



TERMS AND CONDITIONS

Discretionary Clients

Please read and keep for future reference

Version: 2018 – v 1.0

Fairstone Private Wealth Ltd.

Discretionary Portfolio Management Client Agreement

Terms & Conditions

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1. Agreement

1.1. Commencement of Terms of Business

The following documents shall constitute the formation of a contract between you and Fairstone Private Wealth Limited ("Fairstone, we or us") and also between you and Pershing Securities Limited ("PSL"), a specialist clearing company, who will provide dealing, clearing and settlement, safe custody, nominee and associated services, entered into through us as your agent:

- Fairstone Terms and Conditions (this document)
- PSL's Terms of Business with Investors (attached to this document)
- Your Account Opening Documentation
- Your signed Client Proposal
- Our current Fees & Charges Schedule

1.2. By signing your account opening documentation and client proposal you are agreeing to our Terms and Conditions, which come into effect from the date that we accept your fully completed account opening documentation. This means that you give us authority to open different types of portfolios for you at the times when we think this will be in your best interests. We will not ask you to sign new documentation for this but will discuss the planned opening with you and send you confirmation of the new portfolio opening, together with relevant portfolio details. We retain the right not to accept an application to open an account. Please note that if we open a model portfolio or bespoke portfolio for you, we will take the investment decisions on your behalf. For the purposes of the rules of the Financial Conduct Authority ('FCA') you have been categorised as a Retail Client which will give you the highest available regulatory protection. Other services are available and are subject to additional Terms and Conditions.

1.3. Parties

Under these Terms and Conditions, you agree that:

- We are authorised to enter into an agreement with PSL (the 'Pershing Agreement') on your behalf as your agent on the terms summarised below and in PSL Terms of Business with Investors and
- Acceptance of these Terms and Conditions will constitute the formation of a contract between you and ourselves, and also between you and PSL and that you will be bound by the terms of the Pershing Agreement and the terms and conditions of PSL accordingly; and
- We are authorised to give instructions (as provided for in these Terms and Conditions and the Pershing Terms of Business with Investors) and provide information concerning you to PSL and PSL shall be entitled to rely on any such instructions or information without further enquiry; and
- PSL is authorised to hold cash and investments on your behalf and is authorised to transfer investments or cash from your account to meet your settlement or other obligations to PSL.

1.4. Under the Pershing Terms of business with Investors you will remain a client of ours but will also become a client of PSL for settlement and safe custody and nominee purposes only. We retain responsibility for compliance and regulatory requirements regarding our own operations and the supervision of your accounts and generally for our on-going relationship with you. In particular, we remain responsible for approving the opening of accounts, money laundering compliance and to the extent required by applicable rules, explaining to you the types of investments covered and the nature and risks of investments and investment transactions and investment strategy, accepting and executing orders in investments or, where permitted, warning you of their possible inappropriateness or where relevant taking investment management decisions.

1.5. PSL is not responsible to you for these matters and in particular neither provides investment advice nor gives advice or offers any opinion regarding the suitability or appropriateness of any transaction or order and relies on information provided to it by us in respect of all such matters. You should direct all enquiries regarding your account to us and not to PSL. PSL will not accept instructions from you directly. PSL reserves the right to refuse to

hold any securities on your behalf in its safe custody and nominee service. Joint account holders, trustees of any trust, partners of any partnership and directors of any company or unincorporated association will be jointly and severally liable to PSL and PSL may discharge its obligations to make any payment or account to all such holders by making such payment or account to any one or more of them.

1.6. In order to receive Fairstone and Pershing services you must:

- Be one or more individuals aged 18 or over;
- Hold a UK based sterling bank account;
- Complete and return to us a copy of the application form and terms relating to the services;
- Not be a citizen or resident of the United States for the purposes of the United States IRS Code or be designated at any time as having a substantial presence in the United States or act on behalf of any such person, including as trustee or agent or in partnership with such a person; and
- Satisfy our Anti-Money Laundering (AML) and Know Your Customer (KYC) requirements.

Please note: if you are not permanently resident in the UK, you may not be entitled to avail of all or any of the Fairstone or Pershing services. Please consult us before entering into this agreement.

1.7. As part of its offering Fairstone shall provide a Junior Stocks & Shares ISA for which Fairstone is the ISA Plan Manager. If you wish to use this JISA then you must:

- Be under 18 years old and (i) born on or after 3rd January 2011; or (ii) born before 3rd January 2011, but not hold a Child Trust Fund Account;
- Meet the eligibility criteria set out in Appendix 3;
- Procure that your Registered Contact return to us a copy of the application form and terms related to the services;
- Not be a citizen or resident of the United States for the purposes of the United States IRS Code or be designated at any time as having a substantial presence in the United States or act on behalf of any such person, including as a trustee or agent or in partnership with such a person; and
- Satisfy, together with your Registered Contact, our anti-money laundering and know your customer requirements.

1.8. In the event that your status changes or it subsequently emerges that you are a US citizen or resident for US tax purposes, PSL shall, at its absolute discretion, stop providing services to you and close any accounts it holds in your name forthwith. PSL shall not be responsible for providing any information to, nor making any requisite filings (including any Form 1099-B filings) with, the United States Internal Revenue Service (or "IRS") on your behalf. These terms of business govern the provision of the Pershing services to you. These terms of business shall come into force once we receive and accept your completed application form or when you commence using the Pershing services, whichever is earlier.

1.9. Regulatory Status and Definitions

- Financial Conduct Authority (FCA)
 - Fairstone Private Wealth Ltd is authorised and regulated by the Financial Conduct Authority under registration number 457558.
 - Pershing Securities Limited is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange and LIFFE.
- Companies House (CH)
 - Fairstone Private Wealth Limited is registered in England and Wales under company number 05869447 and has its registered office at 1 The Bulrushes, Boldon Business Park, Tyne & Wear, NE35 9PF.
 - Pershing Securities Limited is registered in England, company number 2474912 and has its registered office at Capstan House, One Clove Crescent, East India Dock, London, E14 2BH

- Nothing in these Terms and Conditions nor PSL's Terms of Business with Investors shall seek to restrict or exclude any obligation which we may have under the rules of the Financial Conduct Authority.

1.10. In these Terms and Conditions:

'Agreement' means, in relation to your agreement with us, these Terms and Conditions, your Account Opening Documentation, your signed Client Proposal and the current Fees & Charges Schedule and, in relation to your agreement with PSL, the Pershing Terms of Business with Investors, each as amended from time to time in accordance with these Terms and Conditions;

'Annual Subscription Limit' means the maximum subscription allowed in an ISA in any one year as prescribed by the HMRC

'FCA' means the Financial Conduct Authority;

'Fees & Charges Schedule' means the applicable Fairstone schedule of fees and charges provided to you;

'ISA' means a stocks and shares ISA account containing qualifying investments. This enables you to invest up to the current HMRC ISA limits in any given tax year. Investments into an ISA are free of UK Income and Capital Gains tax;

'ISA Regulations' means the Individual Savings Account Regulations 1998 (SI 1998 No. 1870) as amended, replaced or superseded from time to time;

'JISA' means a Junior Individual Savings Account as defined in the ISA Regulations;

'Fairstone' means Fairstone which is a trading name of Fairstone Private Wealth Limited;

'Pershing Terms of Business with Investors' means the agreement entered into with PSL by us on your behalf as your agent on the terms summarised in these Terms and Conditions and set out in PSL's Terms of Business with Investors which forms part of this document;

'PSL' means Pershing Securities Limited;

'Qualifying Investment' means an investment permitted under ISA Regulations to be held within an ISA;

'Share Exchange' means where investments are held by an investor outside an ISA are sold, the proceeds used to subscribe to an ISA and the subscription then used to purchase the same investments (known as "Bed & ISA");

'Stocks & Shares ISA' means a stocks & shares ISA as defined by the ISA Regulations;

'we', 'us' or 'our' refers to Fairstone; and

'you' or 'your' refers to the client or clients who have received these Terms and Conditions.

2. Our Services

We offer discretionary management services but occasions can arise where we, or one of our other clients, will have some form of interest in business which we are transacting for you. If this happens, or we become aware that our interests or those of one of our other clients conflict with your interests, we will proceed in accordance with the conflicts of interest policy set out in this agreement and as amended from time to time. A copy of our policy is available on request. For a current copy of our policy please refer to our website; <http://Fairstone.co.uk/ConflictsOfInterest.pdf>

2.1. Managed Portfolio Service (MPS)

Fairstone offer a range of risk-rated model portfolios which are managed by us on a discretionary basis. If, as a result of the information you provide us on your investment objectives and any restrictions you notify us of and your requested taxation treatment, we feel that it is in your best interests to invest in one or more of these model portfolios we will recommend this option to you in our initial proposal.

Fairstone will use our best endeavours to manage these model portfolios in accordance with the investment objectives set out in the prospectus which will be included in our initial proposal. By accepting our initial proposal you acknowledge that we shall have full authority, in our absolute discretion, over the management of these model portfolios. This means that unless you instruct us otherwise we shall have full discretion on the value of any one investment and the proportion of the portfolio which any one investment or a particular kind of investments may constitute. You accept that we may be advised on the management of our range of model portfolios by other managers, or may delegate the management of a particular portfolio to other managers. We will only employ other managers, advisors, sub-contractors, agents or associates if we are satisfied they are competent to make portfolio decisions on our behalf.

In managing your investments our decisions will be based on the information you or your financial adviser have provided to us in order to place you into one or more of our model portfolios which are suitable to your individual

requirements. If your circumstances change it is your responsibility to notify us of any change in writing as soon as possible; receipt of such information may require us to change the way we manage your portfolio and may result in additional costs being incurred by you. You will be notified of any change to the management of your portfolio in advance and your agreement will be obtained before any changes are enacted.

2.2. Bespoke Portfolio Service (BPS)

Fairstone shall be the manager of your portfolio and we will use our best endeavours to manage your portfolio/s in accordance with your stated investment objectives. We shall have full authority, in our absolute discretion, over your portfolio, subject to your investment objectives and any restrictions you notify us of in writing. This means that unless you instruct us otherwise we shall have full discretion on the value of any one investment and the proportion of the portfolio which any one investment or a particular kind of investment may constitute. You accept that we may make applications on your behalf for new issues, placing and Initial Public Offerings (IPOs). You accept that we may be advised on the management of your portfolio by other managers, or may delegate the management of your portfolio to other managers. We will only employ other managers, advisors, sub-contractors, agents or associates if we are satisfied they are competent to make portfolio decisions on our behalf.

We are always willing to account to you regarding any transaction we have executed on your behalf.

2.3. Advised or Self-Directed Portfolios (ASD)

This account type is for clients who wish to manage their investments themselves (self-directed) or seek advice from parties other than ourselves (advised). We do not take any responsibility for the management of the investments in this account.

For this type of account and the portfolios held within them we will not routinely monitor your investments as you are the manager of this part of your portfolio and we will act on your instruction, or anyone whom you have authorised in writing to give instructions on your behalf.

Although we will act for you on a discretionary basis, you may additionally specifically request us to effect transactions which we have not recommended or assessed as suitable for you in your given circumstances. In such circumstances, you will be notified at the time of dealing that your order can only be transacted on an execution only basis and we will not thereafter be held responsible for advice and suitability on that part of your investment portfolio and we accept no liability for any inconsistency between the implementation of your instructions and your chosen investment objectives.

2.4. Our Dealings with You

We will enter into communication with you through whatever means are convenient to you and us, including face to face, telephone, email and other acceptable electronic communication methods. Our communications with clients will ordinarily be in English both in respect of oral and written communication.

There may be occasions when we ask for oral instructions to be confirmed in writing. All communications will be recorded in writing in your file.

When we open your account, we will ask you to specify a question that we can ask you, together with the answer. This will be asked on the occasions when we need to identify you by telephone. You must ensure that the question that you choose is able to be answered only by you (or in the case of a joint account by either of you) and not revealed to any other party.

If you have chosen our Managed Portfolio Service (MPS), we will provide you with general market commentary unless you request us not to. We will not provide you with specific advice. We will provide you with periodic valuations and an annual consolidated tax voucher. We will not meet with you unless you request it.

If you have chosen our Bespoke Portfolio Service (BPS), we will only provide you with advice when you request it. We will contact you every 12 months to invite you to a meeting to review your objectives, profile and the performance of your portfolio.

If you have chosen an Advised or Self-Directed Portfolio (ASD), we will not provide you with advice and we will not meet with you unless you request it.

If you have chosen any of the account types listed above we may execute transactions in the following types of investments for which we have regulatory permissions;

- Shares in UK or foreign quoted companies.
- Debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments – including government, public agency, municipal and corporate issues.
- Unit Trusts, OEICs, mutual funds and similar schemes in the United Kingdom or elsewhere.
- Warrants to subscribe for investments under (a) and (b).
- Depository receipts or other types of instruments relating to investments under (a), (b) and (d) above.
- Derivative instruments on investments falling within (a), (b) or (d) above provided the related transaction has no contingent liability.
- Unquoted investments.
- Unregulated collective investment schemes including hedge funds.
- Foreign exchange transactions.

Fairstone will not act as principal, deal on our own account or undertake stock lending activities and underwriting commitments and borrowing are not permitted.

Fairstone does not hold client money nor do we act as custodian for assets. We will generally not execute transactions for you directly in the market ourselves but any dealings we do carry out will be as your agent.

We manage your investments on the basis of our best judgement at the time and cannot be held responsible if any investment fails to achieve our expectations.

Please note that you will not be able to purchase warrants and options until you have signed and returned to Fairstone the appropriate Warning Notice, available from your Financial Adviser.

2.5. Provision of Product Information

PSL shall provide you with the Product Information in relation to any investments for which PSL is the product provider.

PSL shall not be responsible for the production of, or otherwise for the accuracy, completeness or appropriateness of, any Product Information in relation to any Third-Party Products. The responsibility for providing you with such information shall fall upon us or the relevant provider of such products. We shall ensure that any such required information shall be provided promptly to you and in accordance with the FCA Rules.

2.6. Risk Warning

The value of investments may fall as well as rise and is not guaranteed and the past performance of investments is not a guide to future performance.

2.7. Risk and Investment Objectives

You have provided us with information regarding your circumstances and objectives and have received a Personal Proposal based on the information you gave relating to your Risk Preferences and Investment Objectives. If either your circumstances or your views change and you wish to amend either your Risk Preferences or Investment Objectives, you should notify us in writing as soon as possible. Such changes will be without prejudice to any transactions already entered into.

