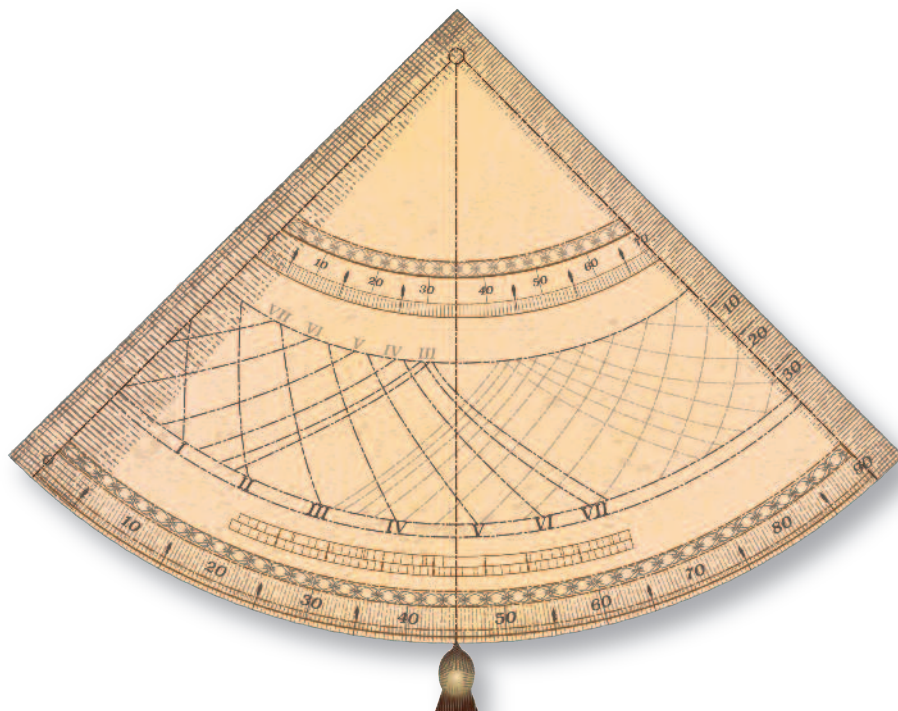




Quadrant

Discretionary Fund Management Service

Application and
Terms of Business Pack

Welcome

Welcome to HFMC Asset Management Ltd ("**HFMCAM/we/us/our**"). We are delighted to welcome you to the **Quadrant Portfolio** service.

This is our **Application and Terms of Business Pack** for our **Quadrant** fund management and custody and dealing arrangement service.

As well as this **Welcome Statement**, our **Application and Terms of Business Pack** is made up of:

- the [Terms of Business Section](#)
- the [Definitions Section](#)
- the [Responsibilities and Fees and Charges Section](#)
- the [Custodian Terms of Business Section](#)
- the **Application Form**

These are important documents that are relevant throughout the setting up and operation of **your Quadrant Portfolio**.

Please read them carefully and ask **your HFMC Wealth adviser** to explain any part of them to you if **you** are unsure of anything within them or have any queries about the service and its terms and conditions.

As elsewhere in the pack, abbreviations and words and phrases in bold in this Welcome Statement have the meanings set out in the [Definitions Section](#).

We have common ownership with the **HFMC Wealth** group of firms ("the **HFMC Wealth group**"). The group includes the advisory firms listed at the end of this **Welcome Statement** ("**HFMC advisory firms**").

HFMCAM only offers its **Quadrant Portfolio** service to clients of those advisory firms ("**HFMC advisory firms**").

We originally conceived the **Quadrant Portfolio** service as a discretionary fund management service, but we have adapted it over time to be able to meet specific client needs by, among other things, providing custody services for advisory and self-select portfolios.

You can now choose between discretionary, advisory and self-select fund management options, subject to the appropriateness/suitability of those options to **you**.

We explain those options in **our Application Form** which **you** can also find in this pack.

You will see there, and elsewhere in the pack, that **HFMCAM** relies on **your HFMC Wealth advisory firm** through **your** individual adviser ("**your HFMC Wealth adviser**") to assess the appropriateness/suitability of the service and its options for **you**.

We only accept an application for the service if and when **your HFMC Wealth adviser** has confirmed that he or she has assessed the service and its options to be appropriate/suitable for **you**.

But please note that **HFMCAM** does not offer its **Quadrant Portfolio** service to clients who do not accept some degree of risk.

You should therefore only consider this **Application and Terms of Business Pack**, and only complete the Application Form within it, if:

- **you** are prepared to accept some degree of risk;
- **you** have an **HFMC Wealth adviser**; and
- **your HFMC Wealth adviser** has made a positive assessment of the appropriateness or suitability of the **Quadrant Portfolio** service and options for **you**.

Quadrant Portfolio service options all include **custody and dealing services**.

HFMCAM arranges and pays for these services for you. The services are performed by the **Custodian**: Pershing Securities Limited ("**PSL**") for onshore services/Pershing (Channel Islands) Limited ("**PCI**") for offshore services. **You** will therefore also be a client of the **Custodian** as part of this package of services.



Terms of Business Section

1. Introduction

- 1.1 **Our Agreement** with **you** (also referred to as **our Terms of Business**) is contained in the following sections of this **Application and Terms of Business Pack**:
 - i. The [Welcome Statement](#)
 - ii. This **Terms of Business Section**
 - iii. The [Definitions Section](#)
 - iv. The [Responsibilities and Fees and Charges Section](#)
 - v. The **Application Form**
- 1.2 As elsewhere in the pack, abbreviations and words and phrases in **bold** in this **Terms of Business Section** have the meanings set out in the [Definitions Section](#).
- 1.3 **Our Terms of Business** will form a contract between **us** and **you** and will be legally binding on **us** and **you**.
- 1.4 They are the terms on which **HFMCM** will provide investment services, specifically fund management and **custody and dealing** arrangement services to **you**.
- 1.5 They will come into force when **we** receive from **you**, and approve, a completed **Application Form** or, if later, when the assets are available to us for the purposes of these Terms of Business.
- 1.6 You will also enter into terms of business with the Custodian. Please see clause 31 below and the Custodian's **Terms of Business Section**.
- 1.7 Please read this **Terms of Business Section** carefully, together with the [Definitions Section](#), the [Responsibilities and Fees and Charges Section](#), the **Custodian's Terms of Business Section** and the **Application Form**. Take as much time as **you** need, think about how they might affect **you**, and please ask **us** to clarify anything **you** feel may be unclear.

2. HFMCM

HFMCM is authorised and regulated by the Financial Conduct Authority (the "**FCA**") in the United Kingdom and is bound by the **FCA's** rules.

3. Your categorisation as a Retail Client

You will be treated by **HFMCM** as a **Retail Client** in accordance with the **FCA's** conduct of business rules.

4. Services

- 4.1 **HFMCM** will provide its **Quadrant Portfolio** fund management and custody and dealing arrangement services to **you**.
- 4.2 **Your Quadrant Portfolio** may contain one or more accounts.
- 4.3 **HFMCM** may provide its fund management services for those accounts on a discretionary, advisory or self-select basis, as described and chosen by **you** in **your Application Form**, but **you** must have at least one account managed by **HFMCM** on a discretionary basis.
- 4.4 For the discretionary or advisory service options, **HFMCM** will provide those services in conjunction with **your HFMC Wealth advisory firm** as described in the [Responsibilities and Fees and Charges Section](#).
- 4.5 **HFMCM** will also, in each case, arrange for the **Custodian** to provide **custody and dealing services** in relation to **your Quadrant Portfolio**, also as described in the [Responsibilities and Fees and Charges Section](#).



5. Responsibilities and Fees and Charges

- 5.1 The respective responsibilities of **your HFMC Wealth advisory firm, HFMCAM** and the **Custodian**, and the fees and charges payable by **you** to them for **your Quadrant Portfolio** are set out in the [Responsibilities and Fees and Charges Section](#).
- 5.2 **You** will be, and must remain, a client of an **HFMC Wealth advisory firm** and the **Custodian**.

6. Reporting

We will arrange for the **Custodian** to report to **you** as set out in the [Responsibilities and Fees and Charges Section](#).

7. Delegation, Use of Agents, Dealing and Counterparties

- 7.1 This clause applies to situations other than **HFMCAM's** arrangement of **custody and dealing services** with the **Custodian** (for which please see clause 23 below).
- 7.2 **HFMCAM** may, where reasonable, employ agents to perform administrative, dealing or ancillary services required to enable **HFMCAM** to perform its services under these **Terms of Business**.
- 7.3 **HFMCAM** will act in good faith and with due diligence in the selection, use, and monitoring of agents and in its choice of counterparties.
- 7.4 If any counterparty should fail to deliver any necessary documents or to complete a transaction, **HFMCAM**, will take all reasonable steps on **your** behalf to rectify such failure or obtain compensation. All reasonable costs and expenses properly incurred by **HFMCAM** following agreement by **you** shall be paid by **you**.
- 7.5 **HFMCAM** may aggregate transactions for the **Quadrant Portfolio** with those of other clients and will allocate such transactions on a fair and reasonable basis in accordance with **FCA rules**.

