

CHARLES  
STANLEY▲

# Our Services and Business Terms



*Focusing on you*

## Your right to cancel this agreement

You are entitled to cancel this Client Agreement by giving us written notice to your usual Charles Stanley contact address within 14 days of entering into it, or within 30 days if the Client Agreement relates to a life assurance policy or pension arrangement.

On receiving your notice of cancellation we will (subject to what follows) return to you within 30 days all the money, investments and other assets which we have received from you, and you are required to return all the money and other property which you have received from us.

This cancellation right does not extend to any work which we have undertaken or to any transactions which we have entered into on your behalf in accordance with the terms of the Client Agreement prior to receipt of your cancellation notice. Amounts due in relation to such work or transactions will fall to be settled in accordance with these Terms.

Furthermore, cancellation does not affect your liability for charges incurred in accordance with our published scale for work or transactions undertaken during this period, or for charges reasonably incurred as a result of your cancellation notice, for example in respect of transferring any of your investments out of the name of our nominee company.

If you decide to cancel an Individual Savings Account ("ISA") or Junior ISA ("JISA") during this 14 day cancellation period HM Revenue & Customs ("HMRC") will treat the position as if no subscription to an ISA had been made in the first place and your right to subscribe to an alternative ISA or JISA offered by us or another ISA provider within the same tax year will be unaffected. If your ISA or JISA application provides for annual renewals of the subscription, this right of cancellation and the concession granted by HMRC applies only to the first year's subscription and not to renewal subscriptions in subsequent years.

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This booklet contains a description of our services together with our Standard Business Terms, which are on pages 2 to 58. These, together with your Account Form (and in the case of some services we provide, any additional signed documentation we require) constitute the legal contract between us.

There is an index to the Standard Business Terms on page 58.

If you have any questions about points in this booklet, or our services generally, please do not hesitate to get in touch with your usual contact at Charles Stanley, or our Compliance Officer at our Head Office.

For the latest copy of this document



Visit: [www.charles-stanley.co.uk/about-us/our-services-and-business-terms](http://www.charles-stanley.co.uk/about-us/our-services-and-business-terms)



Request from your Charles Stanley contact

## Our services

Charles Stanley & Co. Limited offers clients a wide range of different financial services to suit their needs. We provide a comprehensive service – advising on, managing and buying and selling stocks, shares, unit trusts and a wide range of other financial instruments. We also provide extensive services in administering clients' investments and cash, in financial planning, managing ISAs and many ancillary activities. We are members of the London Stock Exchange and a number of leading investment industry associations. Our business is authorised and regulated by the Financial Conduct Authority ("FCA").

As an independently-owned firm, we have no links with any other providers of investment products. When advising you on your investments, or managing them for you on your behalf, we consider the whole of the investment market available to retail investors, and where appropriate we will also advise you on direct investments such as shares, gilts and corporate bonds. We can advise on all retail investments, and are not limited to advising solely on products. Please refer to Appendix 2 for information on the types of investments our services cover.

Our services do not extend automatically to advice or management in relation to your overall financial planning arrangements, or to any individual aspect of your financial requirements other than stockmarket and stockmarket based investments. Our **Advisory Managed** and **Advisory Dealing** investment services together with our **Personal Portfolio Service**, as set out below, are therefore classed as 'restricted' services, since they are designed specifically for investors seeking specialist expertise and advice on investments and investment portfolios. For clients who seek a broader overview of their financial planning and pension requirements, we would of course be delighted to introduce them to the professionally qualified advisers in our Personal Financial Planning division.

In managing your discretionary investment portfolio, or in framing advice if you are an advisory client, we take into very careful account all the personal financial information which you are required to give us – and the more you tell us, the more we can try to personalise the investment portfolio to reflect your own special circumstances and requirements.

## We offer a wide range of services – tailored to your own requirements.

As a leading national wealth management company, Charles Stanley offers you a wide range of choice in the way that you conduct your investment affairs. All of these services are popular and you can choose to move from one level to another. If you require further information, please call your existing Charles Stanley contact, your local branch or telephone 020 7739 8200.

### INVESTMENT MANAGEMENT

You might prefer to leave all the investment management to us, within mutually agreed guidelines. We handle all the paperwork and cash management, and provide you with comprehensive records. You would have nothing to do apart from agreeing your investment policy with us from time to time. This is described as our **Discretionary Management** service.

Or you might prefer us to offer the same level of investment management and administration, except with you making the final decision on the individual purchases and sales. This is called our **Advisory Managed** service.

Both these services bring you comprehensive and continuous portfolio management, as well as a range of other facilities. In either case we will discuss your investment objectives and requirements with you in advance, and formulate guidelines for your agreement. Our investment decisions or recommendations are then made within these guidelines which are reviewed periodically.

If you choose to have your investments managed you can nominate your own Investment Manager within the company. If you do not have an existing contact, we will allocate a suitable Investment Manager, supported by a small dedicated team, to look after your account.

Occasionally, clients like to maintain particular shareholdings which do not necessarily fit into the agreed pattern of the portfolio. This is respected, of course, and we seek to build the rest of the portfolio to take this into account. Your Investment Manager is available to discuss particular investment ideas that you may have, and to give suitable recommendations.

The investment management services provide you with regular portfolio valuations.

You can view your portfolio at any time on the internet, by way of a confidential password that we supply to you, upon request. Additional benefits include access to our financial planning staff, guidance on tax planning, our quarterly newsletter, and use of either our nominee services or CREST Personal Membership (which are explained in more detail in section 4).

These investment management services are subject to competitive management fees, which include all the administration, such as ISAs, our nominee account, dividend collection and online access to view your portfolio.

### ADVISORY DEALING

Some clients prefer not only to make their own investment decisions, with our advice, but to do so on a stock by stock basis, rather than within the context of a comprehensively managed portfolio. Our **Advisory Dealing** service offers you recommendations on individual investments, as and when you wish to receive them. This arrangement differs from our investment management service, however, in that your portfolio is not being managed. We consider only the suitability of the investment in the light of your objectives, requirements and existing investments at the time of giving the advice. We do not provide ongoing management of your portfolio, and responsibility for its continuing suitability remains with you.

In addition, as an Advisory Dealing client you may indicate to us (on the account opening form) that you are an active trader who buys and sells stocks with the intention of making money in the short term, seeking potential profit in temporary market trends and using shorter time frames to identify opportunities. Active traders do not necessarily hold individual stocks for many months, and generally do not focus upon long-term economic trends but look for opportunities in specific investments rather than long-term suitability, and would normally have a profile of Medium High or Higher Risk.

The Advisory Dealing service is provided by your own Investment Adviser, supported by a small, dedicated team. The relationship and confidence you have in your Investment Adviser ensures that this is not an impersonal service.

In contrast to our Discretionary Management and Advisory Managed services, the arrangements for holding your securities, handling the paperwork, online access to your portfolio, financial planning and tax guidance, our quarterly newsletter and so on, are agreed individually with your Investment Adviser. We aim to combine our service and administration facilities to meet your needs. To achieve this, your Investment Adviser will be pleased to discuss your requirements with you.

### PERSONAL PORTFOLIO SERVICE (PPS)

Some clients prefer to take advantage of our professional investment management expertise by choosing to invest in one of our Charles Stanley investment funds. Our **Personal Portfolio Service** is a variant of our advisory dealing service described above, in that it provides you with regular recommendations as to which of our Charles Stanley investment funds might meet your investment requirements.

Our advice is provided by our dedicated PPS Advice Desk once a year, as well as on request by you, and you will also have the benefit of a dedicated relationship manager who, whilst not being able to advise you, will be able to answer any queries you might have that are not related to advice. The PPS differs from our wider Advisory Dealing service, in that our advice is restricted to considering the suitability for you of Charles Stanley's investment funds, and will not consider whether other investments may also be suitable for your requirements.

### EXECUTION-ONLY DEALING

If you are happy to make your own investment decisions, with no advice, then our **Execution-only dealing** service should be exactly what you are looking for.

This can be offered to you by your Stockbroker or by our "execution-only dealing" department, as you prefer. As the name suggests, no advice or recommendations are offered, although factual information such as share prices and market activity will be given on request.

Where you wish to deal in 'complex' financial instruments we are required to assess your knowledge and experience of the risks of such instruments, before allowing you to proceed with the opening of an execution-only account. Complex instruments are defined by the FCA as set out in Appendix 2 of this booklet (but, for example, would include such financial instruments as warrants, options, futures, contracts for differences, spreadbetting, some structured products and other complicated instruments). The risks associated with complex instruments are set out in Appendix 2 of this booklet. The principal risk is higher volatility, meaning that the price of the instrument can move significantly and rapidly, and you should be aware that this could result in the loss of some or all of your investment. Further, dealing in some complex derivative instruments, such as options and contracts for difference, could result in you losing more than your original investment. You should consider taking professional advice before seeking to deal in such instruments.

## ISAS AND SIPPS

Charles Stanley is one of the largest providers of flexible Individual Savings Accounts (“ISAs”) of any UK wealth management firm. We bring extensive experience and efficient administration to this valuable investment wrapper. We are also able to offer investment accounts within most Self-Invested Personal Pensions (“SIPPs”). Separate brochures are available on request, which describe the advantages of these wrappers, and the attractions of transferring existing accounts to Charles Stanley.

If you hold an ISA you can choose whichever of our different levels of investment service you prefer: Discretionary Management, Advisory Managed, Advisory Dealing, Personal Portfolio Service or Execution-only dealing. This also applies to SIPPs, subject to any restrictions the SIPP provider may have. The same provision of service applies as to any other account with Charles Stanley. Most typically, clients choose the same level of service for their ISAs and SIPPs as for their “main” portfolio or investments. Again, we would be pleased to discuss this in detail with you.

## JISAS

Junior ISAs (“JISAs”) are designed to provide a means for parents, grandparents or the young persons themselves to save and invest in a tax efficient way. With Charles Stanley’s JISA services, you can elect to make your own decisions about which investments are bought and sold, or you may choose to take advice from one of our highly experienced Investment Managers.

Alternatively you may prefer to invest in one or more of our managed funds. Whichever service level you choose, you can be assured you will receive personalised service support.

# A comparison of our services

The following table provides a comparison of our investment services. We also offer financial planning services. If you do not already receive financial planning advice and would like to do so, your Charles Stanley contact can introduce you to one of our in-house Financial Planners.

|  | Discretionary Management | Advisory Managed | Advisory Dealing | Personal Portfolio Service | Execution-only |
|--|--------------------------|------------------|------------------|----------------------------|----------------|
| Management of your portfolio by your personal Investment Manager, taking investment decisions on your behalf within guidelines agreed with you.  | ✓                        | –                | –                | –                          | –              |
| Management of your portfolio by your personal Investment Manager, recommending investment decisions for your approval, within guidelines agreed with you.  | –                        | ✓                | –                | –                          | –              |
| Investment advice from your Investment Manager/Adviser on investments, as and when required.   | ✓                        | ✓                | a                | –                          | –              |
| Investment advice from our dedicated PPS Advice Desk on the suitability of Charles Stanley investment funds, annually and on request.  | –                        | –                | –                | ✓                          | –              |
| A suitability report, outlining the advice given.  | –                        | ✓                | ✓                | ✓                          | –              |
| Responsibility for the ongoing suitability of your investments within the agreed guidelines.   | ✓                        | ✓                | –                | –                          | –              |
| Responsibility for the management of investments within any Charles Stanley investment funds that you hold.  | ✓                        | ✓                | ✓                | ✓                          | ✓              |
| A valuation of your portfolio at least every three months  | ✓                        | ✓                | ✓                | ✓                          | ✓              |
| Face-to-face meetings with your Investment Manager/Adviser.  | ✓                        | ✓                | a                | a                          | –              |
| Buying and selling investments.  | ✓                        | ✓                | ✓                | –                          | ✓              |
| Guidance on capital gains tax planning.  | ✓                        | ✓                | b                | b                          | b              |
| “InFocus”, our quarterly magazine for clients, on request.   | ✓                        | ✓                | ✓                | –                          | ✓              |
| Online access to view your portfolio (if held in nominees or CREST Personal Membership).   | ✓                        | ✓                | ✓                | ✓                          | ✓              |
| Contract notes, statements and valuations available in a choice of email or hard copy format.  | ✓                        | ✓                | ✓                | ✓                          | ✓              |
| Use of our nominee account for UK stocks and shares which includes: <ul style="list-style-type: none"> <li>• Collection and processing of UK dividends</li> <li>• A full Securities Report for the tax year-end including: statements of stock movements, a Consolidated Tax Certificate detailing the dividends received for stocks held in our nominee company, and interest received on any cash we have placed on deposit for you</li> <li>• Efficient settlement of sales and purchases.</li> </ul> | ✓                        | ✓                | ✓                | ✓                          | ✓              |
| CREST Personal Membership, which includes: <ul style="list-style-type: none"> <li>• A full securities report for the tax year-end including statements of stock movements</li> <li>• Efficient settlement of sales and purchases.</li> </ul>   | b                        | b                | b                | b                          | b              |
| Custody for overseas stocks and shares.  | b                        | b                | b                | –                          | b              |

✓ = Included within Management Fee/Service Charge

a = Available by arrangement

b = Available at a separate charge

– = Not applicable to the service

# Before you invest

## RISK AND INVESTMENT OBJECTIVES

Before deciding whether to invest in the stockmarket you should take into account your savings, including pension arrangements, other short and long-term savings schemes, life assurance and protection policies, as well as your levels of indebtedness. You should be prepared to invest your funds for a minimum of five years and preferably longer. Investors should be aware that past performance is not a guide to the future. The value of your capital will fluctuate and may fall as well as rise and you may not get back your original capital investment. Should you need to withdraw invested funds quickly, this also may adversely affect the amount you receive. If, having considered the above, you have made the decision to invest in the stockmarket, you should then decide the level of funds you wish to invest and your investment strategy. All investment decisions involve a degree of risk, and it is important to establish from the outset the degree of risk that is acceptable to you, given your capacity for loss, and decide on your investment objectives. Except for clients receiving our Execution-only services, this should be achieved through discussion with your Charles Stanley representative. You should also be aware that, as political conditions and the economic cycle differ, the risk inherent in one type of investment or market may change. Indeed, no investment should be regarded as free of risk. **Risks inherent in particular types of investment are set out in Appendix 2 of this booklet. It is important that you read these.**

## INVESTMENT OBJECTIVES

### Capital growth

This objective is to achieve long-term capital growth. The level of income generated will not be considered as a constraint on the investment decisions.

### Income

This objective is to produce a desired level of income. Capital growth is not necessarily a consideration and the real value of the portfolio may be eroded. Maximising income may necessitate a higher-risk strategy.

### Balance between income and capital growth

This objective is to produce a balance between capital growth and income. The income requirement should not erode the potential to maintain the capital value of the portfolio in real terms. The investment decisions will usually have an equity bias, but fixed interest stocks may be included to meet any income requirement.

## LEVELS OF RISK

Risk assessments are highly subjective and will change over time as a result of market or economic events. The following definitions of risk apply to portfolios where the investment objectives are Capital Growth, a Balance between Income and Growth, and Income. Wherever possible we will seek to invest in a portfolio which is diversified by asset class and sector. However, if you have specific requirements or objectives these risk definitions may not apply. For example, a requirement for a high level of income or overseas exposure may increase the risk profile. Whichever risk profile you select will apply to the overall composition of the portfolio and not individual holdings, and therefore some investments from a higher risk category may be included when appropriate.

### Lower Risk

Implies an aversion to anything other than modest capital losses, and a portfolio will be invested primarily in non-equity securities. Equity exposure will be derived mainly from collective investment vehicles that help achieve diversification in a cost effective way. Overall risk would be deemed relatively low.

### Medium Low Risk

Implies a still significant investment in non-equity securities but greater exposure to the more volatile asset classes that can deliver higher returns. Overall risk would be deemed moderately low.

### Medium High Risk

Implies a greater appetite for more volatile asset classes, while possibly retaining exposure to non-equity investments. A broader range of equity markets and sectors is likely to be used. Overall risk would be deemed moderately high.

### Higher Risk

Implies a capacity for more significant portfolio volatility, in search of higher investment returns. Significant exposure to riskier asset classes would be utilised. Overall risk would be deemed higher than average.

For clients receiving the Personal Portfolio Service, the above descriptions of risk levels apply to the portfolio of investments held within the range of Charles Stanley investment funds.

## OUR CHARGES

Details of our charges are set out in the document 'Our Charges'.

Where you have been introduced to us by a third party we may make or facilitate payments to that third party. We may also give and receive non-monetary benefits. For information on how we may make or receive such payments and non-monetary benefits to or from third parties, please refer to clause 1.6 of this booklet.

## VALUATIONS

We will provide detailed valuations of your investments every three months. We will also provide an initial valuation of your portfolio. We may also provide valuations for legal and tax purposes, such as for gifts or for probate. Your individual Investment Manager would be pleased to discuss your requirements.

## ORDER EXECUTION

We are required to put in place an order execution policy and to take all sufficient steps, when dealing in financial instruments on behalf of Retail and Professional Clients, to obtain the best possible result (or "best execution"). We are also required to provide a summary to clients of our order execution policy and, for certain aspects of our policy, to obtain your consent. This is set out in clause 1.11 and Appendix 1 of this booklet.

## CONTRACT NOTES

Except for clients receiving Discretionary Management services, we will issue a contract note for each transaction as evidence of the purchase or sale, unless we are not required to do so under the Rules of the FCA. Please note that while you will receive a contract note for purchase or sale of investments in any Charles Stanley investment funds that you might hold, you will not receive contract notes for transactions within these funds.

If you are a Discretionary Client, unless you elect to receive individual contract notes for each transaction, you will not be sent contract notes but will instead receive, as part of your regular periodic reports, equivalent information regarding the transactions undertaken during that period.

In all cases where we send contract notes, we aim to issue them on the day of the transaction. The contract note should be checked immediately on receipt, to see that it accurately reflects your instructions.

## SETTLEMENT

The standard settlement period for most purchases and sales is two business days. Where we hold your investments in our nominee company or where you are a direct member of the independent settlement system CREST, we will pay you for sales on the settlement date. In the case of purchases, unless we already hold sufficient funds for you in our Cash Management Account, we require funds within three business days following the transaction. Where the investments are not held in our nominee company or in a direct account within CREST, we will not carry out sales for standard settlement and our normal settlement period will be 10 business days.

It is often possible to buy or sell for extended settlement, up to perhaps 15 or 20 business days ahead. There may be an extra cost for this in the share price, which will be shown on our contract note.

It is very important to settle purchases and sales promptly. The Stock Exchange and CREST impose severe penalties on delays, and these are passed on to you. Additionally we reserve the right to close out, at your expense, purchase or sale orders where full payment or complete sale documents have not been received no later than two days prior to the settlement date specified on your contract note. The costs of this will be passed on to you. Dealing instructions should never be given if the shares or the payment are not available. The consequences, otherwise, can be very expensive.

## CUSTODY OF YOUR INVESTMENTS

There are two ways in which you can hold your investments:

- Nominee account, or
- CREST Personal Membership

The settlement of transactions in UK stocks and shares is mainly undertaken through the central electronic system, which is called CREST. This was created by the Bank of England, starting in 1996. It links stockbrokers, company registrars, banks and other major financial institutions. Charles Stanley was one of the founding 69 shareholders in CREST, and is a shareholder in Euroclear, the principal European processing and settlement system which acquired CREST in 2002. One of the advantages of CREST is the greatly enhanced speed of settlement it provides.

Details of these facilities are set out on the following pages. If you would like any additional information please do not hesitate to ask.

### **Nominee Account**

Our nominee account offers you simplicity, security and efficiency - with the added benefit of prompt settlement in CREST. This ensures that funds are available to earn interest for you from the earliest possible moment.

Your UK shares are held in the name of our nominee company, Rock (Nominees) Limited, in CREST. The nominee account can also hold non-CREST securities for you, such as overseas stocks and unit trusts.

We handle all the paperwork on your behalf and - on your instructions - deal with all the arrangements for settling purchases and sales. We also supply detailed statements listing the shares held in your nominee account.

We collect the dividends on your behalf and credit them to your account. They can be paid monthly, quarterly or half-yearly to your bank or, if you prefer, remain within your cash management account. We will send you regular statements of income received.

At the end of each financial year you will receive a single Consolidated Tax Certificate which is approved by HM Revenue and Customs ("HMRC"). You also receive a dividend summary which supports your tax return to save you the trouble of collating and listing individual tax vouchers. Registered charities and other non-taxpaying funds may, on request, receive a Consolidated Tax Certificate more frequently, to facilitate immediate tax reclaims.

On request we will use reasonable endeavours to provide company reports and other documentation, voting and attendance rights at company meetings and, where possible, shareholder perks. Where we are obliged under the FCA Rules to forward these documents to you, we will send them to you by email provided you have notified us of your email address.

It is necessary, from time to time, for decisions about shareholdings to be made. If you are a discretionary management client these decisions will be made by your Investment Manager, otherwise we will vote in accordance with any instructions you give us, provided that we have reasonable time in which to act on them.

### **CREST Personal Membership**

You may choose to be a member of CREST in your own right. Personal membership is suitable for individuals who want to maintain direct contact with the companies in which they have invested. Certain investors, such as Trustees, may also be legally required to keep their own names on share

registers. We act as your "sponsor" for CREST membership, make all the arrangements, and manage the movements of cash and securities within your account. The portfolio is in your own name, you are the member of CREST, and it is your name that will appear as a shareholder on the electronic register.

Dividends, company reports, documentation and shareholder benefits will be sent directly to you.

We will send you a detailed statement of your shareholdings every year.

### **Share Certificates**

Some investors will have share certificates and for limited circumstances, for example to facilitate share sales and probate valuations, our services accommodate this preference. However, you should be aware that this incurs additional cost and settlement delays. Please speak to your Charles Stanley contact for more details.

### **CASH MANAGEMENT**

In the course of investment business, funds can be left with us to be placed on deposit. You can also send us additional funds at any time. We automatically arrange for all cleared balances to be placed in instant access and term deposit accounts with one or more leading borrowers - typically clearing banks and their subsidiaries and the larger building societies.

There is no minimum or maximum limit to the amount which you can hold in a cash management account.

### **Interest**

Interest is automatically paid on clients' cash balances. The current rates will be quoted on request at any time and are shown on the Charles Stanley website [www.charles-stanley.co.uk](http://www.charles-stanley.co.uk).

Interest is calculated from the date on which we receive funds up to the date of withdrawal or the settlement of purchases. It is distributed gross - i.e. without deduction of tax - twice yearly for March and September. This may be paid direct to your bank or be retained within your cash management account.

### **Automatic Settlement**

Purchases are settled automatically from your cash management account without any need for you to give notice, and without loss of interest. Proceeds from sales are credited immediately after they are received and start earning interest at once.

## Deposits and Withdrawals

Cash can be added to your cash management account at any time. We pool clients' money and hold it partly on instant recall and partly in term deposits, and we manage this with the intention that your funds are always available for immediate repayment or settlement of transactions. For further details, please refer to clause 1.15 (Client money) and 'term deposits' in Appendix 2 (Nature and risks of certain types of investment and transaction).

## Statements

Where there is a balance on your account, or there has been any movement (such as a transaction) during the quarter, a statement will be sent to you at the end of the quarter. Discretionary management clients receive statements quarterly and they can also be produced at any time on demand. If you think that you should have received a statement and it fails to arrive, please contact our Compliance Officer at once.

## RECEIVING DOCUMENTS BY EMAIL

Where you have provided us with your email address we would be happy to provide reports, such as contract notes, statements and valuations by email rather than by post.

## CONFLICTS OF INTEREST

Please refer to Appendix 3 of this booklet for details of how we manage, mitigate and otherwise avoid any potential or actual conflicts of interest that our firm might face, in light of the services we offer.

## RESEARCH

At Charles Stanley, we have an in-house research team and our Investment Managers and Advisers also have access to a wealth of third party research material. We draw your attention to the important disclosures regarding our research in Appendix 3 of this booklet.

## CHARLES STANLEY INVESTMENT FUNDS

We manage a range of collective investment funds, details of which can be found on our website or provided on request. Where suitable for clients' investment requirements, we may invest in these funds for clients receiving Discretionary services, or recommend them for clients receiving Advisory Managed, Advisory Dealing or Personal Portfolio services.

## THE QUALITY OF OUR SERVICE

We aim to maintain the highest standards, but even in the best-run organisations things sometimes go wrong. Often these issues are simple misunderstandings, but however trifling or serious they are, your usual contact should be able to resolve them for you. If this fails to satisfy you then please write to our Compliance Officer, at our Head Office. We are subject to the independent jurisdiction of the Financial Ombudsman Service and, where you are classified as an Eligible Complainant, your complaint would be dealt with in accordance with the Rules. A copy of our documented complaints procedure for complainants is available on request.

## YOUR PROTECTION

Charles Stanley & Co. Limited is authorised and regulated by the FCA, which supervises our compliance with its very demanding standards.

Your assets are carefully segregated and ring-fenced from the assets of the firm. In addition we carry very substantial insurance. Clauses 1.15 and 1.16 set out the formal terms on which we hold your investments and cash on your behalf, and clause 1.7.3 gives details of the statutory Financial Services Compensation Scheme.

We are a participant in the Financial Services Compensation Scheme, which in the event of a default provides eligible claimants with differing levels of cover for investment and insurance business. On the default of a participating bank or building society with which we have placed client money, eligible claimants will also be entitled to compensation under the FSCS. Further information is set out in clause 1.7.3 of this booklet.

# Standard business terms

Charles Stanley & Co. Limited is pleased to offer its services to you, and does so on the following Terms (“these Terms”). This is divided into different sections, as follows:

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Section 1 (General Terms) applies to all of our services, except where (and only insofar as) it is expressly varied in another section.

## SECTION 1 - GENERAL TERMS

### 1.1 PURPOSE, DEFINITIONS, INTERPRETATION AND EFFECT

1.1.1 These Terms are issued to you in accordance with the Rules of the FCA, and they set out the basis on which our services are offered to you. We would ask that you read these Terms carefully, to ensure that they contain everything you wish them to contain and that you agree with them. If, for example, you have relied on anything we have said but which is not contained in our Terms or other Client Agreement, you should tell us. We should be pleased to provide any further explanations on request.