2.8. Risk

▪ Managed Portfolio Service (MPS)

If you have chosen a model portfolio Fairstone will be investing in assets selected by us in accordance with the investment objectives set out in the Portfolio Factsheet. You should be aware of the following risks and also that there is no guarantee that the investment objective of the portfolio will be achieved. The value of investments and the income from them may fall as well as rise, and therefore you may receive back less than

you invested. Changes in exchange rates between currencies, or the conversion from one currency to another, may also cause the value of the investments to diminish or increase. Full details of each portfolio managed by Fairstone is available in the Portfolio Factsheet via your Financial Advisor. The Portfolio factsheet explains the risks which apply to the scheme in detail. Details of additional risks are set out in Appendix 1 of this agreement.

- **Bespoke Portfolio Service (BPS)**

If you have chosen a discretionary portfolio, Fairstone will be investing in assets selected by us in accordance with your investment objectives. You should be aware of the following risks and also that there is no guarantee that the investment objective of a portfolio will be achieved. The value of investments and the income from them may fall as well as rise, and therefore you may receive back less than you invested. Changes in exchange rates between currencies, or the conversion from one currency to another, may also cause the value of the investments to diminish or increase. Details of additional risks are set out in Appendix 1 of this agreement.

- **Advised or Self-Directed Portfolios (ASD)**

If you have chosen this type of portfolio, Fairstone will be investing in assets selected by you or your Financial Adviser or someone authorised by you in writing to give instructions on your behalf. You should be aware of the following risks and also that there is no guarantee that the investment objective of a portfolio will be achieved. The value of investments and the income from them may fall as well as rise, and therefore you may receive back less than you invested. Changes in exchange rates between currencies, or the conversion from one currency to another, may also cause the value of the investments to diminish or increase. Details of additional risks are set out in Appendix 1 of this agreement.

2.9. Restrictions

We may control clients' money in the course of our discretionary portfolio management services in that we have authority over your safe custody account and are able to create liabilities in your name. However, we do not hold clients' money. We will not accept payments from you or any agent of yours, in any form which would require us to hold or transfer money on your behalf. We will accept payments only in settlement of charges or disbursements for which we have sent you an invoice.

From time to time we have to sell securities without a client's consent – for example, following a demerger of a non-qualifying ISA investment.

We can only make sure that you do not inadvertently breach any restrictions which may apply to your portfolio if our records are always correct and up-to-date, so please make sure that you provide us with all relevant information on an on-going basis. Please note that restrictions you may place on the management of your portfolio may result in additional costs being incurred by you; your agreement to these costs will be obtained before any change is made.

2.10. Pension Products

All investments within pension products will be registered in the name of the Pension Fund Trustee and all documents sent to you relating to your pension products will reflect this.

2.11. Capital Gains Tax (CGT)

- **Managed Portfolio Service (MPS)**

We do not offer to manage your CGT or other taxation position for portfolios under £500,000. For portfolios over £500,000 we will manage your CGT position as set out below under our *Bespoke Portfolio Service*.

- **Bespoke Portfolio Service (BPS)**

When we open your portfolio with us we will ask you for information relating to the costs of any securities that you are transferring to us. It is your responsibility to ensure that we are given accurate information at

this time. We will take care to ensure that the information and calculations of any CGT gains or losses that we report to you are accurate. However, we cannot accept responsibility for any omissions or errors that may arise from time to time and that are outside our control. We recommend you seek advice from your taxation adviser before relying on the information which we provide to you.

- **Advised or Self-Directed Portfolios (ASD)**

We do not offer to manage your CGT or other taxation position under this service.

2.12. Periodic Statements, Valuations and Contract Notes

All correspondence sent by post will be sent to the permanent address of the first named applicant you have given on the account opening form or to any other address you have given us in writing.

- **Managed Portfolio Service (MPS):**

For transactions carried out on your behalf in our discretionary model portfolios, we will not provide contract notes but all transactions in the portfolio will be shown in the valuations which we will send you periodically.

- **Bespoke Portfolio Service (BPS):**

For transactions carried out on your behalf in discretionary bespoke portfolios, we will not provide contract notes but all transactions in the portfolio will be shown in the valuations which we will send you periodically. Periodic statements and valuations will be sent to you as specified in your account opening documentation or notified to you.

- **Advised or Self-Directed Portfolios (ASD):**

All contract notes and consolidated tax vouchers will be stored electronically on PSL's platform at the time of execution. Unless instructed we will not send you these documents by post unless requested for which additional costs may apply. Periodic statements and valuations will be sent to you as specified in your account opening documentation or notified to you.

Your statement for the accounts referred to above will list the following:

- Investments in your portfolio
- Transactions since your last statement
- Current value of your investments
- Comparison with industry-standard benchmark
- Basis on which your investments were valued

An appropriate industry-standard benchmark will be selected to enable you and us to compare the performance of the portfolio we construct for you or select for you based on your individual circumstances.

You can request statements and valuations more frequently than set out in your account opening documentation through there may be a charge.

Once a year we will provide you with a consolidated tax voucher covering the period from 6th April the previous year to 5th April in the current year. We will also provide you with a CGT statement covering the same period if appropriate and agreed with you in writing.

In the case of many packaged investment products which you hold directly – such as life assurance contracts, personal pension schemes, investment bonds and collective investment arrangements (e.g. unit trusts) a right to withdraw or cancel the contract with a specified period is normally provided. However, no such rights will apply to the transactions we arrange for you in your portfolio.

3. Instructions

3.1. Dealing Instructions

Dealing instructions should be made in writing or by telephone (subject to satisfactory verification of your identity). However, should you wish to give dealing instructions to your Advisor in any other form, including by facsimile, we may accept such instructions, when we believe, in our absolute discretion, that these instructions originated from you. You accept that we shall not be liable to you for any delay in responding to these instructions and you agree to indemnify us for any losses we incur as a result of reliance on such instructions.

PSL may, in its absolute discretion, refuse to accept any order or other instruction for your account(s). PSL will advise us of its decision and the reason for its decision unless PSL is precluded from doing so owing to any legal or regulatory constraints.

We will only accept dealing instructions during UK market hours, currently 8.00 – 4.30, Monday to Friday.

We will not accept dealing instructions by email.

3.2. Best Execution

We are obliged by the FCA's Conduct of Business Rules to take all reasonable steps to provide best execution for clients. Our Best Execution policy in this respect is available on request and on the Fairstone website: <http://Fairstone.co.uk/BestExecutionPolicy.pdf>

Unless otherwise agreed with PSL we shall be responsible for the execution of any transactions on your behalf. PSL shall not owe you any duty of best execution under the FCA rules or otherwise with respect to any such transactions executed by us. In some circumstances we may transmit orders to PSL for it to execute for your account. In such circumstances we have agreed that we, rather than you, shall be PSL's client for the purposes of the FCA rules. For more details of PSL's execution policy please refer to Annex 5 of PSL's Terms of Business with Investors.

We are required to ensure that client orders are executed in a prompt, fair and expeditious manner for the type of order in question. This requirement is satisfied through implementation of policies and procedures that:

- Transmit orders as soon as practical, unless postponing is in the clients' best interest.
- Allow for execution of otherwise comparable client orders in the sequence in which they are received.

When we deal for clients we rely on the services of large third party financial institutions. We never buy and sell investments directly for you; rather we always pass on such instructions to a third party which will place the deals under the provisions of their own Order Execution Policy. These institutions will consider a range of factors to determine the best way of placing the deal. These include:

- Certainty of execution i.e. likelihood of being able to place the deal and settle it
- Costs
- The size of the deal
- Price
- Speed at which they will be able to complete the deal
- Nature of the order and other relevant considerations
- Venues available
- Any specific and general instructions from the client which may prioritise how orders are filled. Client instructions take precedence over the ranking of best execution factors and may eliminate some of the factors from consideration or modify their importance.

If all of these factors cannot be considered they may not be able to obtain the best results for you.

We shall use reasonable endeavours to transmit any order promptly and comparable orders sequentially to your best advantage and ensure they are accurately recorded and allocated.

3.3. Third Party Instructions

You, or any person whose authority has been previously notified to us in writing, may give investment instructions

concerning your portfolio subject to satisfactory verification of their identity. We may accept any instruction we believe, in good faith, to be from you, your agent, or any other third party authorised to act on your behalf, whether in writing, by telephone, facsimile or otherwise. Should investment authority be altered, suspended or revoked you should notify us immediately. You accept that if you fail to do so we shall not be liable for any loss you may incur.

We do not accept instructions from third parties unless you have notified us in writing of their authority to give instructions on your behalf or a valid Power of Attorney has been given to us for this purpose. If you wish to transfer monies from one account to another, e.g. husband to wife, we will only accept written instructions and each transaction requires a separate written instruction.

3.4. Stop Loss / Limit Orders

We will not accept instructions for stop loss or limit orders.

3.5. Order Priority, Aggregation and Allocation

If more than one order is received in any security the orders will be executed in the order in which they were received. On occasions we may aggregate such orders with the orders of other clients and / or persons connected to us if we believe this to be appropriate. On occasions this may result in a less favourable price. In the event that we are unable to fully execute all transactions we will allocate between clients on a fair and consistent basis.

3.6. Joint Accounts

Unless separate arrangements are put in place at the outset, we will assume that, where you have entered into this Agreement jointly with another person or other persons, you (the joint account holders) will hold any assets in your account as joint tenants, and accordingly, the assets therein will be owned jointly by all of you without any distinction between you as regards ownership of specific assets or proportion. We shall be entitled to hold you jointly and severally liable for any debt or charge arising out of this Agreement and on the death of one of joint tenants, ownership of any assets in the account will pass to the survivor(s).

This Agreement will remain in force notwithstanding the death or other incapacity of any one or all of you until we confirm in writing that we have received either:

- a) written notice from your personal representative(s) of the death or legal incapacity of all of you; or
- b) notice of termination from any one of you.

Notice issued by us will be effective in relation to each of you if served on any one of you, however, unless we are instructed otherwise, all communications that we send to you such as trade confirmations, statements and valuations will generally be sent only to the first-named client in a joint account.

3.7. Trustees

Where you are acting as trustees you will be exclusively responsible for compliance with the Trustee Act 2000 as amended from time to time ("the Act"). If we provide a discretionary service, the Act requires you to prepare and regularly review an appropriate policy statement. If you do not provide us with a policy statement of your own, you agree that we shall be entitled to treat your instructions and account objectives as set out in our Investment Positioning Statement, once completed and signed by you, as your policy statement duly adopted as such by you.

We will accept instructions on behalf of the account from one or more individual nominated trustees or their agent, provided that those trustees with authority to execute account agreements on behalf of the trust, signing jointly, authorise us to accept instructions given in this manner, either in the Account Agreement/Questionnaire/Application Form or by way of an original or certified copy of a mandate to this effect.

3.8. Partners and Directors of Companies

You accept that in the event that a portfolio is held in the name of a partnership, company or unincorporated association then each portfolio holder is jointly and severally liable. We may assume instructions received from a holder of a portfolio will be given on behalf of and with the knowledge of all holders of the portfolio. Any reference to 'you' shall be deemed to be any one or all such persons as the context shall require.

In the event of the death of a partner or director, please inform us immediately. You will also need to complete a new account opening form.

3.9. Additions and Withdrawals

For Managed Portfolios Service, Bespoke and Advised or Self-Directed Portfolios you can add money to your portfolio at any time. You can withdraw money from your portfolio at any time however there may be exceptions where your portfolio contains instruments such as fund-based investment which invest in property and other asset types which may, in certain market situations, have limited liquidity. Under these circumstances we will liquidate assets as you instruct us and remit the funds to as soon as the underlying investments have been en-cashed.

3.10. Transfer of funds

We will only arrange for the transfer money from your portfolio to the bank account we have on our records. We will arrange for the transfer by Bankers' Automated Clearing System (BACS), or the Faster Payments System if available, which takes three business days. If you want money transferred more quickly, we can arrange to use the Clearing House Automated Payment System (CHAPS) but there will be an associated charge for using this system for which you will pay an additional charge.

3.11. Closure

If you want to close your **Bespoke portfolio** you can:

- Instruct us in writing to sell all holdings and invest in Fairstone Model Portfolio Service.
- Instruct us in writing to sell all holdings and send you cash.
- Instruct us in writing to transfer all holdings to another investment manager or broker. There may be an additional charge made to cover the transfer costs incurred.

If you want to close your **Model, Advised or Self-Directed Portfolio**:

- Instruct us in writing to sell all holdings and send you cash.
- Instruct us in writing to transfer all holdings to another investment manager or broker. There may be an additional charge made to cover the transfer costs incurred.

Please note the terms applicable to withdrawals above, which may impact closure. Your account will not be able to be closed until all transactions underway are complete.

4. Payment for Services

4.1. Fees and Charges:

We derive income from the fees we charge you, based on the assets held in your portfolio(s) with us, including cash, liquidity funds and cash funds. Please refer to our Fees & Charges Schedule for the current fee scales. The fees are payable monthly, in arrears and will be calculated on the daily closing mid-market value of your portfolio(s).

Please refer to our Fees & Charges Schedule in effect at the time the charges are incurred. VAT, Stamp Duty and other taxes and levies will be added where applicable. When our charges change we will notify you of the new Fees & Charges Schedule in advance of the changes taking effect. Circumstances in which we or PSL may choose to increase its fees and charges include, for example:

- To reflect changes in the type of investments, the nature of the services or the manner in which the services are provided to you;
- To reflect an increase in the cost of providing the services to you, or;
- To comply with any change in applicable laws or regulations

Any fees or costs payable by you in relation to the safe custody service provided by PSL will be notified to you on our Fees & Charges Schedule.

Any money owed to us, PSL or agents used by us, as stated in the relevant contract or advice note may be deducted from money held in your account by PSL. For this reason, please note that PSL reserve the right to retain

your funds. The exception is for ISA and Junior ISA fees, which must be met from funds available within the account.

It is not our policy to accept payments by third parties in respect of transactions carried out on your behalf. All transactions are conducted at best price. Should the situation arise where a payment or benefit is provided by a third party on any transaction carried out your behalf we will credit your account in full for any remuneration received.

Fees in respect of services provided by your Financial Adviser may be paid by us to them on your behalf in addition to applicable Fairstone fees – this is subject to negotiation between you and your financial adviser. In this case a separate agreement between you and your Financial Adviser will be required. This agreement can be revoked by you at any time by writing to your Financial Adviser and informing us of your decision in writing.

4.2. Power of Sale Over Your Investments

We will only carry out transactions for you if you have deposited with us either the necessary cash or securities to allow those transactions to take place. However, if PSL does not receive either cash or securities when due to them for any transaction that we carry out for you, or if you or we do not take all appropriate steps to ensure that the transaction is executed and settled promptly, we or PSL reserve the right to cancel, close out, terminate or reverse all or any contracts.

We may sell, charge, pledge or otherwise dispose of any investment held for you at whatever price we or PSL see fit and will not be responsible for any loss or reduction in price. We may also enter into any other transaction, or do or not do anything which would, or could have the effect of reducing or eliminating any liability under any transaction, position or commitment undertaken for you. For the avoidance of doubt, any asset held for you can be realised in order to discharge any obligation you have to us or PSL, including any investment held in safekeeping by PSL, and investments held in the course of settlement.