8. Material Interests, Conflicts and Disclosures

- 8.1 It is not **HFMCAM's** normal policy to enter into transactions where **we** may have a relationship which may give rise to a conflict of interest. In the event of any such transaction arising, **HFMCAM** is obliged to take reasonable steps to ensure fair treatment for **you** in accordance with **FCA rules**.
- 8.2 In accordance with the **FCA rules**, **HFMCAM** will notify **you** in advance of such potential conflicting interests or duties which may arise, for example, if:
 - i) A director or employee of **HFMCAM** (or any associated entity) acts as a director of any company whose investments are held or dealt in on behalf of **you**; or
 - ii) **HFMCAM** (or an associated entity), acts for other clients and acquires or disposes of investments for **your** account together with those for other clients on such basis as **HFMCAM** may determine.
- 8.3 The owners of HFMC Group Holdings Ltd own **HFMCAM** and all the **HFMCAM advisory firms**. This ownership structure does not alter **our regulatory responsibility** to provide **you** with impartial management services, and so should not influence **our** exercise of discretion or management activities for **you**. Please ask if **you** want to discuss this in further detail.
- 8.4 **We** have rigorous processes to ensure **we** always act in **our** clients' best interests.
- 8.5 Although **we** will always try to act in **your** best interests there may be situations where **we** or one of our other clients has some form of interest in the business being transacted for **you**. If this happens or **we** become aware that our interests or those of one of **our** other clients conflict with **your** own interests, **we** will write to **you** and disclose this position. **We** will also let **you** know the steps **we'll** take to make sure **you** are treated fairly.



- 8.6 As a firm which provides investment services, regulations prevent us from accepting or retaining payments or monetary benefits from other firms (such as product providers) which may conflict with **our** duties to **you**.
- 8.7 **We** may accept minor, non-monetary benefits, such as training or proportionate hospitality where the purpose is to enhance the quality of service **we** provide and there is no conflict with our duty to act in the best interests of our clients.
- 8.8 A full copy of our Conflicts of Interest Policy is available on request.

9. Liability

- 9.1 **HFMCM** accepts responsibility for any loss which results from its negligence, willful default or fraud. Although **HFMCM** will always take reasonable care in managing **your** investments, **HFMCM** cannot guarantee;
- i) That **your** investments will not depreciate in value. The value of **your** investments and the income from them may go down as well as up, and **you** may not get back what **you** put in; or
 - ii) Any level of return on capital invested; or
 - iii) That they will not at any time be affected by adverse tax consequences.
- 9.2 **We** shall not be liable for any error of judgment or any loss suffered by **you** in connection with **our** services unless such loss arises from negligence, willful default or fraud by us or any of **our** employees or agents.
- 9.3 **We** will be responsible for entrusting to the safe custody of the **Custodian** securities and documents of title relating thereto (to the extent that they come into **our** possession or control and are not held by us) but **we** shall not be liable in relation to any negligence, willful default or fraud by the **Custodian**. This does not affect any duty or liability which **we** may have to **you** under the Financial Services and Markets Act 2000, or **FCA rules**.
- 9.4 For the avoidance of doubt, **HFMCM** and its **Associated Entities** shall not be liable for any indirect or consequential loss. Any liability of **HFMCM** under these **Terms of Business** will not exceed the actual loss suffered by **you** being the difference between the market value of such investments at the date of mitigation of the loss suffered and the value of such investment at the time action should originally have been taken. No warranty is given by **HFMCM** as to the performance or profitability of **your Quadrant Portfolio** or any part of it.
- 9.5 For the avoidance of doubt, **HFMCM** will not provide tax advice or take into account tax considerations in managing your **Quadrant Portfolio** on a discretionary basis. Neither will **HFMCM** be liable for any tax consequences which **you** may incur as a result of **our** performance of the services provided for by these **Terms of Business**. **You** will be responsible for managing **your** own tax position to make allowance for this.
- 9.6 **You** are solely responsible for the management of **your** affairs to the best advantage for tax purposes including requirements that must be met to qualify as a resident eligible for benefits under taxation treaties. It is **your** responsibility to determine whether relief is available under such treaties. If **you** are in doubt about **your** tax position, it is strongly recommended that **you** consult a professional tax adviser.
- 9.7 **You** agree to keep **HFMCM** and **Associated Entities** and their respective employees, officers, directors and agents indemnified against all costs, claims, liabilities and expenses (including reasonable legal costs) duties and taxes (other than corporation tax on the net income of **HFMCM**) which arise directly or indirectly as a result of:
- i. The proper provision by **HFMCM** of its services or the enforcement of its rights under these **Terms of Business**.
 - ii. Any act or omission of the **Custodian**.
 - iii. **HFMCM** acting upon instructions which **HFMCM** believes, in good faith, to have been received from any authorized employee, agent, officer, or other representative of **you**.
 - iv. Any tax, duty, claim, interest, fine, penalty, damages imposed on **HFMCM** or an **Associated Entity** in connection with any receipt, transfer or holding of **your** cash investments.
 - v. Any breach by **you** of any provision of these **Terms of Business** or any default or failure in the performance of **your** obligations under it.



- vi. Any negligence or willful default by **you** or any contravention by **you** of any applicable legal or regulatory requirements.
 - vii. Any representation or warranty given by **you** or on **your** behalf being untrue or misleading in any respect.
- 9.8 Save that nothing in this clause shall entitle **HFMCM** to be compensated or indemnified against the consequences to **HFMCM** of its own fraud, negligence or willful default, or that of any **Associated Entity** or any officer or employee of **HFMCM** or any **Associated Entity**, or any contravention by **HFMCM** of any provision of the **FCA rules**.

10. ISAs

- 10.1 Separate application forms are required to open **ISAs** and transfer existing **ISAs** into your **Quadrant Portfolio**. Successful applications will constitute “two way” **Agreements** between **you** and the **ISA manager/Custodian**, subject to the **ISA manager/Custodian's Terms & Conditions for ISAs** that accompany the **Application Forms**. These **Terms of Business** authorise us to dictate the investments within any such **ISAs** held within the **Quadrant Portfolio**.
- 10.2 **You** warrant that **you** will notify us of any **ISA** investment(s) that **you** may make outside of the portfolio covered by these **Terms of Business** from the date of these **Terms of Business** (and including the current tax year) and we are entitled to assume that **you** have not made any such investments unless **you** otherwise inform us.
- 10.3 **HFMCM** will not accept liability for any cost or penalty imposed on **you** as a result of **our** utilising **your ISA** allowance pursuant to **your** signing the **ISA Manager/Custodian's ISA** application forms (including investments in subsequent years) unless **you** inform us before we organise any such investment that **you** have already utilised **your ISA** allowance.

11. Force Majeure

Without prejudice to clause 9 (Liability), **HFMCM** will not be responsible for any loss **you** incur or are subject to resulting directly or indirectly from any matter beyond **our** reasonable power to control. This includes, without limitation, government action, suspension of trading, any action, decision or ruling of an Exchange, or the action of any other person beyond **our** reasonable power to control, any war, strike, national disaster, delays in postal services or any other delay or inaccuracy (other than a delay or inaccuracy caused by the negligence, fraud or willful default of **HFMCM**) in the transmission of orders, instructions or other information.

12. Warranties & Undertakings

- 12.1 **You** represent and warrant that:
- i. **You** have the full power to appoint **HFMCM** on the terms of these **Terms of Business** and to enter into transactions within the scope of these **Terms of Business** and have obtained all authorisations and approvals necessary to permit **HFMCM** to do so on **your** behalf.
 - ii. Neither the entry into these **Terms of Business** nor into any such transaction will breach any law, rule or regulation applicable to **you** in force at the start of the **Agreement**.
 - iii. The **Quadrant Portfolio** is free from all liens and charges, and that no liens or charges will arise from your acts or omissions unless otherwise agreed by **us**; and
 - iv. Any information which **you** have provided to **HFMCM** or an **Associated Entity** in relation to your beneficial ownership, status, residence and domicile for taxation purposes and in relation to connected individuals is complete and correct, and that **you** shall provide any further information properly required by any competent authority.
 - v. Without prejudice to the preceding paragraph, **you** confirm that **you** are not a United States Person (as defined by Regulation S under the United States Securities Act 1933) and undertake to advise **us** should **you** become or intend to become a United States person.
 - vi. If **you** are a client subject to the Trustees Act 2000, the investment objectives that **your Quadrant Portfolio** is managed in accordance with, should comply with the Investment Policy Statement (“IPS”) that **you** are obliged to prepare. To this end, if **you** are subject to the Trustees Act 2000, a copy of the IPS should be provided to **us** as Investment Manager.



- vii. **You** will notify **HFMCM** promptly if there is any material change in any of the information provided by **you** to them for the purposes of these **Terms of Business**.
- viii. **You** undertake not to deal with any of the assets in your **Quadrant Portfolio**, except through **HFMCM**, nor to authorise anyone else to deal.

12.2 **HFMCM** represents and warrants that:

- i. It has the full power to enter into these **Terms of Business** and to enter into transactions within the scope of these **Terms of Business** and has obtained all authorisations and approvals necessary to do so;
- ii. Neither its entry into these **Terms of Business** nor into any such transaction will breach any law, rule or regulation applicable to **HFMCM**.

13. Instructions and Communications

- 13.1 By agreeing this contract, **HFMCM** may, without having first sought **your** express permission, telephone **you**, write to **you** (by letter, fax or email) or visit **you**, in such circumstances as **we** reasonably believe to be appropriate. **We** may contact **you** for this purpose on the telephone number **you** have given us (whether listed or unlisted) unless **you** tell us otherwise. **We** shall communicate with **you** in accordance with **FCA rules** and shall not do so at what **we** would regard to be an unsocial hour (which **we** generally regard to be outside normal working hours).
- 13.2 Any communications given by **you** under these **Terms of Business** must be addressed to **HFMCM** at the address in clause 26.2, and shall take effect on actual receipt by a responsible officer of **HFMCM**. All communications in writing by **HFMCM** to **you** shall be sent to the address in clause 26.1, or as otherwise notified by you to **HFMCM**. **We** may, in **our** discretion, refuse to act on any improper instructions or require verification or authentication of any instructions.
- 13.3 **HFMCM** will be entitled to accept instructions from **you** by telephone, fax, email or in writing, but **we** will be entitled to require formal written confirmation of telephone instructions from **you**. **We** may act on any instruction or other communications believed in good faith to have been made or given on **your** behalf.
- 13.4 **HFMCM** will communicate with **you**, and send **you** documents and information, in English.