#### Client Agreements

1.1.2

- (i) Many of our services require your additional signed agreement before we can offer them to you. Separate forms will be supplied for this. These Terms will apply to all of our services, except to the extent that they are expressly varied in any Client Agreement that you enter into with us. We use the expression “Client Agreement” in these Terms to mean any written agreement between us which requires your signature, and in such cases these Terms form part of our Client Agreement with you. Services which require the completion by you of a Client Agreement will not be provided until we receive the relevant signed Client Agreement from you.
- (ii) Neither these Terms nor any other Client Agreement or Website should be regarded as an offer or solicitation to conduct designated investment

business, as defined by the Financial Services and Markets Act 2000, in any jurisdiction other than the United Kingdom or Member States of the European Union into which our services may rightfully be passported under the Rules. We may be prohibited or restricted by legislation or regulation in any other jurisdiction from directing or making our services available to you; in particular, persons in the USA or Canada. If you are accessing our services or Website from outside the UK, please contact us and we shall be pleased to confirm the position. Before reading any material you should satisfy yourself that Charles Stanley is permitted to provide it to you under relevant legislation and regulations. We accept no responsibility whatever for any failure by a person resident outside the United Kingdom to observe the foregoing.

#### Trustees

1.1.3

- (i) Where you are acting as trustee(s) you will be exclusively responsible for compliance with the Trustee Act 2000 or the Charities and Trustee Investment (Scotland) Act 2005, as applicable, as well as any other laws or duties applying to trustees. If you delegate your investment management responsibilities to us, the former requires you to prepare, and regularly review, an appropriate policy statement.
- (ii) 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 investment objectives as set out in our Client Agreement, once completed and signed by you, as your policy statement, duly adopted as such by you.
- (iii) If you provide us with a policy statement of your own we draw your attention to the possibility that matters defined in it, such as risk categories, portfolio composition and investment objectives, may differ from our own definitions as set out in this booklet, “Our Services and Business Terms”, which forms part of our contractual Client Agreement with you. The Trustee Act 2000 requires you to ensure that we comply with the policy statement and that you keep under review the terms under which we provide our service. The effect of these obligations under the Act is that, as the contractual basis of the relationship between us is contained exclusively in our Client Agreement, it is your responsibility as trustees to set out, review and where necessary amend your instructions and investment objectives in the Client Agreement to ensure that they are, and remain, in conformity with your policy statement.
- (iv) We shall be pleased to accept instructions on behalf of the account from one or more individual nominated trustees or their agent, provided that all the trustees, signing jointly, authorise us to accept

instructions given in this manner, either in our Account Form or by way of an original or certified copy of a mandate to this effect.

- (v) Information regarding all direct and indirect holders of equity or debt interests in the Trust must be provided. You undertake to advise us promptly of any change in circumstances which causes the information regarding direct and indirect holders of equity or debt interests in the trust, or relating to the tax residency of the trust, or to become incorrect or incomplete, and to provide Charles Stanley with an updated declaration within 30 days of such a change in circumstances. This includes details of beneficiaries who receive a discretionary distribution in a given year and whose details have not yet been previously provided to us.

### Professional Clients

- 1.1.4 Certain clients are designated as “Professional Clients” in accordance with the Rules of the FCA. These include authorised firms, larger companies and trusts, and certain expert private investors, who are entitled to a reduced level of client protection. Clause 1.18 of these Terms explains what is meant by “Professional Client”, and the extent to which these Terms are varied in relation to clients who are so designated.

### Definitions

- 1.1.5 In these Terms the following definitions apply. Further definitions are set out in the sections.

“We” and “us” mean Charles Stanley & Co. Limited.

“Benefit” means any dividend, rights, capitalisation, distribution or other entitlement due to the holder of an Investment.

“Certificate” means the document or other evidence of title (including electronic evidence) to an Investment.

We are defined as “controlling” an Investment if we are able to exercise the rights attaching to that Investment.

“Client Agreement” is defined in clause 1.1.2.

“Complex Instrument” is defined in the Rules of the FCA, as including any financial instrument except:

- (i) shares admitted to trading on a regulated market or an equivalent third country market (that is, one which is included in the list which is published by the European Commission and updated periodically), or an MTF, except shares that embed a derivative and units in a collective investment undertaking that is not an Undertaking for Collective Investment in Transferable Securities (UCITS); or
- (ii) bonds or other forms of securitised debt admitted to trading on a regulated market, or an equivalent third country market, or an MTF, except those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved; or
- (iii) money market instruments (excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved); or

- (iv) shares or units in a scheme authorised under the UCITS directive excluding Structures UCITS; or
- (v) any other financial instrument that satisfies the following criteria:
  - (a) it is not a derivative or other security giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures;
  - (b) there are frequent opportunities to dispose of, redeem, or otherwise realise the instrument at prices that are publicly available to the market participants and that are either market prices or prices made available, or validated, by valuation systems independent of the issuer;
  - (c) it does not involve any actual or potential liability for the client that exceeds the cost of acquiring the instrument;
  - (d) it does not incorporate a clause, condition or trigger that could fundamentally alter the nature or risk of the investment or pay out profile, such as investments that incorporate a right to convert the instrument into a different investment;
  - (e) it does not include any explicit or implicit exit charges that have the effect of making the investment illiquid even though there are technically frequent opportunities to dispose of, redeem or otherwise realise it; and
  - (f) adequately comprehensive information on its characteristics is publicly available and is likely to be readily understood so as to enable the average retail client to make an informed judgment as to whether to enter into a transaction in that instrument.

“Custodian” is defined in accordance with the Rules of the FCA, and includes banks, depositories, and custodians approved by the FCA, and members of recognised investment exchanges.

“Electronic Communication” is a communication between you and us by facsimile, email or other electronic means.

“Eligible Complainant” under the Rules:

- (i) a natural person acting for purposes outside his or her trade, business or profession;
- (ii) an enterprise, irrespective of legal form, that employs fewer than 10 persons and has a turnover or annual balance sheet that does not exceed €2 million at the time of the complaint;
- (iii) a charity with an annual income of less than £1 million at the time of the complaint; or
- (iv) a trustee of a trust that has a net asset value of less than £1 million at the time of the complaint.

Exceptions to the above eligibility criteria and time limits may apply; please refer to the Financial Ombudsman Service website ([www.financial-ombudsman.org.uk/](http://www.financial-ombudsman.org.uk/)).

“Eligible Counterparty” is defined in clause 1.19.

“Execution Venue” means a Trading Venue, a Systematic Internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the foregoing.

“Financial Instruments” include:

- (i) transferable securities;
- (ii) money-market instruments;
- (iii) units in collective investment undertakings;
- (iv) various options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivative instruments, financial indices, financial measures which may be settled physically or in cash;
- (v) various options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- (vi) various options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- (vii) various options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in (vi) above and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- (viii) derivative instruments for the transfer of credit risk;
- (ix) financial contracts for differences.
- (x) various options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF; and
- (xi) emission allowances consisting of any units recognised for compliance with the requirements of EU Directive 2003/87/EC (Emissions Trading Scheme).

For the avoidance of doubt, “Financial Instruments” do not include spot transactions or loans.

“FCA” means the Financial Conduct Authority or any succeeding authority.

“FTSE-100 shares” means those leading UK shares which are comprised in the FTSE-100 Index, which is an index

operated jointly by the Financial Times Ltd and the London Stock Exchange plc.

“Head Office” means 55 Bishopsgate, London, EC2N 3AS or such other office (being in the United Kingdom) as is notified to you by us from time to time.

“HMRC” means HM Revenue & Customs.

“Investment” means “Designated Investment” as defined by the Rules of the FCA, and includes securities such as stocks and shares, debentures, loan stocks, warrants and CREST Depository Interests (which are defined in clause 4.1) together with Financial Instruments. Please refer to clause 1.12 and Appendix 2 for additional disclosures about Investments and the risks associated with them.

“ISA” means a Charles Stanley & Co. Limited Individual Savings Account as defined by the Treasury Regulations. Further terms about ISAs are set out in section 2 of these Terms.

“Keyfacts and Key Features Document” means a document prescribed by the FCA which contains information about certain types of Investment, such as unit trusts.

“Leveraged instruments” are Investments that have the potential of magnifying an investor’s exposure to an underlying risk. Please refer to “Geared or Leveraged Investments” in Appendix 2 for further details.

“Limit Order” means an Order to buy or sell an Investment at a specified price limit or better and for a specified size.

“Multilateral Trading Facility” or MTF, means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with the provisions of Title II of MiFID.

“MiFID” means the EU Markets in Financial Instruments Directive (Directive 2014/65/EU) and the EU Markets in Financial Instruments Directive Regulation (Regulation 600/2014).

“Non-Readily Realisable Investments” are defined in accordance with the Rules of the FCA. They include Investments which are neither government nor public securities, nor are officially listed or traded on an exchange in an EEA State, nor are regularly traded under the rules of a recognised investment exchange.

“Normal Market Size” means the quantity of an Investment, set by the Stock Exchange or market, in which it is normally prepared to deal, and which varies from one Investment to another.

“Order” an instruction from a Client to buy or sell a Financial Instrument that is accepted by us for execution or transmission to a third party.

“Organised Trading Facility” or OTF, is a multilateral system, which is not a Regulated Market or MTF and in which multiple third party buying and selling interests in bonds, structured finance products, emissions allowances or derivatives are able to interact in the system in a way which results in a contract.

“Our Bank” is defined in clause 4.1.

“Penny Share” means an Investment in respect of which, at the time of the recommendation or transaction, the selling price is at least 10% below the buying price, but it excludes Non-Readily Realisable Investments, government and public securities, FTSE-100 shares, stocks and shares of companies with a market capital at that time of at least £100 million.

“Person” includes one or more individuals, bodies corporate, firms, associations whether incorporated or unincorporated, trustees, personal representatives, and any other entity recognised by law.

A Person is “connected with” us if so defined by the Rules of the FCA. This includes any company which is a holding company or subsidiary company of ours, or which is a subsidiary company of a holding company of ours; it also includes our employees and those of a connected Person.

“Personal Member of CREST” means a direct member of CREST (who may accordingly hold Investments in his own name in uncertificated electronic form) who is sponsored to do so by a full member of CREST, such as us. Further terms about CREST are set out in section 4 of these Terms.

“PPS Advice Desk” means our dedicated advice desk whose sole role is to advise on the suitability of investments within the Personal Portfolio Service.

“Professional Client” is defined in clause 1.18.

“Purchase” includes subscription for new issues, acceptance of rights issues, and equivalent.

“Qualifying money market funds” are defined in accordance with the Rules of the FCA. They include authorised collective investment schemes that satisfy the following conditions: (a) its primary investment objective must be to maintain the net asset value of the undertaking either constant at par (net of earnings), or at the value of the investors’ initial capital plus earnings; (b) it must, with a view to achieving that primary investment objective, invest exclusively in high quality money market instruments with a maturity or residual maturity of no more than 397 days, or regular yield adjustments consistent with such a maturity, and with a weighted average maturity of no more than 60 days (it may also achieve this objective by investing on an ancillary basis in deposits with credit institutions); and (c) it must provide liquidity through same day or next day settlement.

“Reference Rate” is an interest rate of 5 per cent per annum above the Bank of England base rate at the time interest is calculated, and subject to a minimum of zero.

“Regulated Market” means a multilateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorized and functions regularly and in accordance with the provisions of Title III of MiFID.

“Retail Client” means a client who is not an Eligible Counterparty or a Professional Client as defined by the Rules.

“Retail Investment Product” means a unit trust or OEIC; an investment trust; a structured capital-at-risk product; a life policy; a stakeholder pension scheme (including a group stakeholder pension scheme); a personal pension scheme (including a group personal pension scheme); or any other designated investment which offers exposure to underlying financial assets, in a packaged form which modifies that exposure when compared with a direct holding in the financial asset (in each case as defined in the Rules).

“Rules” means the rules and financial regulations of the FCA, the London Stock Exchange, any other Execution Venue, Clearing House or regulatory authority having jurisdiction in relation to business which we transact for you, and of Euroclear UK & Ireland Limited together with any requirements arising from or regulations made by the FCA (or ESMA) or in accordance with the Financial Services and Markets Act 2000 (or any succeeding legislation).

“Sale” includes redemption and repayment of Investments and equivalent.

“SETS” means the Stock Exchange screen-based trading system.

“Structured UCITS” are collective investment undertakings in the form of Undertakings for Collective Investment in Transferrable Securities (UCITS), which provide investors, at certain predetermined dates, with algorithm-based payoffs that are linked to the performance, or to the realisation of price changes or other conditions, of financial assets, indices or reference portfolios or UCITS with similar features.

“The Stock Exchange” means London Stock Exchange Limited.

“Systematic Internaliser” means an investment firm that, on an organised, frequent and systematic and substantial basis, deals on its own account when executing client orders outside a Regulated Market or a MTF or OTF without operating a multilateral system.

The “Treasury Regulations” mean the Individual Savings Account Regulations 1998, as amended, made by HM Treasury and any HMRC guidance or interpretation given thereon.

“Trading Venue” means a Regulated Market, a MTF or an OTF.

The “Website” means that part of any internet site of ours or mobile application (“App”), as updated from time to time, to which we have given you access by means of providing secure login details.

## Interpretation

- 1.1.6 The index and clause headings do not form part of these Terms and shall not affect the interpretation of them. Use of the singular includes the plural and vice versa and use of any gender includes any other gender. “Subsidiary company” and “holding company” have the meanings given to them by section 1159 of the Companies Act 2006. Any reference to a statute, statutory provision or subordinate legislation (“legislation”) shall (except where the context otherwise requires) be construed as

referring to such legislation as amended and in force from time to time, and to any legislation which re-enacts or consolidates (with or without modification) any such legislation. Where there is any conflict between the clauses in different sections of these Terms, the clauses in sections 2 to 4, inclusive, shall have precedence over the clauses in section 1, but only to the extent of the service to which such section 2 to 4 inclusive relates.

#### Effect

- 1.1.7 These Terms shall apply to all new and existing clients until varied in accordance with clause 1.2.2 below.
- 1.1.8 Nothing in these Terms shall operate to exclude or restrict any obligation which we might have to you under the Rules.
- 1.1.9 These Terms supersede our previous Business Terms.

## 1.2 COMMENCEMENT, VARIATION AND TERMINATION

- 1.2.1 If you wish to become a client of ours we are required by the Rules to provide these Terms to you and, where necessary, enter into a written Client Agreement with you in good time before we conduct any business for you.

#### Variations in these Terms or in our services

- 1.2.2 We may vary these Terms or the characteristics of any of our services at any time for the following reasons, subject to the conditions set out below:
  - (i) we may make a variation in order to comply with the Rules or with relevant accepted market custom and practice. If we do so we shall seek to give you not less than ten business days' notice in advance, but where this is not practicable we shall notify you as soon as we can thereafter;
  - (ii) we may make a variation with a view to improving or extending the service that we offer. If we do so we shall give you not less than ten business days' notice in advance; and
  - (iii) in the case of any other variation in these Terms or in the characteristics of our services (including a variation in our charges) we shall give you not less than ten business days' notice in advance. Where the variation is material in relation to the substance of these Terms (including a variation in our charges) and/or to a particular service which you are receiving, and you give notice of termination within thirty days of receiving our notice of the variation, we shall make no charge for transferring away on your instructions any investments which we may be holding for you.

#### Termination

- 1.2.3 The following provisions relate to termination of these Terms or to the provision of any of our services:
  - (i) you may ask at any time to stop being a client by giving us written notice, and this will take effect as soon as we receive the notice, except in relation to termination of an ISA or CREST Personal Membership account, termination of which will take effect on completion of the transfer or expiry arrangements which are set out in more detail in

the relevant sections of these Terms (see sections 2 and 4 respectively). Your attention is drawn to the proportionate charge in clause 1.6.5 which may arise should you give such notice, and to the nominee transfer fee in clause 1.16.4;

- (ii) we may terminate these Terms at any time in relation to you, and shall not be obliged to give any reason for doing so. We shall serve not less than ten business days' notice of termination on you (thirty days' notice if you are a Discretionary Client), unless
  - (a) there has been a change in the law or Rules requiring us to terminate these Terms; or
  - (b) your account is being (or has been) used for illegal purposes, or for a purpose which we reasonably consider to be inappropriate (taking into account customary market practice); or
  - (c) you have been in serious and/or persistent breach of these Terms.

In such instances, we may give less than ten (or thirty) days' notice to terminate or no notice at all. However we shall notify you immediately; and

- (iii) upon termination either by you or by us these Terms will remain in force in respect of any outstanding commitments, but no new commitments will be entered into (except with a view to ending outstanding commitments).

#### Joint Accounts

##### 1.2.4

- (i) Where these Terms are issued jointly to more than one individual we (and if you are a Personal Member of CREST, our Bank) shall deal with you on the basis that you are equal joint holders of all the cash and Investments to which these Terms relate, however lodged with us or registered. We shall hold you jointly and severally liable, so that you are, both individually and together, bound by these Terms and for any debt or charge arising out of these Terms, and to act on instructions given by any one of you or the survivor of you. Any reference to "you" in these Terms shall be deemed to be any one or all of such joint holders as the context shall require.
- (ii) As joint holders own the whole of the cash and Investments to which these Terms relate without any distinction between them regarding share of ownership, on the death of one of the joint holders the ownership of such cash and Investments passes automatically to the surviving joint holder(s) unless we are advised otherwise at the time of the first death. The surviving joint holder(s) must notify us immediately of the death of a joint holder(s), and provide us with a certified copy of the death certificate.
- (iii) Unless we or our Bank give you written notice of termination, these Terms will continue in force notwithstanding the death or other incapacity of any or all of you until we receive either:
  - (a) written notice of the death or legal incapacity of all of you; or

- (b) written notice of termination from any one of you. However, and notwithstanding clause 1.2.4(i) above, if we become aware of a conflict between the joint holders, we may in our absolute discretion require that we receive instructions from both joint holders to operate or terminate the joint account;

and subject to the other provisions of this clause these Terms will thereupon be terminated in respect of all of you. Notice issued by us or our Bank shall be valid and effective in relation to each of you if served on any of you.

- 1.2.5 Unless we are instructed otherwise, all communications that we send you such as contract notes, statements and valuations will be sent only to the first-named client in a joint account.

## Death

### 1.2.6

- (i) In the event that you as a sole account holder should die while a client, then immediately on notification of your death your account (and, if relevant, your Personal Membership account in CREST) will be suspended and we may in our absolute discretion close any open position which carries a future contingent liability, together with any associated stock positions.
- (ii) After we have suspended your account, and until such time as the title of your Personal Representatives to the accounts has been satisfactorily established by sending to us a certified copy of the grant of probate or letters of administration (as the case may be) we shall not accept any instructions over any account in your name or take any other action in respect of it. However, in respect of any Investments to which you are entitled, over which you had given us a discretionary mandate and which are under our control, we in our absolute discretion may (but are not obliged to) exercise voting rights, or take action in respect of subscription to any offer, take-over offer, redemption, scheme of arrangement or any other entitlement (or exercise conversions, warrants or any other right).
- (iii) Once a certified copy of the grant of probate or letters of administration (as the case may be) has been received by us, your Personal Representatives may thereafter instruct us (as appropriate) to sell, transfer or rematerialise (see clause 4.2.5) your Investments. In the absence of the completion by your Personal Representatives of the appropriate account documentation required for it to be designated a Discretionary, Advisory Managed or Advisory Dealing account, the account will be designated an Execution-only account; however, on the request of your Personal Representatives we may agree at our sole discretion to provide advice on the sale of your Investments, such advice being limited to which assets to sell and the timing of any sales.
- (iv) We are not responsible for losses in your account during the period between your death and the receipt by us of formal notice of it, or for losses

between your death and the receipt by us of a certified copy of the grant of probate or letters of administration (as the case may be). Neither shall we be liable for any losses arising as a result of us not administering your Investments following your death.

- (v) The account will continue to incur our usual charges until it is closed.
- (vi) Where you hold your investments as the member of a SIPP or other pension, upon your death the account will not be suspended and, where your account with us is a Discretionary account, it will continue to be administered and/or managed in accordance with previous instructions whilst we await new instructions from the trustee(s); consequently clauses (i) to (iv) above will not apply.

## Dormant Accounts

- 1.2.7 Where you have not traded on an account for a period exceeding twelve months and we are not holding Investments or cash on your behalf, we reserve the right to suspend or close your account without prior notification.

## 1.3 SERVING NOTICE

- 1.3.1 If you wish to serve notice on us (or in relation to a CREST Personal Membership account, on our Bank) under these Terms, or otherwise, you should do so by delivering a written and signed communication addressed to the Compliance Officer at our Head Office. If we or our Bank are to serve notice on you this will be in the form of a written and signed communication to your last known address as shown in our records, or if you access any of our services via our Website (see section 3 of these Terms), or if we have your email address on record, we may communicate notices to you by email.
- 1.3.2 Notice sent by letter shall be deemed to have been received forty eight hours after being properly addressed, stamped and posted. Notices sent by facsimile shall be deemed to have been received twenty-four hours after confirmation of transmission has been received. Notices sent by us by email shall be deemed to have been received twenty-four hours after being transmitted. Should you send us a notice or instruction by email, reference should be made to clause 1.4.2. In all cases the calculation of timing shall exclude Saturdays, Sundays and Bank Holidays.

## 1.4 COMMUNICATIONS BETWEEN US

- 1.4.1 All communications between us, either oral or written, will be in the English language and shall be made either in person, by telephone or in writing. Subject to the limitations set out in clause 1.4.2 and section 3, either of us may also use Electronic Communications, but there are some circumstances where we will only accept your written authority, bearing an original signature. These circumstances include (but are not limited to) where you instruct us to:
  - (i) amend the personal details which we hold about you or for your account; or

- (ii) amend material information in your Client Agreement (if any); or
  - (iii) forward any of your money or Investments to a third party (other than in the normal course of settlement of transactions or otherwise arising under these Terms).
- 1.4.2 In respect of Electronic Communications we draw your attention to clause 3.2 of these Terms and the following provisions:
  - (i) we strongly urge you not to use Electronic Communications if they contain instructions to us relating to Orders or other urgent or time-sensitive matters;
  - (ii) should you nevertheless wish to instruct us by Electronic Communications, you acknowledge the risks of doing so as set out in section 3 of these Terms and agree that we shall only be responsible for such instructions where:
    - (a) we have previously been advised of your current email or other electronic address;
    - (b) you give us clear instructions which are received by us within a reasonable time to enable us to receive and act upon them, prior to any applicable deadline; and
    - (c) you have received our express acknowledgement that we have received such instructions. We shall acknowledge an instruction by either expressly confirming receipt or by acting upon it. An automated delivery receipt does not constitute acknowledgement or receipt by the intended recipient(s).
- 1.4.3 We will not accept instructions on your behalf from a third party unless you instruct us in writing, bearing an original signature, to do so, or (except where you are applying for an ISA and the circumstances set out in clause 2.3.1 and 2.3.2 apply) we are in receipt of a valid power of attorney.
- 1.4.4 We are required to notify you if, in any circumstances, we will be making unsolicited calls on you or we will be making unsolicited real-time financial promotions to you. A financial promotion is defined to mean any invitation or inducement to engage in investment activity (for example, one of our brochures) and it is "real-time" if the promotion is made in the course of, for example, a conversation or an internet dialogue. It is possible that, in the course of our relationship with you as a client, we may make such calls or promotions, within the strict requirements laid down by the FCA. Please notify us if you wish us not to do so.
- 1.4.5 Your attention is drawn to the fact that all telephone conversations and communications may be recorded. A copy of the recording of such conversations and communications will be available on request for a period of five years and, where required by the FCA, for a period of up to seven years.

## 1.5 DATA PROTECTION AND CREDIT SEARCHES

### Data Protection

- 1.5.1 In the course of providing our services as a data controller, we receive information from you and about

you. In accordance with Data Protection legislation we process this information lawfully and fairly, to which you consent, and we maintain procedures to protect it. Such information may be used by us to notify you of other services which we or other companies in our group of companies provide by post or email, unless you ask us not to. We may disclose such information to any Person connected with us, to our agent, to any third party you have appointed to act on your behalf in connection with your account, to HMRC or any governmental or regulatory body or to Euroclear UK & Ireland on the basis that they are subject to similar obligations, but without your consent we will not otherwise disclose such information to any third party except as required by law or by the Rules. However, where we are obliged to provide counterparties with information as a condition of conducting a transaction for you, or to the issuer of securities in which you have invested as a condition of you wishing to exercise voting or attendance rights or to receive shareholder perks, you consent to such disclosure. You agree that you will supply to us in writing, and as soon as reasonably practicable, any information which we may reasonably request. You warrant that all information that you supply to us is and shall be correct to the best of your knowledge and belief, and that you will notify us promptly of any material change.

### Credit Searches

- 1.5.2 We may make searches about you at credit reference agencies who will supply us with information, including information from the Electoral Register, for the purpose of verifying your identity. The agencies will record details of the search whether or not this application proceeds. We may use scoring methods to assess this application and to verify your identity. We may also check your details with fraud prevention agencies and if you provide false or inaccurate information and we suspect fraud, we will record this. Credit searches and other information which is provided to us and/or the credit reference and fraud prevention agencies about you and those with whom you are linked financially may be used by us and other companies if you, or other members of your household, apply for other facilities including credit and insurance applications and claims. This information may also be used for debt tracing and recovery, and the prevention of fraud and/or money laundering as well as the management of your account. Alternatively, we may ask you to provide physical forms of identification. If you wish to receive details of those fraud prevention agencies from whom we obtain and with whom we record information about you, please write to the Compliance Officer at 55 Bishopsgate, London EC2N 3AS. You have a legal right to these details.

## 1.6 CHARGES

- 1.6.1 By accepting these Terms you agree to pay us our charges when these fall due.
- 1.6.2
  - (i) We will make a charge for our services in accordance with our published scale, a copy of which will be provided to you. We will provide details of our current

scale on request. Additional charges may be made with your agreement. An itemised breakdown of costs and charges can be provided on request.

- (ii) We will exchange foreign currency at prevailing market rates for your account in relation to your overseas transactions or client investments, or otherwise as you instruct, and the applicable rate (which will be shown on our contract note in the case of a transaction, and in other cases will be notified to you on request) may include a rounding in accordance with our published scale, available on our Website and on request.

1.6.3 Transactions and services which we or our agents carry out in accordance with these Terms may be subject to taxes (such as VAT and stamp duty) and charges and levies under the Rules.