Neither PSL nor we shall be liable to you in respect of any choice made by PSL or us in selecting the investments sold. The proceeds of sale (net of costs) will be applied in or towards the discharge of your liabilities and PSL or we will account to you for any balance. In the event that such proceeds are insufficient to cover the whole of your liabilities, you will remain liable for the balance.

4.3. Fee Collection

When we collect our fees we will try to collect them via Direct Debit from your designated bank account, if this is the route you have specified when you opened your portfolio. If there are insufficient funds in the account we reserve the right to sell investments from the portfolio that incurred the fees to cover them.

If you choose to pay your fees from your portfolio we will collect our fees from the portfolio. If there is insufficient cash in the portfolio we reserve the right to sell investments from the portfolio that incurred the fees to cover them.

You shall be responsible for our legal fees or any other associated costs involved in our exercising the above powers.

5. Interest, Dividends and Income

5.1. Interest

PSL may pay interest on cash held in your Investment Portfolio(s). Interest will be credited six-monthly, in arrears to the portfolio depending on where the cash is being held. PSL will not pay interest of less than £10 for a six month period. Please refer to our Fees & Charges Schedule for the current interest rates payable. In most cases interest earned on cash in your investment portfolio is offset by PSL's money management fee. Please contact your Financial Adviser for more details on our money management policy.

5.2. Dividends and Income

We will arrange to pay your dividends and income to your Investment Portfolio(s). If you have chosen for these to be paid to your Investment Portfolio, they will normally be re-invested when we consider that an appropriate sum has accumulated. You can also choose to have dividends and income paid to your bank account on a regular basis.

6. Settlement

6.1. Late Settlement

If you do not pay an amount due to PSL or ourselves, interest will be payable by you at a rate of 15% over the Barclays Bank Plc. Base Rate as from the due settlement date. This interest rate will be applicable to all debits arising on your account. All securities must be under the control of PSL or held by acceptable third party custodians.

6.2. Non-Standard Settlement

Fairstone will not accept any instructions for non-standard settlement. UK standard settlement is currently Trade Date + 3 working days for equities. Unit Trust settlement is usually Trade Date up to 10 working days.

6.3. Certificated Holdings

Certificated holdings need to be transferred into a nominee account prior to sale. This may result in a delay in being able to effect the sale. Fairstone will not be liable for any loss suffered by you as a result of a delay in effecting the sale.

7. Your Money

7.1. Trust Status

Your money, stocks and other assets are held by PSL. PSL can only deal with your money in accordance with FCA regulations which, among other things, require them to hold your money in a client bank account, established with statutory trust status. Your funds will therefore be segregated from PSL's own funds at an approved bank as defined in the FCA Handbook. The approved bank may hold such money with our clients' money in a pooled account in the name of PSL A/C Client. This means that client money is held as part of a common pool of money, so you do not have a claim against a specific sum in a specific account; your claim is against the client money pool in general.

PSL will exercise due skill, care and diligence in the selection, appointment and periodic review of any credit institution or bank (other than a central bank) where your money is deposited and for the arrangements for holding your money but PSL shall not be responsible for any acts, omissions or default of any such credit institution or bank.

7.2. Third Party Money Transfers

We may undertake a transaction for you that involve your money being passed by us or PSL to an intermediate broker, settlement agent or Over The Counter (OTC) counterparty located either in the UK, or in a jurisdiction outside the UK. In the event of your money being passed to an intermediate broker, settlement agent, or OTC counterparty outside of the UK, the legal and regulatory regime applying to the intermediate broker, settlement agent, or OTC counterparty may be different to that of the UK. In the event of a default of that entity, your money may be treated differently to the way it would be treated if it were held in the UK.

7.3. Shareholder Benefits

Some companies provide benefits to shareholders relating to the nature of their business. These benefits will not necessarily be available to you automatically, as your stock will be registered in the name of a nominee company. Should you wish to receive these additional benefits, you should contact your Advisor to make the necessary arrangements.

7.4. Lending or Pledging Collateral

We may pledge or charge to a third-party collateral deposited with us (other than for safe custody), for the third party to use as collateral for its own obligations. Such collateral registered with a third party will not be in your name. Collateral may be returned to you that is equivalent but not identical to collateral originally deposited with the firm.

7.5. Underwriting

We may enter into transactions for you either generally or subject to specified limitations which commit you to underwriting or sub-underwriting, or similar obligations in connection with a new issue, rights issue, takeover or similar transaction.

8. Custody of Your Investments

Acceptance of these Terms and Conditions provides authority for PSL to hold your investments in safe custody, to transfer securities from your account to meet sales effected for your account, acceptance of offers, or other matters covered by this Agreement. The terms and conditions are set out in PSL's Terms of Business with Investors contained in this agreement.

9. Individual Savings Accounts (ISAs)

9.1. Opening an ISA

The "Fairstone ISA" is a Stocks and Shares ISA ("The Fairstone ISA") which is managed by Fairstone which is a trading name of Fairstone Private Wealth Limited who is the ISA Plan Manager. If you wish to open an ISA account with us please instruct your Financial Adviser to ask us to arrange this for you. All communications concerning your ISA should be made through us. Please note we do not offer a Cash ISA.

If you wish to open this ISA please read the terms & conditions set out in Appendix 2 to which you must agree.

9.2. Use of your ISA Allowance

It is our intention to seek to maximise your ISA subscription each year by transferring available monies within your portfolio into an ISA wrapper. You should not make your own direct ISA subscription without prior reference to us.

9.3. Transfers of ISAs

If you wish to transfer an ISA to us, we can only accept the transfer in cash if you want to add it to your Managed or Bespoke Portfolios. However please contact us prior to the transfer so we can ensure the transfer is conducted from your previous ISA-approved manager to us in such a way which does not put at risk the ISA-eligibility of your investments. If you wish us to transfer your ISA to another approved manager willing to accept the transfer, we will usually complete the transfer within 30 days of receiving your written instructions. We do not normally charge for transfers to other Plan Managers, however, transfers of stock in certificated format will be liable to a charge for Stamp Duty and/or charges from PSL.

We are able to make and accept partial transfers of ISAs.

9.4. ISA Management

PSL will make claims, conduct appeals and reach agreement on your behalf for tax reliefs. We shall ensure that PSL and any other agents or third parties to whom such responsibilities and other functions are delegated are competent to carry them out. We will advise you on the amount of cash held within your account pending reinvestment. We will also advise you if an ISA becomes void through any failure to meet the HM Revenue & Customs' ISA regulations. If a previously qualifying investment should no longer qualify, we will arrange for the investment to be sold and to be reinvested in the account, or transferring it out of your account after consultation with you.

Dividends will be paid in cash, unless indicated otherwise, by you on the application form.

PSL will automatically add the shares arising from any bonus or capitalisations to your ISA provided that they are Qualifying Investments.

9.5. Dealing in your ISA

Investment within your ISA is restricted to Qualifying Investments. You must be and remain at all times the beneficial owner of the Qualifying Investments in your ISA. The legal title to the Qualifying Investments held in your ISA will be registered in the name of PSL's nominee company. The Qualifying Investments in your ISA must not be used as security for a loan. PSL will send you a valuation statement once every six months dated the 31st December and the 30th June by first class post. The value of any shares held will be calculated using the mid-market closing price as supplied by its data provider at the close of business on the date of the calculation. PSL does not accept any responsibility for this price, other than to accurately reproduce the price supplied to it by its data supplier.

9.6. Withdrawal or transfer of investments held in your ISA

You may withdraw, or transfer to another ISA manager, all of the investments held in your ISA for the current tax year, or all or part of previous years ISAs and any proceeds arising from those investments at any time by giving your Adviser instructions in writing. We will give effect to your instructions within the time stipulated by you which

may not be less than thirty days, following receipt from your Adviser. If you wish to withdraw your investments and request a paper certificate, it may occasionally take longer due to circumstances outside PSL's control (for example, paper certificates are issued by the relevant Registrar and the time taken for the issue of certificates may vary depending on the volume being issued at the time of request. For some types of investments, such as residual stocks, it may take several months.)

If you wish to receive the proceeds of a sale of Qualifying Investments, you must give us duly signed notice in writing and a payment will be sent to you as soon as practicable after settlement has completed. PSL may make a charge each time you withdraw an investment from your ISA. Please refer to the Fees and Commission Schedule. No charge will be made for cash withdrawals from your ISA.

Withdrawals cannot be made in favour of any person other than you.

All Qualifying Investments that PSL sells on your behalf will be withdrawn from PSL's nominee company for delivery to the appropriate counterparty. No charge will be made for such withdrawals.

All interest credited to an ISA arising from cash on deposit is subject to an HMRC charge of 20%. PSL will deduct this amount from the interest credited and will pay the amount so deducted to HMRC.

9.7. ISA Closure

You can close your ISA as a whole or take out part at any time (providing any outstanding fees are paid). There is no charge for partial withdrawals of cash. Partial cash withdrawals shall be treated as capital (i.e. not as interest) under HM Revenue & Customs regulations.

If you terminate this arrangement, you can either request transfer of the ISA including any Qualifying Investments to another ISA manager (or request that any cash balance is paid to you) subject to paragraph 6.6 above or the sale of the Qualifying Investments held in your ISA and remittance of the proceeds to you together with any other cash held within the ISA. Any outstanding fees and charges must be paid by you and will be deducted from any cash held. Where an ISA is transferred to another ISA manager, any dividends that are received after the transfer of shares will be processed in accordance with the account arrangements with regard to income unless you notify PSL in writing.

If you wish to close your ISA and you notify us within 14 days of the opening day of the account, or within 14 days of the day you receive these Terms and Conditions, whichever is the later, the agreement between us will be cancelled. The balance on your account and any gross interest earned will be repaid to you. Subject to HMRC conditions, you will still be able to open an ISA with another ISA manager or us and your full annual subscription limits will remain. (HMRC conditions, as at 1st November 2009, currently require an ISA to be cancelled within 30 days of account opening in order to retain full annual subscription limits.)

9.8. ISA Termination

An ISA automatically terminates when the plan holder dies. Any tax claimed back from a dividend received after that date must be repaid. The ISA will be valued for probate as at the date of death and dealt with as instructed by the executor or administrator of your estate.

We and PSL may terminate a plan at our discretion if, in our opinion, new statutes or regulations make its continuation impracticable. We and/or PSL shall not be responsible for any loss that results.

9.9. HM Revenue & Customs Regulation

The management of your ISA shall be subject to the rules and regulations of HM Revenue & Customs. In the event of a dispute regarding the terms of this Agreement and HM Revenue & Customs Regulations, the HM Revenue & Customs Regulations shall be overriding.

10. Other Matters

10.1. Conflicts of Interest

Fairstone does not hold principal positions or deal on its own account. However, when we give you investment advice, we, an associated company, PSL, or some other person or company connected with us may have a material

interest or arrangement in connection with the transaction or investment concerned which may lead to a conflict of interest. This may include:

- Sponsoring or underwriting a new issue in which you are investing.
- Matching your transaction with that of another client for whom we are also acting.

However, to ensure that no conflict of interest arises, we require our employees to disregard any of these factors when advising you and to disclose any relevant material interest of which they are aware, unless the transaction is a reasonable one and in your best interests. More details can be found in Annex 6 of PSL's Terms of Business with Investors.

Fairstone is committed to identifying and managing actual or potential conflicts of interest and it has adopted policies and procedures to achieve this goal. Our Conflicts of Interest Policy is available to you on request

If an occasion arises where there is a conflict of interest between you and us or another customer, we will inform you of this and obtain your consent before carrying out your instruction or exercising our discretion. We will manage such risks accordingly.

Conflicts might include:

- Having a material interest in a transaction or recommendation such as dealing instruction or the recommendation of our own discretionary service.
- Matching your transaction with that of another customer by acting on his/her behalf as well as yours.
- Buying investments where we or an associate company is involved in a new issue, rights issue takeover or similar transaction concerning the investment.

10.2. Call Recording

You expressly invite Fairstone to telephone you between 8am and 9pm to discuss investment business, without being specifically invited. If as a result you decide to make a particular investment, you will have agreed to forgo your statutory rights to cancel it. We will always accept your request not to continue a particular discussion. We may contact you on the telephone numbers that you have provided to us, including unlisted numbers.

All telephone calls may be recorded and such recording remains the sole property of Fairstone. You accept that we may rely on these recordings in the event of a dispute.

10.3. Complaints Procedure

If you are dissatisfied with the services we have provided under this Agreement please write to:

The Compliance Manager
Fairstone Private Wealth Ltd.,
1, The Bulrushes,
Baldon Business Park,
Tyne & Wear NE35 9PF
Tel: 0191 519 6000

If however, your complaint concerns an aspect of the service provided to you by PSL and you wish to copy your complaint to PSL directly, copies should be sent to:

The Compliance Officer
Pershing Securities Limited
One Clove Crescent
East India Dock
London E14 2BH

We and PSL will endeavour to resolve your complaint as quickly as possible but, in any event, will acknowledge receipt of your letter or call within five business days. Details of our internal complaints handling procedure are available on request. Upon resolution of your complaint, we or PSL will send you a final response letter, which sets out the nature of that resolution and any applicable remedy. If you are dissatisfied with our or PSL's final response for any reason, please note that you may be entitled to refer your complaint to the Financial Ombudsman Service. Further information on this procedure is available on request.

10.4. Financial Services Compensation Scheme

We and PSL are a participant in the Financial Services Compensation Scheme, which, subject to certain exceptions, provides limited compensation in respect of eligible liabilities if we are in default. With effect from 1 January 2011 this scheme covers the first £50,000 of a valid claim in respect of designated investments and £85,000 in respect of cash deposits. Please note that these limits apply to individuals rather than to each account which an individual may hold. The right to claim under this scheme will only arise if you qualify as an eligible investor which, for the purpose of this scheme, applies only to Retail Clients as defined by FCA. Further information can be obtained from the UK Financial Conduct Authority or the UK Financial Services Compensation Scheme.

In the event of a default by PSL an insurance policy is in place which provides for the recovery of value in excess of that provided for by the Financial Services Compensation Scheme.

10.5. Marketing

We will send you details of our new products which we believe may be of interest to you. If you do not wish to receive marketing information or if your details change, please notify us in writing or contact your Financial Adviser.

10.6. Credit Checking

In connection with this arrangement, we may carry out a credit check with a licensed credit reference agency which will retain a record of that search. In the event of your default, relevant details may be recorded with that agency. This information may be used by other stockbrokers, financial institutions, etc. in assessing applications for credit by you and members of your household, and for occasional debt tracing and fraud prevention purposes.