14. Amendments

- 14.1 **HFMCM** may amend these **Terms of Business**:
 - i. At any time by written notice to **you** where such amendment is necessary to comply with **FCA rules** and such amendments shall take effect from the date specified in such notice; or
 - ii. By three months prior written notice to **you** to change the fees and charges payable by **you** to **HFMCM** or **your HFMCM Wealth advisory firm**, in the circumstances set out in clause 31.8 below; or
 - iii. By 30 days prior written notice to **you** in the case of amendments other than those within (i) and (ii) above, and any such amendments shall take effect from the date specified in such notice unless **you** object in writing prior to that specified date.

15. Warnings

- 15.1 **We** would remind **you** that carrying out investment activities is not risk free even when investing in “Low Risk” investments and would particularly bring to **your** attention the following points.
- 15.2 **You** are reminded that portfolio values, and the income produced by them, may fall as well as rise and that **you** may not get back what **you** have invested. Furthermore, past performance should not be considered a reliable guide to future returns.
- 15.3 If an investment is denominated in a currency other than sterling, changes in the rate of exchange between currencies may cause the value of the investment to diminish or increase and therefore the investor may not get back the amount invested.



- 15.4 Higher volatility funds may be subject to sudden and large falls in value and **you** could get back nothing at all.
- 15.5 The law regarding investments may be subject to change and you should be aware that circumstances and benefits may change due to Governmental practice and policy.
- 15.6 In extreme circumstances or conditions, investment funds have the right to temporarily suspend dealing. In such circumstances, **you** will not have access to the affected funds whilst they are suspended.

16. Complaints

- 16.1 All formal complaints should in the first instance be made in writing to the Compliance Officer, who is responsible for the complaint procedures, at **HFMCM's** postal address, which is HFMCM House, New Road, Weybridge, Surrey KT13 9BW.
- 16.2 In addition, if dissatisfied, then **you** have a right of complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London, E14 9SR. A statement of the Complaints Handling Procedure is available from **HFMCM**.

17. Compensation

We, your HFMCM Wealth advisory firm, and the **Custodian** are all covered by the Financial Services Compensation Scheme. **You** may be entitled to compensation if **we, your HFMCM Wealth advisory firm**, or the **Custodian**, cannot meet our respective obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for up to a maximum limit of £85,000. Further information about the compensation arrangements is available from the Financial Services Compensation Scheme at www.fscs.org.uk.

18. Termination of Agreement

- 18.1 **You** may terminate these **Terms of Business** at any time by written notice to **HFMCM** at the address in clause 26.2.
- 18.2 **HFMCM** may terminate these **Terms of Business** on 30 days prior written notice to **you** or by immediate notice to **you** if so required by any competent regulatory authority by writing to **you** at the address in clause 26.1.
- 18.3 **HFMCM** reserves the right to terminate these **Terms of Business** immediately by notice in writing if it becomes aware that:
- You** have committed a material breach of the terms of the **Agreement** and have not remedied such breach within 30 days of receipt of notice from **HFMCM** requiring **you** to do so; or
 - You** become insolvent or the subject of any bankruptcy order, or if any trustee or administrator is appointed or **you** otherwise become the subject of equivalent procedures under similar law; or
 - You** cease to be a client of an **HFMCM Wealth advisory firm** and/or the **Custodian**.
- 18.4 **HFMCM** also reserves the right to terminate these **Terms of Business** if:
- the investments, assets and/or money in the discretionary managed account within **your Quadrant Portfolio** have an aggregate value of less than £20,000 at any quarterly valuation date;
 - HFMCM** sends you written notice that if **you** do not increase the value of **your** discretionary managed account to £20,000 or more, it will terminate **your Quadrant Portfolio**;
 - 30 days have elapsed since **HFMCM** sent the notice to **you**; and
 - You** have not increased the value of **your** discretionary managed account to £20,000 or more.



19. Consequences of Termination

- 19.1 **HFMCM** will complete expeditiously all transactions in progress at termination. Both parties will use reasonable endeavours to ensure an orderly transfer of the portfolio within a reasonable time period.
- 19.2 Termination will not affect accrued rights, indemnities, existing commitments, or any contractual provision intended to survive termination and will be without penalty or other additional payment except as otherwise provided in these **Terms of Business**.
- 19.3 **You** will pay **HFMCM's** fees pro rata to the date of the termination.
- 19.4 On termination, **HFMCM** may direct the **Custodian** to retain and/or realise such assets as may be required to settle transactions already initiated and to pay any outstanding liabilities, including any fees and charges which may be outstanding.
- 19.5 If, in **HFMCM's** reasonable opinion, you have not used reasonable endeavours to ensure an orderly transfer of the portfolio in a reasonable time period, **HFMCM** may:
- i. give **you** written notice requiring **you** to arrange the transfer of the portfolio within the time specified in the notice, failing which it will take the steps set out in sub-clause ii below: and
 - ii. if **you** do not arrange the transfer of the portfolio within the time specified in the notice in sub-clause (i) above, act as **your** agent to instruct the **Custodian** to:
 - a realise the investments and other assets in **your** portfolio, and convert any money in **your** account with the **Custodian** in foreign currency to sterling;
 - b remit the resulting balance of money to **you** by paying it to the bank account recorded in **your Application Form**, or subsequently notified to **us**; and
 - c close your **Quadrant Portfolio** account with the **Custodian**

20. Data Protection

- 20.1 **HFMCM** is registered under the Data Protection Act 2018. This governs how **we** may use **your** personal information and provides **you** with certain rights in respect of this data. In order to carry out **our** duties under these **Terms of Business** and to provide **you** with the best possible service, **we** will need to process personal information about **you**.
- 20.2 **We** may also process other information relating to other individuals unconnected with these **Terms of Business**. In supplying such information to **us**, **you** confirm that **you** have obtained prior consent to provide this information and for **us** to process it in accordance with these **Terms of Business**.
- 20.3 **Your** personal information is very important to **us**. **We** will endeavour to take all due care to protect this information. **We** would like to highlight below a few matters relating to **your** information of which **you** should be aware.
- 20.4 Some services are provided to **HFMCM** by third parties, such as obtaining compliance or regulatory advice, which warrant the disclosure of more than just **your** basic details. **You** agree that personal information held by **HFMCM** may be disclosed on a confidential basis, and in accordance with the Data Protection Act 2018, to any such third parties, which may include any other entity within the HFM Wealth Group of companies. **You** also agree that this information may be transferred electronically, and **you** agree that **we**, or any such third party, may contact **you** in future by means of communication which **we** consider appropriate at the time.
- 20.5 Product Providers, Lenders, and Investment Managers may administer any existing policies **you** may have with them and provide other services, from centres in countries outside Europe that do not always have the same standard of data protection laws as the UK. However, they are required to put a contract in place to ensure that **your** information is adequately protected, and they will remain bound by their obligations under the Data Protection Act even when **your** personal information is processed outside Europe.
- 20.6 The Data Protection Act 2018 provides you with certain rights in respect of **your** personal information. For example, **you** may request copies of the documents which **we** hold containing personal information about **you**, although **we** have the right to make a charge before providing **you** with this information. Should **you** wish to find out further information or to update the personal information which **we** hold about **you**, please contact **us**, using the contact details in clause 26.2.



21. Confidentiality

- 21.1 The parties (**you** and **us**) will at all times maintain confidentiality covering all information of a confidential nature acquired in consequence of these **Terms of Business**, except that they may disclose such information:
- i. where they may be entitled or bound to disclose it under compulsion of law or where requested by regulatory authorities; or
 - ii. to their professional advisers where reasonably necessary for the performance of their professional services.
- 21.2 Neither **HFMCM** nor any **Associated Entity** is obliged to disclose to **you** information which might be a breach of duty of confidence to any other person.
- 21.3 By signing these **Terms of Business** **HFMCM** is authorised by **you** to disclose information to any third party where such disclosure is in good faith and is reasonably intended to assist in the performance of **HFMCM** obligations in connection with these **Terms of Business** or for other legitimate business purposes. Such third parties may be located outside the European Economic Area in countries which do not provide the same level of protection or information as countries within it.
- 21.4 Subject to **your** legal rights, **you** agree that **you** will promptly, upon request, provide **HFMCM** with information or documentation about or relating to **you** as **HFMCM** may reasonably require for understanding **your** personal needs and objectives, and agree, where required, for disclosure to a counterparty or potential counterparty, provided that such disclosure is in good faith and is reasonably intended to assist in the proper performance of its obligations under these **Terms of Business**.
- 21.5 As part of **our** client account opening and administration process, **we** will use information provided by **you** and **your** legal advisers in order to carry out “Know your client” verification. This is required to be carried out to ensure that there are no potential conflicts of interest or other legal issues arising from **you** being a client of **HFMCM** and renewed on an ongoing basis to assess our continuing relationship.

22. Assignment

These **Terms of Business** is personal to the parties and shall not be capable of assignment by either party or of being transferred by it.