- (i) You will be responsible for paying all taxes, stamp duty and other charges reasonably incurred by us on your behalf (including but not limited to those outside our control that may be imposed by Euroclear UK & Ireland, a Custodian, registrar, depositary, Execution Venue or regulatory body) together with any levies or penalties, unless they arise as a direct result of our negligence, fraud or wilful misconduct or that of a Person connected with us.
- (ii) Circumstances may arise where changes in interpretation of VAT law may lead to VAT previously charged to you becoming recoverable from HMRC. In such circumstances we may file a protective claim for VAT overcharged to you where you qualify for exemption over the last four years. Subject to HMRC accepting any such claim, we will pass on to you as soon as possible the full amount refunded. That amount may be lower than the VAT we originally charged on the service provided, as we are required to calculate the amount of VAT that we originally recovered relating to these supplies, and to deduct that from the claim.

1.6.4 You will also be liable to pay any Order cancellation charges, interest, or fines in accordance with clauses 1.10.5, 1.15.4, 1.16.4 and 1.17.3, or under the Rules.

1.6.5 In the event of termination of these Terms by you, or on the termination of any of our services to which an annual charge(s) apply (e.g. our management fees or for CREST personal membership), we shall charge for our services on a proportionate basis.

1.6.6 In respect of transactions carried out on your behalf, we may share our charges with third parties or with a company connected with us, or offer non-monetary benefits to them. We may also receive remuneration or non-monetary benefits from third parties. In particular, your attention is drawn to the following:

- (i) Where you have been introduced to us by another intermediary (including a Person connected with us), save for limited circumstances (including where the intermediary is an authorised firm) we may pay remuneration or a non-monetary benefit to that intermediary, or a company connected with it, in

respect of the introduction. Conversely, where we introduce you to another intermediary with whom you subsequently engage in a course of business, we may receive remuneration from that intermediary or a company connected with it. Where required by the Rules you will be notified of such arrangements. You are responsible for informing us in writing of any changes in circumstance that necessitate the ending of such arrangements, for example where you cease to have an ongoing relationship with the intermediary that has introduced you to our firm. It is your responsibility to inform us, in writing, of a change of circumstance that would require the termination of such payments.

- (ii) We may give and receive minor non-monetary benefits to and from third parties other than clients where these are of a scale and nature that would not impair our compliance with our duty to act honestly, fairly and professionally in your best interests, and where they are reasonable, proportionate and of a scale unlikely to influence our behaviour in any way detrimental to your interests. Such minor non-monetary benefits may consist of:

- (a) information or documentation relating to a Financial Instrument or an investment service, that is generic in nature or personalised to reflect the circumstances of an individual client;
- (b) written material that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the company, or where the producer of the material is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any firms wishing to receive it, or to the general public;
- (c) participation in conferences, seminars and other training events on the benefits and features of a specific Financial Instrument(s) or an investment service;
- (d) hospitality of a reasonable de minimise value, such as food and drink during a business meeting or a conference, seminar or other training events mentioned under paragraph (c);
- (e) research produced prior to the completion of an issue of shares, debentures, warrants or certificates representing certain securities by an issuer, by a person that is providing underwriting or placing services to the issuer on that issue, where it is made available to prospective investors in the issue; and
- (f) research received on a short-term trial basis, so that the research provider's research service may be evaluated.

1.6.7 Details of any such remuneration or sharing arrangements as set out in clause 1.6.6 above may not be set out on the relevant contract note or confirmation note, but can be made available to you on request.

## 1.7. OUR REGULATORY STATUS, AND HOW YOU ARE PROTECTED

### Regulatory Status

- 1.7.1 We are authorised and regulated by the Financial Conduct Authority (the "FCA") whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS (Tel: 0845 606 1234). Accordingly we are an authorised person as defined by the Financial Services and Markets Act 2000. Please refer to the FCA's website [www.fca.org.uk/firms/financial-services-register](http://www.fca.org.uk/firms/financial-services-register) for confirmation of our address and regulatory status. Our FCA registered number is 124412. Our permitted business includes providing investment advice, stockbroking and financial planning services.
- 1.7.2 Where you are a client receiving Advisory Managed or Advisory Dealing services and we provide you with investment advice on Retail Investment Products, we will do so on the basis of a 'restricted' approach, that is to say that whilst we review Retail Investment Products from the whole of the investment market and can also advise you on direct investments, we will not consider your wider financial planning and pension requirements; although on request we will refer you to our Personal Financial Planning division. Where you are a client receiving our Personal Portfolio Service our advice is restricted to considering the suitability for you of Charles Stanley's investment funds, and will not consider whether other investments may also be suitable for your requirements. In receiving these services from us, you confirm that you are only interested in investing in the specified range of Investments. Where you are an Advisory Client and we provide you with advice or information on non-investment insurance contracts, we will do so on the basis of a fair analysis of the market.

### Compensation

- 1.7.3 We are a participant in The Financial Services Compensation Scheme ("FSCS"). We understand that this offers protection to eligible claimants in respect of all the investment and insurance mediation services that we are authorised to conduct. On the default of a participating bank or building society with which we have placed client money, eligible claimants will be entitled to compensation under the FSCS. For information about the FSCS, including differing levels of cover for investment and insurance business, please refer to 'The Security of Your Investments' on [www.charles-stanley.co.uk](http://www.charles-stanley.co.uk). Further details, including whether you might qualify as an eligible claimant, will be provided on request, or can be found at [www.fscs.org.uk](http://www.fscs.org.uk).

### Complaints

- 1.7.4 In the event that you have a complaint, you are requested in the first instance to refer to our representative with whom you normally deal. If this reference fails to lead to a satisfactory resolution of the complaint you are asked to contact our Compliance Officer at our Head Office. Your complaint will be handled in accordance with our internal complaints procedure, a copy of which is available on request. If you are an Eligible Complainant and you are dissatisfied with the response you may

contact the Financial Ombudsman Service, which is an independent service set up by law. We should be pleased to supply details of this service on request. The Financial Ombudsman Service can be contacted on 0800 023 4567 or at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

## 1.8 LEGAL CONDITIONS

- 1.8.1 In performing any service for you we may act either as principal, or as agent as between you and any other client or Person connected or not connected with us.
- 1.8.2 We may employ agents on such terms as we think fit, and shall exercise all reasonable skill and care in the selection, monitoring and appointment of any such agents.
- 1.8.3 Our failure to take action in respect of a breach by you of these Terms, or to insist on your strict performance of them or to seek any right or remedy to which we are entitled shall not constitute a waiver of our rights under these Terms.
- 1.8.4 If any provision of these Terms or any part of any provision shall be held to be invalid, unlawful or unenforceable, such provision or part thereof (as the case may be) shall be ineffective only to the extent of such invalidity, unlawfulness or unenforceability, without rendering invalid, unlawful or unenforceable or otherwise prejudicing or affecting the remainder of such provision or any other provision hereof.
- 1.8.5 We may assign or transfer our rights or obligations under these Terms to another Person in the United Kingdom regulated by the FCA in accordance with the Rules (or to the FCA), on written notice to you (which you will be given an opportunity to reject in accordance with clause 1.2.2 (iii)). You shall not assign or transfer all or any of your rights, benefits or obligations under these Terms.
- 1.8.6 We shall take reasonable care in performing our duties and obligations to you under these Terms. Subject to these Terms, if you suffer loss, expense or liability as a direct result of our negligence, fraud or wilful misconduct (or that of a Person connected with us) we shall be liable to you, although our liability will be limited to the replacement of securities or monies (including interest) lost as a direct result of our action or failure to act. We shall not be liable to you for any of the following, even if they arise as a result of our breach of these Terms or if we had been advised of the possibility that you might incur them:
- (i) losses, liabilities and expenses which were not reasonably foreseeable by us; or
  - (ii) loss of profit or loss of opportunity.
- 1.8.7 You agree that you will be responsible to us and any Persons connected with us for any expense, charge or liability incurred by us or them under these Terms, except in the case of our negligence, fraud or wilful misconduct or that of a Person connected with us.
- 1.8.8 Except as expressly provided in these Terms, a Person who is not party to these Terms has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of these Terms, but this does not affect any right or remedy of any such Person which exists or is available otherwise than in consequence of that Act.

- 1.8.9 These Terms, together with any documents referred to in them, and together with any other written agreement between you and us, constitute the whole agreement between us relating to its subject matter and supersede and extinguish any previous arrangement, understanding or agreement, whether in writing or oral, relating to such subject matter. No statement or representation made by either of us has been relied upon by the other in agreeing to enter into these Terms.
- 1.8.10 Nothing in these Terms purports to exclude or restrict liability for any fraudulent statement or act, for any duty or liability we have under the Rules, or for death or personal injury.

### Jurisdiction

- 1.8.11 These Terms are governed by the laws of England and Wales. Insofar as the Rules permit, for our benefit you irrevocably agree that the courts of the United Kingdom shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes (including non-contractual disputes or claims), which may arise in connection with the legal relationships established by these Terms or otherwise arising in connection with these Terms, and for such purposes you irrevocably submit to the jurisdiction of the courts of the United Kingdom. You waive any objection which you might now or hereafter have to the said courts being nominated as the forum to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the legal relationships established by these Terms or otherwise arising out of or in connection with these Terms and you agree not to claim that any such court is not a convenient or appropriate forum.
- 1.8.12 If we cannot perform any of our obligations under these Terms due to circumstances beyond our reasonable control, then we will take all reasonable steps to bring those circumstances to an end and to minimise its effect on our ability to perform our obligations, but we will not be liable for our non-performance except to the extent required by the Rules or under these Terms.

## 1.9 SERVICE LEVELS

### Designation of clients

- 1.9.1 Every client is designated by us as either receiving either "Discretionary", "Advisory Managed", "Advisory Dealing", "Personal Portfolio" or "Execution-only" services.
- 1.9.2 Unless we notify you otherwise we will treat you as a Retail Client (as defined in the Rules). You have the right to request a different classification; however, we reserve the right to refuse such requests and unless you are notified otherwise, you should not assume that such a request has been granted.
- 1.9.3 We are not obliged to offer our Discretionary, Advisory Managed, Advisory Dealing, Personal Portfolio or Execution-only services and may suspend or withdraw all or any part of such service(s) in our discretion, subject to clause 1.2.2.
- 1.9.4 If you are a body corporate, an unincorporated association (e.g. a partnership) or a trustee, you warrant

and represent to us, on the basis of competent legal advice, that under the terms of your Memorandum and Articles of Association, Deed of Association, Trust Deed or other constitutive document (as the case may be) you are empowered to enter into and are not prohibited from entering into the entirety or any part of these Terms.

### Discretionary Clients

- 1.9.5 If you are a Discretionary Client you give us general authority to manage your Investments and to enter into transactions and undertake other actions as contemplated by these Terms on your behalf at our discretion without informing you first, subject to these Terms. We will exercise due care and attention but will not accept responsibility for any fall in the value of the Investments or for taxation charges arising for any reason.
- 1.9.6 As a Discretionary Client you give us general authority to exercise or abstain from exercising any votes attaching to Investments which we control on your behalf, in any manner which in our absolute judgement we believe to be in your best interest.
- 1.9.7 Where you are a Discretionary Client:
- (i) we will not enter into any discretionary transaction which will or may result in your having a short position in any Investment;
  - (ii) your cash and investments will be managed in accordance with your objectives and requirements about which you are required to notify us in accordance with the terms of the Discretionary Account Form and Agreement, which will be supplied to you;
  - (iii) discretion to manage the portfolio is given to the firm and not to any employee;
  - (iv) except as expressly agreed with you, or instructed by you, no restrictions shall apply to the making of any investment transaction, which may include transactions in Investments which are Non-Readily Realisable Investments, or to the holding of cash, other than where disallowed by the Treasury Regulations in the case of ISAs;
  - (v) you may at any time instruct us to enter into specific transactions on your behalf (described as non-discretionary transactions). We accept no obligation to monitor the suitability or performance of Investments that you acquire on this basis, and you will in such circumstances be a Discretionary Client in relation only to the discretionary transactions that we undertake on your behalf;
  - (vi) a periodic report will be sent to you every three months;
  - (vii) unless you request otherwise, individual contract notes will not be sent to you following each transaction, with the transactional information appearing instead in the periodic report;
  - (viii) your periodic report will show the performance of your portfolio over the reporting period and we will agree with you in advance an appropriate benchmark against which your portfolio's performance will be compared. In the event that you

do not specify a benchmark, or we disagree with your preferred option, the default benchmark will be at our discretion; and

- (ix) we shall notify you where the overall value of your portfolio, as evaluated at the beginning of each reporting period, depreciates by 10% and thereafter at multiples of 10%. Other than this, we will not accept instructions to report losses that exceed a predetermined threshold.

**Discretionary, Advisory Managed, Advisory Dealing and Personal Portfolio services: suitability of advice and transactions**

1.9.8 The reason for assessing suitability is to enable us to act in your best interests. In accepting responsibility for the merits or suitability of any advice, Investment or transaction we do so on the basis that we will exercise reasonable diligence, skill and care, in the light of circumstances which are or (using our professional skill) should reasonably be known to us at the time. You understand that the value of Investments, and the income arising from them, can go down as well as up, and it is impossible to predict future performance with any certainty.

1.9.9 Unless you notify us otherwise and save in respect of the Personal Portfolio Service in respect of which paragraph 1.9.14 applies, where we owe you a duty to advise you, or manage your portfolio on a discretionary basis, we will proceed on the basis that you do not wish to place any restrictions on the amount or type of Investments which we are permitted to advise on or transact under the Rules.

1.9.10 If you are designated as a client receiving Discretionary or Advisory Managed services we will provide you with a periodic assessment of the suitability of the financial instruments recommended to you, by accepting continuing responsibility for the suitability of:

- (i) those of your Investments which you have entrusted to us, insofar as
  - (a) we exercise our discretion over these Investments, or
  - (b) you accept our advice in a timely fashion in relation to them;
- (ii) the advice that we give you about these or any other Investments; and
- (iii) transactions which we undertake for you in the exercise of our discretion or on your prompt acceptance of our advice;

in the light of such of your circumstances, requirements and objectives of which you have given us reasonable notice, and in relation to which you undertake to notify us promptly of any material change. Where you are an Advisory Managed client and our assessment results in a personal recommendation, this will be communicated to you in accordance with clause 1.4.

1.9.11 If you are designated as a client receiving Advisory Dealing services we shall advise you on the merits of any particular Investment, and assess the suitability of any Investment or transaction in relation to your individual circumstances, existing investments, requirements and objectives at the time of giving that advice. We are not

responsible on a continuing basis for advising on the composition or suitability of your account or portfolio.

1.9.12 Where you are classified as a client receiving Discretionary, Advisory Managed or Advisory Dealing services, you will be responsible for providing us with up to date information regarding your circumstances, as well as your investment requirements and objectives. This information will be subject to reassessment by us periodically, rather than each time we advise you or undertake a transaction on your behalf, and you undertake to notify us promptly of any material change. You remain responsible for notifying us of any external investments that you wish us to take into account when managing your portfolio or providing investment advice. If you are an Advisory Dealing Client, we will take into account only your investments held at Charles Stanley unless each time our advice is sought you ask us to take into account your external investments.

1.9.13

- (i) Where we have a duty to advise, the advice when given will be specific to particular Investments on a particular account. We are not responsible for the suitability of advice given, where you deal on an account or in Investments for which the advice was not intended.
- (ii) When you are a Retail client and we provide you with investment advice, we will provide you with a suitability report specifying the advice given and how it meets your preferences, objectives and other relevant characteristics. The report will be provided in writing, by email or via our Website. Where our advice leads to an agreement to buy or sell one or more Financial Instruments, but is provided using a means of distance communication that prevents the delivery of the suitability report prior to the transaction(s), you have the option of delaying the transaction(s) in order to receive the suitability report before the transaction(s) are concluded; should you wish to proceed without having received the suitability report, you consent to receiving it without undue delay after the conclusion of the transaction(s).

1.9.14 If you are a client receiving the Personal Portfolio service, the sub-clauses above relating to our Advisory Dealing service will apply to you, except as follows:

- (i) the advice when given will:
  - (a) be provided solely by our PPS Advice Desk, rather than by an investment adviser or relationship manager, including where a recommendation by the PPS Advice Desk is communicated to you by an investment adviser or relationship manager; and
  - (b) consider only the suitability for you of one or more of Charles Stanley's range of investment funds. We will not consider whether other investments may be equally or more suitable for you; and
- (ii) you will not be permitted to purchase Investments other than investments in the Charles Stanley investment funds using a Personal Portfolio Service account.

## Unadvised transactions

- 1.9.15 Where in respect of any transaction no advice is given by us other than by way of a business publication or a research note, we may carry out the transaction for you on an Execution-only basis and the transaction will be deemed to be at your own initiative.
- 1.9.16 If you are designated as a client receiving Advisory Dealing, Personal Portfolio, Advisory Managed or Discretionary services and you choose to deal (or not to deal) contrary to the advice given by us, we will not be required to assess the appropriateness of any Investment or transaction for you. However, if you are designated as a client receiving Advisory Dealing, Advisory Managed or Discretionary services and no advice is given by us in respect of a transaction that you wish to undertake in a Complex Instrument on an Execution-only basis, we would be required to assess the appropriateness of that Investment or transaction for you (and paragraphs 1.9.17 and 1.9.18 below will apply).
- 1.9.17 If you are designated as a client receiving Execution-only services, or we agree with you that a proposed transaction will be undertaken by you on an Execution-only basis:
- (i) we will accept no responsibility for advising you as to the merits or suitability of any Investment or transaction;
  - (ii) you will accordingly not be entitled to the protection accorded to Retail Clients by the Rules as regards the suitability of any Investment or transaction; and
  - (iii) we do not accept responsibility on a continuing basis for advising on the composition of your account or portfolio. We will not advise you about the merits of a particular transaction if we reasonably believe that when you give the Order for that transaction you are not expecting such advice and are dealing on an Execution-only basis.
  - (iv) If you are designated as receiving Execution-only services:
    - (i) where you wish to deal in Complex Instruments, we are required to assess their appropriateness for you and we will carry out our assessment either at account opening or, if the assessment has not been previously undertaken, at the point of your request to deal. Thereafter the requirement for us to assess appropriateness will not apply for individual Investments or transactions;
    - (ii) the assessment of appropriateness is entirely at our discretion and we reserve the right to re-assess appropriateness at any time;
    - (iii) under the Rules of the FCA, appropriateness is assessed solely in the context of your knowledge and experience of the risks associated with those Investments or that service and when making the assessment we are not required to take into consideration other factors, such as your investment objectives, financial resources or other personal circumstances;
    - (iv) where you are classified as an Eligible Counterparty or a Professional Client, we are entitled to assume

that you have sufficient knowledge and experience of the risks associated with those Investments or that service. Where you are classified as a Retail Client and we believe that you have adequate knowledge and experience to assess the risks associated with Complex Instruments, or have engaged previously in a course of dealings in Complex Instruments, at our discretion you may be deemed by us to have the level of knowledge and experience needed to understand the risks of such Investments;

- (v) where we are required to consider appropriateness and we consider, on the basis of the information supplied to us by you, that an Investment or transaction may be appropriate for you, we are not required to notify you. Where we do notify you, however, this should not be taken as a personal recommendation or as implying that the Investment or transaction in question is or may be suitable for you. Whether we notify you or not, any subsequent decision by you to deal will be at your own risk and we accept no responsibility for any transactions subsequently entered into by you in respect of that Investment or service;
- (vi) where we are required to consider appropriateness and we consider, on the basis of the information supplied to us by you, that an Investment or transaction may not be appropriate, we will notify you accordingly. If you elect not to provide sufficient information to enable us to assess appropriateness, or if you provide insufficient information in this regard, we will be unable to determine whether the service or product envisaged is appropriate for you and we will notify you accordingly;
- (vii) following a notification in (vi) above, any decision by you to deal will be at your own risk and we accept no responsibility for any transactions subsequently entered into by you in respect of that Investment or service; and
- (viii) you are responsible for notifying us if you do not wish to deal in Complex Instruments.

- 1.9.18 The principal risks of Complex Instruments are that your initial capital may be at risk, the performance of your investment may be highly volatile and you may lose some of, all of or more than your initial investment. Some Complex Instruments may involve technically complicated trading features requiring specialist knowledge. You should read Appendix 2, which sets out some of the risks associated with Complex Instruments and other Investments. If you are in any doubt as to what these might be, it is recommended that you seek professional advice.

## Investment Documents

- 1.9.19 Where, in some circumstances, we recommend to you, or arrange for you to buy, certain Investments we are required to provide you with a Key Investor Information Document (KIID), Key Information Document (KID) or Key Features Document (KFD). These Investments include investment trusts and units in a collective investment scheme (for example, a unit trust), as well as other types of investment products:

- (i) Where the Investment has a KFD the relevant document will be provided before you complete a written application for the Investments, or, where no application is made, we will give you an oral explanation in advance, and forward the KFD within five business days of the recommendation or transaction; however, the requirement to provide a KFD does not apply to clients receiving Discretionary or Execution-only services, and if you are receiving Advisory Managed services you agree that it does not apply either, nor does it apply if you already hold the same Investment and have previously received a KFD. Thus the requirement to provide a KFD applies only to Advisory Dealing Clients who are buying a particular relevant Investment for the first time.
  - (ii) Where the Investment has a KIID or a KID, for transactions undertaken at your own initiative, using a means of distance communication, the provision of the KIID or KID before a transaction is concluded would not be possible and it would be provided as soon as possible after the transaction; if you wish, you may delay the transaction(s) in order to receive and read the KIID or KID before concluding the transaction(s), otherwise you consent to receiving it without undue delay after the conclusion of the transaction(s).
  - (iii) Where we are obliged to provide you with a KFD, KID or KIID, and we have an email address for you that we believe to be valid, you agree that we can provide the relevant document by email or, where you access any of our services using a secure area of our Website, we may provide the relevant document via our Website. You have a right to request paper copies, free of charge.
  - (iv) The requirement to provide a KIID or KID does not apply to Discretionary clients, nor does it apply if you already hold the same Investment and have previously received that KIID or KID.
- acquisition value and thereafter at multiples of 10%; and
- (v) we shall send contract notes, statements, valuations and periodic reports to you by means of Electronic Communications where you have advised us of your email address and have instructed us to do so. Where we are obliged under the FCA Rules to forward these documents to you, we will send them to you by email provided you have notified us of your email address. We would remind you of clause 3.2 of these Terms regarding Electronic Communications in this regard.
- 1.9.22 Notwithstanding clause 1.9.21 above, if you are receiving Discretionary services, unless you elect to receive individual contract notes for each transaction, you will not be sent contract notes but will instead receive, as part of regular periodic reports, equivalent information regarding the transactions undertaken during that period. If you are receiving Advisory Dealing, Advisory Managed, Personal Portfolio or Execution-only services, we will issue a contract note for each transaction as evidence of the purchase or sale unless we are not required to do so under FCA Rules. While you will receive a contract note for purchase or sale of investments in Charles Stanley investment funds, you will not receive contract notes for transactions within such funds.
- 1.9.23 When we carry out a Limit Order for you, the contract note (or the transaction information in the periodic statement) will disclose this fact.

#### Legal Entity Identifiers

- 1.9.24 Clients who are not natural persons, such as trusts, charities and corporate investors, may be required to obtain a Legal Entity Identifier (LEI). Where a LEI is required, we will notify you and you agree to provide it on request; unless we have agreed to do so on your behalf, you will be solely responsible for obtaining a LEI, and for ensuring its ongoing validity, which may require its renewal from time to time. Obtaining and renewing LEIs may incur charges.

#### Client Reporting

- 1.9.20 It is your responsibility to check the accuracy of the information given in your contract notes, statements and valuations, and to notify us immediately if you believe anything to be incorrect.
- 1.9.21 We will issue to you or your appointed agent:
- (i) unless provided otherwise in these Terms, a contract note following each transaction showing full details including our remuneration and any remuneration received from any third party (other than another client) in respect of that transaction;
  - (ii) as provided for under clause 1.16.3, a quarterly statement of your Investments and cash;
  - (iii) regular statements of account, which will show the transactions entered into by us together with income and other payments received from or on your behalf during the relevant period;
  - (iv) where you are a Retail Client and you hold one or more Leveraged Instruments, where the acquisition value is known to us, a notice when the value of a Leveraged Instrument depreciates by 10% from its

#### 1.10 DEALING

##### Acceptance of Dealing Instructions

- 1.10.1 We will accept dealing instructions relating to an Order only by verbal instruction, post, telephone, facsimile or (subject to clause 1.4.2) by email. We shall have no liability for any instructions until they are received by us (which, in the case of post or facsimile instructions, will be as set out in clause 1.3.2). We will not be liable for any delays in or failure of Electronic Communications, provided that such delay or failure has not been caused by our failure to put in place adequate systems as would reasonably be expected of us. We may act on any instructions that we reasonably believe to have been sent by you.
- 1.10.2 We may at our discretion and without giving any reason accept or reject any instruction to carry out any transaction, but shall notify you as soon as reasonably practicable if any instruction is rejected. Such circumstances may include where your account has become a dormant account (see clause 1.2.7), where

your credit references are unsatisfactory (see clause 1.5.2) or where there may be legal or regulatory reasons preventing us from accepting your instructions.

- 1.10.3 If you are a Retail Client, upon becoming aware of any material difficulty relevant to the proper carrying out of your Orders, we will inform you promptly.
- 1.10.4 Where we accept dealing instructions for other than immediate execution at the best available price, we will use our reasonable endeavours to complete them but accept no responsibility for non-completion. You agree to accept partial completion of Orders unless it is expressly agreed otherwise. We accept no liability for the non-completion of or delay in completing any instructions given by you or accepted by us where this is caused by systems failure (provided that such failure has not been caused by our failure to put in place adequate systems as would reasonably be expected of us), market closure, a failure to perform by a third party settlement agent, depository, clearing or settlement agent or system or any participant in one of them or other exceptional circumstances.
- 1.10.5 If you wish to cancel an Order which has not yet been carried out we will, without liability, seek to cancel it with the market or with the agents (if any) to whom we have passed it, but we can give no assurance that we can effect such cancellation. In placing any Order with us you accept full liability for its completion unless we confirm to you cancellation of the Order, and you accept liability for any losses and costs arising from such cancellation.
- 1.10.6 We will treat your Order to sell as confirming that you are not in breach of any short selling restriction and you remain responsible for the correct notifications of regulatory disclosures required to be made by you.

#### **Aggregation of Orders**

- 1.10.7 We may combine your Order with that of another client, or with our own Order, or that of a Person connected with us, if we reasonably believe that it is likely that the aggregation will work more to your advantage overall than if your Order had been carried out separately, but the effect of the aggregation may operate on some occasions to your disadvantage.
- 1.10.8 Where we combine client Orders with our own Order or that of a Person connected with us and the aggregated Order is partially executed, we will allocate the related trades to clients in priority to our own Order.