10.7. Anti-Money Laundering (AML)

We have responsibilities under anti money laundering regulations to verify your identity and the origin of your assets. We may need to make certain enquiries and obtain certain information from you for that purpose. You warrant that all information you supply, either directly or via your Financial Adviser, will be accurate, and accept that we may need to pass this information to a third party to comply with our reporting requirements.

10.8. Confidentiality and the Data Protection Act 1998

We and PSL are registered with the Information Commissioner's Office and for the purposes of the Data Protection Act 1998, and any subsequent requirements, either of us may use, store or otherwise process personal data relating to you, using computer systems or otherwise in carrying out our duties under these Terms and Conditions.

The information we and PSL hold about you is confidential and will not be used for any purpose other than in connection with the provision of our services. Information of a confidential nature will be treated as such provided that such information is not already in the public domain. Information of a confidential nature will only be disclosed outside the group of companies to which we or PSL belong, in the following circumstances:

- Where required by law or if requested by any regulatory authority or exchange having control or jurisdiction over us or PSL (or any respective associate);
- To investigate or prevent fraud or other illegal activity;
- To any third party in connection with the provision of services to you by us or PSL;
- For purposes ancillary to the provision of the services of the administration of your account, including, without limitation, for the purposes of credit enquiries or assessments;
- If it is the public interest to disclose such information;
- At your request or with your consent. This is of course subject to the proviso that PSL may disclose your information to certain permitted third parties, such as members of its own group and its professional advisers who are bound by confidentiality codes.

Please be advised that, by signing your account opening documentation, you will be consenting to the transmittal of your data outside of the EU/EEA. In accordance with the Record Retention Statement below, you will not be at liberty to request the destruction or deletion of any record pertaining to yourself unless we or PSL are required to do so by force of law or other regulatory requirement.

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

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

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

You should note that by signing or otherwise accepting these terms you agree that PSL is allowed to send your information internationally including to countries outside the EEA such as the United States of America. Some countries where your information is sent will offer different levels of protection in relation to personal information, not all of which will be as high as the UK. PSL will however, always take steps to ensure that your information is used by third parties only in accordance with PSL's policy.

You are entitled to a copy of any information PSL holds about you subject to PSL's legal entitlement to charge £10 for providing the information. To request such information you should direct your request to us, along with the £10 fee or appropriate instructions authorising PSL to debit such amount from any cash it holds in your accounts and we will pass your request on to PSL. You should let us know if you think any information PSL holds about you is inaccurate and we will ask PSL to correct it.

10.9. Record Retention

In accordance with legal and regulatory requirements, Fairstone and PSL will retain your records for a minimum period of six years, following the termination of any relationship between us. This period may be extended by force of law, regulatory requirement or agreement amongst us. Recordings of telephone conversations are generally not retained for more than 6 months.

10.10. Variation

You accept that Fairstone or PSL may change or add to the terms of this Agreement from time to time. In the event of any variation or amendment of this Agreement we or PSL will send you written notice of the change, which shall include the date from which the change shall be effective. Such changes could arise, where amendments to these terms of business are required:

- to comply with changes in applicable laws or regulations;
- to comply with changes in the requirements of any exchange, depository or clearing system;
- to reflect the terms applicable to any new or additional services or investments that are requested by you;
- or
- to reflect any changes in the arrangements involving third parties such as Eligible Custodians.

We or PSL will always give you a minimum of 10 working days' notice of any amendments unless it is impractical to do so. You will be deemed to have consented to any amendment that may be effected to this Agreement if we do not receive notification otherwise from you, in writing, within the time that the changes were notified to you and their coming into effect. If we have not been able to give you such advance notice, we will endeavour to notify you as soon as is reasonably practical in the circumstances. If you are not happy with any change to this Agreement, you are free to close your account should you want to do so. Please refer to the section of these Terms and Conditions headed "Closure" above for further details.

10.11. Liability and Indemnity

In accepting these Terms and Conditions you agree to indemnify Fairstone against all costs, claims, expenses, demands and losses whatsoever that Fairstone may suffer or incur in exercising their lawful duties and responsibilities in relation to your account. This indemnity will remain in force notwithstanding that you transfer your account elsewhere.

Fairstone shall not be liable if we fail, interrupt or delay in performing our obligations under this Agreement or for any losses you incur which are caused by circumstances, or acts or omissions of any person, beyond the reasonable control of either of us including, but not limited to, an act of God, fire, industrial disputes, the act or regulations of any Governmental or other body, civil commotion, breakdown, failure or malfunction of any telecommunications or

computer equipment or service. Furthermore, we shall not be liable for any losses you incur if we fail, interrupt or delay in performing our obligations under this Agreement in order to avoid damage to either Fairstone's employees, property or reputation. In such circumstances our obligations shall be suspended pending resolution of the event or state of affairs in question. E-mail messages may not be secure and may be intercepted by third parties. We therefore advise you not to use e-mail to send confidential information or communications which require our immediate attention.

Fairstone shall be liable for any error of judgement or financial loss suffered by you unless this directly results from the negligence, fraud or wilful default of Fairstone or from breach by either party of applicable laws and regulations.

10.12. Assignment

This Agreement is personal to you and your personal representatives and you or they may not assign or transfer any rights and obligations entered into. We may assign or novate this Agreement to any person connected with us, or to any successor company, or to any purchaser of all or substantially all of our assets involved in the performance of this Agreement, on giving written notice to you to that effect.

10.13. Illegality

If any provision or term of this Agreement or any part thereof shall become or be declared illegal, invalid or unenforceable for any reason whatsoever, such term, provision or part shall be divisible from this Agreement and shall be deemed to be deleted from this Agreement.

10.14. Cancellation and Termination

You may cancel an agreement for any or all of our services within 14 days of commencement irrespective of any rights under the Distance Marketing Directive. Such notice of termination must be in writing. We will return to you your money or assets held by us. Termination is without prejudice to any transactions already initiated, which will be completed according to the terms of this agreement unless agreed in writing. You should be aware that any reasonable out of pocket expenses, e.g. relating to the transfer of securities, will not be refunded. Also, if any investment transactions have been carried out at your request, you will be liable for any price movement unless it involves a product which carries a right of cancellation which may apply.

In the case of many packaged investment products which you hold directly – such as life assurance contracts, personal pension schemes, investment bonds and collective investment arrangements (e.g. unit trusts) a right to withdraw or cancel the contract with a specified period is normally provided. However, no such rights will apply to the transactions we arrange for you in your portfolio.

Should we wish to terminate this Agreement we will give you 28 days' notice of our intention to do so. Any charges accrued to Fairstone will become due and payable at the expiry of this notice period.

You may terminate this Agreement at any time by requesting closure of your account. Further details are set out in the section of these Terms and Conditions headed "Closure" above.

If you die, we need to receive formal notification of your death. We will treat any surviving account holder(s) as entitled to the account and may act on their instructions. In the event of the death of the sole account holder, existing investments will continue to be held in your portfolio under these Terms and Conditions, but money will not be able to be withdrawn (with the exception of payments for funeral expenses, or to HM Revenue & Customs for inheritance tax purposes, subject to our receipt of appropriate authority).

Once we have received the Grant of Representation from your estate, we will act on the instructions received from the executor or administrator. We will then pay amounts from the sale or redemption of investments in your portfolio in accordance with the instructions received from the executor or administrator. We will not provide investment advice to the executor or administrator. We are not responsible for any losses to your portfolio during the period between your death and us receiving formal notice of it. Until we sell, redeem or transfer the investments, they will be subject to daily price movements as normal, and we are not responsible for any losses as a result of us not being able to operate your portfolio following your death.

10.15. General

Fairstone's obligations to you are limited to those set out in these Terms. Fairstone shall in particular not owe any wider duties of a fiduciary nature to you.

No third party shall be entitled to enforce these terms in any circumstances.

10.16. Jurisdiction

These arrangements are governed by and shall be construed in accordance with English law and you hereby submit to the non-exclusive jurisdiction of the English courts.

10.17. Data Protection

In the case of joint applications you hereby agree that any individual signatory below may duly request and receive information in relation to any plans in force or not that are held under this agreement, but that are held in the name of another signatory. This is aimed at avoiding difficult situations whereby the spouse or partner of a client requests information on a plan held in their spouse/partner's name and we are unable to release such information due to Data Protection. This authorisation can be revoked in writing by any signatory at any time. If you do not wish us to share your information with carefully selected 3rd party companies, please notify us in writing.

10.18. Companies Act Disclosure:

Fairstone which is a trading name of Fairstone Private Wealth Limited

Registered office:

1 The Bulrushes, Woodstock Way, Boldon Business Park, Boldon Colliery, Tyne and Wear, NE35 9PF

Registered in England and Wales, Registered Number: 05869447

Appendix 1

Specific Risk Considerations

We will only invest in accordance with our agreed mandate and will only take the risks that we believe are appropriate and suitable to that mandate but you should be aware of the risks associated with the types of investment and transactions we might carry out. Accordingly we would like to draw your attention to the following:

Foreign Currencies

If we deal in investments priced in foreign currencies (foreign currency denominated investments) this involves entering into a related foreign exchange transaction in connection with the purchase or sale of the investment concerned. This involves the risk that a change in the rates of exchange between currencies may cause your investment or the income from it, to go down or up. In addition, purchasing and selling investments overseas involves the risk of dealing overseas.

Limited Markets

If we acquire an investment that is or may become illiquid (that is, investments in relation to which there is a limited market or no market at all and are consequently non-readily realisable investments), we may have difficulty selling this investment at a reasonable price and in some circumstances it may be difficult to sell it at any price.

Stabilisation

We may from time to time transact in securities on your behalf where the price may have been influenced by measures taken to stabilise it. Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it.

The FCA allows stabilisation in order to help counter the fact that when a new issue comes to the market for the first time, the price can sometimes drop temporarily before buyers are found. Stabilisation is carried out by a stabilisation manager (normally the firm chiefly responsible for bringing a new issue to the market). As long as the stabilisation manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

The stabilisation rules:

- i. Limit the period when a stabilisation manager may stabilise a new issue.
- ii. Fix the price at which he may stabilise, (in the case of shares and warrants but not bonds) and
- iii. Require him to disclose that he may be stabilising but not that he is actually doing so.

The fact that a new issue or a related security is being stabilised should not be taken as any indication of the level of interest from investors nor of the price at which they are prepared to buy securities.

Gearing

The issuer of a security may use gearing as an investment strategy which may result in:

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

Property

Investments into Property Funds:

- The value of investments can fall as well as rise and past performance is not a guide to the future. It may be difficult or impossible to realise an investment in the fund because the underlying property concerned may not be readily saleable.
- The value of property investments and income from them can go down as well as up and investors may not get back the amount originally invested.
- As property is a specialist sector it can be volatile in adverse market conditions, there could be delays in realising the investment.
- Property valuation is a matter of judgement by an independent valuer therefore it is generally a matter of opinion rather than fact.

Appendix 2

TERMS AND CONDITIONS FOR ISA ACCOUNTS

1 Applications and subscriptions

1.1 Your application for a Fairstone ISA can only be accepted after completion and submission of a Fairstone **Stocks and Shares ISA** Application Form. we reserve the right to refuse any application.

1.2 Investment in a Fairstone ISA may be only in the form of a cash subscription, **Share Exchange** or approved Inland Revenue profit sharing or SAYE scheme. The Fairstone ISA is a **Stocks and Shares ISA**.

1.3 Investment in an ISA is subject to any minimum investment threshold **we may agree with you from time to time** and the **annual subscription limit** as determined by **HMRC**.

1.4 You may only invest your own cash in an ISA. An ISA cannot be held in joint names and cannot be transferred to another person.

1.5 We may disclose to **HMRC** or to any other regulatory body any information concerning your Fairstone ISA from time to time.

1.6 We will notify you if your Fairstone ISA has or will become void as a result of any failure to satisfy the **ISA Regulations**. A breach of the **ISA Regulations** may result in the ISA being declared void and no longer qualifying for tax relief. Tax credits may have to be repaid and, where appropriate, all the interest credited in respect of cash on deposit will be subject to a deduction of tax at the appropriate rate. Pershing will not be liable to you in circumstances where your ISA has become void as a result of any failure outside of its control, including but not limited to a failure by you or your financial adviser, to satisfy the **ISA Regulations**.

2 Dividends and benefits in your ISA 2.1 Dividends will be paid in cash, unless indicated otherwise, by you on the application form.

2.2 We will automatically add the shares arising from any bonus or capitalisations to your **ISA** provided that they are **Qualifying Investments**.

2.3 Where investments arising from rights issues, takeovers or mergers, or other corporate events, are not **Qualifying Investments**, Fairstone is required by the **ISA Regulations** to either sell the investments within thirty days of the date on which they ceased to be **Qualifying Investments** (in which case the proceeds can remain within your ISA or to transfer the investments to you to be held outside of your ISA. You will be liable for any applicable withdrawal charges or dealing costs or any other costs. In the event that all investments within the ISA cease to be **Qualifying Investments**, We reserve the right to apply to any associated transaction fees.. we will use reasonable endeavours to seek instructions from you in this regard before taking any action.

2.4 You must ensure that cleared funds are available in your ISA to meet forthcoming instalments for nil paid rights or other investments with future or contingent obligations to make payments (to the extent Fairstone will permit these to be held in your ISA), without exceeding the Annual Subscription Limit. We will notify you in advance of instalments payable and, in the absence of instructions or further subscription, we reserve the right, in accordance with Clause 10 of the Terms of Business, to withdraw the shares from your ISA or sell sufficient of the shares to meet your obligations. We may charge a fee in respect of any such sale, or as otherwise notified to you in writing, from time to time.

2.5 We will make arrangements to enable you to vote and to attend shareholders', securities holders' or unit holders' meetings and receive a copy of the annual report and accounts of every company or other concern in respect of **Qualifying Investments** held in your ISA if you so wish . You must, however, give us sufficient notice of your wishes in order to enable us to make the arrangements. A charge may be made for this service. Voting arrangements are subject in all cases to us receiving notification of any vote, an instruction from us in good time and to the company, or other entity supervising such vote, accepting a vote from us. In addition to the circumstance set out in this agreement, we may refuse any instruction to vote in the event that we believe such vote might cause us to incur risks to our reputation,

3 Dealing in your ISA

3.1 Investments within your ISA are restricted to **Qualifying Investments**.

3.2 You must be and remain at all times the beneficial owner of the **Qualifying Investments** in your ISA.

3.3 The legal title to the **Qualifying Investments** held in your ISA will be registered in the name of PSL's nominee company.

3.4 The **Qualifying Investments** in your ISA must not be used as security for a loan.

3.5 We will send you a valuation statement once every six months dated the 31st December and the 30th June by first class post. The value of any shares held will be calculated using the mid-market closing price as supplied by its data provider at the close of business on the date of the calculation. We do not accept any responsibility for this price, other than to accurately reproduce the price supplied to it by our data supplier.