23. Custody, dealing and the Custodian

- 23.1 **HFMCM** will arrange for custody and dealing services to be provided by the **Custodian** for **your Quadrant Portfolio**. The **Custodian** is currently Pershing Securities Limited (“**PSL**”) for onshore accounts and Pershing (Channel Islands) Limited (“**PCI**”) for offshore accounts.
- 23.2 **HFMCM** has entered into an agreement with **PSL/PCI** under which **PSL/PCI** has agreed to provide **custody and dealing services** i.e. dealing, clearing and settlement, safe custody and other associated services to **our** clients.
- 23.3 As further set out in the **Responsibilities and Fees and Charges Section**, the **Custodian** will be responsible for:
- i. the assets held in **your Quadrant Portfolio** (including any uninvested cash) will be held by the **Custodian**;
 - ii. the safeguarding and administration of such monies and assets, including their registration and retention of any documents of title, dealing, clearing and settling transactions effected by **HFMCM** or by **you**, if **you** have chosen **our** advisory or self-select service options; and
 - iii. collecting and crediting all increments, income and accruals to **your Quadrant Portfolio**.
- 23.4 **HFMCM** will not be responsible for the **Custodian** or for safe custody matters and will not be liable for any act or omission of the **Custodian**.



- 23.5 The **Custodian** acts for **you** as **Custodian** of the **Quadrant Portfolio** and **HFMCM** does not accept any responsibility for any default on the part of the **Custodian**, its nominee or agent. **HFMCM** is not liable for the **Custodian's** acts or omissions, or those of the **Custodians** nominees or agents.
- 23.6 **HFMCM** shall give **you** not less than 30 days prior written notice of any proposed change of **Custodian** including proposed changes to the contact details.
- 23.7 The **Custodian's** obligation to settle transactions is conditional upon its holding or receiving all necessary documents or funds.
- 23.8 In addition, delivery or payment by the other party to any such transaction shall be at **your** risk and the **Custodian's** obligation to account to **you** for any investment or the proceeds of sale of any investment shall be conditional upon receipt by the **Custodian** of the relevant documents or sale proceeds (as the case may be) from the other party to the transaction.
- 23.9 At **our** request, **you** shall promptly execute or produce any documents necessary to carry out the transactions effected in accordance with the terms of these **Terms of Business** by us, as fund manager, or by the **Custodian**. Where **you** contemplate a delay or failure in delivering such documents **you** should notify us of this immediately.
- 23.10 **HFMCM** shall not hold the monies and assets in **your Quadrant Portfolio** or be entitled to call for delivery of **your Quadrant Portfolio** to itself and accordingly, **HFMCM** will not hold client money or client assets on behalf of **your Quadrant Portfolio** or be the registered holder of any of **your Quadrant Portfolio** investments.
- 23.11 **HFMCM** may (and may direct the **Custodian** to) realise any securities or other assets held by the **Custodian** for the purposes of meeting any liability incurred by **you** to **us** under these **Terms of Business**, including, but not limited to, **our** fees and charges.
- 23.12 Full details of the **custody and dealing services** being supplied are given in the **Custodian's Terms of Business Section** provided to **you** in this pack, which **you** should read.
- 23.13 **HFMCM** retains the express and absolute right to appoint the **Custodian** and to change the **Custodian** should **HFMCM**, after reasonable consideration and due diligence, deem it appropriate to do so.
- 23.14 Should **HFMCM** decide to appoint a new **Custodian** then it will write to **you** to explain why, and to confirm when the change will take effect. **HFMCM** will act as **your** agent in appointing a new **Custodian** but **you**, not **HFMCM**, will be the client of the **Custodian**.
- 23.15 Our authority under these **Terms and Conditions** is given by **you** on behalf of **your** successors in title as well as yourself. Accordingly, on your death these **Terms and Conditions** will continue in effect. Prior to the production to **us** of any grant of probate, grant of representation or other such equivalent document, **we** shall continue to provide services as agreed under these **Terms and Conditions** in accordance with the investment objectives previously notified to **us**. **HFMCM** will continue to invest the monies held within any of **your** tax wrappers and General Investment Accounts post death, until instructions are received from **your** Personal Representatives relating to either encashment or an in specie transfer.

24. Joint Account

- 24.1 If **you**, as the Client, are more than one person, **your** obligations under these **Terms of Business** shall be joint and several and any reference in these **Terms of Business** to **you**, as the Client, shall be construed where appropriate as a reference to any one or more of such persons.
- 24.2 Any notice or other communication which is given to one of the persons constituting **you**, as the Client, shall be treated as having been given to all persons constituting the Client and **we** may rely and act on instructions given or purporting to be given by any one of the persons constituting the Client. On the death of any of the persons constituting the Client who is survived by any other such person, these **Terms of Business** shall not terminate and the interest of the deceased in the **Quadrant Portfolio** will automatically pass to the benefit of the survivor(s) unless otherwise specified.



25. Additional Provisions

- 25.1 These **Terms of Business** (as amended from time to time) constitute the entire agreement of the parties (**you, us**), superseding all prior representations, proposals, agreements or understandings (whether written or oral) made by any party relating to the subject matter of these **Terms of Business**. No party shall have any liability in respect of any such representations, proposals, agreements or understandings (unless fraudulently made) which are not expressly set out in these **Terms of Business**.
- 25.2 The illegality, invalidity or unenforceability of any provision of these **Terms of Business** under the law of any jurisdiction shall not affect the legality, validity or enforceability of any other provision or the **Terms of Business** as a whole.
- 25.3 The parties (**you** and **us**) do not intend that any term of these **Terms of Business** should be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to these **Terms of Business**.

26. Addresses for Notices and Contact Details

- 26.1 Subject to clause 26.2 any instruction or communication to be given by either party to the other party under these **Terms of Business** must be in writing and sent to the known address as notified by the parties and will take effect upon its actual receipt.
- 26.2 Please note that any instruction or communication to be given to **HFMCM** must be provided to the following postal address:
- HFMC Asset Management Limited, HFMC House, New Road, Weybridge, Surrey, KT13 9BW.
- 26.3 For other matters, the contact details for **HFMCM** are:
- t: +44 20 7400 4700
e: investment-admin@hfmwealth.com

27. Asset Classes

- 27.1 This clause applies to the accounts in **your Quadrant Portfolio** which **we** manage on a discretionary basis.
- 27.2 Subject to the risk profile and objectives of **your** selected **Quadrant Portfolio Investment Strategy**, **your Quadrant Portfolio** may include, but is not limited to, direct or indirect holdings of UK and overseas equities, gilt-edged securities, other types of bond or fixed interest securities, units or shares in regulated collective investment schemes, commodities or other rights or assets that are liquid i.e. they can be sold quickly, with minimal loss of value, at any time within market hours.
- 27.3 Exposure to collective investment schemes investing in property may also be included in a **Quadrant Portfolio**, dependent on whether **you** have elected to have this property exposure or not. Should this be the case, **you** should be aware that in adverse market conditions, managers of these collective investment schemes may reserve the right to move from offer to bid pricing to deter investors from leaving their funds.
- 27.4 The investment objectives of your **Quadrant Portfolio** shall not be deemed to have been breached as a result of changes in the price or value of certain assets of **your Quadrant Portfolio** brought about solely through market forces or movements in the market. **HFMCM** shall not be obliged under the terms of these **Terms of Business** to undertake the management of investments the management of which would, in **our** opinion, be unreasonable or onerous to **HFMCM**.



28. Restrictions

- 28.1 This clause applies to the accounts in **your Quadrant Portfolio** which **we** manage on a discretionary basis.
- 28.2 Subject to the objectives and risk profile of each **Quadrant Portfolio**, there are no investment restrictions on the amounts that can be invested in any one collective investment scheme.
- 28.3 Subject to the risk profile and objectives of your selected **Quadrant Portfolio Investment Strategy**, **HFMCM** will have complete discretion over **your Quadrant Portfolio** and without prior reference to **you** have **your** authority to buy, sell, retain, exchange or otherwise deal in investments and other assets, make deposits, execute or effect transactions on any markets, negotiate and execute counterparty and account opening documentation, take all routine or day to day decisions, and act as **we** judge appropriate in relation to the management and investment of **your Quadrant Portfolio**.
- 28.4 **HFMCM** shall not, without **your** prior consent, commit **you** to add to the assets under management without **your** consent or supplement the assets of your **Quadrant Portfolio** by borrowing on **your** behalf or by committing **you** to a contract which may require **you** to supplement such assets. However, **you** may separately agree with the **Custodian** to borrow on the security of **your** assets.

29. Voting Rights

Where applicable, **HFMCM** will exercise discretion with regard to voting rights on any investments held within **your Quadrant Portfolio**.

30. Base Currency

The base currency of each model portfolio within **your Quadrant Portfolio** will be Sterling, unless a Euro or US Dollar portfolio is selected.

31. Fees and Charges

- 31.1 **Your HFMCM Wealth advisory firm** and **HFMCM** will charge the applicable initial and on-going fees and charges set out in the **Responsibilities and Fees and Charges Section**.
- 31.2 **HFMCM** will pay the **Custodian's** fee and charges.
- 31.3 The applicable fees and charges payable by **you** are indicated in the table in, and explained in the text of, the **Responsibilities and Fees and Charges Section**. They include:
- Initial Fees
 - Ongoing Fees and Charges
 - o **Wealth Planning Fee** (if applicable)
 - o **Investment Advisory and Implementation Fee** (if applicable)
 - o **Annual Management Fee** (if applicable)
 - o **Annual Custody and Dealing Arrangement Fee**
 - o **Incidental Custody and Dealing Charges**
- 31.4 If **you** are already invested in a **Quadrant Portfolio** through an existing plan and wish to change the fees charged in connection with this plan going forward to be as stated above, then a new signed form will need to be received by **HFMCM** confirming the level of fees required.
- 31.5 For the purposes of calculating fees, un-invested cash standing to the credit of **your** portfolio account will be included in the valuation of your **Quadrant Portfolio**.
- 31.6 You shall be liable for any costs to third parties incurred under these **Terms of Business** that are in addition to those set out above. This can include commissions, transfer and registration fees, taxes, stamp duties and other fiscal liabilities.