#### **Sales to be unencumbered**

- 1.10.9 Subject to clause 1.17.2 you warrant that all Investments that you instruct us to sell are free from any charges, liens or encumbrances.

#### **1.11 ORDER EXECUTION POLICY**

- 1.11.1 Charles Stanley is required to put in place an order execution policy and to take all sufficient steps to obtain the best possible result (or “best execution”) on behalf of Retail and Professional Clients, either when executing client Orders or receiving and transmitting Orders for execution. We are also required to provide a summary to Retail and Professional Clients of our Order Execution Policy and obtain your consent to such policy. Our

Order Execution Policy and list of execution venues is set out as Appendix 1 to these Terms. Requests for further information should be directed to our Compliance Department.

#### **1.12 NATURE AND RISKS OF CERTAIN TYPES OF INVESTMENT AND TRANSACTION**

- 1.12.1 Appendix 2 should be read in conjunction with the “Before you invest” section of this booklet, which outlines the general risks of investment, and the risk profile options available to you if you are receiving Advisory Dealing, Advisory Managed, Personal Portfolio or Discretionary services. Where you are receiving Advisory Dealing, Advisory Managed, or Discretionary services and we reasonably believe that such course of action is in your best interest, we may recommend to you or deal for you in Investments carrying the risks set out in Appendix 2. Where you are receiving the Personal Portfolio Service and we reasonably believe that such course of action is in your best interest, we may recommend to you Charles Stanley’s investment funds, which may carry the risks set out in Appendix 2. Where you are receiving Execution-only services, or intend to deal in an unadvised capacity, you should have regard to the limited protections you may receive in respect of suitability and appropriateness, as set out in clause 1.9 of this booklet.
- 1.12.2 Appendix 2 contains information about Investments, including guidance on and warnings of the risks associated with those Investments, so that you are able to understand the nature and risks of the service and of the specific types of available Investments and, consequently, take investment decisions on an informed basis. The content in Appendix 2 cannot disclose all the risks and other significant aspects of Investments and you should not deal in them unless you understand their nature and the extent of your exposure to risk and potential loss, having satisfied yourself that they are suitable for you in the light of your circumstances and financial position. If in doubt you should always seek professional advice.
- 1.12.3 Investments should only be made on the basis of the underlying investment case and with a proper appreciation of the risks specific to the Investments. Investments involve different levels of exposure to risk and in deciding whether to transact in such Investments you should be aware of the points set out in Appendix 2.

#### **1.13 MATERIAL INTERESTS AND POTENTIAL CONFLICTS OF INTEREST**

- 1.13.1 We are required by the Rules of the FCA to maintain a conflicts of interest policy identifying the circumstances that constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients, and specifying the procedures that we follow and measures that we adopt in order to manage such conflicts. All financial services firms will face areas of potential conflicts of interest, the nature of these depending upon the nature of a firm’s business model. Appendix 3 contains a description, in summary form, of our Conflicts of Interest Policy. Clients requiring further information should contact our Compliance Department.

## 1.14 MARKET ABUSE

1.14.1 You agree that you will not, by deliberate or negligent act or omission, commit market abuse. Market abuse is defined in section 118 of the Financial Services and Markets Act 2000 and includes distorting, misleading or taking unfair advantage of the market. It may include, for example, the placing of multiple Orders simultaneously in the same Investment with a view to dealing in a larger amount than the Normal Market Size. Market abuse is a civil offence for which you can be fined and ordered to pay unlimited restitution.

## 1.15 CLIENT MONEY

1.15.1 We will deal with your money in accordance with the Rules. Your money is subject to protection under the client money rules set out in chapter 7 of the Client Assets sourcebook of the FCA Rules. Any of your money which is not due and payable to us and is not otherwise paid to you will be segregated from our money and held by us in an EU regulated credit institution or a bank authorised in a non-EU country, or in a qualifying money market fund or funds as defined by the Rules of the FCA, in which case your money would be held in accordance with the custody rules rather than the client money rules of the FCA. Client money placed by us with a bank or building society will be held in instant access and term deposit accounts at our discretion, in accordance with the Rules. Where client money is held in term deposits, this will be on fixed term or periods of notice not exceeding 95 days; such amounts may not be immediately available for distribution to you in the event of requests at the same time for the repayment of a significant proportion of all client money, or default by us or by one of the institutions with whom your money is held. Your money will be held at all times within the United Kingdom unless you either expressly instruct us to hold money overseas for you, or you require it to be held in a currency other than sterling, or you transact business overseas and this requires us to pass or hold your money abroad. We shall not be liable in the event of default or delay in repayment by a bank, other borrower, agent, broker or other Person who is holding your money pursuant to these Terms. Where we hold money for you overseas, or we need to pass it to an overseas Person (such as a broker, settlement agent or option counterparty) we look for similar safeguards to those pertaining to your money held in the United Kingdom but these may be less secure. In particular:

- (i) the legal and regulatory regime which applies to the bank, overseas broker or other overseas Person will be different from that of the United Kingdom, and in the event of default by the bank, broker or other Person your money may be treated differently from the position which would apply if the money was held by an approved bank or broker or other such Person in the United Kingdom; and
- (ii) we require any such overseas bank to acknowledge that it accepts that it has no right of set-off or counterclaim against money held for you in a client bank account in respect of any sum owed on any other account of ours. If you instruct us in writing, before entering into a transaction, that you do not want your money held in a bank in a particular

country or jurisdiction then we will place it elsewhere for you, or return it to you.

### Overpayment

1.15.2 If you pay us more than is required for immediate settlement we shall promptly repay the difference to you or hold it for you in accordance with clause 1.15.3. If on the other hand we pay you more than the amount due for immediate settlement you agree to repay promptly any amount not due for immediate settlement.

### Deposits

1.15.3 We accept and place deposits of clients' money on the following basis:

- (i) in relation to an ISA, to the extent permitted by the Treasury Regulations. We shall repay such deposits to you where required to do so, by or in accordance with the Treasury Regulations, and where we are required by HMRC to make any deduction from such payments we shall account to HMRC for such deductions;
- (ii) in relation to all other deposits, these are accepted exclusively in the course of our investment business, being funds arising from or intended for investment. Deposits in relation to which no Stock Exchange transactions take place during a period of 365 days or more are not eligible for this service, and in such cases they will be repaid to you;
- (iii) we will arrange term deposits on request for client monies which will be placed in designated client bank accounts.

### Interest

1.15.4 Interest at our standard rates, which are net of any retention by us of part of the interest which we receive on deposits (which you so authorise), will be added to your account (or deducted in the event that our standard rates are negative) in respect of all cleared balances standing to your credit, and will be charged to your account at our Reference Rate in respect of any debit balance shown on your account, in both cases accruing on a daily basis.

1.15.5 You may choose to accumulate interest and dividends on your account or to have these paid to you on a regular basis at agreed intervals.

1.15.6 Our standard interest rate and Reference Rate will be quoted to you at any time on request or available on our Website.

1.15.7 Except in the case of ISAs, interest will not be credited, paid or charged if the amount of such interest, calculated in respect of the half-year period ending 31st March or 30th September, is less than £10.

## 1.16 CLIENT INVESTMENTS

### Registration

1.16.1 Investments which are capable of being registered, which are purchased through or by us, will be registered or otherwise recorded in your own name, or in the name of our nominee, Rock (Nominees) Limited, or of a nominee controlled by a recognised or designated

investment exchange or by a Custodian (or its nominee), in accordance with the custody rules set out in chapter 6 of the Client Assets sourcebook of Rules of the FCA. In relation to those of your investments registered in the nominee's name, that nominee will hold the legal title to such investments and you will at all times be the beneficial owner. In relation to Investments which are accepted by the CREST settlement system you may choose to have holdings registered in your own name as a Personal Member of CREST in the electronic share register of each such Investment, in which case section 4 will apply. We reserve the right to refuse to accept any particular Investment into our custody.

- 1.16.2 We will take due care in selecting suitable Custodians to hold your cash and Investments, but will not be liable in the event of default by a Custodian unless that Custodian is connected with us. In the event of default we will use our best endeavours to recover the cash or Investments for you. We are responsible for the acts of our nominee to the same extent as for our own acts including, for the avoidance of doubt, losses arising from fraud, wilful default or negligence.
- 1.16.3 At least every three months we will provide you with a statement of your Investments and cash which are held by us or by a nominee, bank or Custodian selected by us (except in the case of Investments which are held temporarily by us or our selected nominee or Custodian pending settlement of transactions). You are requested to review the statement and to notify us of any errors that it may contain. We would be happy to provide additional such statements on request, please refer to our published scale of charges for any costs that may apply.
- 1.16.4 Should you ask to stop being a client in accordance with clause 1.2.3 (i), we shall be entitled to charge a fee, as set out in our published scale from time to time, for the transfer of stock out of your nominee account.
- 1.16.5 Other than in respect of Investments purchased in an ISA, or where section 4 applies, you may instruct us in writing to register Investments purchased through us in the name of some other Person (who must not be connected with us) whom you specify, and in respect of whom you provide us with verification of identity to our satisfaction. If you do so instruct us, the consequences of registration carried out in accordance with your instructions are entirely at your risk and expense.

### Pooling

1.16.6

- (i) Your Investments may be pooled with those of other clients for administrative reasons, but they will be strictly segregated and identified in our records and they will not be used for the account of any other client. The effect of pooling is that individual client entitlements may not be identifiable by separate Certificates, other physical documents of title or equivalent electronic record. Where Investments are held in a pooled (or 'omnibus') account, there is a risk that your Investments could be withdrawn or used to meet the obligations of other persons, or that the balance of assets held does not reconcile with the quantity required to be held, such that you

may not in such circumstances receive your full entitlement of Investments (a 'shortfall'). In the event of an unreconcilable shortfall after the default of a Custodian or on our insolvency, clients may share proportionately in that shortfall. Please note that this segregation of client assets may not necessarily occur in relation to overseas Investments, as described in clause 1.16.8 below.

- (ii) Due to the nature of omnibus accounts events such as settlement delays, timing differences or administrative or settlement errors may on occasion result in the account experiencing a shortfall. In the unlikely event of your Investments being used to settle the transaction of any other person or client we will fund the position such that there is no shortfall, by either appropriating
- (a) a sufficient number of our own assets to cover the value of the shortfall and holding them for the relevant clients under the FCA Rules;
- (b) a sufficient amount of our own money to cover the value of the shortfall and holding it for the relevant client as client money pursuant to the FCA Rules; or
- (c) a number of assets and an amount of money (each in accordance with (a) or (b) above).
- (iii) For individual client segregation you have the option of a CREST Personal Membership Account. Please refer to our published scale of charges for details of costs, and to Section 4 of these Terms for further information.

- 1.16.7 Stock which we hold for you on a pooled basis may attract different treatment during corporate actions or other events than it would have done if the Investment was held in a separately designated account and your options may be limited. In such cases any rights or other benefits will be shared proportionately among all shareholders whose holdings are affected.

### Overseas Investments

- 1.16.8 Where we purchase and/or hold non-United Kingdom Investments for you these may be registered or recorded in the name of a Custodian in one or more jurisdictions outside the United Kingdom if, due to the legal requirements or the nature of market practice in the jurisdiction(s) concerned, it is in your best interests to do so or it is not feasible to do otherwise. A list of the jurisdictions in which this will be done will be supplied on request. As a consequence of registering your Investments overseas they may not be segregated from Investments belonging to us or the Custodian and therefore your protection may be less should a default occur on the part of the Person in whose name the Investments are registered or recorded. Investments belonging to you which are held overseas may be subject to different settlement, legal and regulatory requirements than those which apply within the United Kingdom.

### Despatch of certificates

- 1.16.9 We will take all reasonable care to ensure the despatch of your Certificates in accordance with or pursuant to your instructions, but all Certificates are despatched at

your risk. In the event of loss within our firm, in transit to or from us, or in the course of registration or settlement, it is agreed that you and we will each take all reasonable steps to find or replace the Certificates.

### Lending your Investments

1.16.10 Except as provided in these Terms, we will not dispose of, surrender, lend or pledge your Investments without your instructions. Investments owned by you and held by us may be given as security in respect of money borrowed by you or on your behalf subject to the same being agreed separately between us. In the absence of any alternative provision in an agreement between us we shall be entitled to dispose of or otherwise deal with any of your investments which are held as security for borrowed money, so as to discharge part or all of the borrowing, in the manner provided for in clause 1.17.2.

### Administration of your Investments

1.16.11 In respect of any Investments to which you are entitled and which are under our control:

- (i) unless you are a Discretionary Client we will not exercise any voting rights attaching to the Investments except on your instructions;
- (ii) we will claim, and credit promptly to you, cash, dividends and interest payments accruing to you;
- (iii) where in relation to a take-over, reconstruction, drawing, redemption, scrip dividend or exchange or issue of Investments, we receive any Benefit in respect of your holding, we will credit such Benefit to you, or (if your holding is aggregated with those of other clients) we shall allocate such Benefit between all such holders in proportion to their holdings. In any case where such distribution is less than £5, or includes a fractional allocation of an Investment, such cash or fractional Investment shall not be so distributed but shall be retained for our benefit;
- (iv) in respect of subscriptions to any offer, take-over offer, redemption, scheme of arrangement or any other entitlement, or exercise of conversions, warrants or any other right, we are under no obligation to notify you of such. Where you are not a Discretionary client and we do not receive instructions from you in reasonable time to take action, we will take no action on your behalf except as provided in these Terms. Unless you direct us to accept scrip dividends (where offered), we shall accept cash dividends on your behalf. Where you direct us to accept scrip dividends, this direction shall apply to all Investments within that account;
- (v) we will use our reasonable endeavours to comply with your instructions with respect to exercising any right or matter conferred on you by the ownership of the Investments, but we shall have no liability if, having used our reasonable endeavours to comply, the desired result has failed to occur;
- (vi) you instruct and authorise us, but without any liability on our part, to pay any call on any Investment which we have purchased on your behalf in nil-paid or partly-paid form, or which you have delivered to us in such form to be held on your

behalf and which we are holding in reasonable time before the call falls due and (where in our judgement insufficient funds are held by us for your account to make such payment) to sell sufficient of the relevant Investment to provide funds to pay for the balance, unless you expressly instruct us in sufficient time not to make such payment;

- (vii) bonus, capitalisation or other free issues will be credited automatically to you;
- (viii) where a take-over offer is declared unconditional, and no other instructions are received from you, we will accept the offer on your behalf;
- (ix) where you are classified as receiving Advisory Managed, Advisory Dealing or Execution-only services, you remain responsible for the correct notifications of any significant interests you may have in the voting share capital of any companies in which you are a shareholder, in accordance with the EU Transparency Directive;
- (x) in the event that you have not traded on your account for a period exceeding twelve months and we hold Investments on your behalf which are worth less than the charges you have incurred (or shall incur) for our services, we are authorised to transfer such Investments to a nominee account in our name to minimise the accrual of such charges and/or to sell such Investments to cover any outstanding debit balances on your account. We shall give you not less than thirty days' notice of our intention so to do, and any surplus generated will be credited to your account; and
- (xi) where a class action or group litigation or any form of shareholder lobbying or other shareholder action is instigated by a third party in relation to an Investment which we or our Custodian are holding, or have previously held, for you or on your behalf, we are under no obligation to notify you of this or take any action in relation to it.

### Non-UK Taxation

1.16.12

- (i) If you are a taxpayer and/or resident outside the UK or hold non-UK Investments you may be liable to account to non-UK tax authorities for any capital or income earned. You will retain sole responsibility in relation to these matters.
- (ii) You undertake to notify us immediately upon a change in your address or tax residency.
- (iii) Where, due to either UK legislation or to contractual arrangements that we have entered into with foreign tax authorities, we are required to identify your tax status and/or withhold tax, then you agree to provide us with all information as may be required and you further confirm that in the absence of all requisite information we may undertake steps including:
  - (a) notifying the relevant tax authority;
  - (b) requiring the transfer of overseas Investments to another custodian;

- (c) arranging for the sale of such Investments on your behalf; and
- (d) withholding the appropriate level of tax on such capital or income.

### **Retail Investment Products and product commission**

#### 1.16.13

- (i) Where you purchase a Retail Investment Product, we will only permit the purchase of commission-free units or shares. Where the Retail Investment Product does not have commission-free units or share classes, you will not be permitted to purchase such Investments. Where commission-bearing units or shares are purchased in error, as soon as reasonably practicable we will rebate any product commission received and convert or switch the purchased Investments to commission-free units or share classes.
- (ii) Where you are an Execution-Only client you are solely responsible for the choice of unit or share classes purchased. You remain solely responsible for the decision to convert or switch any purchased Investments to commission-free units or share classes.
- (iii) We have the right, exercisable at our discretion, to convert or switch any existing Investments held by you to commission-free units or share classes, without seeking your prior consent; however, we are not obliged to do so, or to give you prior notice.
- (iv) You are solely liable for any tax liability due, following conversions or switches of unit or share classes.

### **1.17 SETTLEMENT, DELAYS AND DEFAULT**

1.17.1 You agree to settle in full the cost of purchases, and all other amounts owing to us in accordance with and on the dates shown on our contract notes, invoices and statements. You authorise us to debit your account with all charges, interest, fines and other costs which are incurred in accordance with these Terms. Provided that you supply us in sufficient time with appropriate Certificates in deliverable form, we will settle with you the proceeds of sales and other amounts owing to you on the due date. Settlement may be made from or to deposits which we maintain on your behalf. We reserve the right to buyback sale Orders where all relevant and necessary documentation has not been received not later than two days prior to the settlement date specified on your contract note and the costs thereof may also be passed on to you.

#### **Our rights over your assets**

1.17.2 Subject to the Treasury Regulations in relation to ISAs, your cash and Investments held by us or under our control or held in your CREST Personal Membership account are subject to a first fixed charge in our favour as a continuing security for the discharge of the charges and liabilities properly made or incurred by us on your behalf under these Terms. Accordingly we may realise on not less than three days' oral or written notice sufficient of such cash or Investments for our benefit:

- (i) should you fail to pay our fees, costs, charges and expenses properly incurred; or
- (ii) to settle any transaction properly entered into on your behalf.

In either case, you will still be liable to us for the difference where the amount realised is insufficient to cover such charge or liability. In addition, we may set-off any amount that we may owe you against such charges or liabilities. Any obligation on our part to deliver any Investments or other assets to you or make any payment to you or perform any other obligations to you under these Terms is subject to your performing all obligations that you owe us under these Terms.

#### **Remedy in the event of settlement delays**

1.17.3 In the event of delayed payment, or delayed settlement of a sale, or if the amount which you owe us does, or will on completion of unsettled transactions, exceed any limit notified to you by us, you authorise us to carry out without notice and at your expense one or more transactions at our absolute discretion, and without any liability on our part under any requirements of suitability or otherwise, to close out the position in part or full and/or to charge interest at the Reference Rate without prejudice to our other rights hereunder, together with any fines, charges, or other penalties imposed under the Rules.

#### **Dividends and other Benefits due to the buyer of your Investments**

1.17.4 In the event that we carry out on your behalf a Sale in respect of which there becomes due to the buyer any dividend or other Benefit, you authorise us to debit your account or to withdraw any Investment which we are holding for you and which is due to the buyer. Where we render a claim to you in respect of that Benefit, you agree to supply the Benefit promptly to us. If the Benefit (other than a dividend) is not supplied within twenty-one days of the claim, or in the case of a Benefit subject to an expiry date by not later than two business days prior to expiry, we shall be entitled at our discretion either to purchase the Investment or other Benefit at your expense so as to satisfy the buyer or to debit your account with the equivalent value, to be calculated by us, such debit to be refunded proportionately as and when you supply the Investments or other Benefit in a form good for delivery to the buyer. Where you are so requested you also agree to supply the appropriate tax deduction or credit voucher in respect of the dividend due to the buyer, failing which we are authorised to debit the value to your account if the same is required by law or by the Rules.

### **1.18 PROFESSIONAL CLIENTS**

1.18.1 The term "Professional Client" includes 'per se professionals' and 'elective professionals', in both cases as defined in the Rules of the FCA, but does not include "Eligible Counterparties" as defined by the Rules (primarily national governments, larger companies and market practitioners).

1.18.2 As a Professional Client, you must continue to meet the qualifying criteria and you will be responsible for notifying us if you cease to meet the criteria for being so classified.

1.18.3 Clients have the right to request a different classification; however we reserve the right to refuse such requests.

1.18.4 'Per se professionals' includes:

- (i) authorised firms (except where classified as an Eligible Counterparty);
- (ii) in relation to MiFID business, a large undertaking meeting two of the following three tests:
  - (a) balance sheet total €20 million;
  - (b) net turnover €40 million; and
  - (c) own funds €2 million.
- (iii) in relation to non-MiFID business, a body corporate with called-up share capital of £10 million, or a large undertaking meeting two of the following three criteria:
  - (a) balance sheet total €12.5 million;
  - (b) net turnover €25 million; and
  - (c) an average number of employees during the year of 250.
- (iv) a national or regional government, including a public body that manages public debt at national or regional level, a central bank, an international or supranational institution (such as the World Bank, the IMF, the ECP or the EIB) or another similar international organisation;
- (v) another institutional investor whose main activity is to invest in financial instruments or Investments.

1.18.5

1.18.5.A 'Elective professionals' includes those clients who would otherwise fall to be classified as Retail Clients, but who wish to be treated as a Professional Client and whom we have determined to possess sufficient expertise, experience and knowledge to give us reasonable assurance, in light of the nature of the transactions or services envisaged, that they are capable of making their own investment decisions and understand the associated risks. In relation to MiFID business, other than for a local public authority or municipality in the course of this assessment a client must additionally satisfy two of the three following criteria:

- (i) the client has carried out transactions, in significant size, on the relevant market at an average frequency of ten per quarter over the previous four quarters;
- (ii) the size of the client's overall financial instrument portfolio (including cash deposits and not restricted to the client's portfolio with Charles Stanley) exceeds €0.5 million; and
- (iii) the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

1.18.5.B For a local public authority or municipality the assessment and criteria must be met separately in respect of business in the course of or connected to its administration of a pension scheme, and in

respect of other business as a local public authority or municipality. Where a client is a UK local public authority or municipality, to be classified as an Elective Professional we must determine that it possesses sufficient expertise, experience and knowledge to give us reasonable assurance, in light of the nature of the transactions or services envisaged, that it is capable of making its own investment decisions and understands the associated risks. However, instead of satisfying two of the three criteria in (i) to (iii) above, the client must satisfy the criterion in (iv) below as well as one of the criteria in (v):

- (iv) the size of the client's financial instrument portfolio (including cash deposits and not restricted to the client's portfolio with Charles Stanley), exceeds £10,000,000; and
- (v) either:
  - (a) the client has carried out transactions, in significant size, on the relevant market at an average frequency of ten per quarter over the previous four quarters; or
  - (b) the person authorised to carry out transactions on behalf of the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the provision of services envisaged; or
  - (c) the client is an 'administering authority' of the Local Government Pension Scheme within the meaning of the version of Schedule 3 of The Local Government Pension Scheme Regulations 2013 or, (in relation to Scotland) within the meaning of the version of Schedule 3 of The Local Government Pension Scheme (Scotland) Regulations 2014 in force at 1 January 2018, and is acting in that capacity.

For a non-UK local public authority or municipality, the criteria in (iv) and (v) above are replaced with the following:

- (vi) where the local public authority or municipality is established in an EEA State and the EEA State has adopted alternative or additional criteria to those listed in MiFID, those criteria as set out in the law or measures of that EEA State; or
- (vii) in any other case the criteria in (i) to (iii) above.

1.18.6 Having satisfied the assessment in clause 1.18.5 above, in order to be classified as an 'elective professional', the client must give written consent to being so treated, together with an acknowledgement that the client is aware of the protections lost by being so classified.

1.18.7 The following warning sets out the protections under the regulatory system that you may or will lose if you are classified as a Professional Client (including elective professional clients), and these Terms are varied accordingly in relation to Professional Clients. Whilst not exhaustive, the differences can be summarised as follows (further detail can be provided upon request):

- (i) there is less prescription about what has to be communicated to a Professional Client than to a Retail Client. Professional Clients may receive fewer

information disclosures in the areas of marketing communications, financial promotions, and the costs and charges for our services and/or products.

- (ii) the applicable conduct of business regime permits firms to assume that Professional Clients possess the experience, knowledge and expertise to make investment decisions and to properly assess the risks that it incurs in so doing. Where you are an Execution-Only Professional Client and we are required to assess whether an Investment or service is appropriate for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved. Where you are a Professional Client receiving Advisory Dealing, Advisory Managed, Personal Portfolio or Discretionary services and we are required to assess the suitability of a personal recommendation or transaction for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved, and can assume (for 'per se professionals') that you are able financially to bear any investment risks consistent with your investment objectives;
- (iii) when providing Professional Clients with investment advice, we are not required to provide a suitability report;
- (iv) when providing Professional Clients with best execution, we are not required to prioritise the total consideration, in the form of the price and overall costs of the transaction as being the most important execution factors. Nor may we need to inform you of material difficulties relevant to the proper and prompt carrying out of your Order(s). Other than for transactions on behalf of Discretionary accounts, the timeframe for providing confirmation that an Order has been carried out is more rigorous for Retail Clients' orders than Professional Clients' orders;
- (v) the requirements under the client money rules in the FCA Handbook (CASS) are more prescriptive and provide more protection in respect of Retail Clients than in respect of Professional Clients. Where we are holding your client money, we are not required to notify you of whether interest is payable on it;
- (vi) where accounts for a Retail Client include positions in Leveraged Instruments, we are required to inform the client where the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%. These reports do not have to be produced for Professional Clients.
- (vii) Professional Clients may not have access to the Financial Ombudsman Service and may not be eligible for the Financial Services Compensation Scheme (though not all Retail Clients qualify for these either).

#### Trade and transaction reporting

1.18.8 Where we execute an Order on your behalf we will perform the transaction reporting obligations and perform, or agree with our counterparty that it will perform, the trade reporting obligations that you owe to relevant regulators and Execution Venues.