4 Withdrawal or transfer of investments held in your ISA

4.1 You may withdraw, or transfer to another ISA manager, all of the investments held in your ISA for the current tax year, or all or part of previous years ISAs and any proceeds arising from those investments at any time by giving your Adviser instructions in writing. We will give effect to your instructions within the time stipulated by you which may not be less than thirty days, following receipt from your Adviser. If you wish to withdraw your investments and request a paper certificate, it may occasionally take longer due to circumstances outside our control (for example, paper certificates are issued by the relevant Registrar and the time taken for the issue of certificates may vary depending on the volume being issued at the time of request. For some types of investments, such as residual stocks, it may take several months.)

4.2 If you wish to receive the proceeds of a sale of **Qualifying Investments**, you must give us duly signed notice in writing and, following receipt by us of an instruction to this effect, a payment will be sent to you as soon as practicable after settlement has completed. We may make a charge each time you withdraw an investment from your ISA. Please refer to the Fees and Commission Schedule. No charge will be made for cash withdrawals from your ISA.

4.3 Withdrawals cannot be made in favour of any person other than you.

4.4 All **Qualifying Investments** that we sell on your behalf will be withdrawn from PSL's nominee company for delivery to the appropriate counterparty. No charge will be made for such withdrawals.

4.5 All interest credited to an ISA arising from cash on deposit is subject to an **HMRC** charge of 20%. We will deduct this amount from the interest credited and will pay the amount so deducted to **HMRC**.

5 Termination of your ISA and Cancellation Rights

5.1 If you terminate the arrangement set out in this agreement, you can either request transfer of the ISA including any **Qualifying Investments** to another ISA manager (or request that any cash balance is paid to you) subject to paragraph 4 above or the sale of the **Qualifying Investments** held in your ISA and remittance of the proceeds to you together with any other cash held within the ISA. Any outstanding fees and charges must be paid by you and will be deducted from any cash held. Where an ISA is transferred to another ISA manager, any dividends that are received after the transfer of shares will be processed in accordance with the account arrangements with regard to income unless you notify PSL in writing.

5.2 If we terminate the arrangements set out in this agreement, we will give you at least thirty days' notice in writing and will explain our reasons for doing so. This notice period will not apply, however, if your ISA has or will become void.

5.3 Should you die, the exemptions from tax will cease from the date of your death. Upon notification of death we will transfer the investment(s) held within your ISA to your general investment account. If otherwise instructed, we will dispose of the investment(s) held in your ISA and remit the proceeds to your personal representatives upon receipt of a certified copy of either a Grant of Probate or Letters of Administration.

5.4 If you wish to close your ISA and you notify us within 14 days of the opening day of the account, or within 14 days of the day you receive these Terms and Conditions, whichever is the later, the agreement between us and you as set out in this agreement will be cancelled. The balance on your account and any gross interest earned will be repaid to you. Subject to **HMRC** conditions, you will still be able to open an ISA with another ISA manager or us and your full **annual subscription limits** will remain. (**HMRC** conditions, as at 1st November 2009, currently require an ISA to be cancelled within 30 days of account opening in order to retain full **annual subscription limits**.)

Appendix 3

TERMS AND CONDITIONS FOR THE JUNIOR ISA (JISA)

Definitions and interpretation

In this appendix, unless otherwise stated, capitalised words shall have the same meaning as in the main agreement. In addition:

Application form shall mean the application form to be completed and signed for Junior ISA subscription, administration and redemption purposes.

Child Trust Funds Account shall mean a Child Trust Funds Account as defined by the Child Trust Funds Act 2004 (as amended).

Eligible Child shall mean a child who is under 18 years of age, and: (a) (i) is born on or after 3rd January 2011; or (ii) is born before 3rd January 2011, and does not have a Child Trust Funds Account; and (b) at the time when the application to open a Junior ISA application is made, the child is: (i) resident and ordinarily resident in the United Kingdom; (ii) a person who has general earnings from overseas Crown employment subject to United Kingdom tax within the meaning given by section 28 of the Income Tax (Earnings and Pensions) Act 2003; (iii) married to, or in a civil partnership with, a person mentioned in paragraph (ii); or (iv) a dependant of a person mentioned in paragraph (ii).

ISA Regulations shall mean the Individual Savings Account Regulations 1998 (as amended from time to time and including any guidance or interpretation given thereon).

Junior ISA shall mean a **Fairstone Stocks and Shares Junior ISA** which conforms to the ISA Regulations provisions pertaining to stocks and shares junior ISAs for the benefit of an Eligible Child. Note that we do not offer a cash junior ISA. Please note that Fairstone does not hold client money; this is done on your behalf by Pershing Securities Ltd (PSL) who acts as custodian and is party to this agreement. Any reference to holding or handling monies will be done by PSL.

Overall Subscription Amount shall mean the maximum amount(s) that may be applied to a Junior ISA in any tax year as specified in the ISA Regulations.

Registered Contact shall mean a person who is over 16, unless they are suffering from mental disorder and either has parental responsibility in relation to the Eligible Child or is the Eligible Child themselves who is over 16 years of age and has taken on management of the Account by making an application to us for "registered contact" status and has received such approval.

Supplemental Terms and Conditions shall mean these Junior ISA supplemental terms and conditions.

Void shall mean a Junior ISA that is void in accordance with ISA Regulations and/ or HMRC instructions.

1. GENERAL

1.1 Fairstone's Junior ISAs and all applications relating to them are governed by these Terms and Conditions and the ISA Regulations.

1.2 The Terms and Conditions set out in this agreement provide details of additional terms and features, and explain how the Fairstone Terms and Conditions are varied in their application to our Junior ISAs. Should the terms of Fairstone Terms and Conditions and the provisions of this appendix conflict, then the latter shall prevail. Also, should the Fairstone Terms and Conditions conflict with the terms of the ISA Regulations, then the terms of the ISA Regulations shall prevail.

1.3 Where under the Fairstone Terms and Conditions mention is made to ISAs, then this shall include Junior ISAs unless the contrary is indicated in the text below.

1.4 The parties agree that Fairstone may arrange payments from any third parties to its custodian without satisfying itself that those funds are owned by the Registered Contact or the Eligible Child.

1.5 The Junior ISA remains the property of the Eligible Child. Any assignment of, or agreement to assign, investments under a Junior ISA, and any charge on or agreement to charge any such investments is Void.

2. THE JUNIOR ISA

Who can apply for a Junior ISA?

2.1 An application for a Junior ISA can be made either: (i) by a person who at the time of the application is over the age of 16, provided they act in the capacity of a Registered Contact for the benefit of an Eligible Child and the application which is being made is for the benefit of that Eligible Child; or (ii) by an Eligible Child as a Registered Contact for their own benefit and at the time of making the application the Eligible Child has attained 16 years of age.

When can we refuse to accept an application for a Junior ISA?

2.2 We are within our rights to refuse to accept an application for a Junior ISA if:

2.2.1 The application is unsigned, undated or deemed by Pershing to in any way be incomplete;

2.2.2 In our reasonable opinion, we believe that any of the information or documentation presented in relation to the applicant is untrue or incorrect; or

2.2.3 We believe that any of the eligibility requirements for qualification in relation to a Junior ISA as set by the HMRC and the ISA Regulations have not been satisfied.

What is the effect of our accepting your application for a Junior ISA?

2.3 In the event that we accept an application for a Junior ISA, then the account will be regulated by the ISA Regulations and no benefit may be taken nor any payment made except in accordance with the ISA Regulations. All communication will be with the Registered Contact only.

2.4 The operation of the Junior ISA will be governed by these Terms and Conditions as modified and the ISA Regulations.

Use of your Annual JISA Allowance

2.5 It is our intention to seek to maximise your annual JISA subscription each year by transferring available monies within your portfolio into your Stocks & Sharers Junior ISA wrapper. This may involve the liquidation of existing investments under a Share Exchange which may incur fees and charges on the transactions. You should not make your own direct Junior ISA subscription without prior reference to us.

3. INSTRUCTIONS

Who can give instructions to us concerning a Junior ISA?

3.1 We shall only accept instructions from a Registered Contact concerning the operation of a Junior ISA.

4. REGISTERED CONTACT

In which circumstances can a change be made to the details of a Registered Contact?

4.1 Unless any of the provisions contained within paragraph 2.2 apply, with the consent of the existing Registered Contact, and in accordance with the ISA Regulations, we agree to consider an application in standard form for a change of the identity of the Registered Contact.

4.2 Unless any of the provisions contained within paragraph 2.2 apply, without receiving the consent of the Registered Contact and in accordance with the ISA Regulations as prescribed, we shall consider an application in standard form to change the details of a Registered Contact in respect of a Junior ISA in circumstances where either by sight of suitable documentation or from any other evidence we hold, we are satisfied as to:

4.2.1 the death of the Registered Contact;

4.2.2 the incapacity of the Registered Contact;

4.2.3 the Registered Contact not being in contact with us for a 12 month period and an item of post having been returned undelivered;

4.2.4 a court order being made bringing to end the status of the existing individual being a person with parental responsibility for the child;

4.2.5 a court appointing a guardian or special guardian of the child;

4.2.6 a court making an order that the person who is the existing Registered Contact cease to act as such;

4.2.7 a new Registered Contact adopting the child; or

4.2.8 the fact that the applicant is the Eligible Child themselves, and that the child is making the application to become the Registered Contact after reaching 16 years of age, but has not attained the age of 18, and does not suffer from any mental disorder as outlined in the ISA Regulations.

In which circumstances will the authority of the Registered Contact cease?

4.3 In any case, the authority of the Registered Contact shall cease on the earlier of the following events:

4.3.1 the Eligible Child becoming a Registered Contact in accordance with paragraph 4.2.8 above;

4.3.2 the Eligible Child reaching 18 years of age, in which event the Account will no longer remain a Junior ISA and all investments held within the Account will revert to being held within an “adult” tax free ISA wrapper and become subject only to the Pershing Terms and Conditions, the ISA Regulations and Pershing standard ISA charges; or

4.3.3 We become aware of the fact that the Registered Contact ceases to have parental responsibility in which event all further instructions from such Registered Contact will be declined until an application is received for a change of Registered Contact in accordance with paragraph 4.2 above. In the meantime, we shall not be responsible for any investment or other losses arising as a result.

5. JUNIOR ISA SUBSCRIPTIONS

5.1 Any subscriptions made to the Junior ISA are a gift to the Eligible Child.

5.2 Whilst the Eligible Child is alive, any person may make a subscription to a Junior ISA provided the subscription is by a cash payment method and the overall amount subscribed does not exceed the Overall Subscription Amount.

5.3 No subscription may be made to a Junior ISA once the Eligible Child has reached eighteen years of age.

5.4 Only one Junior ISA may be held for the entire period during which a child remains an Eligible Child. The subscriptions will always be applied to the same Junior ISA regardless of the tax year in which the subscription is received.

5.5 If we receive information that there is a more recent Junior ISA held by an Eligible Child than the Junior ISA with us, then we shall deal with this in accordance with the ISA Regulations.

5.6 If we receive a subscription which exceeds the Overall Subscription Amount then that amount cannot be applied to the Junior ISA with us, and we will return that proportion of the cash received to the person who paid those funds to us. If monies in excess of the Overall Subscription Amount are discovered to have already entered the Junior ISA, then such funds will be dealt with in accordance with the ISA Regulations.

6. WHAT CAN YOU INVEST IN WITH A JUNIOR ISA?

6.1 Investments available for investment with an ISA may also be held in a Junior ISA. Cash may only be held in a Junior ISA for the purpose of investing in qualifying Investments.

7. CLOSING A JUNIOR ISA AND WITHDRAWAL INSTRUCTIONS

7.1 You may not give us instructions to close a Junior ISA or make withdrawals from it except where:

(i) the Eligible Child has become terminally ill (see paragraph 7.2 below);

(ii) the Eligible Child has died (see paragraph 7.3 below);

(iii) the Eligible Child has reached the age of 18, and agrees (see paragraph 7.4 to 7.7 below);

(iv) a transfer is being made of the Junior ISA investments to another ISA manager (see paragraph 7.8 to 7.10 below);

(v) on direction from the HMRC where the Junior ISA is Void (see paragraph 7.11 below); or

(vi) when subscriptions are small and then cease resulting in account charges bringing the account to a nil balance (see paragraph 7.12 below).

(i) Withdrawals on terminal illness of the Eligible Child:

7.2 Where the Eligible Child is terminally ill, subject to the definitions and conditions of the ISA Regulations, the Junior ISA will be closed upon receipt of evidence prescribed under the ISA Regulations and the proceeds shall be paid to the Registered Contact. In this event, no withdrawals can be made from a Junior ISA unless the Registered Contact has made a claim to HMRC to be allowed access to the investments held in the Junior ISA, and we have received a valid approval from HMRC. On withdrawal of funds the Account may be closed.

(ii) Closing an account on the death of Eligible Child:

7.3 If we receive notice of the death of the Eligible Child, then this is first verified on sight of appropriate documentation, and then due payment will be made to the legal personal representatives of the Eligible Child. We will write to the personal representatives of the Eligible Child and offer the choice of selling or stock transfer following receipt of appropriate documentation after which the Account shall be closed.

(iii) Closing an Account on the event of the Eligible Child turning 18:

7.4 When an Eligible Child reaches the age of 18 then the relevant Junior ISA will be transferred to an equivalent ISA.

7.5 The replacement ISA will be established for the beneficiary in their own right, and subject only to Fairstone ISA Terms and Conditions (including charges to be paid in respect of it), and the ISA Regulations. On withdrawal of funds the Account will be closed.

7.6 Any Registered Contact will no longer be entitled to give us instructions in relation to the replacement ISA, unless the Account owner has authorised us to accept any such instructions.

7.7 The holding will be automatically transferred to an adult ISA on the day of the Eligible Child's 18th birthday, but there is no obligation to return an ISA application form to facilitate this. An ISA application is only required when the investor wishes to add further subscriptions (to the new 'adult' ISA). No subscriptions may be made to the replacement ISA, nor instructions acted upon by Pershing in relation to that Account until such time as the Account holder has completed the relevant application form in accordance with the Fairstone ISA Terms and Conditions.

(iv) Transferring a Junior ISA:

7.8 Transfers may be made between account providers for junior ISAs or investments, in whole or in part from one type of junior ISA to another, for example, from cash to stocks & shares and vice versa. We shall permit the partial transfer in and out of a Junior ISA, as long as any current year subscriptions are transferred in full.

7.9 An account may be transferred even if at the time of transfer the child is no longer eligible for a Junior ISA or no longer resident in the UK. All transfers will be carried out in accordance with the ISA Regulations.

7.10 Previous years' Junior ISA subscriptions can be transferred in whole or in part. The current year's Junior ISA subscriptions must be transferred in full. These rights must be exercised in accordance with the ISA Regulations limit on each Eligible Child having only one of each type of junior ISA at any time. We will close a Junior ISA which after transfer has a nil account balance.

