive interest on the cash that is being held. HSBC UK Bank plc is registered for credit business under interim permission number 0006343.

This is a guide to the Key Features of the product and is based on our understanding of current UK tax law and HM Revenue and Customs practice.

Tax benefits, law and practice may of course change in the future. 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

### **What happens to my investments if my account is closed?**

When your account is closed, we will seek to transfer investments in accordance with your instructions. If you do not tell us what you want to do with your investments within a reasonable time, we may take necessary reasonable steps to return your investments to you. If we have not heard from you and where you have a cash ISA with us, we will transfer the proceeds into the cash ISA (where we are permitted to do so under relevant laws). If this is not possible we may pay the proceeds into your nominated **first direct** account or other personal **first direct** bank account in your name (if you have one) or send the proceeds of sale to you. This may mean that we will send a cheque to the last address we hold on record for you where it is reasonable for us to do so.

We will give you advance notice if we intend to sell your investments in this way.

### **How are dividends treated?**

Any dividends paid into a **first direct** shares - Stocks and Shares ISA will only be paid as cash and will be available to you to invest.

Cash in a **first direct** shares - Stocks and Shares ISA does not settle to the **first direct** shares Settlement Account, but remains in the ISA.

Scrip dividends, which are a distribution by a company in shares or a combination of shares and cash, are not offered within a **first direct** shares - Stocks and Shares ISA, shares may be purchased with any available cash balances arising from dividends paid out.

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

### **What are the charges?**

Full details of our charges can be found by selecting 'rates and fees' on our website, or in our **first direct** Costs and Charges Disclosure document.

Charges for deals placed within a **first direct** shares - Stocks and Shares ISA must be taken from within the ISA.

## **Further Information**

The shares service is an execution only sharedealing service provided by **first direct**, a division of HSBC UK Bank plc, a member of HSBC Group.

The Account Manager for **first direct** shares - Stocks and Shares ISAs is HSBC UK Bank plc.

HSBC UK Bank plc is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority. The FCA's website is [www.fca.org.uk](http://www.fca.org.uk), where contact details can be found and the Prudential Regulation Authority's website is [www.bankofengland.co.uk/prudential-regulation](http://www.bankofengland.co.uk/prudential-regulation), where contact details can be found.

HSBC UK Bank plc is established at 1 Centenary Square, Birmingham B1 1HQ, which is its registered office.



# Financial Services Compensation Scheme

We are 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. Your eligible deposits (including cash balances in your cash 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 UK 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.

## Complaints

If you are unhappy in any way with our products and services then please let us know by speaking to one of our Customer Service Representatives on 03456 022469 or writing to us at:

**first direct**,  
PO Box 716,  
Forum 1,  
The Forum,  
Parkway,  
Whiteley,  
Fareham,  
PO14 9QD

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:

The Financial Ombudsman Service  
Exchange Tower  
London  
E14 9SR

Telephone: 0800 0234 567 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.

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