#### 1.19 ELIGIBLE COUNTERPARTIES

- 1.19.1 We may categorise you as an Eligible Counterparty where you are:
- (i) an investment firm;
  - (ii) a credit institution;
  - (iii) an insurance company;
  - (iv) a collective investment scheme authorised under the UCITS Directive, or its management company;
  - (v) a pension fund or its management company;
  - (vi) another financial institution authorised or regulated under European Community legislation or the national law of an EEA State;
  - (vii) a commodity or commodity derivatives dealer;
  - (viii) a local;
  - (ix) a national government or its corresponding office, including a public body that deals with the public debt;
  - (x) a central bank;
  - (xi) a supranational organisation;
  - (xii) a Professional Client, and we have both agreed that you will be classified as an Eligible Counterparty in accordance with the FCA Rules; and we have chosen to treat you as an Eligible Counterparty.
- 1.19.2 We will only treat you as an Eligible Counterparty for Eligible Counterparty business, this being the following services and activities carried on by us with an Eligible Counterparty:
- (i) dealing on own account, execution of orders on behalf of Clients or reception and transmission of Orders; or
  - (ii) any ancillary services, as defined by MiFID, directly related to a service or activity referred to in (i). Aside from these non-advised services and activities, you would be treated by us as a Professional Client.
- 1.19.3 As an Eligible Counterparty, you must continue to meet the qualifying criteria and you will be responsible for notifying us if you cease to meet the criteria for being so classified.
- 1.19.4 Clients have the right to request a different classification; however we reserve the right to refuse such requests.
- 1.19.5 In addition to the loss of protections for Professional Clients as set out in clause 1.18.7, if you are an Eligible Counterparty you should also be aware that you would lose additional protections. For example, we would not be required to:
- (i) provide you with best execution when executing your Orders;
  - (ii) assess the appropriateness of an Investment or service; and
  - (iii) provide you with risk disclosures on the Investments or services that you select from us.

## SECTION 2 - INDIVIDUAL SAVINGS ACCOUNTS (ISAs) AND JUNIOR ISAs (JISAs)

### 2.1 GOVERNING REGULATIONS

- 2.1.1 ISAs and Junior ISAs are governed by this and the following additional clauses in this section 2 (described collectively as “this Section of these Terms”). Every ISA, Junior ISA and this Section of these Terms are subject to the Treasury Regulations.
- 2.1.2 We will notify you if we become aware that by reason of any failure to satisfy the provisions of the Treasury Regulations your ISA (or part thereof) has or will become void for tax purposes. Your ISA or Junior ISA, and this Section of these Terms, will terminate automatically and at once if the ISA or Junior ISA becomes void under the Treasury Regulations.

### 2.2 ISA DEFINITIONS

- 2.2.1 The definitions set out in clause 1.1.5 apply to this Section of these Terms, together with the following:
- “Additional Permitted Subscription” means an additional subscription which you can apply to make into your ISA following the death, on or after 3 December 2014, of your spouse or civil partner.
- “Child Trust Fund” or “CTF” means a child trust fund created pursuant to the Child Trust Funds Act 2004.
- “Eligible Child” means a UK resident under the age of 18 in whose name and for whose benefit the JISA is held, and who otherwise satisfies the conditions for eligibility to hold a JISA as set out in the Treasury Regulations.
- “ISA Brochure” means the brochures issued by us as amended from time to time, which describe the ISA to which you have subscribed or transferred, or intend to subscribe or transfer, as appropriate.
- “ISA Investment” is any Investment which may be held in an ISA in accordance with the Treasury Regulations. It does not include sterling cash deposits or any deposit, Investment or security which may be held only in the cash component of an ISA.
- “ISA Manager” means a Person authorised in accordance with the Treasury Regulations to provide an ISA or Junior ISA.
- “JISA” means a Charles Stanley stocks and shares Junior Individual Savings Account.
- “JISA Application” means an application to us in our standard form to open or transfer a JISA (which may include the transfer of a Child Trust Fund), and made in writing or by electronic communications.
- “JISA Brochure” means our brochure which describes our JISA service, as amended from time to time.
- “JISA Investments” means the Investments held in a JISA.
- “Registered Contact” means a person who is over 16, and either has parental responsibility in relation to the Eligible Child or is the Eligible Child who holds the account.
- All references to “you” in relation to a JISA shall mean the Eligible Child and/or the Registered Contact as appropriate.

### 2.3 ISA GENERAL TERMS

- 2.3.1 You agree that completion and submission of an application for an ISA constitutes acceptance of these Terms, which will take effect upon acceptance by us of your application.
- 2.3.2 Your application will need to contain your original signature. We will only consider applications made by a third party where we are satisfied that a registered lasting power of attorney is in place or, if the third party is acting under a general or enduring power of attorney, that you are physically incapable of signing the application.
- 2.3.3 Unless you notify us to the contrary, your ISA shall be managed in accordance with your client designation as receiving either Discretionary, Advisory Managed, Advisory Dealing, Personal Portfolio or Execution-only services, as set out in clause 1.9.
- 2.3.4 In accordance with the Treasury Regulations:
- (i) the ISA Investments will be in your beneficial ownership;
  - (ii) title in the ISA Investments will be vested in the name of a nominee company owned by us, or will be held to our order;
  - (iii) the Certificate evidencing title to each ISA Investment will be held by us or to our order;
  - (iv) we shall, if you so elect, arrange for you to receive a copy of the annual report and accounts issued by every company or other concern in respect of shares, securities or units which comprise your ISA Investments;
  - (v) we shall be under an obligation (subject to any provisions made by or under any other enactment and if you so elect) to arrange for you to be able
    - (a) to attend shareholders', security holders' or unit holders' meetings;
    - (b) to vote; and
    - (c) to receive in addition to the documents referred to in paragraph (iv) above any other information issued to shareholders, securities holders or unit holders;
  - (vi) we shall satisfy ourselves that any Person to whom we delegate any of our functions or responsibilities under these Terms is competent to carry out those functions or responsibilities;
  - (vii) your ISA shall not be given as security in respect of money borrowed by you or on your behalf;
  - (viii) the maximum amount you can subscribe is the maximum ISA limit per tax year as prescribed in the Treasury Regulations. As well as any subscriptions to your ISA, money that you subscribe in another ISA and then transfer to your ISA with us in the same tax year will count towards your maximum subscription limit for the relevant tax year;
  - (ix) payments out of your ISA can be paid back in to the same ISA during the same tax year without counting towards your ISA subscriptions; and
  - (x) to preserve any ISA subscription allowance, most charges relating to the ongoing service may, upon

request, instead be taken from another account held in your name.

- 2.3.5 We will not enter into transactions for you otherwise than on or in accordance with the rules of a Recognised Investment Exchange, as defined in the Rules.
- 2.3.6 You authorise us to reclaim from HMRC all tax deductions and refunds to which you are entitled in relation to the ISA.
- 2.3.7 We will issue to you or your appointed agent:
- (i) a contract note following each transaction, or a statement from time to time listing transactions, showing full details including our remuneration (subject to clause 1.6.7) and any remuneration received from any third party (other than another client) in respect of that transaction;
  - (ii) regular statements of account, which will show the transactions entered into by us together with income and other payments received from or on your behalf during the relevant period; and
  - (iii) valuations and reports from time to time in accordance with the description in the ISA Brochure.

#### 2.4 ISA TRANSFERS, CANCELLATION AND WITHDRAWAL

- 2.4.1 Your attention is drawn to the notice of your cancellation rights on page 2 of this booklet.
- 2.4.2 Where we receive a valid instruction to transfer to another ISA Manager (which for the avoidance of doubt must be sent by you delivering to us a signed transfer instruction) any amount which you have subscribed to an ISA in the same tax year as that in which the transfer is to be effective, the instruction shall (regardless of the amount or value which we are instructed to transfer) be taken to extend to the entire subscription (and neither less nor more) of such ISA, as revalued at the transfer date.
- 2.4.3 On receipt of your written instructions we will (subject to these Terms and within such times as shall be agreed) transfer all or part of your ISA, with all rights and obligations of the parties to it, to another ISA Manager. You will need to agree terms with the ISA Manager to whom the ISA is to be transferred, and should note that ISA Managers are not obliged to accept transfers.
- 2.4.4 Where you wish to transfer your ISA, or part of your ISA, to another ISA Manager we will, on receipt of your instructions and within the time stipulated by you (which may not be less than twenty-eight days), transfer your ISA, or part of an ISA, to the ISA Manager specified by you. Where you withdraw cash or Investments from your ISA we will, on receipt of your written instructions and within the time stipulated by you (which may not be less than twenty-eight days), transfer to you or your appointed agent all or part of the cash or Investments held in the ISA or the proceeds arising from those Investments. While normally we will carry out the transfer within the time you stipulate, occasionally it may take longer to complete due to factors outside our control.
- 2.4.5 A surviving spouse or civil partner of a deceased ISA holder (held either with us or another ISA Plan Manager) may make Additional Permitted Subscriptions (APS)

in accordance with the Treasury Regulations and the conditions set out in our application form for such purpose.

#### 2.5 AVOIDING LOSS OF ISA BENEFITS

- 2.5.1 In the event that compliance with your instructions reduces or extinguishes, or would or might, if carried out, reduce or extinguish any benefits of the ISA, we accept no responsibility for such reduction or extinction if we act in accordance with your instructions, but we reserve the right not to comply with any instructions which we reasonably believe may lead to such a reduction. It is further agreed that we may take such action as we consider necessary to avoid or minimise such loss, but shall have no liability for failing so to act. In any case where it is our reasonable opinion that you wish your instructions to be carried out regardless of any possible adverse taxation or other consequences, we will carry out the instructions and not take mitigating action on our own initiative, and you accept the possible consequences of benefits being lost, the ISA being rendered void and/or the retrospective withdrawal of previous benefits.

#### Repair of ISAs

- 2.5.2 In certain cases of breach of Treasury Regulations in relation to investment rules or governing subscription to a disallowed combination of ISAs, HMRC may allow the position to be rectified (a process known as “repair”) and the ISA to be continued, subject to a penalty or to some action being taken in relation to the ISA. HMRC may impose a time limit for such action to be taken. You agree that, in the absence of alternative instructions from you, we are to seek to maintain HMRC status of the ISA and to take such action and to meet such penalty on your behalf as is required by HMRC to effect the repair of the ISA. Provided that we act in good faith we shall not be liable for any loss or tax liability incurred by our taking or not taking action in these circumstances, nor if HMRC status of your ISA is nevertheless lost.

#### 2.6 VARIATION OF ISA TERMS

- 2.6.1 This Section of these Terms may be varied by us in accordance with clause 1.2.2 provided that such variation does not infringe the Rules or the Treasury Regulations. Any variations to this Section of these Terms which are notified in our ISA newsletter will be read as one with these Terms and will on issue of the relevant ISA newsletter be deemed notification in accordance with this clause and clause 1.2.2.

#### 2.7 DEATH

- 2.7.1 In the event of your death, your ISA (and any tax exemptions associated with the ISA) will cease from the date of your death.
- 2.7.2 On receipt of a certified copy of your death certificate, the ISA wrapper will be removed. The investments in the former ISA will either be dealt with in accordance with clause 1.2.6 above or, where the spousal/civil partner transfer rules under the Treasury Regulations apply, in accordance with those Regulations. We will apply our usual charges applicable to that account.

## 2.8 JUNIOR ISAs

### General

2.8.1 References in this Section 2.1-2.7 of these Terms to an ISA shall be read as to applying equally to a JISA, unless the contrary appears below.

### JISA account opening and cancellation

2.8.2 A JISA Application may be made by a Registered Contact on behalf of an Eligible Child, or by an Eligible Child who has attained the age of 16 years.

2.8.3 A JISA Application may be cancelled by the Registered Contact within fourteen days from the date we receive the JISA Application, by writing to us at JISA Dept, Charles Stanley, 55 Bishopsgate, London EC2N 3AS. HMRC will treat the position as if no subscription to a JISA had been made. We will return the subscription to the Registered Contact, after deducting our proportionate charges.

2.8.4 We shall refuse to accept a JISA Application

- (i) which is unsigned by the Registered Contact, is undated or is otherwise incomplete;
- (ii) where, in our reasonable opinion, any part of the JISA Application is untrue, or that any document presented in support of it is incorrect;
- (iii) which indicates that the eligibility conditions for JISAs or specified subscription limits (as set by HMRC, the Treasury Regulations or our JISA Brochure) have not been satisfied; or
- (iv) where we have previously terminated an account held with us by the Registered Contact in accordance with clause 1.2.3 (ii).

### Registered Contact

2.8.5 We shall only accept instructions concerning the management of the JISA from the Registered Contact, unless:

- (i) we have accepted the Eligible Child's application to become the Registered Contact of the JISA in accordance with clause 2.8.9 below;
- (ii) we have accepted a JISA Application made by an Eligible Child who has attained the age of 16 years; or
- (iii) we have become aware that the Registered Contact no longer has parental responsibility in relation to the Eligible Child, whereupon clause 2.8.8 (iii) shall apply.

2.8.6 In accordance with the Treasury Regulations, we shall consider an application in our standard form for a change of the identity of the Registered Contact, unless:

- (i) any of the provisions of clause 2.8.4 above apply; or
- (ii) we have reason to believe that the applicant has provided untrue information

and, in either case, provided that we have received the consent of the existing Registered Contact.

2.8.7 We shall consider an application in our standard form for a change of the identity of the Registered Contact without receiving the consent of the existing Registered Contact in circumstances where:

- (i) the applicant is the Eligible Child making an application to become the Registered Contact as set out under clause 2.8.9;
- (ii) we have received evidence of the death or incapacity of the existing Registered Contact;
- (iii) despite reasonable efforts having been made by us to contact the Registered Contact, that person cannot be contacted;
- (iv) the applicant is the adopter or has been appointed as a guardian or special guardian of the Eligible Child;
- (v) we are bound to follow the direction of a Court order; or
- (vi) a Court order, under which the Registered Contact has parental responsibility, is brought to an end.

2.8.8 The authority of the Registered Contact in relation to the JISA shall cease on the earlier of:

- (i) the Eligible Child's 18th birthday (whereupon the JISA ceases to be a JISA, and we shall hold the JISA Investments in a tax free ISA wrapper pending instructions in accordance with clause 2.8.19 below);
- (ii) the Eligible Child becoming the Registered Contact in accordance with clauses 2.8.9 and 2.8.10 below; or
- (iii) we become aware (other than through receipt of a Court order) that the Registered Contact ceases to have parental responsibility for the Eligible Child. We shall decline further instructions from such Registered Contact until we have accepted an application for a change of Registered Contact in accordance with clause 2.8.6 above. In the meantime, we shall not be liable for any investment or other losses arising as a result.

### Eligible Child

2.8.9 Except where the Treasury Regulations apply, we may consider an application by the Eligible Child in our standard form to become the Registered Contact at any time once attaining the age of 16 years but before attaining the age of 18. We may contact the Registered Contact and/or the Eligible Child in this respect at or around such time.

2.8.10 We may refuse an application in our standard form from the Eligible Child to become the Registered Contact

- (i) which is unsigned by the Eligible Child, is undated or is otherwise incomplete; or
- (ii) where, in our reasonable opinion, any part of the information or documentation provided in support of the request is untrue or incorrect; or
- (iii) where that Eligible Child is suffering from a mental disorder of the kind as set out in the Treasury Regulations.

### Administration of the JISA

2.8.11 The JISA will be managed by us in accordance with the Eligible Child's client designation as receiving either Discretionary, Advisory Managed, Advisory Dealing,

Personal Portfolio or Execution-only services, as set out in clause 1.9 (Service levels). The Eligible Child will be regarded as a Retail Client of ours. Clause 2.3.3 (client designation) does not apply to JSAs.

- 2.8.12 The JSA Investments will be held in the beneficial ownership of the Eligible Child.
- 2.8.13 Where the JSA is held as an Advisory Dealing account, the JSA should be invested for capital growth, but this does not prevent investing in income-producing investments.
- 2.8.14 Contract notes, statements of account, valuations and reports applicable to the JSA as described in clause 2.3.7 shall be issued to the Registered Contact until such time as the Eligible Child reaches 18 years, unless:
- (i) we accept the Eligible Child's application to become the Registered Contact pursuant to clause 2.8.9; or
  - (ii) we have accepted a JSA Application made by an Eligible Child who is at least 16 years of age whereupon they will be issued to the Eligible Child.
- 2.8.15 In the event that any person or organisation other than the Eligible Child or Registered Contact makes a subscription to the JSA:
- (i) 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;
  - (ii) we will be under no obligation to record the identity of such donor, or to advise the Registered Contact of this fact. However, we may do so if required by the Rules; and
  - (iii) we may refuse to accept any such subscription in circumstances where
    - (a) we reasonably believe that acceptance may result in the JSA (or any part of it) becoming void under the Treasury Regulations; or
    - (b) we are prevented from doing so by the Rules (for example, in relation to anti-money laundering requirements).

#### **JISA transfers and withdrawals**

- 2.8.16 We will notify the Registered Contact if, by reason of any failure to satisfy the Treasury Regulations, the JSA (or any part of it) has or will become void for tax purposes (for example, as a result of an invalid subscription having been made). The JSA will be closed and as soon as practicable we shall transfer the value of the JSA (or the affected part) to the Eligible Child, after any tax on income received has been recovered and paid to HMRC and deducting our proportionate charges.
- 2.8.17 No withdrawals from the JSA shall be permitted until the Eligible Child reaches the age of 18 years and instructs us in accordance with clause 2.8.18, unless
- (i) such a withdrawal is for the purpose of settling our charges and other incidental expenses pursuant to these Terms as set out in our published scale;
  - (ii) we have received such evidence of the death of the Eligible Child as we require (where the provisions of clauses 2.7 and 1.2.6 apply); or
  - (iii) where the Eligible Child is terminally ill. Subject to the definitions and conditions of the Treasury

Regulations in this regard, the JSA will be closed upon receipt of the documentation prescribed under the Treasury Regulations and the proceeds paid to the Registered Contact.

- 2.8.18 On the Eligible Child attaining the age of 18, the JSA will automatically cease to be a JSA. We shall hold the JSA Investments in a tax free ISA wrapper in our nominee. We shall advise the former Eligible Child of our standard ISA charges and these shall be applied to the holding until:
- (i) the former Eligible Child instructs us to close the account, or (on the receipt of such documentation as we may require) to transfer it to another ISA Manager. After settlement of our charges, we either shall pay the proceeds to the former Eligible Child, or transfer the former JSA Investments in accordance with the Treasury Regulations as appropriate; or
  - (ii) such ISA account opening forms and information as we require to open an ISA account are submitted by the former Eligible Child and accepted by us.
- 2.8.19 In the event that we do not receive any instruction or documentation as envisaged by clause 2.8.18, we shall suspend the former JSA such that
- (i) no action shall be taken in respect of the former JSA, (including in relation to its management, if previously designated as an Advisory Dealing, Advisory Managed, Personal Portfolio or Discretionary managed JSA); and
  - (ii) we shall not be liable for any investment or other losses arising as a result of our failure to administer or manage the ISA during such suspension.

#### **Child Trust Fund Transfers**

- 2.8.20 Where we receive a valid instruction to transfer an existing Child Trust Fund to us and we have accepted an application from a Registered Contact to open a JSA in respect of that Eligible Child, we shall communicate with the existing trust fund manager to transfer the Child Trust Fund and convert it into a JSA.
- 2.8.21 We shall regard the instruction as valid if we are satisfied that the instruction concerns the same Eligible Child and Registered Contact and relates to the entire CTF.
- 2.8.22 The transfer shall be completed
- (i) within 30 days of the expiry of the fourteen day cancellation period set out in clause 2.8.3; or
  - (ii) within 60 days from the expiry of the fourteen day cancellation period set out in 2.8.3, where a change in the Registered Contact needs to take place.
- 2.8.23 In transferring investments from the CTF, we will re-register them in our nominee's name and/or allow for the transfer to be made in cash.
- 2.8.24 Once the JSA is opened and the transfer from the CTF provider has been completed, the JSA will be operated in accordance with this Section 2. Should the transfer not complete for any reason within 60 days, we will close the JSA and return any cash or investments to the CTF provider.

## SECTION 3 - THIS SECTION OF THESE TERMS APPLIES IF YOU ACCESS ANY OF OUR SERVICES USING THE SECURE AREA OF OUR WEBSITE OR IF YOU OR WE USE ELECTRONIC COMMUNICATIONS TO ENGAGE WITH EACH OTHER

### 3.1 OUR WEBSITE

#### Security

- 3.1.1 It is a condition of the provision of our Website to you that:
- (i) You will not disclose the specific login details issued in confidence to you on setting up your account (by act or omission) or allow them to be disclosed to any other person, and you will take all appropriate measures to prevent any third party gaining access to them;
  - (ii) immediately on becoming aware that another party has acquired knowledge of your login details, you will:
    - (a) cease to make further use of them;
    - (b) telephone our Administration Department; and
    - (c) follow this at once with confirmation in writing or by email;
  - (iii) until our Administration Department receives such written confirmation from you, you will be exclusively responsible for any instructions placed or purported to be placed by you under your login details, and we shall be entitled to treat all such instructions as authentic;
  - (iv) you hereby consent specifically to the provision by us to you of information required by the Rules of the FCA by means of a Website without it being addressed personally to you, where we notify you electronically of the address of the Website and the place on the Website where the information can be accessed; and
  - (v) in respect of (iv) above you are responsible for providing us with a correct email address.

#### Reliability of service and content

- 3.1.2 Although we will use all reasonable endeavours to provide you with continuous access to our Website, we do not guarantee or represent that we can do so since neither we nor any other party has any control over the Internet, which is a global decentralised network of computer systems. You acknowledge that the services may not be error free, that they may be interrupted and can be variable.
- 3.1.3 We reserve the right to suspend our services on occasions in order to maintain or repair our Website or related software, or if at any time we are unable for whatever reason to ensure the integrity of the service.
- 3.1.4 You understand that while you may be able to access certain research tools and reports which we provide through the Website, the availability of such information

does not constitute a recommendation to buy, sell or otherwise trade all or any of the Investments mentioned therein. Neither we nor any Person connected with us nor our agents nor our suppliers make any representation as to the accuracy, completeness or timeliness of any information or opinions made available to you on the Website. No information or opinions on the Website constitute an offer or solicitation by us or a Person connected with us to buy, sell or deal otherwise in any particular Investments. You should seek professional advice as to the suitability of any investment referred to on the Website.

#### Copyright

- 3.1.5 All information and opinions on the Website are protected by copyright and other intellectual property laws. They may be displayed and printed for your personal non-commercial use only. You agree not to reproduce, transmit or distribute them to anyone (including, but not limited to, bulletin boards, mailing lists or newsgroups) without our prior written consent.

#### Abuse, Corruption or Misuse of Equipment, Transmission or Data

- 3.1.6 We use reasonable endeavours to ensure that the data on the Website is accurate and to correct any errors or omissions within our control as soon as practicable after we become aware of them. However, we do not guarantee that the Website and any stock related or other information available from it will be error free or uninterrupted. We will not be liable for any inaccuracy, errors or omissions in the stock related information which may be caused by any event beyond our reasonable control (including the electronic transmission of data, content, material and information over the internet and the interception or decryption of it by others) or for any damages resulting therefrom.
- 3.1.7 You agree that you are fully aware of the fact that the information accessible over the Internet may contain viruses or other harmful and destructive components.
- 3.1.8 For the reasons set out in clause 3.1.2 you agree to accept the services "as is" and "as available" without any warranty of any kind either express or implied, including but not limited to warranties of merchantability, speed of data transmission, of any kind whatsoever, fitness or purpose, title or noninfringement.
- 3.1.9 You are responsible for providing and maintaining at an appropriate standard the computer and communications equipment necessary for accessing and using the Website, and for all fees and charges incurred by you in such access and use.
- 3.1.10 You will not use the Website for any unlawful, obscene, abusive or libellous purpose.

#### Liability

- 3.1.11 You accept that we have no liability to you, arising from breach of confidentiality or otherwise, if through no fault of our own any other person sees any communication which is deemed to have been delivered to your email address. You acknowledge that any third party you may have appointed to act on your behalf in connection with your account (or to whom you have given consent to

view your account) will, once authorised by us, be able to view your account details online for administrative purposes only. Such authorisation includes the imposition on the third party of security measures similar to those appearing at clause 3.1.1 of these Terms.

- 3.1.12 We obtain and display on our Website information from third party sources and although we believe them to be of good repute we do not check or monitor it, and we accept no responsibility for the accuracy or timeliness of prices or any other information obtained from such third parties. Information obtained from a third party is clearly identified as such within our Website.
- 3.1.13 We cannot be held liable and will not be liable under any circumstances, for any loss or damages of any kind which result or may result from your use of the Website (including but not limited to system errors, deletion or loss of files, defects or delays in transmission of instructions or other information, any failure of our server or the Internet, or any other event beyond our control) or your access to the Internet or use thereof for any purpose whatsoever or for any reliance on or use of information received on or through the Website or the internet. You agree that your sole and exclusive remedy if dissatisfied with the Website for any reason whatsoever, is termination of our services, and of these Terms, in accordance with the provisions of these Terms.

### 3.2 ELECTRONIC COMMUNICATIONS

- 3.2.1 Due to the inherent difficulties of Electronic Communications, we cannot accept responsibility for the transmission or the reception of (or the failure to transmit or to receive) material where such transmission, reception or failure is caused by or relates to your own systems or that of a third party unconnected to us.
- 3.2.2 It is your responsibility to advise us of your current and correct email or other electronic address, including that address to which you may elect to have us send communications under these Terms (including for example in relation to contract notes under clause 1.9.22).
- 3.2.3 If you communicate with us from an email or other address which we do not recognise, we shall not act on any instruction contained in it. We also reserve the right to cease or temporarily suspend Electronic Communications and begin communicating with you by post or by telephone if, in our reasonable opinion, we consider that this is prudent or necessary (for example, to ensure information security, to comply with the Rules or if we receive an automatically generated message indicating that our Electronic Communication transmitted to you has failed to reach its intended recipient).

## SECTION 4 - THIS SECTION OF THESE TERMS APPLIES IF YOU WISH TO HAVE A CREST PERSONAL MEMBERSHIP ACCOUNT

### 4.1 CREST DEFINITIONS

The definitions set out in clause 1.1.5 apply to this section of these Terms, together with the following:

“Assured Payment Obligations” means obligations incurred to make or receive payments within CREST.

“CDI” means a CREST Depository Interest which is a special kind of security issued under English law by CREST Depository Ltd, a company wholly owned by Euroclear UK & Ireland, and which represents an entitlement to an overseas Investment held by CREST in an overseas share registration or settlement system.

“CMAs” means Cash Memorandum Accounts, which are further described in clause 4.2.20.