(v) Repairing an invalid or Void Junior ISA:

7.11 An invalid Junior ISA will be repaired in all circumstances immediately by us on becoming aware of any invalidity, except where the child is not eligible or has another valid Junior ISA of the same type, in which case it must be Voided. We will never Void a Junior ISA except where instructed to do so by the HMRC and will treat all Void Junior ISA's in accordance with the ISA Regulations. We will notify the Registered Contact in such circumstances.

(vi) Closing due to Nil Balance

7.12 A nil balance arises will in the following circumstances:

- a) a Junior ISA has been opened and a small initial investment has been made, but contributions then stop and agreed charges then bring the balance down to nil;
- b) a terminal illness claim has been accepted and the Registered Contact has withdrawn the funds held in the Junior ISA; or
- c) where all of the investments in a Junior ISA have been transferred. In any case we may close the remaining nil balance account.

8. ADMINISTRATION

- 8.1 The Junior ISA investments will be held in the beneficial ownership of the Eligible Child.
- 8.2 Contract notes, statements of account, valuations and reports applicable to the Junior ISA shall be issued to the Registered Contact.
- 8.3 In the event that any person or organisation other than the Eligible Child or Registered Contact makes a subscription to the Junior ISA, it is the responsibility of the Registered Contact to advise such donor that its subscription is a gift to the Eligible Child and cannot be recovered.
- 8.4 We will be under no obligation to record the identity of a donor to a Junior ISA, or to advise the Registered Contact of this fact.
- 8.5 We may refuse to accept any subscription in circumstances where (i) we reasonably believes that acceptance may result in the Junior ISA (or any part of it) becoming Void under the ISA Regulations or (ii) we are prevented from doing so by Applicable Law (for example, in relation to anti-money laundering requirements).
- 8.6 Except for cash deposits, National Savings products and certain insurance policies (see below), the title to the Junior ISA investments will be registered:
- (i) in the name of Pershing;
 - (ii) in the name of the Pershing nominee; or
 - (iii) jointly in one of one of them and the child or Registered Contact.
- 8.7 Where a share certificate or other document evidencing title to a Junior ISA investment is issued, it will be held by Pershing or as Pershing may direct.
- 8.8 Where insurance policies are with an insurer that is also a Junior ISA provider, the title to the policies shall be vested in the Registered Contact and the policy document or other document showing title to the insurance policy shall be held by the Registered Contact.
- 8.9 We will arrange, if the Registered Contact elects, for the Registered Contact to receive a copy of the annual report and accounts issued by every company or other concern in respect of shares. (A separate charge may be levied for this service).
- 8.10 We will arrange, if the Registered Contact elects, for the Registered Contact:
- (i) to attend shareholders', securities holders' or unit holders' meetings;
 - (ii) to vote; and
 - (iii) to receive, in addition to the annual report and accounts, any other information issued to shareholders, securities holders or unit holders.
- 8.11 We will satisfy ourselves that any person to whom the Registered Contact delegates any of its functions or responsibilities under the terms agreed with the Registered Contact is competent to carry out those functions and responsibilities.
- 8.12 Where the applicant for the Junior ISA is between the ages of 16-18 (whether they are the child who will hold the account, or an individual applying for the account for an Eligible Child) any management agreement for the Account has legal effect as if the Account applicant was 18 years old or over.



PERSHING SECURITIES LIMITED

TERMS OF BUSINESS WITH INVESTORS

Please read and keep for future reference

Version: 2018 – v 1.0

PSL Enclosures for Terms of Business with Investors

1 Relationship between you, us and Pershing Securities Limited

1.1 Fairstone Private Wealth (“we” or “us”) has entered into an agreement with Pershing Securities Limited (“PSL”) under which PSL has agreed to provide **dealing, clearing and settlement, safe custody** and other associated services to our clients (the “Pershing services”). Please note that any terms set out in bold in these terms of business are described further in the Glossary which is set out in Annex 1 to these terms of business.

1.2 By accepting these terms of business you agree that there is a contract between you and us and between you and PSL and you will be bound by these terms of business. As a consequence, it is important to understand when reading these terms of business, that you will be both a client of ours, and (for the purposes described in these terms) you will also become a client of PSL.

1.3 The Pershing services relate to a range of investments, which are set out in Annex 2 to these terms of business.

1.4 In order to receive Pershing services you must:

- (a) complete and return to us a copy of the application form and terms relating to the services;
- (b) not be a citizen or resident of the United States for the purposes of the United States IRS Code or be designated at any time as having a substantial presence in the United States or act on behalf of any such person, including as trustee or agent or in partnership with such a person; and
- (c) satisfy our anti-money laundering and know your customer requirements.

PLEASE NOTE that if you are not permanently resident in the UK, you may not be entitled to receive all or any of the Pershing services.

1.5 In the event that your status changes or it subsequently emerges that you are a US citizen or resident for US tax purposes, PSL shall, at its absolute discretion, stop providing services to you and close any accounts it holds in your name forthwith. PSL shall not be responsible for providing any information to, nor making any requisite filings (including any Form 1099-B filings) with, the United States Internal Revenue Service (or “IRS”) on your behalf. These terms of business govern the provision of the Pershing services to you. These terms of business shall come into force once we receive and accept your completed application form or when you commence using the Pershing services, whichever is earlier.

1.6 PSL is a company registered in England, company number 2474912. Its registered office is at Royal Liver Building, Pier Head, Liverpool L3 1LL. PSL is authorised and regulated by the Financial Conduct Authority (“FCA”) which is located at 25 The North Colonnade, Canary Wharf, London E14 5HS. PSL is also a member of the London Stock Exchange.

1.7 By accepting these terms of business, you agree that:

- (a) we may give instructions to PSL on your behalf as allowed by our terms of business and may provide information about you to PSL. When PSL receives such instructions or information from us, PSL is entitled to rely on them without making any further checks or enquiries;
- (b) if any instructions or information is provided to us by someone acting under a power of attorney acting on your behalf, PSL shall, upon receipt of such information or instructions from us, be entitled to rely on the them without making any further checks or enquiries; and
- (c) PSL is authorised to hold cash and investments on your behalf and to transfer such cash or investments from your account to meet your obligations to PSL.

1.8 We retain responsibility (including responsibility for complying with any related regulatory requirements) and PSL shall not have any responsibility for the following matters:

- (a) our own operations;
- (b) instructing PSL to open an account for you;
- (c) the supervision and operation of your account for you;

- (d) our ongoing relationship with you;
- (e) making all necessary anti-money-laundering compliance checks;
- (f) providing any investment advice to you or taking investment management decisions on your behalf (as the case may be);
- (g) explaining to you the types of investments covered and any risks relating to investments, investment transactions or any investment strategy to be pursued on your behalf;
- (h) any required assessment of the suitability or appropriateness of transactions and investments for you or, where permitted and necessary, warning you of any possible inappropriateness of an investment;
- (i) giving instructions to PSL which are proper, accurate and in accordance with any instructions or mandate you give us;
- (j) reviewing your accounts for market abuse, insider trading and compliance with FCA Rules and any other applicable legal and regulatory requirements to which the we or you may be subject; and
- (k) the provision of any information or documents as required under FCA rules (as further described in clause 5) in connection with any **Third-Party Products**.

2 Client classification and joint obligations

2.1 For the purposes of the rules of the Financial Conduct Authority (“FCA Rules”), you will be classified as either a retail client, professional client or an eligible counterparty. PSL will rely on information received from us in relation to your status and will adopt the same client classification for you. We will notify you in writing if there is any change to this position.

2.2 If you hold an account jointly or otherwise hold assets jointly, with any other person, then you and any such other person(s) shall have **joint and several liability** to PSL. Examples of situations where such **joint and several liability** may arise are as follows:

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

PSL has complete discretion to choose who to pursue for performance of any obligation or payment owed to it under these terms and is not obliged to seek payment or performance of any obligation from you jointly.

3 Your Accounts with PSL

3.1 PSL will open and maintain accounts on its books in your name in order to provide its services to you. When PSL receives any cash and investments from you, or on your behalf, it will record them in your accounts.

3.2 PSL will have the right at its absolute discretion to stop providing services under these terms and close any accounts it holds and maintains in your name which may occur, for example:

- (a) if PSL is obliged to stop providing services under any applicable law or regulation (such as anti-money laundering provisions);
- (b) if PSL is not able to provide the services effectively or providing the services would materially adversely affect PSL’s operation;
- (c) where you are in material breach of these terms or we are in material breach of the terms of the PSL Agreement;
- (d) if you fail to satisfy any of the eligibility criteria in order to use the Pershing services as set out paragraph 1.6 of these terms of business or as otherwise notified to you;

- (e) if providing the services to you or to us in relation to your account will have a materially adverse effect on PSL's reputation;
- (f) if your liabilities in relation to your account, and amounts owing by you to PSL, exceed or are likely to exceed the value of the cash and investments PSL holds for you; or
- (g) where the aggregate cash balance held by PSL for your account represents less than 1 per cent of the value of the investments held by PSL for your account.

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

- 3.3 You may at any time, when there are no outstanding obligations owed by you to PSL, give notice in writing to us to stop receiving services from PSL and to close your accounts with PSL. We will be responsible for informing PSL of your decision to stop receiving services and PSL will be entitled to rely on such notification from us.
- 3.4 If your account with PSL is closed, you will need to provide us with accurate and timely instructions as to the future safe custody of your investments so that PSL can transfer your money and investments (after deducting amounts owed to it) to your new custodian.

4 Communication and Instructions

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

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

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

5 Provision of Product Information

- 5.1 PSL shall provide you with the **Product Information** in relation to any investments for which PSL is the product provider in accordance with FCA Rules or other legislation.

5.2 PSL shall not be responsible for the production of, or otherwise for the accuracy, completeness or appropriateness of, any **Product Information** in relation to any **Third-Party Products**. The responsibility for providing you with such information shall fall upon us or the relevant provider of such products. We shall ensure that any such required information shall be provided promptly to you and in accordance with the FCA Rules.

6 Dealing

6.1 In order for PSL to provide **dealing** services for your account, you need to ensure that:

- (a) where you are buying investments, there is sufficient cash in your account; and
- (b) where you are selling investments, documents of title or transfer forms that are required are delivered to PSL,

in either case, prior to the execution of the transaction by PSL.

6.2 PSL will provide **dealing** or **execution** services on the following basis:

- (a) execution by PSL will be subject to the FCA Rules and the rules of any investment exchange or other trading facility on which the transaction is executed;
- (b) PSL will treat the instructions we give them as binding on you. Any express instruction from us to PSL on your behalf concerning order execution will override PSL's order execution policy and will remain binding on you;
- (c) PSL's execution policy is set out in www.pershing.co.uk under the 'disclosures' section and therein under 'compliance disclosures'. By your acceptance of these terms, you confirm your consent to the execution policy and acknowledge that it may be amended from time to time. You also agree that PSL may execute transactions on a market that is not a regulated exchange or multilateral trading facility in the European Economic Area. Please note however the provisions of Annex 4 in relation to any overseas investments;
- (d) PSL may combine your orders with orders for its other clients or PSL's own orders. PSL will only do this if it considers that it is unlikely to work to the overall disadvantage of you or any of its clients involved however it is possible that aggregating orders in this way may sometimes operate to your advantage and sometimes to your disadvantage by giving you a higher or lower price than might have been the case if your order had been placed individually; and
- (e) Once PSL executes any transaction on your behalf, PSL will, unless you previously instructed us otherwise, send a contract note to you. It is very important that you check the detail of all contract notes you receive, and notify us (and not PSL directly) immediately if there is any error or if you have any question about them, because the contract note will be considered a conclusive and final record of any detail contained in it, unless we notify PSL of an error within 1 working day after receipt by you and in any event no later than the settlement date for the transaction concerned.

7 Settlement of Transactions

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

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

7.3 You hereby undertake that any cash or investments held by or transferred to PSL by you will be free from any right of a third party to make claims against that money or those investments. In particular, it is your obligation to make sure that no other person will be entitled to:

- (a) security rights over them, such as a **mortgage** or a **charge**;
- (b) any right to withhold or retain them, such as a **lien**;
- (c) any other rights to have any of the cash or investments paid or transferred to them or to prevent any transfer of such cash or investments from going ahead; or
- (d) any right to be paid all or any of the proceeds of a transaction;

so that settlement on your transaction can take place.

- 7.4 In order to settle transactions on your behalf, PSL will need to deal with the other party to the transaction (the “counterparty”). If a transaction has to be settled through a **CCP** or **CSD** the specific provisions set out in Annex 3 and 4 shall apply.
- 7.5 You acknowledge and agree that you will not have any rights to, and that PSL has no obligation to account to you for, any cash or investments which are due to be received by you following a transaction until you have performed your own obligations in relation to that transaction and PSL has been able to settle that transaction on your behalf. Until that has happened, PSL is entitled, without giving you any further notice, to sell or otherwise dispose of any such investments and apply the proceeds or any cash it receives in relation to the transaction in order to discharge or reduce any of your obligations in relation to the transaction.
- 7.6 PSL is not obliged to credit any cash or investments it receives to your account until it has received them in irrevocable and unconditional settlement of the relevant transaction without the sender being able to reverse the settlement or require redelivery. If for any reason PSL does credit cash or investments to your account earlier than this and PSL reasonably considers that irrevocable and unconditional settlement is unlikely to take place then PSL will be entitled to reverse the entry and require you to give back or redeliver the cash or investments or their equivalent.
- 7.7 In some cases, transactions will be subject to **netting**. You agree, in respect of any transaction which is subject to **netting**, to discharging the settlement obligations on a net basis in accordance with the rules of the relevant **CCP**, **CSD** or agreement with the counterparty. You acknowledge that if net settlement takes place then PSL will only be obliged to account to you for any investments or cash in connection with the transaction on a net basis.
- 7.8 If a transaction is undertaken on your behalf on non-UK markets, the specific provisions set out in Annex 4 shall apply.
- 7.9 Transactions executed on your behalf may settle in the books of a **CCP**, **CSD** or other body or custodian combined with transactions for the account of other clients of ours. If this happens then PSL will allocate between our clients the cash or investments received by it or on its behalf as a result of the settlements in accordance with the client trades we have notified to it. If PSL receives cash or investments for trades that were intended to settle at the same time (but which, for whatever reason, do not do so), then PSL will allocate that cash or investments received by it on the following basis:
- (a) in accordance with any priority for settlements determined by PSL prior to the transactions taking place;
 - (b) if transactions have the same priority, then the allocation will be in order of time, by reference to the intended settlement date of the transaction which we specified to PSL, so that the earliest in time will settle first in each case;
 - (c) where transactions have the same priority and intended settlement date, then the allocation will be by value so that the larger or largest trade by value (not by number of units or size) will be settled first in each case.
 - (d) where these allocations are necessary, they will also be subject to the operation of the relevant **CCP**, **CSD**, custodian or other entity. Such operations may include a **netting** rule or practice, automatic splitting of unsettled transactions or other automatic aggregation, splitting or allocation.
- 7.10 **Time shall be of the essence** with respect to any payment, delivery or other obligation of yours to PSL.