- 31.7 **HFMCM** will be entitled to deduct from funds held on **your** behalf any fees, interest or other charges due by **you** as they become due under these **Terms of Business**.
- 31.8 If these **Terms of Business** commence other than at the start of a calendar month, the fees in respect of the period to the end of that month will be calculated on a pro rata basis. If these **Terms of Business** terminate other than at the end of a month, the fees for the final period will equally be calculated on a pro rata basis but based on the value of **your Quadrant Portfolio** as at the date of termination.
- 31.9 Any changes in the fees and charges payable to **HFMCM** and/or **your HFMC Wealth advisory firm** may be amended upon three months prior written notice to **you**. Circumstances in which **HFMCM** and/or **your HFMC Wealth advisory firm** may choose to increase their fees and charges include, for example:
- i. to reflect changes in the types of investments, the nature of the services or the manner in which the services are provided to **you**;
 - ii. to reflect an increase in the cost of providing the services to **you**; or
 - iii. to comply with any change in applicable laws or regulations.
- 31.10 Any increase in third party fees or charges shall be passed on to **you** as and when such increase shall take effect.
- 31.11 For the avoidance of doubt, **you** shall be entitled to terminate these **Terms of Business** in accordance with the provisions of clause 18.1 in the event that **you** are dissatisfied with any increase in the **Custodian's** fees and charges.

32. Your Consent

- 32.1 **We** intend to rely on the terms set out within these **Terms of Business**. For **your** own benefit and protection **you** should read these terms carefully before signing the **Application Form**.
- 32.2 Our **Terms of Business** with **you** are contained in the following sections of this **Application and Terms of Business Pack**:
- i. This **Terms of Business Section**
 - ii. The **Definitions Section**
 - iii. The **Responsibilities and Fees and Charges Section**
 - iv. The **Application Form**
- 32.3 If **you** do not understand any point please ask for further information.
- 32.4 **You** should also read the **Custodian's Terms of Business Section**.



Responsibilities and Fees and Charges Section

This Responsibilities and Fee and Charges Section is part of our Application and Terms of Business Pack, which is also made up of:

- The [Welcome Statement](#)
- The [Terms of Business Section](#)
- The [Definitions Section](#)
- The [Custodian's Terms of Business](#)
- The **Application Form**

As elsewhere in the pack, abbreviations and words and phrases in bold in this **Responsibilities and Fee and Charges Section** have the meanings set out in the [Definitions Section](#).

This **Responsibilities and Fee and Charges Section** is made up of two parts:

- Responsibilities
- Fee and Charges

1. Responsibilities

This part sets out the respective responsibilities of **your HFMC Wealth advisory firm, HFMCAM**, and the **Custodian**.

The respective responsibilities vary depending on whether the accounts within **your Quadrant Portfolio** are managed on an advisory or self-select, as well as discretionary, basis as follows:

	Whether and how the respective responsibilities listed below apply to the three service options		
	Discretionary	Advisory	Self-select
HFMC Wealth advisory firm responsibilities	Yes	Yes	No , except for the assessment of appropriateness of the self-select service option, and carrying out anti-money laundering customer due diligence
HFMCAM responsibilities	Yes	Yes , but only in relation to arrangement and maintenance of custody and dealing services	Yes , but only in relation to arrangement and maintenance of custody and dealing services
Custodian responsibilities	Yes	Yes	Yes

If applicable, subject to the table above:

Your HFMC Wealth advisory firm will:

- establish at the outset and regularly in future whether the **Quadrant Portfolio** service is suitable for **you**;
- confirm to **us** that **you** and they have complied with anti-money laundering provisions;
- collect information about **your** financial position;
- review **your** current plans, investment and assets;
- discuss with **you**, **your** financial goals and objectives and attitude to and understanding of risks;
- determine **your** risk profile and investment objectives;



- undertake research to identify appropriate plans and solutions;
- carry out a suitability assessment of both the **Quadrant Portfolio** service and of the **Quadrant Portfolio** Investment Strategy for **you**;
- provide personalised reports and recommendations as appropriate;
- hold face to face meetings to discuss recommendations as appropriate;
- implement agreed recommendations;
- provide access for **you** to the investment management services and the expertise of **HFMCM**;
- provide access for **you** to **your HFMCM Wealth adviser** and their team to deal with any queries or advice issues arising outside of the formal review process;
- through **our** Investment Committee make quarterly asset allocation reviews of **our Quadrant Portfolio** model portfolios to ensuring that the strategy of the **Quadrant Portfolio** model portfolios remains appropriate; and
- notify **us** immediately of any changes in **your** circumstances, including **your** contact details and whether they remain **your** adviser.

HFMCM will:

- create and manage **your Quadrant Portfolio** on a discretionary, advisory or self-select basis in accordance with the service options and the **Quadrant Portfolio** Investment Strategy recommended by your **HFMCM Wealth adviser**;
- arrange for **custody and dealing services** to be performed by the **Custodian** by instructing the **Custodian** to open account(s) for **you**;
- liaise with the **Custodian** and supervise and operate **your** account(s) for **you**;
- give instructions to the **Custodian** which are proper, accurate and in accordance with any instructions or mandate **you** give us;
- be responsible for paying the **Custodian**;
- through your **HFMCM Wealth advisory firm** (as above):
 - maintain the ongoing relationship with **you**;
 - make all necessary anti-money-laundering customer due diligence checks;
 - provide any investment advice to **you**;
 - explain to **you** the types of investments covered and any risks relating to investments, investment transactions or any investment strategy to be pursued on **your** behalf;
 - make any required assessment of the suitability or appropriateness of transactions and investments for **you** or, where permitted and necessary, warning **you** of any possible inappropriateness of an investment;
- review **your** accounts for market abuse, insider trading and compliance with **FCA rules** and any other applicable legal and regulatory requirements to which the **we** or **you** may be subject.

The **Custodian** will:

- process the transfer-in of **your** monies and assets;
- provide clearing and settlement, safe custody, dealing and other associated services including:
 - portfolio administration and nominee custody services;
 - execution services and facilities;
 - trade processing;
 - cash management and processing, including:
 - processing client cash withdrawals and payments;
 - collection and processing of fees and charges;
 - **ISA** account administration and regulatory reporting;
 - giving **HFMCM** access to management information systems;
 - reporting, including:
 - trade confirmations;
 - annual consolidated tax voucher ("CTV") reports;



- quarterly valuations sent directly to **you**;
- annual custody statements sent directly to **you**;
- MiFID II transaction reporting;
- Tax authority reporting – FATCA (US Foreign Account Tax Compliance Act) and related reports.
- charge **HFMCM** for performing the above services.

The **Custodian** will report to **you** on **your Quadrant Portfolio** as follows:

- Its quarterly valuations will include transaction summaries and other relevant information.
- It will send those quarterly valuations to **you** electronically at the end of March, June, September and December each year.
- It will display the pricing basis for each valuation in these quarterly reports.
- It will send **you** a custody statement on an annual basis and will provide consolidated tax vouchers at the end of each tax year.
- If relevant, the **Custodian** will also provide **you** with an annual Capital Gains Tax report, which will include acquisitions and disposals and a summary of **your** Capital Gains Tax position.
- Please note that the **Custodian** will not send **you** confirmation of each transaction effected in accordance with these **Terms of Business** unless **you** have requested **us** to do so in writing or unless **we** are otherwise required to do so under **FCA rules**.
- These reports will be sent to **you** directly, with copies sent to your **HFMC Wealth adviser**.
- The performance of **your Quadrant Portfolio** will be measured against a relevant benchmark index.
- These benchmarks are used for comparative reporting purposes only and may not necessarily be indicative of the asset allocation within **your Quadrant Portfolio**.
- For valuation purposes, investments quoted on a recognised designated investment exchange and collective investment vehicles will be taken at the closing middle market price.

2. Fees and Charges

This section sets out the initial and on-going fees and charges that you will pay from **your Quadrant Portfolio** for the services set out above.

The type of fees and charges that **you** will pay also depend on whether the accounts within **your Quadrant Portfolio** are managed on a discretionary, advisory or self-select basis as follows:

Type of Fee or Charge	Whether and how the respective responsibilities listed opposite apply to the three service options		
	Discretionary	Advisory	Self-select
Initial Fees	Yes	Yes	No
On-going Fees and Charges			
Wealth Planning Fee	Yes	No	No
HFMC Wealth advisory firm Investment Advisory and Implementation Fee	No	Yes	No
HFMCM Annual Management Fee	Yes	No	No
Annual Custody and Dealing Arrangement Fee	Yes	Yes	Yes
Incidental Custody and Dealing Charges	Yes	Yes	Yes

The following descriptions of charges apply subject to the table above.



Initial Fees

Your HPMC Wealth advisory firm will charge the following **Initial Fees** on discretionary and advisory accounts:

- a fixed fee or a percentage of **up to three per cent** of the value of all monies and assets invested in setting-up **your Quadrant Portfolio**
- a fixed fee or a percentage of **up to three per cent** of the value of all further monies or assets added into **your Quadrant Portfolio**.

Your HPMC Wealth adviser will agree with **you**, and record in **your Application Form**, the percentage or fixed sum fee that **you** will pay.

Your HPMC Wealth advisory firm will charge these fees to cover the cost of its advice to **you** on setting-up **your Quadrant Portfolio** and to cover the costs of its advice on adding further monies or assets into it.

Your HPMC Wealth advisory firm will waive, in **your favour**, any initial commission which might otherwise have been payable to it by product providers on the assets bought for **your Quadrant Portfolio**. It will do that both on the setting-up **your** portfolio and when **you** add further monies or assets to it.

HPMCAM and the **Custodian** will not charge **Initial Fees** for their services in setting up **your Quadrant Portfolio** or for their services in adding any further monies or assets that **you** later introduce into **your Quadrant Portfolio**. **You** will, however, have to pay incidental transaction fees as set out in the **Incidental Custody and Dealing Charges** section below.