“CREST” means the computer-based system in respect of which Euroclear UK & Ireland is approved as the operator under the Uncertificated Securities Regulations 2001.

“CREST Admission Agreement” means the agreement which you are asked to sign, so as to be admitted as a Personal Member of CREST.

“CREST Personal Member Admission Document” refers to the document of the same name incorporating the CREST Personal Member Guide, the CREST Personal Member Terms and Conditions and the CREST Admission Agreement.

A “CREST Investment” means an Investment in respect of which the issuer maintains an electronic register in CREST.

“CREST Personal Member Terms and Conditions” means the provisions which define and/or restrict and/or limit Euroclear UK & Ireland’s duties and obligations in relation to the Euroclear UK & Ireland systems and CREST services, as such term is defined in the document entitled “CREST Personal Member Admission Document” issued by Euroclear UK & Ireland (as amended).

“The CREST Requirements” means the rules, regulations and definitions of Euroclear UK & Ireland as set out in the CREST Personal Member Admission Document.

“CREST shareholding” means a CREST Investment that you purchase in your CREST Personal Membership Account that is registered in your own name and address in the electronic part of each Relevant Company’s share register in CREST, or is a CDI.

“Euroclear UK & Ireland” means Euroclear UK & Ireland Limited, the operator of CREST.

“Escrow Account” means an account in CREST in which Investments are held by CREST to the order of a third party instead of the beneficial owner.

“Excluded Liabilities” has the meaning described in clause 4.2.34.

“Net Settlement Limit” means a limit which you impose on CREST as to the amount which CREST can settle, and is further defined in the CREST Personal Member Terms and Conditions.

“Our Bank” means such bank as with whom we have entered into a Settlement Bank Facilities Agreement.

“Our CREST customers” has the meaning described in clause 4.2.21 (iii).

“Process Agent” has the meaning described in clause 4.2.17.

“Rematerialisation” has the meaning described in clause 4.2.5 (ii).

“Relevant Company” means the company or undertaking which is the issuer of the shares or other Investments in question.

“Settlement Bank” means a bank which is authorised to settle CMAs in CREST.

“Settlement Bank Facilities Agreement” means an Agreement between us and a bank by which the bank agrees (subject to certain conditions) to act as Settlement Bank for those of our clients that we nominate, or such similar agreement that we subsequently enter into with a Settlement Bank.

“The Sponsorship Agreement with Euroclear UK & Ireland” means the agreement between us or your Sponsor, on the one part, and Euroclear UK & Ireland on the other part, by which we or your Sponsor are entitled to sponsor clients as Personal Members of CREST.

“Your Investment Assets” has the meaning described in clause 4.2.27 (i).

“Your Principal” has the meaning described in clause 4.2.27 (iii).

“Your Sponsor” has the meaning described in clause 4.2.13.

## 4.2 APPLYING FOR A CREST PERSONAL MEMBERSHIP ACCOUNT

- 4.2.1 On acceptance by us of your application to become a Personal Member of CREST we will (subject to these Terms) apply to Euroclear UK & Ireland on the basis of your signed CREST Admission Agreement, to set up an account for you. We will supply you with the CREST Personal Member Admission document (together with any amendments to it or any other notice from Euroclear UK & Ireland relating to your participation in the CREST system) by way of Electronic Communication, on our Website or (if you so request) by post. We will not apply if you set a Net Settlement Limit in CREST. If you are accepted as a Personal Member of CREST your name, address and other details will be held directly by Euroclear UK & Ireland.
- 4.2.2 If the application for Personal Membership of CREST is rejected, you cancel your application in accordance with your cancellation rights under the CREST Personal Member Terms and Conditions, or your Personal Membership of CREST is for any reason later terminated by you or by CREST, your CREST Personal Membership Account with us will be closed. Your Personal Membership of CREST will be subject to the CREST Personal Members Terms and Conditions, and you confirm that you will at all times comply with the CREST Requirements.

### Registration of Investments

- 4.2.3 Investments which you purchase in your CREST Personal Membership Account will where applicable be registered in your own name and address in the electronic part of each Relevant Company’s share register in CREST or will be held as CDIs. These are described as “CREST shareholdings” in these Terms. In all cases clause 1.16 (Registration) will apply, and this includes registration of Investments in your own name, in CREST, as described here.

### Adding other shares to your account

- 4.2.4 As a Personal Member of CREST you may transfer into your CREST Personal Membership account any CREST Investments which you may be holding independently. Our charge for this service is available on request.

### Withdrawing shares and “Rematerialisation”

- 4.2.5 You may withdraw any CREST shareholding which is held within your CREST Personal Membership account by instructing us either:
- (i) to transmit it electronically via CREST to another CREST membership account; or
  - (ii) unless it is a CDI, to have it converted by CREST into the form of a paper share certificate registered in your name and address (and no other), a process which is described in these Terms as “rematerialisation”. Our charge for this service is available on request. Rematerialisation of CREST shareholdings may also occur for reasons outside our or your control, for example if the Relevant Company ceases to maintain an electronic register in CREST.
- 4.2.6 If a CREST shareholding in your Personal Membership account, other than a CDI, ceases to be a CREST Investment we shall at our sole discretion be entitled to rematerialise it in your name or to transfer into our nominees to be held on your behalf.
- 4.2.7 On termination of your CREST Personal Membership Account we shall rematerialise all your CREST shareholdings other than CDIs except those in respect of which we receive instructions from you within one month of closure to transfer electronically to another participant in CREST. Our charge for this service is available on request.

### Net Settlement Limits

- 4.2.8 If, after acceptance of your application to open a Personal Membership account in CREST, you set a Net Settlement Limit, or we become aware that you have set a Net Settlement Limit, this will be deemed to be a material breach under clause 4.2.37.

### Notifications which you must make

- 4.2.9 If you are a CREST Personal Member you agree to notify us promptly of any of the following events:
- (i) any change or inaccuracy in your name, address, telephone or fax number or nationality;

- (ii) any inaccuracy of which you become aware in the list of stocks which we show that we are holding for you;
- (iii) if you become bankrupt;
- (iv) if any judgement or court order is sought or threatened against you (whether or not relating to bankruptcy);
- (v) if you are notified by Euroclear UK & Ireland about a bad delivery or asked by Euroclear UK & Ireland to request us to deliver securities to remedy a bad delivery; or
- (vi) any occurrence of any of the events referred to in clauses 2.1.3 or 2.1.4 of the CREST Personal Members Terms and Conditions (which refer to events which may affect your legal right to transfer securities, or which mean that you have financial difficulties).

4.2.10 You agree to notify us in advance if:

- (i) you set a Net Settlement Limit;
- (ii) you instruct Euroclear UK & Ireland not to accept CDIs;
- (iii) you appoint another agent to exercise on your behalf votes attaching to your CREST shareholdings; or
- (iv) you terminate our authority to act for you or appoint a different sponsor or CREST Settlement Bank.

4.2.11 If you send any form, notice or other written communication to Euroclear UK & Ireland you shall send us a copy at the same time.

4.2.12 We will settle CREST Investment transactions for you through CREST, and accordingly you authorise your Sponsor to give relevant instructions to Euroclear UK & Ireland. As explained in clause 4.2.26, CREST Investments to be sold will be transferred prior to settlement to a nominee account in our name and Investments which we purchase for you will be transferred from our nominee account to your CREST Account once payment from you has been received.

### Setting up your account

4.2.13 Subject to these Terms, where you apply to open a CREST Personal Membership Account we or any nominee company which is wholly owned by us and is utilised by us for the purpose of these Terms (collectively “your Sponsor”) will sponsor you as a member of CREST in accordance with the CREST Requirements, subject to:

- (i) your admission and continuing acceptance by Euroclear UK & Ireland as a personal member;
- (ii) your Sponsor’s continuing authorisation by Euroclear UK & Ireland to sponsor you; and
- (iii) the appointment on your behalf of our Bank as your CREST Settlement Bank on our Bank’s standard terms, and our Bank’s continuing acceptance of this appointment.

4.2.14 We may delegate any of our powers, functions or obligations (including the appointment of a Settlement Bank) to one or more of our nominee companies, but we shall retain responsibility to you for performance of these Terms.

### Administration of your CREST membership

4.2.15 Where you have a CREST Personal Membership account, we will safeguard your Investments. Unless and until these Terms are terminated in accordance with its provisions or your Sponsor’s appointment is terminated (and for so long thereafter as is necessary to ensure that you fulfil your obligations to your Sponsor and/or the Bank) you instruct, and grant exclusive authority to, your Sponsor:

- (i) to administer one or more accounts in CREST on your behalf;
- (ii) to send to and receive from Euroclear UK & Ireland instructions and other messages attributable to you, in particular in relation to movements of title to Investments and of cash into and out of any account of yours in CREST and to exercising votes attaching to your CREST Investments;
- (iii) to pay or receive payment in respect of any account of yours through our Bank (including any refund arising from your cancellation of your CREST Personal Membership in accordance with your cancellation rights under the CREST Personal Member Terms and Conditions);
- (iv) to act as your agent for the purpose of receiving on your behalf all notices from Euroclear UK & Ireland relating to your participation in the CREST system; and
- (v) to continue that authority.

### Appointment of a Settlement Bank

4.2.16 As a continuing condition of your admission by Euroclear UK & Ireland to be a member of CREST you are required to appoint a Settlement Bank to provide payment services and in particular to incur and receive Assured Payment Obligations in respect of sums which may become due or owing to or from you by reason of your holding uncertificated Investments in CREST. Accordingly you hereby authorise us to request our Bank to act as your CREST Settlement Bank under your Identification Number specified by Euroclear UK & Ireland for settlement in sterling or in such other currency as we may agree. You agree that if in its discretion our Bank shall accept such appointment and shall agree so to act, the appointment shall be governed by these Terms. You may appoint a different CREST Settlement Bank and/or account but unless agreed otherwise such appointment shall be deemed to be an immediate termination in accordance with clause 4.2.37.

### Service of Legal Proceedings

4.2.17 You irrevocably appoint us as your agent to receive on your behalf service of process (“Process Agent”) in any proceedings brought against you in England by our Bank. Such service shall be deemed completed on delivery to us.

### CREST Requirements

4.2.18 You acknowledge that the services to be provided to you by us, by your Sponsor or by our Bank, and by one to another, insofar as such services are referable

to transactions executed through CREST on your instructions or on your behalf or on your account, will be provided in accordance with the CREST Requirements, which may be amended or varied from time to time and that CREST may be suspended by Euroclear UK & Ireland from time to time. Neither we, your Sponsor nor our Bank shall have any liability for any loss, injury or damage whatsoever as a result of any such amendment, variation or suspension.

4.2.19 You shall duly comply on a timely basis with all the CREST Requirements and shall not ask us, your Sponsor or our Bank to do or not to do anything which, if done or not done by you, would constitute a breach of the CREST Requirements.

#### **Cash Memorandum Accounts**

4.2.20 CREST will maintain one or more CMAs in your name for the receipt and payment of certain cash items, for example dividends, and your CMAs will be settled by our Bank. Unless expressly agreed between us we will not allow your CMAs to go into debit. You agree that all such settlement shall be made by our Bank by way of an account in the name of Charles Stanley & Co. Limited.

#### **Settlement bank facilities**

4.2.21 Our Bank is authorised:

- (i) to incur and receive Assured Payment Obligations for the account of your Sponsor in respect of debits or credits to your Sponsor's CMAs arising from transfers of Investments by us through CREST on your behalf in accordance with clause 4.2.26;
- (ii) to receive Assured Payment Obligations for your account in respect of credits to your CMAs arising from sums receivable by you by reason of your holding uncertificated Investments in CREST; and
- (iii) to debit or credit our account(s) with our Bank on the same day with the net amount of all such Assured Payment Obligations referred to in sub-paragraph (i) and the amount of all such Assured Payment Obligations referred to in sub-paragraph (ii) incurred or received by our Bank on that day in respect of any debit and/or credit to our CMAs and all of the CREST Personal Members under our sponsorship for whom the Bank is for the time being providing CREST Settlement Bank facilities ("our CREST customers").

4.2.22 In particular you acknowledge that:

- (i) our Bank shall have no obligation to account direct to you for any net credit balance of such Assured Payment Obligations or any part thereof referable to you;
- (ii) our Bank is under no obligation to make available any credit facility to you and that accordingly our Bank shall be entitled to set and maintain the Debit Cap on each of your CMAs at zero; and
- (iii) the terms set out herein, together with the CREST Requirements, contain the entire obligations of our Bank relating to the services described in clause 4.2.21 hereof and our Bank shall have no other duties or obligations to you whatsoever.

#### **Disclosure of Information**

4.2.23 You authorise our Bank to disclose any information relating to you to Euroclear UK & Ireland or to any third party if such disclosure is necessary or appropriate for the purpose of compliance by our Bank with any of the CREST Requirements or any statutory or regulatory requirements in any part of the world.

#### **Undertakings to our Bank**

4.2.24 You undertake to our Bank as follows:

- (i) to comply in all respects and at all times with the provisions of the CREST Admission Agreement entered into between you and Euroclear UK & Ireland;
- (ii) to comply in all respects and at all times with all statutory and regulatory obligations applicable to the maintenance and operation of your CREST account;
- (iii) to notify our Bank immediately upon the occurrence of any of the events referred to in clauses 2.1.3, 2.1.4 or 2.15 of the CREST Personal Member Terms and Conditions. These clauses refer to events which may affect your legal right to transfer securities, or which mean that you have financial difficulties;
- (iv) not to instruct us to give to Euroclear UK & Ireland any message which would result in a credit for value to any CREST account of yours and a corresponding debit to a CMA of yours.

#### **CREST payment instructions conclusive**

4.2.25 Our Bank shall be entitled to treat each CREST Payment Instruction and all information obtained through CREST as conclusive without further enquiry.

#### **Transfers of Investments and Cash in CREST Accounts**

4.2.26 You acknowledge and agree that, in respect of your CREST Personal Membership Account, all transfers of Investments through CREST shall be executed by us acting on your behalf as your Sponsor, as follows:

- (i) legal title to Investments acquired shall be credited first to a CREST account of our nominee company and only transferred by free delivery to your CREST account when we so instruct;
- (ii) the consideration for Investments acquired for your account shall be debited to our account with our Bank to which is debited and credited the consideration for all transfers or securities through CREST executed by us for our CREST Customers ("our Settlement Account"), and shall be reimbursed by you to us in accordance with clause 1.17.1;
- (iii) legal title to Investments disposed of shall be transferred by free delivery from your CREST Stock Account to a CREST account of our nominee company and only transferred to a CREST account in the name or for the benefit of the acquirer when your Sponsor so instructs; and
- (iv) the consideration for Investments disposed of shall be credited to our CREST account (and not to your account) and shall be paid by us to you in accordance with clause 1.17.1.

## Interests in your Investment Assets

### 4.2.27 You warrant that:

- (i) you have full beneficial ownership of the Investments, funds and CDIs which are or which in future will be placed by you or on your instructions in your CREST Personal Membership account or which you ask us to hold on your behalf (“your Investment Assets”);
- (ii) that no third party has any charge of any kind over your Investment Assets (including yourself or any person for whom, directly or indirectly, you act as nominee or agent);
- (iii) if you are acting as trustee or agent for anyone else who has an interest in your Investment Assets (“your Principal”) and need consent from your Principal in relation to any matter relating to CREST or otherwise, you will have obtained that consent before it is needed; and
- (iv) you will notify us promptly if you become aware of any reason that might prevent you from freely transferring any of your Investment Assets through CREST (for example, a Court Order, or uncertainty over your beneficial entitlement to the asset).

## Transfers to Escrow Accounts

4.2.28 Where you instruct us to transfer assets to an Escrow Account you warrant that you have given appropriate authority to the receiving CREST member to transfer ownership of the assets to his own account. This arises, for example, in the course of take-over bids, to facilitate your acceptance of the offer. We will act on your instructions to transfer assets in this way without any obligation to ensure that you have given appropriate instructions to the receiving CREST member.

## CREST Depository Interests (CDIs)

### 4.2.29

- (i) Unless you instruct us otherwise we will select the manner in which any overseas Investments are held on your behalf. These may be held in the form of a CDI, which is a UK interest in the overseas Investment issued under English law by CREST Depository Ltd, and which is transferable within the CREST system. Because of differing laws and rules in overseas jurisdictions and settlement systems some event may occur which is outside the control of us, your Sponsor or Euroclear UK & Ireland and which affects the underlying holding of the overseas Investment by CREST. As a result your entitlement to the Investment or the Benefits deriving from it could be adversely affected, reduced or removed. The “CREST Personal Member Guide (International)” describes in more detail the process which CREST will adopt in such cases.
- (ii) Rematerialisation of overseas Investments held as CDIs may not be possible because of overseas rules and practices (for example the requirement in some markets to hold minimum numbers of shares) and the only alternatives may be either disposal of the Investment or its transfer to another CREST membership account.

- (iii) It is not always possible to refuse to accept CDIs in your CREST Personal Membership Account, for example where a UK Investment is taken over by an overseas company, but you can instruct us to dispose of the CDIs thereafter. Accordingly we cannot accept an instruction not to receive CDIs into your account. Notice to us or to Euroclear UK & Ireland not to accept CDIs (unless you rescind it) will be deemed to be a material breach in accordance with clause 4.2.37.

## Reliance on instructions

4.2.30 You agree that we may rely on and act in accordance with any instructions or requests (whether in writing or otherwise) which are (or which we reasonably believe to be) from you or issued on your behalf.

## Indemnity

4.2.31 Save to any extent caused by negligence, wilful default or fraud by us, by your Sponsor or by our employees, you agree to be responsible to pay to us all or any liability, loss, damage, claim, proceedings, charges, costs and expenses incurred by us or your Sponsor directly or indirectly in connection with or arising out of the provision of (or omission to provide) the services described in these Terms howsoever, or which would otherwise not have been incurred.

4.2.32 Save to any extent caused by negligence, wilful default or fraud by our Bank or its employees, you agree to be responsible to our Bank for all or any liability, loss, damage, claim, proceedings, charges, costs and expenses incurred by our Bank directly or indirectly in connection with or arising out of the provision of (or omission to provide) the services described in these Terms howsoever, or which would otherwise not have been incurred.

4.2.33 You shall pay us promptly when validly demanded and you hereby agree that, without prejudice to any other rights or remedies to which we may be entitled at law, we may set off against any claim for payment by us, by your Sponsor or by our Bank any debts or other payment obligations we may owe to you on any account.

## Exclusion of liability

4.2.34 In the case of each party itemised below, no liability shall arise against that party for, or in respect of, any Excluded Liabilities:

- (i) where the party is our Bank, save to any extent caused by wilful default or fraud by our Bank or its employees;
- (ii) where the party is us or your Sponsor, save as required by the Rules or to any extent caused by negligence, wilful default or fraud by us, your Sponsor or our employees. The “Excluded Liabilities” are any loss, injury or damage, or any failure to comply, or delay in complying, with any obligations hereunder, or any other obligations in respect of or in connection with CREST, which is caused directly or indirectly by any cause, event or circumstance in the nature of force majeure or otherwise beyond

that party's reasonable control, including (without limitation) any suspension, unavailability for use, breakdown, failure or damage (however caused) of or to CREST or any other computer, communications or other service system, or any act, omission, breach of contract, fraud, misrepresentation, insolvency, receivership, administration, bankruptcy or liquidation of any other Person.

#### **Termination of Settlement Bank appointment**

4.2.35 Our Bank may terminate or suspend its appointment as Settlement Bank for you at any time at its absolute discretion without notice, provided always that such appointment shall terminate with immediate effect if (and, in the case of a suspension, for as long as) our, your Sponsor's or your participation in CREST is terminated or suspended for any reason.

4.2.36 You may terminate our Bank's appointment as your Settlement Bank upon expiry of thirty days' written notice to our Bank.

#### **Termination of Sponsorship**

4.2.37 The appointment of your Sponsor under these Terms shall terminate:

- (i) immediately, if you commit a material breach of these Terms, and we shall endeavour (but without liability if we fail) to give you prior notice of this; or
- (ii) immediately in the event that these Terms are terminated in accordance with its provisions or if Euroclear UK & Ireland terminates or suspends your Personal Membership of CREST or our or your Sponsor's ability to act as your Sponsor, or if our Bank or any successor Settlement Bank selected by us ceases its appointment in relation to your membership of CREST; and
- (iii) in the event that we or you give notice to terminate the appointment of your Sponsor by giving written notice to the other. Where notice is given, the appointment shall terminate on the expiry of thirty days from the date on which the notice is treated as served under clause 1.3.

4.2.38 Termination of our appointment for any reason shall not affect any rights or obligations of either of us which accrued prior to termination (which in clause 4.2.37 (i) above is the expiry of the notice, if this has been given) and, in particular, shall not limit or restrict your obligation to be responsible to us in relation to any act, event, or omission occurring prior to termination (whether or not we have made any demand or the liability has arisen prior to termination).

#### **General disclaimer**

4.2.39 You acknowledge and agree that:

- (i) we must comply with the rules of, and the terms of the Sponsorship Agreement with, Euroclear UK & Ireland and that we can only do, or require Euroclear UK & Ireland to do, what is required or permitted by the CREST Requirements;
- (ii) Euroclear UK & Ireland (rather than us) is responsible for ensuring that your Net Settlement Limit is not exceeded and we cannot persuade Euroclear UK & Ireland to exceed it even if delivery of securities in excess of the limit is needed to ensure due settlement;
- (iii) we do not monitor the escrow agent and we have no control over securities once they are transferred to an Escrow Account (for example, if securities are charged to your bank or you want to accept a take-over) and therefore cannot prevent securities being transferred from an Escrow Account improperly; and
- (iv) as your Sponsor is independent of Euroclear UK & Ireland, it has no authority to give any advice or waiver, or make any representation on behalf of Euroclear UK & Ireland.

4.2.40 You agree that we shall have no responsibility or liability to you in relation to:

- (i) any matter required or prohibited by the CREST Requirements or the Sponsorship Agreement with Euroclear UK & Ireland or outside our control;
- (ii) the suspension or termination of the CREST membership of any nominee of ours or of our or your Sponsor's ability to act as your Sponsor; or
- (iii) any default by a Settlement Bank (whether or not appointed or recommended by us).

#### **Benefit of Agreement**

4.2.41 Our Bank shall be entitled to the benefit of clauses 1.2.4, 1.8.8, 1.8.10, 4.2.16 to 4.2.26 inclusive and 4.2.32 to 4.2.36 inclusive.

With these exceptions, these Terms confer no rights on any persons other than you and us.

PAUL ABBERLEY (Chief Executive Officer)

Charles Stanley & Co. Limited

Member of the London Stock Exchange.

Authorised and regulated by the Financial Conduct Authority.

3 January 2018

# APPENDIX 1 - ORDER EXECUTION POLICY

The purpose of this summary is to provide our clients with information about our Order Execution Policy and to seek your consent for this policy.

Our Order Execution Policy outlines all the sufficient steps that we take to ensure that we achieve “Best Execution” for you, which means obtaining the best possible results for you when carrying out transactions on your behalf, sometimes referred to as “executing your Orders”.

**Please note that this information should not be seen as a prescriptive statement of how a particular Order must be dealt with.**

If there are terms you do not understand, please refer to the Glossary at the end of this document.

## Client classification

1. Our Order Execution Policy applies only to Retail and Professional Clients (defined in Charles Stanley’s “Our Services and Business Terms” document) where we are executing Orders in Financial Instruments. We will be executing such Orders either “on your behalf”, or transmitting them to a third-party firm for execution by that firm. In all instances we aim to achieve best execution on a consistent basis.

## Executing Orders on your behalf

2. We will be executing Orders on your behalf where you legitimately rely on us to protect your interests in relation to the pricing or other aspects of a transaction that may be affected by how we execute the Order. For example, this will be the case when we:
  - (i) execute your Order by dealing as agent;
  - (ii) execute your Order by dealing as riskless principal on your behalf; and
  - (iii) as agent, “work” an Order on your behalf, which occurs where you place an Order with us and we execute it over a period of time using one or more Execution Venues.

## Transmitting

3. We will transmit an Order to another party for execution by it where:
  - (i) we do not have access/membership to a particular execution venue, for example for Orders in securities traded on overseas markets; or
  - (ii) where in doing so we reasonably believe we may achieve a better outcome than by our directly executing on your behalf. For example we might employ a trading strategy offered via a provider of Direct Market Access (DMA) to execute a substantial Order, accessing multiple Execution Venues with the aim of achieving the best outcome for your Order through minimising the potential for negatively impacting the price whilst working the Order.

## Our obligation to our clients

4. The position at Charles Stanley is that all our clients - both Retail and Professional - are legitimately relying on Charles Stanley to obtain the best outcome for their Orders, since our relationship is always on an agent/client basis. We do not deal as “principal” against our clients’ Orders, including for any riskless principal trades, which are also conducted on an agency basis for our clients.

**We therefore regard best execution as an obligation that extends to all our clients.**

## Order execution

5. Subject to any specific instructions that may be given by you when executing Orders on your behalf (see paragraphs 17 & 18 below), we will take all sufficient steps to obtain the best possible result for you taking into account the execution factors listed in paragraph 7. We will determine the relative importance of the execution factors by using our commercial judgement and experience in light of market information available and taking into account the execution criteria described in paragraph 6 below.

## Execution criteria

6. The execution criteria that will be taken into account are the characteristics of:
  - (i) the client, including whether categorised as Retail or Professional;
  - (ii) the Order;
  - (iii) the Financial Instruments that are the subject of that Order; and
  - (iv) the Execution Venues to which that Order can be directed.

## Execution factors

7. The execution factors that will be taken into account are:
  - (i) **price:** for most liquid instruments, market price will be the overriding factor in attaining best execution. Price is likely to be the main execution factor for Retail Client Orders; however this may not always be the case where, for example, associated costs of dealing on a particular execution venue mean that the total consideration would be excessively impacted. In such circumstances costs rather than price may be the overriding execution factor.
  - (ii) **costs:** where particular Execution Venues carry additional charges (such as exchange fees or settlement/custody costs) we may pass these on. If these charges have a significant adverse impact on the total consideration for your Order (for example, due to the cost of many small trades on an Order book), then at our discretion this may become the most important factor for us to consider.
  - (iii) **speed:** similarly, the speed of execution may be important for some types of Order or client. Speed

will be a high priority when executing an Order in liquid (frequently traded) shares in a fast-moving market.