8 Client Money

- 8.1 Money held by PSL for your account, will be held in compliance with the FCA Client Asset Rules when these apply to the money. This means, amongst other things, that your money will be kept in a special designated client bank account and therefore completely separate from any money belonging to PSL.
- 8.2 PSL will exercise due skill, care and diligence when considering where the client bank account should be and will periodically review the adequacy and appropriateness of any bank or credit institution and of the arrangements for holding your money. PSL will only be responsible for taking care in choosing and monitoring of the chosen credit institution or bank and will not be responsible for any acts, omissions or default by the chosen credit institution or bank.
- 8.3 In some situations the money held for you in a client account may be pooled with money belonging to other clients of PSL. If funds are pooled in this way, you will have a claim against the client money pool in general, rather than for the specific sum held in a specific account. Any deficiency in the pool will be shared pro rata between all the clients whose money is pooled.

- 8.4 If PSL holds money which is not immediately required to settle an investment transaction, such money will be deposited with a bank or credit institution, together with other clients' money. Money may earn interest at a rate determined by the relevant bank or credit institution. However, the amount of any interest on money that would be credited to your account and made available to you (subject to clauses 12 and 13.3), will be determined by us, and will be as notified by us to you from time to time. Any interest will be calculated on a daily basis and credited to your account every six months. PSL may decide not to credit to your account such amount of the interest until it reaches a minimum threshold amount as agreed between us and PSL. PSL charges a fee for managing the balance on your account (a money management fee) and that fee will be applied to the balance on your account and may be higher than any interest which would otherwise have been credited on to your account.
- 8.5 If there are cash balances which remain unclaimed after a period of 6 years, PSL may transfer such money to a pooled client unclaimed money account subject always to PSL undertaking to make good any valid claim by you. PSL will only do this after it has taken reasonable steps to trace you and return any balance to you.
- 8.6 Sometimes we or PSL will undertake a transaction for you which requires your money or investments to be passed to an **Relevant Party** in order to meet the obligations under that transaction or as **Margin or Collateral**. When a **Relevant Party** is involved then any money or investments passed to the **Relevant Party** may be at risk in the event of its insolvency. By accepting these terms, you acknowledge that this is the case.
- 8.7 Please refer to the provisions of Annex 4 which will apply if your money is held by a credit institution or bank outside the UK or EEA.
- 8.8 PSL may use a bank which is affiliated to PSL to hold client money on your behalf.

9 Custody and administration of your investments

- 9.1 Subject to clause 9.2, where PSL holds investments for your account it will register those investments in the name of a **nominee company** controlled by PSL or by a member of PSL's group.
- 9.2 In some situations, for example where the rules of a particular market or **CSD** require, PSL will register your investments in the name of an **Eligible Custodian**. PSL will not usually register investments in your name but if it is required to do so, you shall remain responsible for the consequences of any such registration.
- 9.3 If your investments are held overseas the provisions of Annex 4 shall also apply.
- 9.4 When your investments (including any money held for your account) are held by a depository or an **Eligible Custodian**, such depository or **Eligible Custodian** may have rights against your investments, arising out the operation of local law, local regulatory rules, or market practice which may include:
- (a) security rights over them including but not limited to a **mortgage or charge**;
 - (b) rights to withhold or retain them, such as by way of a **lien**;
 - (c) other rights to have the asset paid or transferred to them or to prevent a transaction involving such asset from going ahead; and/or
 - (d) rights to be paid any or all of the proceeds of a transaction involving the asset.

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

- 9.5 PSL shall keep a record of your entitlement to your investments in situations where PSL or an **Eligible Custodian** (or a **nominee company**) have registered or recorded your investment in a combined account or pooled in some other way with investments belonging to other clients of ourselves, of PSL or of the **Eligible Custodian**. In such a situation you should note the following effects and by accepting these Terms of Business you expressly acknowledge and accept these risks:
- (a) your individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register;
 - (b) if there is an irreconcilable shortfall following any loss by or default of, PSL or the **Eligible Custodian** (or a **nominee company**) then you may not receive your full entitlement and may share in any shortfall on a pro-rated basis with any other investors;

- (c) sometimes PSL will receive investments or money on behalf of more than one client in connection with pooled holdings (for instance in a bonus or rights issue or takeover). In such circumstances PSL may, in accordance with FCA Rules, allocate such investments between clients on whatever basis it considers fair and reasonable in accordance with its allocation policy in force at the time;
 - (d) if a share issue or other corporate event favoured the small investor your actual allocation may be less than it would be if your investments were registered in your own name;
 - (e) sometimes amounts or investments may arise which would not have arisen if the investments had been registered in your own name. You may not be entitled to any such additional amounts; and
 - (f) In the course of settlement of transactions from the omnibus account (due to the nature of such holding and the operation of settlements into and from an omnibus account) circumstances could arise whereby your assets as held in the pool are used to satisfy the transaction of another client whose assets are also held in the omnibus account. You should note that Pershing has in place systems and controls to reduce the occurrence of such events and to mitigate the risk to you from such circumstances as required under FCA Rules.
- 9.6 Any instructions you wish to give about the administration of investments held by PSL should be given to us in writing for us to send to PSL. We will not accept instructions from anyone but you and will not send instructions to other people on your behalf unless in either case you have previously provided us with a copy of a valid power of attorney authorising us, or the relevant person, to send such instructions.
- 9.7 PSL will inform us of any rights issues, takeover offers, capital reorganisations, conversion or subscription rights (collectively “corporate actions”) that affect or relate to investments held on your behalf by PSL or an **Eligible Custodian**. It will do so as soon as reasonably practicable after receiving notice of those events. We will, in turn, inform you.
- 9.8 You should contact us and not PSL if you need any advice in connection with any corporate actions. PSL is not responsible for taking decisions in relation to any corporate actions and will require instructions from you or us on matters such as:
- (a) exercising conversion and subscription rights;
 - (b) dealing with takeovers or other offers or capital reorganisations;
 - (c) exercising voting rights (where PSL exercises such rights on your behalf).
- 9.9 If any notification is given to you pursuant to clause 9.7 from PSL, you must ensure that you provide instructions to us, for onward transmission to PSL in sufficient time to ensure that PSL is able to act upon such instructions. The instructions given, their consequences, and the consequences of failing to give us instructions, will be entirely your responsibility. Neither we nor PSL is obliged to do more than give one notification on the relevant matter.
- 9.10 PSL will be responsible for claiming and receiving dividends, interest payments and other entitlements automatically arising in respect of the investments held for your account.
- 9.11 Sometimes PSL or an **Eligible Custodian** who is holding your investments may receive dividends, interest and other rights or payments after local withholding or similar taxes or other deductions are made from those sums. You accept that PSL or any **Eligible Custodian** may, if it is required to do so to comply with legal or regulatory requirements, withhold or deduct tax or other amounts from any such payments. Any costs PSL or an **Eligible Custodian** incurs when complying with these obligations may be deducted by PSL from your account. If you are eligible to reclaim any such withholdings or deductions then this will be your responsibility and not that of PSL or an **Eligible Custodian**, to do so.
- 9.12 PSL will arrange for you to receive safe custody statement showing the investments and cash balances it holds for you, reported on a trade date basis. The frequency of such statements is determined by FCA Rules. PSL may provide such statement to you via appropriate on line or electronic means and provided we or PSL notified you of the availability of such statement, it shall be your responsibility to access and review such statement.
- 9.13 In some circumstances PSL may refuse to hold any investment or investments for you. This may occur in any of the circumstances outlined in clause 3.2 of these terms or if the investment concerned is of a kind for which PSL does not have facilities, or arrangements with appropriate **Eligible Custodians**, to hold or if holding the investment would expose PSL to liabilities. We will notify you if PSL chooses to exercise this discretion unless legal or regulatory constraints prevent such disclosure.
- 9.14 PSL will not loan your investments or use them to raise finance.

9.15 If investments are comprised within a wrapper (for example, Self-Invested Personal Pension plans or insurance linked investment bonds), PSL may act as custodian for the product provider. By accepting these terms, you grant authority to PSL to provide information to the product provider and to take such action in relation to your investments as PSL may be required to under the arrangements that have been agreed with us or the product provider.

10 Consequences of your default

10.1 If you fail to pay cash or investments (as relevant) when due to meet any settlement obligations or if you otherwise fail to meet any of your other obligations to PSL then you should be aware that there will be certain consequences as a result of such failure, as further described in the remainder of this clause 10.

10.2 You will not have a right to title or interest in any cash or investments received for your account. PSL will have no obligation to deliver or account to you for any such cash or investments and PSL will be entitled to retain any such cash or investments until such time that you have met your obligations.

10.3 PSL may, without providing any advance notice, use any cash, or sell any securities, held or received for your account and use the proceeds (after deducting any costs in doing so) to eliminate or reduce any unpaid obligations owed to PSL. Any surplus remaining after discharging the obligations owed to PSL, will be paid to you. If the cash and proceeds of disposals do not cover all the obligations owed to PSL, you will still owe PSL the balance.

10.4 PSL may, among other things, and without giving you further notice:

- (a) enter into any other transaction (including those with the effect of closing-out a position, or reversing or cancelling a transaction previously entered into);
- (b) take or refrain from taking further action which it considers would, or could, reduce or eliminate any liability under any transaction undertaken for you. PSL may take similar action where it reasonably considers that you have not, or are unlikely to, perform your obligations under these terms.

10.5 Where PSL exercises its rights to use your cash or dispose of your investments under clause 10.3 above, it will have no further obligation to you (and neither you nor we will have any right to require PSL to account to you, or to anyone else, for any investments or cash received when the relevant transaction is settled.

10.6 You agree that PSL may **set off** transfer or apply (without further notice to you) any obligations or monies owed by PSL to you in order to satisfy in whole or in part any debt or obligation or sum that is due from you to PSL. This applies even if the obligations are in different currencies and includes the payment of any fees or charges due to PSL and any amounts due under your indemnity obligations to ensure PSL does not lose money as a result of your default under these terms or the services it provides you with.

10.7 In exercising its rights under these terms PSL may convert currencies and carry out foreign exchange transactions with you or on your behalf at such rates and in a manner that PSL may in its discretion determine. In such circumstances, PSL shall be acting on its own behalf and not executing your orders. It shall therefore not be liable to you for the result obtained, nor for its choice of which investments are to be sold.

10.8 The provisions in this clause 10 will continue to apply even if we or PSL stop providing services to you, so long as any obligations for your account remain outstanding. They apply in addition to any other right PSL has, and they will not be affected by any failure by PSL or anyone else to fully enforce their contractual rights, whether as to payment, time, performance or otherwise.

11 Limits on PSL's Liability to you and Indemnities you give to PSL

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

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

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

11.3 It is important that you understand that you are responsible for making sure that PSL does not suffer by reason of acting for you. You agree to make good and reimburse (indemnify) PSL and each of its directors and employees

and agents (“Indemnified Persons”), after the deduction of any applicable taxes, for and against any liabilities, reasonable costs and expenses (including legal costs) and all duties and taxes (other than PSL’s corporation tax) which are caused by;

- (a) PSL providing its services to you;
- (b) material breach by you of any of these terms;
- (c) default or failure by you to make a delivery of investments or payment when due; or
- (d) any challenge to the validity of, or requirement for proof or ownership, or in respect of any fraud or forgery in relation to any investments delivered to PSL by you or on your behalf, or in relation to any document of transfer regarding such investments. This will include any electronic instruction or information, which appears to transfer such investments.

11.4 You will not be liable to indemnify PSL under this clause 11 and PSL will have no right or claim against you or us if any consequences to PSL are caused by its own negligence, wilful default, fraud or any breach of the FCA Rules.

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

11.6 The provisions in this clause 11 will continue to apply even if we or PSL stop providing services to you. They apply in addition to any other right of indemnity or claim of any Indemnified Person whether or not under these terms, and they will not be affected by any failure by PSL or anyone else to fully enforce their contractual rights, whether as to payment, time, performance or otherwise.

12 Charges

12.1 The fees and charges payable by you in relation to the services provided by us and PSL, and any taxes payable through PSL, will be set out in the fees and charges information provided to you by us. You may also be liable for other taxes or charges which are not payable through PSL. The fees and charges will generally be deducted from any money held for your account by PSL. If there is insufficient money in your account then PSL reserves the right to sell any assets held for your account and use the proceeds of such sale to meet your outstanding obligations in accordance with clause 10.3. As further described at clause 10, PSL shall be entitled to set off any amounts owed to you against any monies owed by you.

12.2 Any changes in the fees and charges payable to PSL may be amended upon three months prior written notice to you. Circumstances in which PSL may choose to increase its fees and charges include, for example:

- (a) to reflect changes in the types of investments, the nature of the services or the manner in which the services are provided to you;
- (b) to reflect an increase in the cost of providing the services to you; or
- (c) to comply with any change in applicable laws or regulations.

Any increase in third party fees or charges shall be passed on to you as and when such increase shall take effect.

12.3 For the avoidance of doubt, you shall be entitled to terminate these terms of business in accordance with the provisions of clause 20 in the event that you are dissatisfied with any increase in PSL’s fees and charges.

13 Conflicts of Interest

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

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

(c) is otherwise connected to the issuer of the investment to which any instructions relate.

- 13.2 PSL may receive payments from fund managers if PSL provides services to those fund managers through the PSL Nexus Funds Trading Platform. Any payments of this kind are calculated by reference to the value of the assets that PSL holds in custody for its clients.
- 13.3 PSL may place money held for your account with a bank or other financial institution (in accordance with the FCA rules) and earn interest and retain some or all of that interest from that bank or financial institution.
- 13.4 PSL maintains a policy to deal with conflicts of interest, including those outlined in this clause, and a summary of that policy is set out on www.pershing.co.uk under 'disclosures' and therein under 'compliance disclosures'. A hard copy is available on request from us.
- 13.5 You acknowledge that neither PSL nor any of its associates is required to disclose or account to you for any profit made as a result of acting in any manner described above.