If the agreed **Initial Fee** to **your HPMC Wealth advisory firm** is a percentage fee, the **Custodian** will calculate the amount payable to **your HPMC Wealth advisory firm** based on the value of monies and assets setting up or added of **your Quadrant Portfolio** at mid-market values on the day the monies and assets are added.

The **Custodian** will collect and pay the fee (whether percentage or fixed) to **us** from **your Quadrant Portfolio**, in the month following the setting-up of **your** portfolio or in the month following the adding of monies or assets to the portfolio.

On-going Fees and Charges

Please refer to the fees and charges table above for which charges will apply to the service options within **your Quadrant Portfolio**.

Your HPMC Wealth advisory firm and HPMCAM will charge the following on-going fees and charges to you. HPMCAM will collect the fees and charges on its, and on **your HPMC Wealth advisory firm's**, behalf on a monthly basis from **your Quadrant Portfolio**.

On-going Wealth Planning Fee or On-going Fee Investment Advisory and Implementation Fee

Your HPMC Wealth advisory firm will charge either or both of the following on-going fees depending on the service options that **you** have chosen for **your Quadrant Portfolio**:

- On-going **Wealth Planning Fee**, on discretionary accounts
- On-going **Investment Advisory and Implementation Fee**, on advisory accounts

In each case, **your HPMC Wealth adviser** will agree with **you** and record in **your Application Form** the percentage or fixed sum fee that **you** will pay. The fee will be **up to 1 per cent per annum** of the value of **your Quadrant Portfolio**.

Your HPMC Wealth advisory firm charges these fees for performing those on-going functions for which it is responsible, as listed in the Responsibilities section above.

These fees can relate to services to **you** other than advice directly on **your Quadrant Portfolio** but, as explained further below:

- they are generally, calculated by reference to the value of total assets under management in **your Quadrant Portfolio**;
- **your** payment of them to **your HPMC Wealth advisory firm** is facilitated by charging them to **your Quadrant Portfolio**.



If the agreed fee is a percentage fee, the **Custodian** will calculate the amount payable to **your HFMC Wealth advisory firm** based on the mid-market value of **your Quadrant Portfolio** on the last business day of each month. The **Custodian** will collect and pay the fee to **us** in the following month.

The **Custodian** will collect and pay the fee (whether percentage or fixed) to **us** from **your Quadrant Portfolio**, monthly in arrears.

Annual Management Fee

HFMCAM will charge an **Annual Management Fee** of **0.3 per cent per annum** on the value of **your Quadrant Portfolio** for its services in managing **your portfolio** (“the **Annual Management Fee**”).

The **Custodian** will calculate the fee payable to **us** based on the mid-market value of **your Quadrant Portfolio** on the last business day of every month and will collect and pay the fee to **us** from **your Quadrant Portfolio** in the following month. This fee is not subject to VAT.

We will waive any fund-based adviser commissions from product providers which would otherwise be payable to **us**, or **your HFMC Wealth advisory firm**, and the **Custodian** will credit those commissions to **your** account. **We** receive no commission or fee for fund switches.

Annual Custody and Dealing Arrangement Fee

HFMCAM will also charge a **graduated percentage fee** for arranging and maintaining **custody and dealing services** with the **Custodian** (the “**Annual Custody and Dealing Arrangement Fee**”).

It will charge the fee on all **Quadrant Portfolio** accounts, whether discretionary, advisory or self-select.

The fee will remunerate **HFMCAM** for arranging the **custody and dealing services** and will cover the annual charge that the **Custodian** makes for performing those services.

HFMCAM will be responsible for paying the **Custodian’s** annual charge and the **Custodian** will not make any annual, or other charge, to **you**.

The fees for onshore and offshore custody services are different as set out below. This is due to the additional complexity of offshore custody. **Family linking** is available to both onshore and offshore custody services, though will not apply across onshore and offshore services, which are charged differently.

HFMCAM’s Annual Custody and Dealing Arrangement Fee to **you** for **onshore custody (performed by Pershing Securities Limited (“PSL”))** is graduated in bands as follows:

Band	From	To	Annual Custody and Dealing Arrangement Fee percentage
1	£0	£500,000	0.23
2	£500,000	£1,000,000	0.18
3	£1,000,000	£1,500,000	0.10
4	£1,500,000	Uncapped	0.08



For example, clients with **Quadrant Portfolios** of the following values would pay the following **Annual Custody and Dealing Arrangement Fees**:

Value of Portfolio	£500,000	£1,500,000	£5,000,000
Fee charged at			
0.23 per cent (Band 1) on ...	£500,000	£500,000	£500,000
0.18 per cent (Band 2) on ...	£ -	£500,000	£500,000
0.10 per cent (Band 3) on ...	£ -	£500,000	£500,000
0.08 per cent (Band 4) on ...	£ -	£ -	£3,500,000
Annual Custody and Dealing Arrangement Fee	£1,150	£2,550	£5,350
	0.230%	0.170%	0.107%

The **Custodian** will calculate the fee payable to **us** based on the mid-market value of **your Quadrant Portfolio** on the last business day of every month and will collect and pay the fee to **us** from **your Quadrant Portfolio** in the following month. This fee is not subject to VAT.

HFMCM's Annual Custody and Dealing Arrangement Fee to **you** for **offshore custody** performed by Pershing (Channel Islands Ltd) is graduated in bands as follows and is inclusive of all compliance charges:

Band	From	To	Annual Custody and Dealing Arrangement Fee percentage
1	£0	£250,000	0.30
2	£250,000	£500,000	0.17
3	£500,000	Uncapped*	0.16

For example, clients with **Quadrant Portfolios** of the following values would pay the following **Annual Custody and Dealing Arrangement Fees**:

Value of Portfolio	£500,000	£1,500,000	£5,000,000
Fee charged at			
0.30 per cent (Band 1) on ...	£250,000	£250,000	£250,000
0.17 per cent (Band 2) on ...	£250,000	£250,000	£250,000
0.16 per cent (Band 3) on ...	£ -	£1,000,000	£4,500,000
Annual Custody and Dealing Arrangement Fee	£1,175	£2,775	£8,375
	0.235%	0.185%	0.168%

The **Custodian** will calculate the fee payable to **us** based on the mid-market value of **your Quadrant Portfolio** on the last business day of every month and will collect and pay the fee to **us** from **your Quadrant Portfolio** in the following month. This fee is not subject to VAT.



Incidental Custody and Dealing Charges

HFMCM will also charge **you** for the following **incidental custody and dealing services** arranged by it and provided by the **Custodian**. It will, in turn, be responsible for paying the **Custodian's** charges for those services.

Transaction charges

HFMCM will make the following charges for transactions in investments:

- **No charge for investment** made in Unit Trusts and OEICs through a discretionary account.
- **No charge for investments** in UK exchange traded securities.
- **£20 per investment** in non-UK exchange traded securities.
- **£15 per transaction** on non-UK FX trade related transactions.

Transfer charges

As already mentioned, neither **HFMCM** nor the **Custodian** will make a charge on monies or assets transferred into **your Quadrant Portfolio**.

However, **HFMCM** will make a charge of **£10 per line of stock** on assets transferred out of **your Quadrant Portfolio**.

Money management charge

From February 2023, **HFMCM** will set and pay interest on credit balances (cash) at a rate known as the **HFMCM** Interest Rate (HFMCM IR). The base rate will be reviewed quarterly. **HFMCM** will publish the interest rate on its website www.hfmcam.com/interest.

Please be aware that there may be instances where the base rate payable is lower than the management fee deducted, and as such, the effective rate of interest will be negative, i.e. it will cost **you** money to hold cash with the **Custodian**.

The **Custodian** will calculate and pay interest half-yearly and deduct its charge at that time.

The **Custodian** will apply a 0.15% money management charge. **HFMCM** will not make an additional charge for money management.

Reporting charges

HFMCM will make the following charges for arranging for the **Custodian's** reporting of the following matters.

Quarterly valuations

HFMCM will charge **£5.50 plus VAT per quarterly valuation report** for arranging for the **Custodian** to provide those valuations to **you**.

You may group these valuation reports at family level. If **you** wish to receive one report for all family members, please contact **your HFMC Wealth adviser** and he or she will arrange that for **you**.

We will provide 4 valuations to you each year. Should **you** wish to receive additional valuations then this will be chargeable.

Annual Capital Gains Tax reports for General Investment Accounts ("GIAs")

You must maintain a **GIA** within **your Quadrant Portfolio** (please see the **Application Form**).

Unlike assets which **you** may hold within tax efficient wrapper accounts in **your Quadrant Portfolio**, gains on assets within the **GIA** may be subject to Capital Gains Tax.

HFMCM will charge **£50 [plus VAT] for Annual Capital Gains Tax reports** on your **GIA** assets.

These reports will also be at family level, meaning that there is just one charge of **£50 [plus VAT] per family**.



Probate Reporting

Minimum charge per probate report (includes first 10 lines of stock:	£50.00 Plus VAT
Charge for additional line of stock	£1.50 Plus VAT
Per additional copy of probate report	£1.00 Plus VAT
Manual valuations, per report	£35.00 Plus VAT

Self-service Proxy Voting – UK and International Securities

Meeting Announcement	£25.00 No VAT
Ballot Notifications	£3.50 No VAT
Vote Returns	£3.50 No VAT
Letter of Representation	£175.00 Plus VAT
Letter of Appointment	£85.00 Plus VAT
Vote of Lodgement	£4.25 Plus VAT

Pershing Digital Proposition

As part of your **HFMC Wealth advisory firm's** service to **you** they will provide access to HFMC Connect, providing a summary valuation of your Pershing holdings.