- (iv) **likelihood of execution and settlement:** in some instances, our ability to execute the Order at all will be the primary factor to be considered. Where, for example, the Financial Instrument is illiquid (rarely traded) or the size of the Order is unusually large compared to normal trading volumes, our ability to carry out the Order may take precedence over other execution factors. Application of the “total consideration” requirement (please see below for more information) may mean that this factor is given precedence over the immediate apparent price of a Financial Instrument where this will – in our opinion – deliver a better overall result for the client.
  - (v) **size and nature of the Order:** the best price in a market is usually represented by the opportunity to trade in a particular size (number of shares or units), which may not match the size of the client’s Order. Where the Order is bigger than the typical quoted size, then the part of the Order executed over and above the threshold, or the terms offered for the whole Order may only be available at a less favourable price. There are various strategies for trading large Orders and we will exercise our discretion where there is no other instruction from the client. Large or illiquid Orders may be executed on a manual basis using the negotiating skills of our Dealing team. In such cases our dealers will source the best available terms by comparing the prices offered by a variety of Execution Venues (including other firms and Multilateral Trading Facilities (MTFs) and Organised Trading Facilities (OTFs)). This may require us to execute Orders over the course of a day, or a number of days, with the overall Order execution being expressed as an average price of all the individual execution fills carried out on a particular day.
  - (vi) **any other consideration relevant to the execution of the Order:** we will take into account any other execution factor relevant to the Order that we believe warrants consideration in terms of how that Order should be executed. This could be simply whether it is a buy or sell Order, the imposition of price limits, non-standard settlement, whether it is part of a contingent Order, or whether the security is dealt in another market.
8. The priority of the execution factors may vary, depending on your client classification:
- (i) if you are a Retail Client, the best possible result will be determined in terms of the “total consideration”, representing the price of the Financial Instrument together with the costs related to execution (including Charles Stanley’s charges). Speed, likelihood of execution and settlement, the size and nature of the Order, market impact and any other implicit transaction costs will be given precedence over the immediate price and cost consideration only

insofar as they are instrumental in delivering the best possible result in terms of the total consideration to you.

- (ii) if you are a Professional Client, price will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, for some clients, Orders, Financial Instruments or markets, we may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

## Execution Venues

9. The main Execution Venues used by us are shown in paragraph 10 below. These Execution Venues are those upon which we place significant reliance. These may be markets where Charles Stanley is a direct member (for example, the London Stock Exchange) or other firms and DMA providers we use when transmitting Orders for them to execute on your behalf. We reserve the right to use other Execution Venues where we deem them appropriate in accordance with our Order Execution Policy and may add or remove any Execution Venues from this list. We will regularly assess the Execution Venues available in respect of any Financial Instruments that we trade to identify those that will enable us, on a consistent basis, to obtain the best possible result when executing Orders. The list of Execution Venues will then be updated, where necessary, following such assessment. You should refer to [www.charles-stanley.co.uk](http://www.charles-stanley.co.uk) from time to time for the current and more detailed list of Execution Venues. You will not be notified separately of any changes to these venues.
10. When carrying out your Orders, we place significant reliance on the following Execution Venues:
  - (i) member firms of the London Stock Exchange;
  - (ii) member firms of the International Capital Market Association;
  - (iii) member firms of overseas stock exchanges;
  - (iv) platforms;
  - (v) managers and administrators of collective investment schemes and other Investments;
  - (vi) other UK and overseas Execution Venues that we deem appropriate and that accord with our Order Execution Policy.
11. Where applicable, we take steps to ensure we do not structure or charge our commissions in such a way as to discriminate unfairly between Execution Venues.
12. We undertake ongoing assessments of the performance of the Execution Venues we use to determine whether they continue consistently to provide the best possible outcomes for clients and also to review the potential suitability of new Execution Venues. In making such assessments we use the results of our own internal best execution monitoring information as well as execution quality data reported by Execution Venues in accordance with MIFID and its implementing measures. This includes the following factors:

- (i) price
- (ii) liquidity
- (iii) execution and clearing costs
- (iv) clearing arrangements, such as settlement reliability
- (v) Execution Venue trading controls

### Selecting an Execution Venue

13. Subject to the above, and to any specific instructions that may be given by you (see paragraphs 17 & 18 below), in order to select an Execution Venue for an Order we will use the following methodology:

- (i) when carrying out Orders on a Trading Venue we will select the Execution Venue that we consider the most appropriate. The Execution Venue may be the Trading Venue itself, or a member firm of the Trading Venue.
- (ii) for a Financial Instrument admitted to trading on a Trading Venue, where we believe that we can trade to your advantage or at no disadvantage to you, we may transmit an Order to, or execute an Order on, an Execution Venue that is outside a Trading Venue.
- (iii) for a Financial Instrument not admitted to trading on a Trading Venue, we will select the Execution Venue that we consider the most appropriate.
- (iv) where we believe that we can trade to your advantage or at no disadvantage to you, Charles Stanley may be used as the Execution Venue. Where we act ourselves as the Execution Venue, we will consider all sources of reasonably available information, including Trading Venues, Systematic Internalisers, other liquidity providers, exchanges, brokers and data vendors, to obtain the best possible result for your Order.
- (v) some Financial Instruments (for example, collective investments such as unit trusts and open ended investment companies, as well as Structured Products) may have only one possible Execution Venue. With single venue products we will take sufficient steps to ensure the fairness of prices offered.

### Execution strategies

14. Subject to any specific instructions that may be given by you (see paragraphs 17 & 18 below), we will carry out an Order by one of the following execution strategies or combination of strategies:

- (i) on a Trading Venue by:
  - (a) executing your Order directly on a Trading Venue or, where we are not a direct member of the relevant Trading Venue, with a third party participant with whom we have entered into an agreement for handling Orders for that Regulated Market or MTF/OTF; or
  - (b) executing your Order with, or transmitting it for execution to, a liquidity provider that forms part of a Trading Venue; or
  - (c) executing your Order with a matching Order

from another client under the rules of a Trading Venue; and/or

- (d) acting as the Execution Venue ourselves.
- (ii) where we have obtained your prior express consent, outside a Trading Venue by:
  - (a) executing your Order with, or transmitting it for execution to, a liquidity provider that is not part of a Trading Venue;
  - (b) executing the Order with a matching Order from another client outside the rules of a Trading Venue; and/or
  - (c) acting as the Execution Venue ourselves.
- (iii) in respect of a Financial Instrument not admitted to trading on a Trading Venue, we will carry out your Order in the manner that we consider the most appropriate.

15. Whilst we might decide it is beneficial to execute all or part of your Order outside a Trading Venue, by way of improved price and/or faster execution, there might be additional risks including:

- (i) Orders may not be subject to the rules of a Trading Venue that have been designed to provide the protection of a fair and orderly market for the execution of Orders;
- (ii) Orders may not benefit from pre- and post-trade transparency that Trading Venues require for Orders to improve price formation; and
- (iii) Orders may not be covered by the relevant clearing and settlement rules of a Trading Venue and non-Order book trades may not benefit from having a Central Counterparty. This means transactions may be subject to a counterparty settlement risk.

### General dealing arrangements

16. The following information summarises in more general terms the execution strategies employed for more commonly traded Financial Instruments:

- (i) **UK Equities (including Investment Trusts):** assuming normal market conditions, we will use our automated Order management system to route Orders to a number of competing electronic Retail Service Providers (RSPs) for execution at the best available price. Although this is not guaranteed, prices are normally better than the best available London Stock Exchange (LSE) bid or offer price at time of polling the RSPs.

Larger and/or illiquid Orders that exceed the pre-set parameters, and/or cannot be executed via the RSP network, are routed to our dealers for review and execution by them. Subject to the execution criteria and execution factors, the complexity of the Order and any specific client instructions, our dealers will determine how best to execute the Order to achieve the best outcome. This may be via:

- (a) the RSP network;
- (b) direct negotiation with registered market makers or other member firms of the LSE or NEX exchange;

- (c) use of Order books (such as LSE or BATS);
- (d) transmission via an electronic DMA (Direct Market Access) system or Smart Order Router that provides our dealers with access to Systematic Internalisers and other Execution Venues; and/or
- (e) by Agency Cross, where clients are sellers and buyers of the same Financial Instrument.

Larger or more complex Orders may need to be worked over a period of time and might be executed using a combination of the above.

- (ii) **International Equities:** Orders are routed directly to our dealers, who will determine how to obtain the best outcome. Orders for Financial Instruments held as CREST Depository Interest will either be executed by RSP or via direct negotiation with London-based market makers. Our normal policy is to deal directly in the local market concerned, we may do this via:

- (a) transmission via a DMA platform; and/or
- (b) transmission to a brokerage firm in the local market.

Orders in international markets are subject to local market rules. Some clients might request that their Order is executed in its entirety or not at all. Whilst this might be possible for UK Financial Instruments (while at the same time restricting execution venue choice) this is not possible for international Financial Instruments where Order book usage is normal.

- (iii) **Collective Investment Schemes (OEICs/Unit Trusts):** Where possible, Orders in Collective Investment Schemes are routed to our preferred Platform(s). Our policy is to buy the units or share classes with the lowest Ongoing Charges Figure (OCF) that are available to us. Orders executed for clients using external custodians, or in Collectives that are not held on our preferred Platform(s), are placed directly with the fund management groups.

- (iv) **Debt securities (such as Government Bonds (Gilts) and Corporate Bonds):** Orders are routed directly to our dealers, who will determine how to obtain the best outcome.

- (a) Execution of smaller Orders may be via:
  - i the RSP network; and/or
  - ii direct negotiation with a registered market maker.
- (b) Execution of larger Orders or Orders in debt securities that are illiquid or difficult to source may be via:
  - i an electronic request-for-quote service directly to bank bond or Gilt desks with whom we are connected; and/or
  - ii for debt securities that are illiquid or difficult to source, a specialist bond broking firm may be engaged to access sources of liquidity that are not otherwise available to us.
- (c) Orders executed via the request-for-quote or specialist bond brokerage firm will normally be executed over the counter (OTC).

- (v) **Exchange Traded Products (ETPs):** As with (i) we will use our automated execution technology to poll competing RSPs. Larger Orders that fall outside of set parameters are directed to our dealers for execution and may be executed via:

- (a) the RSP network;
- (b) direct negotiation with a registered market maker;
- (c) an electronic request-for-quote service to specialist ETP brokerage firms; and/or
- (d) electronic Order books, such as the London Stock Exchange.

- (vi) **Structured Products and Structured Deposits:** Structured Products are executed on an OTC basis, directly with the product provider concerned or via a specialist broker.

- (vii) **Other asset classes:** We will seek to execute Orders for Financial Instruments in other asset classes (for example Debentures, Convertibles, Warrants etc.) on an appropriate Execution Venue. It is likely that venue choice will be very limited and liquidity restricted.

#### Specific client instructions

17. **Where you give us a specific instruction as to the execution of an Order, we will execute the Order in accordance with those specific instructions. Where your instructions relate to only part of the Order, we will continue to apply our Order Execution Policy to those aspects of the Order not covered by your specific instructions.**
18. **You should be aware that providing specific instructions to us in relation to the execution of a particular Order may prevent us from taking the steps set out in our Order Execution Policy to obtain the best possible result in respect of the elements covered by those instructions. We reserve the right to refuse specific instructions from you regarding the execution of your Order, where in our opinion such instructions are not practicable, may be contrary to your best interests or where we are, unable or unwilling to transact with a requested venue or counterparty.**

#### Publishing unexecuted Limit Orders

19. Limit Orders allow investors the ability to specify the minimum price at which they want to sell, or the maximum price at which they want to buy shares, and tell us how long they want the Limit Order to stay open to meet those requirements. It may not always be possible to execute Limit Orders under the prevailing market conditions. We would then be required to make such Orders public ahead of execution, unless you agree that we need not do so. We believe that it is in your best interests if we exercise our discretion as to whether or not we make such Orders public, taking into account what we believe to be your best interests. Where you place a Limit Order with us that is not immediately executed, unless we believe that it would be in your best interest to do so, or you expressly request otherwise, we will not

publish your unexecuted Limit Order during the period that it remains unexecuted.

### Reception and transmission of Orders

20. Subject to any specific instructions that may be given by you (see paragraphs 17 & 18 above), we may transmit an Order that we receive from you to another Charles Stanley entity or to an external entity, such as a third party broker, for execution. In doing so, we must act in your best interests and also comply with paragraphs 4 & 5 above.

### Monitoring and reviewing

21. We monitor compliance with and the effectiveness of our Order Execution Policy. The outcome of all Orders executed in financial instruments admitted to trading on a Trading Venue, whether executed directly by us, transmitted to another party for execution or executed outside of a Trading Venue, are benchmarked against Trading Venues we access and other relevant Trading Venues at the time of execution. Post-trade analysis is undertaken by our dealing function with additional second line challenge and senior management oversight.
22. We will review our Order execution arrangements and Policy at least on an annual basis and whenever a material change occurs that affects our ability to continue to obtain the best possible result for the execution of client Orders on a consistent basis using the Execution Venues included in our policy. In so doing, we shall assess whether a material change has occurred and shall consider making changes to the relative importance of the best execution factors in meeting the overarching best execution requirement. We will notify you of any material changes to our execution arrangements, including our Execution Venues, or our Order Execution Policy, by posting updates on [www.charles-stanley.co.uk](http://www.charles-stanley.co.uk). You will not be notified separately of any changes.
23. You may request that we demonstrate that we have carried out your Orders in accordance with our execution policy. We will respond clearly and within a reasonable time to reasonable and proportionate requests for information about this policy and our Order execution arrangements and how they are reviewed.
24. Tables indicating the Execution Venues on which we place significant reliance for each class of financial instruments, for retail client and professional client Orders, can be found at [www.charles-stanley.co.uk](http://www.charles-stanley.co.uk).
25. The most recent execution quality report for the Execution Venues upon which we place significant reliance can be found at [www.charles-stanley.co.uk](http://www.charles-stanley.co.uk).

### Consent

26. We are required by the Rules of the FCA to obtain your prior consent to our Order Execution Policy. **You will be deemed to provide such consent when you first give an Order after receipt of these Terms.**

27. In order for us to achieve the best results for your Orders when we execute them on your behalf, we may sometimes seek to place your Orders with an Execution Venue other than a Trading Venue. However, for a Financial Instrument that is admitted to trading on a Trading Venue, we are required to obtain your prior express consent before we execute an Order in such Financial Instrument outside a Trading Venue (save where no Trading Venue is included in the list of Execution Venues for that Financial Instrument). **By signing the account opening document and agreeing to our terms thereby, you will be deemed to have provided such prior express consent.**
28. We are required by the Rules of the FCA to obtain your express consent to exercise our discretion when deciding whether or not to publish any unexecuted Limit Orders. **By signing the account opening document and agreeing to our terms thereby, you will be deemed to have provided such express consent.** If you wish, in respect of a particular unexecuted Limit Order, that we should publish that Order ahead of its execution, you will need to include this request when placing your Order with us.

### Glossary

**Agency Cross:** where an investment firm acts as agent for both the seller and buyer of a security and crosses their Orders on an exchange at a mutually agreed price.

**Agent:** a firm trading on behalf of a client.

**BATS Europe:** a pan-European stock exchange.

**Collective Investment Scheme (CIS):** a collective investment scheme is a pooled investment vehicle, for example a unit trust or an OEIC (Open Ended Investment Company), into which investors can make an investment by purchasing a share, unit or fraction thereof, in the fund.

**CREST:** a UK based electronic settlement system (central securities depository) owned and operated by Euroclear UK & Ireland and approved as the operator under the Uncertificated Securities Regulations 2001.

**CREST Depository Interest (CDI):** a special kind of security issued under English law by CREST Depository Ltd, a company wholly owned by Euroclear UK & Ireland, and which represents an entitlement to an overseas Investment held by CREST in an overseas share registration or settlement system.

**Direct Market Access (DMA):** Another firm's electronic trading platform that gives other firms access to liquidity in financial instruments via various markets and against its own book position, but provides the user with control over how an Order is executed.

**Equity:** equities represent ownership interest in a firm, typically referred to as "shares".

**ESMA:** means the European Securities and Markets Authority, which is a European Union financial regulatory institution and European Supervisory Authority, located in Paris.

**Exchange:** a marketplace in which securities, commodities, derivatives and other financial instruments are traded. The core function of an exchange – such as

a stock exchange – is to ensure fair and orderly trading, as well as efficient dissemination of price information for any securities trading on that exchange. Exchanges give companies, governments and other groups a platform to sell securities to the investing public. An exchange may be a physical location where traders meet to conduct business but more often are an electronic platform.

**Exchange Traded Fund (ETF):** see Exchange Traded Products.

**Exchange Traded Products (ETP):** investment products traded on stock exchanges that are usually benchmarked to the performance of indices, or to the price movements of other instruments such as commodities such as oil, gold or currencies. ETPs include Exchange Traded Funds, Exchange Traded Commodities and Exchange Traded Notes.

**Execution Venue:** a Regulated Market, a MTF, an OTF, a Systematic Internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the foregoing.

**FCA:** means the Financial Conduct Authority or any succeeding authority.

**Financial Instrument:** a generic term used to refer to any type of tradable financial asset, such as an equity or debt security, derivative or unit in a collective investment scheme. (See “Our Services and Business Terms”)

**Fixed Income:** securities that pay a rate of interest and involve varying degrees of Counterparty Risk. The most common type of fixed-income securities are Eurobonds and Government Bonds.

**Limit Order:** an Order to buy or sell an Investment at a specified price limit or better and for a specified size.

**MiFID:** the EU Markets in Financial Instruments Directive (Directive 2014/65/EU) and the EU Markets in Financial Instruments Directive Regulation (Regulation 2014/600).

**Multilateral Trading Facility (MTF):** a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with the provisions of Title II of MiFID.

**NEX Exchange:** a secondary trading market for listed or quoted securities admitted to trading on other EU markets or early stage companies.

**Ongoing Charges Figure (OCF):** the OCF represents the ongoing costs attributable to Collective Investment Schemes. This includes the annual management charge (AMC) and other charges for administrative services performed by parties involved in the fund, such as the custodian.

**Order:** an instruction from a Client to buy or sell a Financial Instrument that is accepted by us for execution or transmission to a third party.

**Order Book:** electronic board, usually operated by Regulated Markets, displaying buyers and sellers of financial instruments. Orders can be entered to satisfy, or partially satisfy Orders already advertised at particular price levels or added to the board at a price that is not

necessarily immediately achievable. Opening and closing prices are normally established by an auction process; thereafter price is driven by Orders entered on the board.

**Organised Trading Facility (OTF):** is a multilateral system, which is not a Regulated Market or MTF and in which multiple third-party buying and selling interests in bonds, structured finance product, emissions allowances or derivatives are able to interact in the system in a way which results in a contract.

**Over the Counter (OTC):** where buying and selling is not conducted over an exchange but via a direct link between the firms acting as counterparties to the transaction.

**Platform:** firms that provide investment dealing and custody services to intermediary firms.

**Principal:** a firm which is trading on its own account.

**Regulated Market:** a multilateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with Title III of MiFID.

**Retail Service Provider (RSP):** also known as a market maker. A market maker is a regulated firm that is always ready to both buy and sell a stock at all times.

**Riskless Principal:** back-to-back transactions where the agent, acting on behalf of the client, stands between the market trade, or trades (that might have been executed on one or more venues) and the client. The agent does not take a position and the trades are on the same terms (for example, price, or average price).

**Rules:** means the rules and financial regulations of the FCA, the London Stock Exchange, any other Execution Venue, Clearing House or regulatory authority having jurisdiction in relation to business which we transact for you, and of Euroclear UK & Ireland Limited together with any requirements arising from or regulations made by the FCA (or ESMA) or in accordance with the Financial Services and Markets Act 2000 (or any succeeding legislation).

**Smart Order Router (SOR):** an electronic system that routes Orders to a number of Execution Venues where a security is traded with the aim of obtaining best price and liquidity.

**Structured Products/Deposits:** structured products are generally a type of fixed-term investment where the amount you earn depends on the performance of a specific market (such as the FTSE 100) or specific assets (such as shares in individual companies).

**Systematic Internaliser:** an investment firm that, on an organised, frequent, systematic and substantial basis, deals on its own account when executing client Orders outside a Regulated Market or a MTF or OTF without operating a multilateral system.

**Trading Venue:** a Regulated Market, a Multilateral Trading Facility (MTF) or Organised Trading Facility (OTF).

## APPENDIX 2 - NATURE AND RISKS OF CERTAIN TYPES OF INVESTMENT AND TRANSACTION

### Investments put your capital at risk

1. Investments put your capital at risk. This includes shares and other securities, as well as products, which can offer attractive returns but put you at risk of losing some or all of your capital. You should be aware that even where an investment is labelled as 'capital protected', this does not necessarily mean that the return of your initial investment is guaranteed at maturity, or when you decide to sell, as any such protection is likely to require you to hold to maturity and for certain other conditions to be met. Investments that put your capital at risk include but are not limited to:
  - (i) exchange-traded investments, including shares in companies, investment trusts, covered warrants and other products;
  - (ii) collective investment schemes, such as open-ended investment companies (OEICs) and unit trusts;
  - (iii) government and corporate bonds, as well as funds that invest in debt securities, such as corporate bond funds;
  - (iv) structured products issued by a product provider (usually a banking, insurance or investment management firm);
  - (v) derivatives such as traded and traditional options, futures and contracts for difference; and
  - (vi) investments linked to the performance of a stockmarket index, or some other factor such as a collection of shares or a basket of commodities, usually for a fixed number of years.

### Shares

2. A share is an instrument representing a shareholder's rights in a company. Shares may be issued in bearer or registered form and may be certificated or non-certificated. One share represents a fraction of a company's share capital. Dividend payments and an increase in the value of the security are both possible, although not guaranteed. The shareholder has financial and ownership rights that are determined by law and the issuing company's articles of association. Unless otherwise provided, transfers of bearer shares do not entail any formalities. However, transfers of registered shares are often subject to limitations. Dealing in shares may involve risks including but not limited to the following:
  - (i) **Company risk:** a share purchaser does not lend funds to the company, but becomes a co-owner of the company. He or she thus participates in its development as well as in chances for profits and losses, which makes it difficult to forecast the precise yield on such an investment. An extreme case would be if the company went bankrupt, thereby wiping out the total sums invested.
  - (ii) **Price risk:** share prices may undergo unforeseeable price fluctuations causing risks of loss. Price

increases and decreases in the short-, medium- and long-term alternate without it being possible to determine the duration of those cycles. General market risk must be distinguished from the specific risk attached to the company itself. Both risks, jointly or in aggregate, influence share prices.

- (iii) **Dividend risk:** the dividend per share mainly depends on the issuing company's earnings and on its dividend policy. In case of low profits or losses, dividend payments may be reduced or not made at all.

### Investment products

3. Investment trusts, unit trusts and other investment products often invest in a variety of exchange-traded investments such as shares, debt securities, or other investments that put your capital at risk. The value of an investment linked directly or indirectly to the stockmarket may have a varying degree of risk, depending on its features and (if it is a product) its particular terms and conditions. The main risks involved with such investments are:
  - (i) the return of initial capital invested by you is not guaranteed at the end of the investment period and you may lose some or all of your initial capital invested;
  - (ii) even where an investment is labelled as 'capital protected' at maturity, this does not guarantee the return of initial capital invested by you, as the level of capital protection may be contingent on the ongoing ability of the product provider or issuer to honour its contractual obligations to protect the capital of the product at maturity;
  - (iii) any losses may significantly increase if an investment's structure involves gearing, in which case falls in any index to which an investment is linked can result in an even greater reduction in the capital you invested (see the clauses on geared investments below);
  - (iv) any rate of return advertised might be achieved only after a set period and you may not know until that date how well your investment has performed, while taking your money out early could result in redemption penalties and a poor return;
  - (v) the initial capital invested may be placed into high-risk investments; and
  - (vi) the rate of return you get may depend on specific conditions being met and even professionals may not be able to judge accurately how likely that will be.

### Bonds

4. Bonds are negotiable debt instruments issued in bearer or registered form by a company or a government body to creditors and whose par value at issuance represents a fraction of the total amount of the debt. The duration of the debt as well as the terms and conditions of repayment are determined in advance. Unless stipulated otherwise, the bond is repaid either at the maturity date, or by means of annual payments, or at different rates

determined by drawing lots. The interest payments on bonds may be either fixed or variable. The purchaser of a bond (the creditor) has a claim against the issuer (the debtor). Dealing in bonds may involve risks including but not limited to the following:

- (i) Insolvency risk: the issuer may become temporarily or permanently insolvent, resulting in its incapacity to repay the interest or redeem the bond. The solvency of an issuer may change due to one or more of a range of factors including the issuing company, the issuer's economic sector and/or the political and economic status of the countries concerned. The deterioration of the issuer's solvency will influence the price of the securities that it issues.
- (ii) Interest rate risk: uncertainty concerning interest rate movements means that purchasers of fixed-rate securities carry the risk of a fall in the prices of the securities if interest rates rise. The longer the duration of the loan and the lower the interest rate, the higher a bond's sensitivity to a rise in the market rates.
- (iii) Credit risk: the value of a bond will fall in the event of a default or reduced credit rating of the issuer. Generally, the higher the relative rate of interest (that is, relative to the interest rate on a risk-free security of similar maturity and interest rate structure), the higher the perceived credit risk of the issuer.
- (iv) Early redemption risk: the issuer of a bond may include a provision allowing early redemption of the bond if market interest rates fall. Such early redemption may result in a change to the expected yield.
- (v) Risks specific to bonds redeemable by drawing: bonds redeemable by drawing have a maturity that is difficult to determine, so unexpected changes in the yield on these bonds may occur.
- (vi) Risks specific to certain types of bond: additional risks may be associated with certain types of bond, for example floating rate notes, reverse floating rate notes, zero coupon bonds, foreign currency bonds, convertible bonds, reverse convertible notes, indexed bonds and subordinated bonds. For such bonds, you are advised to make inquiries about the risks referred to in the issuance prospectus and not to purchase such securities before being certain that all risks are fully understood. In the case of subordinated bonds, you are advised to enquire about the ranking of the debenture compared to the issuer's other debentures. Indeed, if the issuer becomes bankrupt, those bonds will only be redeemed after repayment of all higher ranked creditors and as such there is a risk that you will not be reimbursed. In the case of reverse convertible notes, there is a risk that you will not be entirely reimbursed, but will receive only an amount equivalent to the underlying securities at maturity.