14 Data Protection and Confidentiality of Information

- 14.1 PSL may store, use or otherwise process personal information about you which is provided by you or us on your behalf. The purposes for which it can store, use or process such personal information are providing investment and other services under these terms, administering your account and other purposes closely related to those activities. This includes (but is not limited to) using information for the purposes for credit and anti-money laundering enquiries or assessments. In the United Kingdom PSL operates and has made all the appropriate notifications in accordance with applicable data protection legislation.
- 14.2 Any information that we and PSL hold about you is confidential to you and will only be used in connection with providing services under these Terms (as may be set out in more detail in PSL's published privacy policy as referred to in clause 18). Information of a confidential nature will be treated as such provided that such information is not already in the public domain. PSL will only disclose your information to third parties in the following circumstances:
- (a) if required by law or if requested by any regulatory authority or exchange having control or jurisdiction over you, us or PSL (or any associate of us or PSL);
 - (b) to investigate or to prevent fraud, market abuse or other illegal activity;
 - (c) in connection with the provision of services to you by us or PSL;
 - (d) for purposes closely related to the provision of the services or the administration of your account including without limitation for the purposes of credit enquiries or assessments;
 - (e) if it is in public interest to disclose such information; or
 - (f) at your request or with your consent.
- 14.3 The restrictions on the use of confidential information described above are subject at all times to a general proviso that PSL may disclose your information to certain permitted third parties including members of its own group (associates) and its professional advisors (including accountants and lawyers) who are subject to confidentiality codes.
- 14.4 Neither we nor PSL will sell, rent or trade your personal information to any third party for marketing purposes unless you give your express consent.
- 14.5 You should note that by signing or otherwise accepting these terms you agree that PSL is allowed to send your information internationally including to countries outside the EEA such as the United States of America. Some countries where your information is sent will offer different levels of protection in relation to personal information, not all of which will be as high as the UK. PSL will however, always take steps to ensure that your information is used by third parties only in accordance with PSL's policy.
- 14.6 You are entitled to a copy of any information PSL holds about you subject to PSL's legal entitlement to charge £10 for providing the information. To request such information you should direct your request to us, along with the £10 fee or appropriate instructions authorising PSL to debit such amount from any cash it holds in your accounts and we will pass your request on to PSL. You should let us know if you think any information PSL holds about you is inaccurate and we will ask PSL to correct it.

15 Complaints

- 15.1 If you have a complaint you should notify our compliance officer in the first instance. If however, your complaint concerns an aspect of the service provided to you by PSL and you wish to copy your complaint to PSL directly copies should be sent to:
- The Compliance Officer
Pershing Securities Limited
Royal Liver Building
Pier Head
Liverpool
L3 1LL
- 15.2 Where you make a complaint both we and PSL will endeavour to resolve your complaint as quickly as possible but in any event we will acknowledge receipt of your letter within 3 business days. The acknowledgement sent will include a full copy of our or PSL's internal complaints handling procedure. We aim to resolve your complaint within 4 weeks of receipt. Where this is not possible we will contact you to explain why resolution will take longer than 4 weeks and indicate when we anticipate being able to resolve your complaint. Upon resolution of your complaint we or PSL will send you a final response letter, which sets out the nature of our response of any proposed resolution, and any appropriate remedy. If for any reason you are not satisfied with our or PSL's final response, or we have failed to resolve your complaint within 8 weeks of receipt, you may be entitled to refer your complaint to the Financial Ombudsman Service. A leaflet detailing the procedure is provided in our or PSL's final response.
- 16 Client Compensation**
- PSL is covered by the UK's Financial Services Compensation Scheme ("FSCS"). Compensation may be available from the FSCS if PSL cannot meet its obligations to you. Your possible entitlement to compensation will depend upon the type of business and the circumstances of the claim. Most types of investment businesses are currently covered for 100% of a claim up to a maximum of £50,000. Further information about compensation arrangements is available from the FSCS, www.fscs.org.uk.
- 17 Amendment**
- Without affecting your rights under clause 12.2, PSL reserves the right to alter these terms of business at any time. However, any changes to these terms of business shall only take effect after not less than 21 days' notification has been provided to you unless it is impractical to provide such notice. This could arise, for example, where amendments to these terms of business are required:
- (a) to comply with changes in applicable laws or regulations;
 - (b) to comply with changes in the requirements of any exchange, depositary or clearing system;
 - (c) to reflect the terms applicable to any new or additional services or investments that are requested by you; or
 - (d) to reflect any changes in the arrangements involving third parties such as Eligible Custodians.
- 18 Provision of Information via a website**
- 18.1 PSL may provide the following information to you via their website www.pershing.co.uk (under the "disclosures" section). Such information may be amended from time to time by PSL:
- (a) General disclosures of information about PSL, its services and disclosures relating to such Services in general;
 - (b) Information concerning the safekeeping of investments and money held by PSL or any of its appointed **Eligible Custodians**;
 - (c) Information on costs and charges;
 - (d) Information relating PSL's order execution policy, order handling and conflicts of interest;
 - (e) PSL's privacy policy covering the processing of any personal data under the relevant data protection legislation; and
 - (f) Disclosures and policies containing general information in relation to the Services provided by PSL to you which PSL is required to publish or which is addressed to the generality of its clients (excluding amendments to these terms and conditions)

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

19 Rights of Cancellation

You may be entitled to certain cancellation rights in relation to specific investments. These rights shall be notified to you by us or the relevant product provider as required under the relevant FCA or other legal or regulatory requirements. If you are unsure about your rights you should contact us for further information.

20 Termination Rights

- 20.1 PSL shall be entitled to terminate these terms of business at any time. PSL will generally provide you with not less than 10 **business days'** prior written notice of termination but reserves the right to terminate these terms forthwith without any prior written notice which it may do, for example in the circumstances described in clause 3.2 of these terms.
- 20.2 Subject as set out in clauses 19.3 and 19.4 below, you may terminate these terms of business at any time by giving not less than 10 **business days'** prior written notice to us and, we shall in turn, notify PSL.
- 20.3 Termination of these terms of business shall not affect the accrued rights and obligations of any party and shall not prejudice the settlement of any transactions executed by PSL or accepted by PSL for settlement prior to PSL receiving notice of such termination.
- 20.4 If PSL are holding any assets for your account which cannot be transferred to another custodian following termination of these terms of business for whatever reason, including (without limitation) as a result of outstanding corporate actions, securities which are in liquidation, receivership, administration, restricted or not transferable, then, in the absence of any other arrangements that are agreed upon between us and PSL, PSL will continue to hold such assets in accordance with these terms.

21 General

- 21.1 PSL's obligations to you are limited to those set out in these Terms. PSL shall in particular not owe any wider duties of a fiduciary nature to you.
- 21.2 No third party shall be entitled to enforce these terms in any circumstances.
- 21.3 PSL shall have no further obligation to provide the PSL Services (or any of them) in relation to a particular market ("an Affected Market") if and for so long as the participation of us or PSL in the Affected Market (or in the services provided by a **CCP** in relation to the Affected Market) is terminated or suspended or otherwise restricted in any way in accordance with the rules of the Affected Market (or the relevant **CCP**).
- 21.4 Any failure by PSL (whether on an ongoing basis or not) to insist upon strict compliance with any of these terms is not deemed to amount to PSL giving up or waiving any of its rights or remedies under them. The rights and remedies conferred on PSL will be cumulative and the exercise or waiver of any part of them will not stop or inhibit the exercising by PSL of any other additional rights and remedies.
- 21.5 These terms and any dispute (contractual or non-contractual) arising under them are governed by English Law and each party irrevocably agrees to submit to the non-exclusive jurisdiction of the Courts of England.

ANNEX 1

Glossary

“Annual Subscription Limit”	The maximum subscription allowed in an ISA in any one year as prescribed by the HMRC
Business Days	means any day on which the London Stock Exchange is open for trading
CCP	<p>This stands for central counterparty, which is typically an institution that acts as an intermediary between two market participants. The seller of a security sells to the central counterparty. The central counterparty simultaneously sells to the buyer. This means that if one party defaults then the central counterparty will absorb the loss. This reduces the amount of counterparty risk that market participants are exposed to.</p> <p>Certain markets that PSL trades in on your behalf will involve a CCP and such transactions will be subject to the rules of the CCP.</p>
Charge	A charge does not involve a transfer of ownership but gives a degree of control to a third party over any dealing or disposal of the asset.
Clearing and Settlement Services	The process by which, once an investment has been bought or sold on your behalf, the money is transferred from the buyer to the seller and the investments or the title to the investments is transferred from the seller to the buyer.
CSD	<p>This stands for central securities depository which is a financial institution that custodies securities and provides securities settlement services to one or more markets.</p> <p>When settling a transaction on your behalf PSL may have to settle such transaction through a central securities depository or other securities settlement system and the transactions will be subject to the rules of the CSD.</p>
Dealing or Execution Services	The buying or selling of investments on your behalf.
Eligible Custodian	This refers to a third-party custodian (or its nominee company) who PSL selects under the FCA Rules to register your investments with.
Flexible Stocks and Shares ISA	a flexible stocks and shares ISA as defined in the ISA Regulations
“HMRC”	Her Majesty’s Revenue and Customs
“ISA Account”	A stocks and shares ISA account (including a flexible stocks and shares ISA account where applicable) containing qualifying investments. Enables you to invest up to the current HMRC ISA limits in any given tax year. Investments into an ISA are free of UK Income and Capital Gains tax.
“ISA Regulations”	The Individual Savings Account Regulations 1998 (S.I 1998 No. 1870) as amended or replaced or superseded from time to time.
Joint and Several Liability	If joint and several liability applies, the effect is that both you and the other person(s) separately promise to meet all obligations under these terms in respect of the account either (1) jointly with the other person(s); and (2) individually.
Lien	A Lien allows the person holding the asset to withhold or retain such asset pending the satisfaction of your obligations to them.
Margin or Collateral	This is where your money or investments are passed to a Relevant Party in order to provide security against the performance of obligations.
Mortgage	A mortgage transfers the ownership of an asset to a third party on the condition that it will be re-transferred on the discharge of the obligations owed to that third party.
Netting	Netting is the process under which PSL and/or the counterparty, CCP, CSD or other

	body concerned with settling a transaction are entitled to reduce their obligations to each other by setting off their obligations to deliver cash or securities to one another. This will give a single amount owing to one party from the other rather than a two-way payment. This single amount will then be paid or delivered to the relevant party.
Nominee Company	A nominee company is one which is used solely for holding investments separately and which does not carry on any other business.
Product Information	Any information relating to specific investments prepared and provided in accordance with the FCA Rules or other legislation.
“Qualifying Investment”	An investment permitted under the ISA Regulations to be held within an ISA
Relevant Party	This includes (but is not limited to) an exchange, clearing house, intermediate broker, settlement agent or a counterparty dealt with directly (over the counter) outside of any exchange. The Relevant Party may be located in the UK or elsewhere.
Safe Custody Services	The safekeeping and administration of any investments held by PSL or its nominee company on your behalf.
Set-Off	This may arise where both you and PSL owe sums to each other. In such circumstances PSL may deduct any sums owed to it by you from any sums that are owed by PSL to you so as to either eliminate or reduce PSL’s liability to you.
“Share Exchange”	Where investments held by an investor outside an ISA are sold, the proceeds used to subscribe to an ISA and the subscription then used to purchase the same investments.
“Stocks and Shares ISA”	A stocks and shares ISA (including a flexible stocks and shares ISA) as defined in the ISA Regulations
Third Party Products	Any investments that are offered by providers other than PSL.
Time shall be of the Essence	The use of this term in relation to any payment, delivery or other obligation you have to PSL means that PSL shall be entitled to terminate these terms and, if appropriate, claim damages from you if you fail to perform your obligation in accordance with the time specified. It is intended to ensure that the relevant deadlines are strictly complied with.
UCITS Directive	The European Council Directive 85/611/EEC of 20 December -85 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

ANNEX 2

Investments covered by the Pershing Services

The following investments are currently covered by the Pershing services:

- (a) UK and international equities (including investment trusts); fixed income and other debt securities (corporate or government); exchange traded funds; UK/European Funds authorised under the **UCITS Directive** and/or FSMA; and offshore funds that are UK regulated or not subject to the **UCITS Directive**;
- (b) Stocks and Shares Individual Savings Accounts (ISAs);
- (c) Pension products, including certain self-invested personal pensions; unsecured pensions with multiple third-party suppliers; and alternative secured pensions with multiple third-party suppliers; and
- (d) Life insurance products, including offshore investment bonds with multiple third-party suppliers.

ANNEX 3

CCP and CSD Transactions

22 Settlement of CCP and CSD Transactions

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

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

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

22.3 We and you acknowledge and agree that:

- (a) PSL does not owe any duty to us, you or any other person to verify the appropriateness, adequacy or effectiveness of the rules, requirements and procedures of any market or **CCP**; or in relation to any exercise or non-exercise by the market or the **CCP** of its rights or powers under such rules, requirements and procedures; and
- (b) PSL shall have no liability for any loss or damage suffered or incurred by us or you by reason of PSL taking or failing to take any action, where such action or failure to take action is authorised, permitted or required by a market or a **CCP** or is otherwise deemed necessary by PSL under the rules, requirements and procedures of the market or the **CCP**.

23 Limits on PSL’s Liability to you and Indemnities you give to PSL

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

ANNEX 4

Overseas Investments

1 Settlement of Transactions

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

2 Client Money

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

3 Custody and administration of your investments

3.1 Whether or not they are registered or recorded in the name of PSL, or an **Eligible Custodian**, investments belonging to you which are held abroad may be subject to different settlement, legal and regulatory requirements from those applying in the UK or the EEA. Your rights may therefore also differ. In particular, such investments, by their nature may require, in order to effect settlement of your transaction, that the investment is held in a country that may not impose specific regulation covering the safekeeping of investments. Subject to PSL, satisfying itself that the arrangements for the holding of your investment in such market by the **Eligible Custodian** it appointed are adequate (based on the due diligence referred to in clause 3.2 of this Annex 4), PSL will deposit such investment with such **Eligible Custodian** notwithstanding the risks outlined in this Annex 4.

3.2 PSL will exercise due skill, care and diligence in the selection, appointment and periodic review of any **Eligible Custodian** it appoints (including the regulatory rules applicable to such **Eligible Custodian**) and the arrangements for the holding and safekeeping of your investments. It is important that you understand PSL is not responsible for anything done or not done, or any default of an **Eligible Custodian** unless that default is caused by the negligence, fraud or wilful default on the part of PSL or any of its nominee companies. Although PSL will seek to make sure that adequate arrangements are made to look after your ownership rights in any investments (especially in the event of its own insolvency) you should understand that your investments may be at risk if an **Eligible Custodian** becomes insolvent.

3.3 Overseas investments may be registered or recorded in the name of PSL or in the name of an **Eligible Custodian**. Your acceptance of these terms indicates your consent to the possibility of registration in such manner. However, any such registration in one of these ways will only be done after PSL has taken reasonable steps to determine that it is in your best interests to do so or that it is not feasible to do otherwise because of the nature of the applicable law and market practice in the jurisdiction where the transaction occurs. Registration in this way means that your investments may not be kept separate from other investments belonging to PSL or the relevant **Eligible Custodian**. Your protection may therefore be less, as if the person in whose name your investment is recorded defaults on its obligations, your investment may not be separately identifiable as yours. Accordingly, it may be subject to other third-party claims including claims by the general creditors of the defaulting person.