Should **you** require a more detailed analysis of the assets custodied with Pershing then this can be arranged and is available at a cost of £36 plus VAT per investor per annum. If this is required, please discuss this with **your HFMC Wealth advisory firm**.

Tax wrapper charges

HFMCM will not charge **you** for arranging the administration of New Individual Savings Accounts ("ISAs"). These accounts are provided free by the **Custodian**.

You will however be subject to the wrapper fees applied by independent third-party providers of Self-invested Personal Pensions plans ("SIPPs") and offshore bonds.

Your HFMC Wealth advisory firm, as independent financial adviser, will seek to recommend wrapper providers on a best of breed basis and will aim to secure significant discounts on wrapper fees on behalf of clients.

HFMCM will charge **you £50 per provider per annum** to arrange for the administration of **SIPPs** and offshore bonds by the **Custodian**.



Definitions Section

This **Definitions Section** is part of **our Application and Terms of Business Pack**, which is also made up of:

- The [Welcome Statement](#)
- The [Terms of Business Section](#)
- The [Definitions Section](#)
- The [Custodian's Terms of Business](#)
- The **Application Form**

Where the words, phrases and abbreviations listed below appear in bold in the above documents, they have the following meanings.

Agreement	Our Terms of Business including the Application Form (as both terms are defined below), which collectively represent our legal agreement with you, and in addition where relevant the Custodian's Terms of Business which represent its legal agreement with you .
Annual Custody and Dealing Arrangement Fee	The on-going fee charged by HFMCM for arranging and maintaining custody and dealing services with the Custodian , and liaising with the Custodian , for all accounts within your Quadrant Portfolio , as described in the Responsibilities and Fees and Charges Section
Annual Management Fee	The on-going fee charged by HFMCM for its management services in respect of any discretionary accounts within your Quadrant Portfolio , as described in the Responsibilities and Fees and Charges Section
Annual Subscription Limit	The maximum subscription allowed in an ISA in any one year as prescribed by HMRC
Application Form	The Application Form which is part of this Application and Terms of Business Pack . In relation to the Custodian's Terms of Business , the Application Form / document you will complete with information pertinent to the establishment and maintenance of your account and then sign, as an indication of your acceptance of its Terms of Business
Associated Entity/Entities	In relation to any particular entity an undertaking in the same group (as defined in the Financial Services and Markets Act 2000)
Business Days	Means any day on which the London Stock Exchange is open for trading
CCP	This stands for central counterparty, which is typically an institution that acts as an intermediary between two market participants. The seller of a security sells to the central counterparty. The central counterparty simultaneously sells to the buyer. This means that if one party defaults then the central counterparty will absorb the loss. This reduces the amount of counterparty risk that market participants are exposed to. Certain markets that PSL trades in on your behalf will involve a CCP and such transactions will be subject to the rules of the CCP .
Charge	A charge does not involve a transfer of ownership but gives a degree of control to a third party over any dealing or disposal of the asset.
Clearing and Settlement Services	The process by which, once an investment has been bought or sold on your behalf, the money is transferred from the buyer to the seller and the investments or the title to the investments is transferred from the seller to the buyer.
CSD	This stands for central securities depository which is a financial institution that custodies securities and provides securities settlement services to one or more markets. When settling a transaction on your behalf the Custodian may have to settle such transaction through a central securities depository or other securities settlement system and the transactions will be subject to the rules of the CSD .



Custodian	The firm with which HFMCM has arranged custody and dealing services , currently: PSL for onshore custody and dealing services PCI for offshore custody.
Custodian Agreement	The Agreement between HFMCM and Pershing Securities Limited (' PSL ') for onshore custody and dealing services and Pershing Channel Islands Ltd (' PCI ') for offshore custody and dealing services under which PSL and PCI provide clearing and settlement, safe custody and other associated services to clients of HFMCM .
<u>Custodian's Terms of Business/Custodian's Terms of Business Section</u>	The section of this Application and Terms of Business Pack summarising the Custodian's terms and conditions and/or the content of those terms and conditions, as the context requires
Custody and dealing services	The Custodian's services in summary the safeguarding and administration of assets and the arrangement of, and dealing in investments including the execution, clearing and settlement of transactions, and ISA management
Dealing or execution services	The buying or selling of investments on your behalf
<u>Definitions Section</u>	This section of the Application and Terms of Business Pack
Eligible Custodian	This refers to a third-party Custodian (or its Nominee company) who the Custodian or HFMCM selects under the FCA rules to register your investments with.
Execution Only	An investment transaction carried out by us upon your instructions, in circumstances where you do not expect our advice on its merits or where, having expressed our view on its merits you decide to proceed against our advice.
Family linking	At our discretion we will consider requests to consolidate portfolios with those belonging to immediate family members (usually living at the same address) and/or linked Trust / Corporate portfolios in order to maximise the custody fee reduction. We will not do this automatically and advisers should make a request for the portfolios to be linked.
FCA	Financial Conduct Authority
FCA rules	Means the rules and guidance set out in the FCA's Handbook as for the time being in force and as varied by any waiver or dispensation from a rule granted by the FCA and applicable to the Manager. Words and phrases defined in FCA rules shall have the same meaning in this Agreement . References to any statutory provision or byelaw or regulation include references to any amendment or re-enactment at the time being in force.
GIA	General investment account – please see the definition of Mandatory GIA below
HFMCM	HFMCM Asset Management Limited
HFMCM Wealth	The HFMCM Wealth Group of companies, which includes HFMCM Wealth Ltd, HFMCM Wealth Partners LLP, HFMCM Wealth Management Ltd, Aspinalls Family Office LLP, Aspinalls Private Clients Ltd and R&S Associates Financial Planning Ltd
HFMCM Wealth adviser	The individual adviser within your HFMCM Wealth advisory firm who advises you on your investments
HFMCM Wealth advisory firm	Your advisory firm within HFMCM Wealth
HMRC	Her Majesty's Revenue and Customs
Incidental Custody and Dealing Charges	The on-going charges made by HFMCM for incident costs arising from its arranging custody and dealing services with the Custodian , for all accounts within your Quadrant Portfolio , as described in the <u>Responsibilities and Fees and Charges Section</u>



Initial Fee	The fee charged by your HFMC Wealth advisory firm on the transfer in of monies or assets into your Quadrant Portfolio , as described in the Responsibilities and Fees and Charges Section
Investment Advisory and Implementation Fee	The on-going fee charged by your HFMC Wealth advisory firm for its services in respect of any advisory accounts within your Quadrant Portfolio , as described in the Responsibilities and Fees and Charges Section
Investment Strategy Questionnaire	Also known as a Risk Tolerance Questionnaire. The Risk Tolerance document we will provide to you and ask you to complete, which is designed to help to establish your investment objectives and attitude towards and tolerance for risk.
ISA	Individual Savings Account
ISA account	A Stocks and Shares ISA account (including a flexible Stocks and Shares ISA account where applicable) containing Qualifying investments . Enables you to invest up to the current HMRC ISA limits in any given tax year. Investments into an ISA are free of UK Income and Capital Gains tax.
ISA regulations	The Individual Savings Account Regulations 1998 (S.I 1998 No. 1870) as amended or replaced or superseded from time to time.
Joint and Several Liability	If Joint and Several Liability applies, the effect is that both you and the other person(s) separately promise to meet all obligations under these Terms of Business in respect of the account either (1) jointly with the other person(s); and (2) individually.
Junior ISA / JISA	Junior Individual Savings Account
Lien	A Lien allows the person holding the asset to withhold or retain such asset pending the satisfaction of your obligations to them.
Mandatory GIA	The mandatory general investment account with your Quadrant Portfolio .
Margin or Collateral	This is where your money or investments are passed to a Relevant Party in order to provide security against the performance of obligations.
Model portfolios	The model portfolios described in the Application Form for Quadrant Portfolio accounts
Mortgage	A mortgage transfers the ownership of an asset to a third party on the condition that it will be re-transferred on the discharge of the obligations owed to that third party.
Netting	Netting is the process under which the Custodian and/or the counterparty, CCP, CSD or other body concerned with settling a transaction are entitled to reduce their obligations to each other by setting off their obligations to deliver cash or securities to one another. This will give a single amount owing to one party from the other rather than a two-way payment. This single amount will then be paid or delivered to the Relevant Party .
Nominee company	A Nominee company is one which is used solely for holding investments separately and which does not carry on any other business.
Pershing	PSL or PCI
Pershing services	The custody and dealing services provided by PSL or PCI , described in the Custodian's Terms of Business Section
PCI	Pershing (Channel Islands) Limited
PSL	Pershing Securities Limited
Quadrant Portfolio	Quadrant Portfolio portfolio and/or the fund management and custody and dealing arrangement services related to it, as the context requires