### Geared or Leveraged Investments

5. "Gearing" sometimes also referred to as "Leverage", means a strategy with a view to enhancing the return

from or the value of an Investment without increasing the amount invested by the holders of the Investment, involving one or more of the following:

- (i) borrowing money;
  - (ii) investing in one or more Investments, such as (but not limited to) warrants or derivatives, for which a relatively small movement in the value or price of the underlying rights or assets to which the instrument relates results in a larger movement in the value or price of the Investment; and
  - (iii) structuring the rights of holders of an Investment so that a relatively small movement in the price or value of the underlying rights or assets results in a larger movement in the price or value of the Investment.
6. The strategy that the issuer of geared/leveraged investments uses or proposes to use may result in:
    - (i) movements in the price of the Investments being more volatile than the movements in the price of the underlying investments;
    - (ii) the Investment being subject to sudden and large falls in value; and
    - (iii) you getting back nothing at all if there is a sufficiently large fall in value in the Investment.
  7. Borrowing to invest allows an investor to achieve the same effects of gearing/leverage for an individual portfolio. That is to say, it increases the likelihood of sudden and large falls in the value of the Investment or portfolio, such that you may lose the value of your entire initial investment, or even be liable for further losses in the event that insufficient funds remain to repay the borrowings.

### Investment trusts

8. An investment trust is essentially a stock-exchange listed company that holds a collective portfolio of stocks and shares, and whose performance therefore broadly reflects the performance of this "underlying" portfolio. Investment trusts are an example of Investments that may use gearing. An investment trust "gears up" its underlying portfolio when (to an extent that varies from one investment trust to another) it finances the purchase of securities in this portfolio by borrowing money. Nearly all investment trusts rely on a degree of gearing, or may do so in the future. The ability of investment trusts to gear up their portfolios has traditionally been viewed as an advantage that allows them to out-perform the stockmarket. However, the effect can work the other way in falling markets and in the case of particularly highly geared investment trusts there is a risk of total loss of your initial investment. The effect of this gearing is that, when there is a rise in the price of the underlying securities, the value of the net assets attributable to each investment trust security rises by a greater percentage; and when the value of the underlying portfolio falls, the net assets attributable to each investment trust security fall by a greater percentage. As an alternative or additional strategy, the investment trust may pursue a policy of "cross-investing" in other investment trusts, some or all of which may themselves use, or propose to

use, gearing. Accordingly, where the investment trust employs a higher degree of direct or indirect gearing, its securities are likely to be subject to fluctuations in value which are significant compared with the likely fluctuations in value of the underlying investments. Consequently, your holding in the investment trust could be subject to sudden and large falls in value, and indeed you may get nothing back at all if there is a sufficiently large fall in value of this holding. The risk will vary from one investment trust to another.

### Complex Instruments

9. Complex Instruments, as defined by the Rules of the FCA, include Structured UCITS, warrants, covered warrants, futures, traded options, contracts for difference, financial spreadbetting as well as other Investments from time to time, possibly including exchange-traded funds, exchange-traded commodities and structured products. Where you undertake transactions in such Investments on an unadvised basis and without adequate knowledge and experience of their operation, the complexity of such Investments increases the likelihood that you may suffer losses. It is recommended that you seek professional advice before entering into transactions in such Investments.

### Warrants

10. Although warrants and/or derivative instruments can be utilised for the management of investment risk, some of these products are unsuitable for many investors. A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement up or down in the price of the underlying security results in a disproportionately large movement up or down in the price of the warrant. The prices of warrants can therefore be volatile. It is essential for anyone who is considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined timescale the investment becomes worthless. You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a 'covered warrant').
11. An off-exchange warrant transaction involves the trading of warrants that are not listed on any exchange. These "over the counter" transactions may occur electronically or over the telephone. Such transactions may involve greater risk than dealing in exchange-traded warrants because there is no exchange market through which to liquidate your position, or to assess the value of the warrant or the exposure to risk. Bid and offer prices

need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what the fair price should be.

### Securitised Derivatives (including covered warrants)

12. Securitised derivatives are derivative products, such as covered warrants, certificates and contracts for difference, which are freely traded and are listed on Stock Exchanges. These products will usually be classed as Complex Instruments. They enable investors to have exposure to a wide range of underlying products such as shares, indices, commodities and interest rates without investing directly in the underlying product. These instruments may give you a time-limited right or an absolute right to acquire or sell one or more types of Investment that is normally exercisable against someone other than the issuer of that Investment, or they may give you the rights under a contract for differences, which allow for speculation on fluctuations in the value of the property of any description or an index, such as the FTSE 100 index. In both cases, the investment or property may be referred to as the "underlying instrument". These Investments often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investments results in a much larger movement in the price of the Investment. The price of these Investments can therefore be volatile. These Investments have a limited life, and may (unless there is some form of guaranteed return to the amount you are investing in the product) expire worthless if the underlying instrument does not perform as expected. The financial risk associated with some of these products is that an investor may lose their entire initial investment. This could occur because the product may be structured in such a way that an investor's return depends on whether or not the underlying instrument reaches a set level or price. You should only buy this product if you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. You should consider carefully whether or not this product is suitable for you in the light of your circumstances and financial position, and if in doubt please seek professional advice.

### Exchange-Traded Funds and Commodity-linked Investments

13.
  - (i) Exchange-traded commodities ("ETCs"), and other commodity-linked Investments, can sometimes underperform due to, in most (but not all) instances, being based on an underlying commodity future. This future will normally be the near month future and will thus have a finite life. At expiry the future will need to be sold and a new one bought, a process called "rolling", and if the futures are in "contango" (the far month future being more expensive than the near month future), there will be an extra cost, which may cause the ETC (or other Investment) to underperform relative to the commodity in question. The opposite of this is "backwardation", which would normally cancel this imbalance over time

or cause slight outperformance, but it cannot be guaranteed that this will happen.

- (ii) Exchange-Traded Funds (“ETFs”) are typically open-ended investment companies whose shares represent an interest in a portfolio of securities that track an underlying benchmark or index. ETFs include Exchange-Traded Commodities, though some that invest in commodities, currencies, or commodity- or currency-based instruments may be structured differently, for example as listed debt in the form of Exchange-Traded Notes (ETNs). Unlike traditional open-ended investment companies, shares of ETFs typically trade throughout the day on a securities exchange at prices established by the market. ETFs are subject to ‘tracking error’ risks, since factors such as expenses, imperfect correlation between an ETF’s stocks and those in its underlying index, together with rebalancing of the portfolio from time to time, may cause an ETF’s return to deviate from its underlying index. Where ETFs are structured through the use of underlying derivatives, there may also be counterparty risk, in that the provider of the derivatives within the ETF may not be able to honour its commitments. ETFs have evolved over the years, becoming more complex, and investors considering ETFs should evaluate each investment closely and not assume all ETFs are alike. You are recommended to review the product literature and seek professional advice if in any doubt as to whether a specific ETF is suitable for your requirements.
- (iii) Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. Inverse ETFs (also called ‘short’ funds) seek to deliver the opposite of the performance of the index or benchmark they track. Like traditional ETFs, some leveraged and inverse ETFs track broad indices, some are sector-specific, and others are linked to commodities, currencies, or some other benchmark. Inverse ETFs may be marketed as a way for investors to profit from, or at least hedge their exposure to, downward moving markets. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments. Most leveraged and inverse ETFs ‘reset’ daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effects of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period, while the effect of daily ‘resetting’ on the performance of the ETF can be magnified during periods of market volatility.

#### Penny shares

- 14. There is an extra risk of losing money when shares are bought in some smaller companies, including Penny Shares, as there is a big difference between the buying price and the selling price of these shares, such that

if they have to be sold immediately you may get back much less than you paid for them. The price may change quickly and can go down as well as up.

#### Non-Readily Realisable Investments

- 15. These are Investments in which the market is limited or could become so, as there is no certainty that market makers will be prepared to deal in such investments and adequate information for determining the current value of such investments may be unavailable. We may recommend to you or enter into transactions on your behalf in Non-Readily Realisable Investments, or other Investments that may lack liquidity or where liquidity cannot be guaranteed, and we may deal for you in circumstances in which the relevant transaction is not regulated by the rules of any Stock Exchange or recognised investment exchange. You are requested to inform us if you do not wish us to enter into such transactions for you.

#### Alternative investments

- 16. ‘Alternative investments’ is a loosely defined term that includes a wide range of investment categories falling outside the traditional categories of investments such as stocks or bonds. Managers of these products use investment strategies to produce returns that may be largely uncorrelated to traditional stock and bond market movements. Alternative investments include (but are not limited to) hedge funds, real estate funds, private equity and commodity funds. When considering alternative investments you should consider various risks including the fact that some products use gearing and other speculative investment practices that may increase the risk of investment loss, can be illiquid, may not be required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, may not be subject to the same regulatory requirements as regulated collectives, may charge high fees, and in many cases the underlying investments are not transparent and are known only to the investment manager. Alternative investment products are not for everyone and entail risks that are different from more traditional investments. You should obtain investment and tax advice from your advisers before deciding to invest. With respect to alternative investments in general, you should be aware that:
  - (i) returns from some alternative investments can be volatile. You may lose all or a portion of your investment;
  - (ii) the use of a single manager could mean a lack of diversification and higher risk;
  - (iii) many alternative investments are subject to substantial expenses that must be offset by trading profits and other income;
  - (iv) trading may take place on foreign exchanges that may not offer the same regulatory protection as UK Stock Exchanges; and
  - (v) past performance of any investment is not indicative of future results.

### Foreign markets and currency risk

17. Foreign markets, which include the financial markets of developing countries, will involve different risks from the UK markets and in some cases the risks will be greater. On request we will provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which we accept liability for any default of a foreign firm through whom we deal. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.
18. Investments in emerging markets are exposed to additional risks, including accelerated inflation, exchange rate fluctuations, adverse repatriation laws and fiscal measures, and macroeconomic and political distress.
19. In relation to Investments denominated in a foreign currency, changes in the rates of exchange between currencies may cause the value or income of your Investments to go down or up, independently of their value in local currency.

### Suspensions of trading

20. Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

### Tax

21. Where any publications, communications or research refers to a particular tax treatment, the tax treatment depends on your individual circumstances, as well as on the ongoing availability of the tax reliefs, and may be subject to change in future. We do not provide tax advice, nor accept liability for it, and you should always consider seeking professional taxation advice.
22. Investments should be made on the basis of the underlying investment case and should not be solely driven by tax considerations. Despite Investments such as venture capital trusts (VCTs) having the ability to diversify their portfolios, the nature of the underlying portfolios may be high risk such that the Investment itself should be treated as a high risk investment. Such Investments may require long holding periods to be eligible for the tax reliefs and for any profits to be realised. Consequently such Investments are not to be considered as short-term investments. They may also have poor liquidity in secondary markets, meaning that it will not always be easy to sell one's shares. You should also consider the charges that a manager of such products will levy, in particular any performance fees, as these will impact on the performance of your investment. The FCA publishes guidance on the risks of VCTs, which can be found on its website.

### Securities that may be subject to stabilisation

23. We may from time to time recommend transactions in securities to you, or carry out such transactions on your behalf, where the price may have been influenced by measures taken to stabilise it. You should read the explanation below carefully. This is designed to help you judge whether you wish your funds to be invested at all in such securities and, if you do, whether you wish:
  - (i) to be consulted before we carry out any such transaction on your behalf; or
  - (ii) to authorise us to carry out any such transaction on your behalf without first having to consult you.
24. Stabilisation enables the market price of a security to be maintained artificially during the period in which 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 onto the market for the first time, the price can sometimes drop for a time before buyers are found. Stabilisation is carried out by a "stabilisation manager" (normally the firm chiefly responsible for bringing a new issue to market). As long as the stabilising 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.
25. The Stabilisation Rules:
  - (i) limit the period when a stabilising 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.
26. The fact that a new issue or 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 the securities.

### Margined transactions

27. Certain types of transaction, such as the purchase or sale of options, futures and contracts for difference, allow you to enter into contracts for future purchases, sales, or settlement of price differences, which could result in a loss of more than the amount of the initial transaction. In some cases your risk of loss may be unlimited. We will seek to notify you of the amount of margin which you may be required to provide, to help mitigate the impact of any adverse price movement, and the form in which this is to be provided. You understand that such margin may be taken to meet a loss arising on the position, and may not be recovered. The amount of margin may change from day to day, and in some cases from time to time during the day. If you enter into such transactions you agree that you will provide sufficient margin as required by us within the time and in the form stipulated by us. You further agree that, if you fail to do so, we

may, without further notice, take such steps (including closing out all or part of the position) at such time and in such manner as in our absolute discretion we deem appropriate in seeking to mitigate any loss.

#### Money market funds

28. A money market fund is a type of collective investment scheme (fund) that is required to invest in low-risk securities. Money market funds typically invest in government securities, certificates of deposit, commercial paper of companies, or other highly liquid and low-risk securities. They attempt to keep their net asset values (NAV) and therefore their price constant, with only the yield (income) going up and down. These funds have relatively low risks compared to other funds and pay dividends that generally reflect short-term interest rates, but a money market fund's NAV may fall below \$1.00 or £1.00 (or equivalent) per share if the underlying investments perform poorly, with the result that losses to your initial capital are possible. Unlike bank deposits, money market funds do not benefit from the protection provided to bank deposits by the Financial Services Compensation Scheme. Investors should also be aware that although money market funds are required to be highly liquid, offering same day or next day settlement, in certain circumstances redemptions may be suspended.

#### Term Deposits

29. Term deposits are subject to the terms and conditions of the relevant bank or building society, including as to minimum deposit amounts, interest rates and redemption periods. No withdrawals are permitted during the term; this means that a term deposit often cannot be redeemed until maturity. In exceptional circumstances where early redemption is permitted by the relevant bank or building society, this may be subject to early redemption penalties, charges and/or forfeiture of interest.

#### Structured UCITS

30. Structured UCITS are collective investment funds that use financial derivatives, usually a total return swap (TRS), to provide investors with a predefined pay-out at the end of a specific period based on the return on underlying assets. The underlying assets can consist of a variety of asset classes, strategies and indices. They are usually passively managed and can incorporate features such as capital protection or payoff guarantee.
31. Often the portfolio can be comprised of a TRS with a single counterparty, which provides collateral to the fund. The fund will typically invest in a portfolio of assets, such as debt securities, money market instruments and equities. The fund either passes the entire portfolio to the swap counterparty (funded swap) or undertakes to pay the return on the portfolio (unfunded swap). In return, the counterparty provides the fund with a return based on the underlying assets. There can be an increased risk to the fund of being exposed to a single counterparty, and a default of the counterparty would significantly impact on the returns of the fund.

32. While many Structured UCITS provide exposure to a simple basket of assets or traditional index, they can also involve more complicated investment strategies which incorporate long/short equity, absolute return, complex macro, arbitrage and commodity strategies through commodity indices only. These strategies can be highly complex for a retail investor to understand, as can be the management of the TRS and counterparty collateral. There is a risk that the terms of the TRS may not allow for sufficient liquidity to meet redemption requests from investors, which could have an adverse impact on an investor's ability to sell.

#### Structured products and structured deposits

33. Structured products are compound Financial Instruments that have the characteristic of combining a debt instrument with an embedded derivative(s) that provides economic exposure to reference assets, indices or portfolios (hereafter referred to as underlying investments). In this form, they provide investors with pay-offs at predetermined times which are linked to the performance of the underlying investments. At the same time, investors give up their right to any dividends that would have been received on the underlying investments. Structured products can involve complex financial engineering. Although all structured products are slightly different they have some common features:
- (i) Credit risk: the holder of the product will be exposed to the credit risk of the issuer (usually a bank in the form of senior unsecured debt);
  - (ii) Capital at risk: capital repayment depends on the performance of the underlying investments, the future performance of which cannot be guaranteed. Most structured products have some form of capital protection (often known as 'soft protection'), which incorporates a 'barrier', a specified level of the value of the underlying investments that must be breached if capital is to be lost (subject to the continued solvency of the counterparty to the derivative(s)). If this were to occur (typically at maturity only), then investors would lose capital;
  - (iii) Liquidity risk: structured products are typically only available through private placements and may not be traded on a Trading Venue. For some products, the issuer will use reasonable efforts to quote prices in all market conditions, but this cannot be guaranteed;
  - (iv) Exit risk: the availability of a secondary market price for the investment will depend on many factors including, but not limited to, the value and volatility of the underlying investments, interest rates, dividend rates, time remaining to maturity and the creditworthiness of the issuer. There may be no secondary market at all, meaning that the product cannot be sold prior to maturity. Where it can be sold prior to maturity, the price may be less than the amount the holder would have received on maturity of the product;
  - (v) Financial Services Compensation Scheme (FSCS) eligibility: most structured products are unlikely to

be covered by the FSCS. It is important to check this. Investors' rights under the FSCS should be explained in relevant product documentation;

- (vi) Tax risk: the tax treatment of structured products can be complex and tax rates and regulations may change during the term of this investment. If in any doubt, investors should seek their own professional tax advice.

34. Structured deposits are similar to structured products but instead of combining the debt instrument with an embedded derivative, for the underlying counterparty risk they are backed with a cash deposit. In effect they resemble term deposits (such as a fixed-rate bond) with a variable return linked to the performance of an underlying reference asset or index (hereafter referred to as underlying investments). Although all structured deposits are slightly different, they have some common features:

- (i) Credit risk: the holder of the Investment will be exposed to the credit risk of the issuer, subject to the underlying institution being part of the FSCS and the overall limits that apply;
- (ii) Capital at risk: although the capital is typically guaranteed, it is only guaranteed if held to the full term and subject to the credit risk of the counterparty;
- (iii) Performance/return: structured deposits typically offer higher returns than a fixed-rate deposit. However, unlike a fixed-rate deposit, any returns over and above your initial investment are linked to the underlying investments. This means that if the value of the underlying investments falls you may simply receive your initial investment and no additional return. In this scenario, once fees are taken into account you still have the ability to lose money when compared to a fixed rate deposit;
- (iv) Exit Risk: similar to fixed rate deposits, the deposits should be held for the full product term. If they are sold before maturity there is chance that you will lose money;
- (v) Financial Services Compensation Scheme (FSCS) eligibility: unlike structured investments, a structured deposit is usually subject to the FSCS should the underlying provider become insolvent. It is important to check this. Investors' rights under the FSCS should be explained in relevant product documentation; and
- (vi) Tax risk: typically structured deposits are subject to income tax, but this is subject to change.

## APPENDIX 3 - MATERIAL INTERESTS AND POTENTIAL CONFLICTS OF INTEREST

1. Where any firm acts for more than one client, there is the possibility of a conflict of interest. Conflicts may also exist between the interests of a firm, including Persons connected with it, and the interests of clients. Investment firms are required by the Rules of the FCA to establish, implement and maintain an effective conflicts of interest policy appropriate to the size and organisation of the firm and the nature, scale and complexity of its business, in line with the FCA Principles for Business and in particular Principle 8: "A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client".
2. Our firm maintains a Conflicts Management Policy (the Policy) that identifies, with reference to our services, the circumstances that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients. We take all appropriate steps to identify conflicts of interest between our firm, including managers and staff, and our clients, and between one client and another client, which arise or may arise in the course of providing our services.
3. Our staff are required to act in the best interests of each individual client and not to have regard to the interests of one client over the interests of any other. They are required to comply with a policy of independence and disregard any interest other than your own when making recommendations to you or carrying out transactions on your behalf. We maintain and operate effective organisational and administrative arrangements in order to take all appropriate steps to prevent or manage such conflicts from adversely affecting the interest of clients. In respect of the business that we conduct with you, the procedures we follow and measures we adopt include at least those items in the following list that are necessary for us to ensure the requisite degree of independence:
  - (i) effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
  - (ii) the separate supervision of persons whose principal functions involve carrying out activities, or providing services to, clients whose interests may conflict, or whose interests may conflict with the interests of our firm;
  - (iii) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out services and activities, and to prevent or control the simultaneous or sequential involvement of relevant persons in separate services or activities where such involvement may impair the proper management of conflicts of interest; and
  - (iv) a policy of the removal of any direct link between the remuneration of persons principally engaged in one activity and the remuneration of, or revenues

generated by, different persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.

4. Where conflicts of interest are so great that they cannot appropriately be prevented or managed by a combination of these and/or other steps in such a way as to ensure fair treatment for a client and to ensure that client interests will not be damaged, we would be required to disclose the general nature and/or source of the conflict. However, disclosure to clients is a measure of last resort and is not a form of managing that conflict of interest. We are required to take appropriate steps to prevent or manage conflicts of interest beforehand, and rely on disclosure of a conflict only when our administrative and organisational arrangements have failed in this regard.
5. As a result of our organisational and administrative arrangements, we have no general conflicts of interest that are not appropriately prevented or managed, and that we would be obliged to disclose in accordance with the FCA Rules. However, for your information we set out below the details of certain specific areas of conflict and controls.

### Group Structure/Close Links

A potential conflict would exist if a third party product provider or supplier had a material shareholding or financial interest in Charles Stanley Group plc (or vice versa), of a size significant enough to be able to influence the operating decisions of the firm to the detriment of client interests. At the date of these Terms, the Group has no close links to product providers or insurers, other than with respect to the Charles Stanley OEIC range. However, as Charles Stanley Group plc is a publicly listed entity, such a material stake would be possible. If circumstances were to change and such close links arose, we would review the situation carefully to identify and appropriately manage any potential conflict.

### Holistic Wealth Management

Our firm provides full-service wealth management, including discretionary and advisory managed portfolios, advisory and execution-only services and fund management, with investment management services also being provided through the discretionary managed model portfolios hosted on third party investor and Independent Financial Adviser platforms. We (or a Person connected with us) may be the trustee or operator (or an adviser to the trustee or operator) of a collective investment scheme or other Retail Investment Product in which you are advised to invest, or in which discretionary transactions are arranged for you if you are a Discretionary Client. We are cognisant of the potential for conflict between providing investment management services and offering in-house funds, the primary mitigating factor of which is the absence of incentives for investment management staff to recommend in-house funds.

### Remuneration Policies

Our Group Remuneration Policy sets out how we seek to comply with our regulatory obligations regarding executive and staff remuneration and group remuneration schemes, including

the consideration of potential conflicts within our incentive schemes. Where staff are remunerated by reference to business volumes, there is potential for conflict with client interests as such remuneration schemes may provide an incentive to maximise revenues at the expense of clients' interests. It is our policy to assess incentives-based conduct risks and factor these into internal control and monitoring routines. Additional policies are designed to counter any incentives to engage in poor behaviours. Staff are not permitted to receive any payments from clients directly.

### **Staff Personal Dealing**

Staff personal interests in holdings of securities, or in dealing in securities, may conflict with their obligations to clients. For example, when we give you investment advice or (if you are a Discretionary Client) arrange a discretionary transaction on your behalf, staff or connected persons may have an interest, relationship or arrangement that is material in relation to the Investment, transaction or service concerned. We have policies, procedures and monitoring arrangements in place to review staff personal dealing and to restrict it in certain circumstances.

### **External Business Interests**

Staff may not accept any employment or business interest outside the Group without prior approval from management.

### **Inducements/Gifts And Hospitality**

As a matter of policy, our firm and staff do not solicit or accept inducements that could conflict with our obligations to its clients, nor offer nor give inducements which could conflict with the recipient's obligations to its own clients. Gifts, corporate hospitality and similar benefits may fall within this category and we maintain a Gifts & Hospitality Policy and Procedure detailing the requirements around the giving and receiving of gifts and hospitality.

### **Client Categorisation**

A potential conflict exists in that it may be to our benefit to categorise clients as Professional rather than Retail Clients, thereby reducing the level of investor protection enjoyed by clients. Policies and procedures are in place to ensure that clients are only categorised as Professional when this is fully justified in all the circumstances and permitted by the FCA Rules on client categorisation. Otherwise, clients are categorised as Retail Clients.

### **Client Orders**

When we recommend a transaction to you or enter into a transaction for you, conflicts may exist where:

- (i) we carry out your Order by matching it with that of another client;
- (ii) we carry out comparable Orders given simultaneously by different clients;
- (iii) we allocate Investments, where you are a discretionary managed client or your Orders are aggregated with those of other clients but full allocations are not possible; or

- (iv) a Person connected with us is dealing as principal for their own account by selling the Investment concerned to you or buying it from you.

In making any recommendation or in carrying out any transaction for you, we are not required to disclose that the other party to the transaction may be ourselves, a company connected with us, or another client of ours or of another company. Our firm maintains Client Order Handling procedures that are designed to ensure the fair treatment of clients in such instances.

### **Research**

Our main sources of income are fees and trading commissions from our investment management, and advisory and trade execution activities, and the commercial requirements of these businesses can create conflicts of interest for research analysts, as the desire to maximise trading commissions can conflict with the requirement for analysts to provide high quality, timely and unbiased recommendations to investing clients. Charles Stanley and its connected companies, their directors, members, staff and members of their families may have positions in the securities of Financial Instruments referred to in our research. Under our Research Analysts Policy, analysts giving advice on or making a recommendation about a security are required to disregard any relationship, arrangement or interest of their own or of our firm, which might influence the advice or recommendation. Our Research Analysts Policy sets out detailed standards for analysts, both as regards their own conduct and the disclosure of potential or actual conflicts within research publications. Our policy on managing actual or potential conflicts of interest in respect of research can be found at: [www.charles-stanley.co.uk/PCR-policy](http://www.charles-stanley.co.uk/PCR-policy).

6. Although as a result of our organisational and administrative arrangements, we have no general conflicts of interest that are not appropriately prevented or managed, it is possible that we may face specific conflicts in respect of services and/or products provided to particular clients that cannot be appropriately prevented or managed, and that in accordance with the FCA Rules we would be obliged to disclose. Where this occurs, the disclosure shall clearly state that the organisational and administrative arrangements established by us to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented. The disclosure shall include specific description of the conflicts of interest and shall explain the general nature and sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks, in sufficient detail to enable that client to take an informed decision regarding our investment services. Ultimately, it is likely that we would decline to act for such a client.

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### LONDON (HEAD OFFICE)

Charles Stanley & Co. Limited  
55 Bishopsgate  
London, EC2N 3AS

T | 020 7739 8200  
[www.charles-stanley.co.uk](http://www.charles-stanley.co.uk)

### OTHER UK OFFICES

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Charles Stanley & Co. Limited  
55 Bishopsgate London EC2N 3AS  
Tel: 020 7739 8200  
Fax: 020 7739 7798  
DX 123150 BROADGATE-1

[www.charles-stanley.co.uk](http://www.charles-stanley.co.uk)

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