Quadrant Portfolio model portfolios	The model portfolios described in the Application Form for Quadrant Portfolio accounts
Qualifying investments	An investment permitted under the ISA regulations to be held within an ISA.
Relevant Party	This includes (but is not limited to) an exchange, clearing house, intermediate broker, settlement agent or a counterparty dealt with directly (over the counter) outside of any exchange. The Relevant Party may be located in the UK or elsewhere.
Renewal Commission	Payments made by a product provider (such as a unit trust management company) to us , out of the annual management charge they impose on the investment product concerned.
<u>Responsibilities and Fees and Charges Section</u>	The section of this Application and Terms of Business Pack which sets out the respective responsibilities of your HFCM Wealth advisory firm, HFCAM and the Custodian , and the fees and charges payable to your HFCM Wealth advisory firm and HFCAM
Restricted or Restricted Service	Under FCA rules relating to the provision of personal recommendations to Retail Clients, where the FCA regulated firm does not offer advice on the basis of considering all types of Retail Investment Product or, in respect of one type of Retail Investment Product the advice is limited to considering a sub-set of the full range of providers potentially suitable for the client, that firm is said to offer a Restricted Service . Such a firm may not refer to themselves as 'Independent'.
Retail Client	A Retail Client is defined under FCA rules as someone who is not a professional client or an eligible counterparty (broadly, any financial institution or undertaking). Retail Client are offered the maximum investor protection under the law.
Retail Investment Product	Certain types of mainstream investment which an adviser must be able to consider as potentially suitable for a client, if the adviser is to be considered to be 'Independent' under FCA rules .
Safe custody services	The safekeeping and administration of any investments held by the Custodian or its Nominee company on your behalf
Set off	This may arise where both you and the Custodian owe sums to each other. In such circumstances the Custodian may deduct any sums owed to it by you from any sums that are owed by the Custodian to you so as to either eliminate or reduce the Custodian's liability to you .
Share exchange	Where investments held by an investor outside an ISA are sold, the proceeds used to subscribe to an ISA and the subscription then used to purchase the same investments.
SIPP	Self-invested Personal Pension
Stocks and Shares ISA	A Stocks and Shares ISA (including a flexible Stocks and Shares ISA) as defined in the ISA regulations .
Terms of Business	Together, the content of the <u>Terms of Business Section</u> , this <u>Definitions Section</u> , the <u>Responsibilities and Fees and Charges Section</u> and Application Form
<u>Terms of Business Section</u>	The section with that title setting out HFCAM's Terms of Business , part of this Application and Terms of Business Pack
Third party products	Any investments that are offered by providers other than PSL and PCI .
Time shall be of the essence	The use of this term in relation to any payment, delivery or other obligation you have to the Custodian means that the Custodian shall be entitled to terminate these Terms of Business and, if appropriate, claim damages from you if you fail to perform your obligation in accordance with the time specified. It is intended to ensure that the relevant deadlines are strictly complied with.
UCITS Directive	The European Council Directive 85/611/EEC of 20 December -85 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.



Us/we/our	HFMCM /something belonging or related to us
Wealth Planning Fee	The on-going fee charged by your HFMCM Wealth advisory firm for its services in respect of any discretionary accounts within your Quadrant Portfolio , as described in the Responsibilities and Fees and Charges Section
You/your	You , the client/something belonging or related to you
Your Quadrant Portfolio	The portfolio of assets (including uninvested cash) as are from time to time to be managed by HFMCM in accordance with these Terms of Business
Your Quadrant Portfolio Investment Strategy	The investment strategy selected by you in your Application Form from the options set out in that form



HFMCM ASSET MANAGEMENT LIMITED.

Registered as a company in England and Wales. Company registered number 03891979.

Registered Office: Russell House, 140 High Street, Edgware, Middlesex, HA8 7LW.

Authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN

Firm reference number: 194722.



Custodian Terms of Business Section

This **Custodian's Terms of Business Section** is part of our **Application and Terms of Business Pack**, which is also made up of:

- The [Welcome Statement](#)
- The [Terms of Business Section](#)
- The [Definitions Section](#)
- The [Responsibilities and Fees and Charges Section](#)
- The **Application Form**

As elsewhere in the pack, abbreviations and words and phrases in bold in **Custodian's Terms of Business Section** have the meanings set out in the [Definitions Section](#)

1. Relationship between you, us and the Custodian, Pershing

- 1.1 **HFMCA** has entered into agreements with Pershing Securities Limited ("**PSL**") and Pershing (Channel Islands) Limited ("**PCI**") (together "**Pershing**") under which **Pershing** has agreed to provide **dealing, clearing and settlement, safe custody** and other associated services to our clients (the "**Pershing services**").
- 1.2 This **Custodian's Terms of Business Section** summarises the contractual arrangements between **you** and **PSL** and/or **PCI**. For the sake of brevity, **we** have generally used the abbreviation "**PSL**" to represent both **PSL** and **PCI** in this summary.
- 1.3 By accepting these terms of business in this **Custodian's Terms of Business Section**, **you** agree that there is a contract between **you** and **us** and between **you** and **PSL** and **you** will be bound by the terms of business in this **Custodian's Terms of Business Section**. As a consequence, it is important to understand when reading these terms of business, that **you** will be both a client of **ours**, and (for the purposes described in these terms) **you** will also become a client of **PSL**.
- 1.4 The **Pershing services** relate to a range of investments, which are set out in Annex 2 to these terms of business.
- 1.5 As a part of its offering, **Pershing** shall provide a **Stocks and Shares ISA** (including a **Flexible Stocks and Shares ISA**) for which **Pershing** will act as the **ISA Manager**. If **you** wish to use this **ISA**, then **you** should read the terms and conditions set out in Annex 7.
- 1.6 As a part of its offering, **Pershing** shall provide a **Junior Stocks and Shares ISA ("JISA")** for which **Pershing** will act as the **ISA Manager**. If **you** wish to use this **JISA** then **you** should read the terms and conditions set out in Annex 8.
- 1.7 In order to receive the Junior Stocks and Shares ISA services **you** must:
 - (a) be under 18 years of age, and (i) born on or after 3rd January 2011; or (ii) born before 3rd January 2011, but not hold a Child Trust Funds Account;
 - (b) procure that **your** Registered Contact return to **us** a copy of the application form and terms relating to the services;
 - (c) not be a citizen or resident of the United States for the purposes of the United States IRS Code or be designated at any time as having a substantial presence in the United States or act on behalf of any such person, including as trustee or agent or in partnership with such a person; and
 - (d) satisfy, together with **your** Registered Contact, our anti-money laundering and know **your** customer requirements.
- 1.8 In order to receive **Pershing services** (other than the Junior Stocks and Shares ISA) you must:
 - (a) complete and return to **us** a copy of the application form and terms relating to the services;
 - (b) not be a citizen or resident of the United States for the purposes of the United States IRS Code or be designated at any time as having a substantial presence in the United States or act on behalf of any such person, including as trustee or agent or in partnership with such a person; and
 - (c) satisfy **our** anti-money laundering and know **your** customer requirements.



- 1.9 PLEASE NOTE that if **you** are not permanently resident in the UK, **you** may not be entitled to avail yourself of all or any of the **Pershing services**. In the event that **your** status changes or it subsequently emerges that **you** are a US citizen or resident for US tax purposes, **PSL** shall, at its absolute discretion, stop providing services to **you** and close any accounts it holds in your name forthwith. **PSL** shall not be responsible for providing any information to, nor making any requisite filings (including any Form 1099-B filings) with, the United States Internal Revenue Service (or “IRS”) on **your** behalf. These terms of business govern the provision of the **Pershing services** to **you**. These terms of business shall come into force once **we** receive and accept **your** completed application form or when **you** commence using the **Pershing services**, whichever is earlier.
- 1.10 **PSL** is a company registered in England, company number 2474912. Its registered office is at Royal Liver Building, Pier Head, Liverpool L3 1LL. **PSL** is authorised and regulated by the Financial Conduct Authority (“FCA”) which is located at 25 The North Colonnade, Canary Wharf, London E14 5HS. **PSL** is also a member of the London Stock Exchange.
- 1.11 By accepting these terms of business, **you** agree that:
- (a) **we** may give instructions to **PSL** on **your** behalf as allowed by **our** terms of business and may provide information about **you** to **PSL**. When **PSL** receives such instructions or information from **us**, **PSL** is entitled to rely on them without making any further checks or enquiries;
 - (b) if any instructions or information is provided to **us** by someone acting under a power of attorney acting on **your** behalf, **PSL** shall, upon receipt of such information or instructions from **us**, be entitled to rely on the them without making any further checks or enquiries; and
 - (c) **PSL** is authorised to hold cash and investments on **your** behalf and to transfer such cash or investments from **your** account to meet your obligations to **PSL**.
- 1.12 **We** retain responsibility (including responsibility for complying with any related regulatory requirements) and **PSL** shall not have any responsibility for the following matters:
- (a) **our** own operations;
 - (b) instructing **PSL** to open an account for **you**;
 - (c) the supervision and operation of **your** account for **you**;
 - (d) **our** ongoing relationship with **you**;
 - (e) making all necessary anti-money-laundering compliance checks;
 - (f) providing any investment advice to **you** or taking investment management decisions on **your** behalf (as the case may be);
 - (g) explaining to **you** the types of investments covered and any risks relating to investments, investment transactions or any investment strategy to be pursued on **your** behalf;
 - (h) any required assessment of the suitability or appropriateness of transactions and investments for **you** or, where permitted and necessary, warning **you** of any possible inappropriateness of an investment;
 - (i) giving instructions to **PSL** which are proper, accurate and in accordance with any instructions or mandate you give **us**;
 - (j) reviewing **your** accounts for market abuse, insider trading and compliance with **FCA Rules** and any other applicable legal and regulatory requirements to which the **we** or **you** may be subject; and
 - (k) the provision of any information or documents as required under **FCA Rules** (as further described in clause 5) in connection with any **Third Party Products**.
- 1.13 **PSL** shall provide **you** with or can arrange for **you** to be provided with a **Guide to Pershing services (GPS)** which sets out an explanation of the **Pershing services**. The **Responsibilities and Fees and Charges Section** of this pack explains **our** fees and charges for arranging these services. The information contained in the **GPS** is provided to **you** for information purposes only and does not form part of these terms of business.



2. Client classification and joint obligations

- 2.1 For the purposes of the rules of the Financial Conduct Authority (“**FCA rules**”), **you** will be classified as either a retail client, professional client or a market counterparty by **PSL**. **PSL** will rely on information received from **us** in relation to **your** status and will adopt the same client classification for **you**. **We** will notify **you** in writing if there is any change to this position.
- 2.2 If **you** hold an account jointly or otherwise hold assets jointly, with any other person, then **you** and any such other person(s) shall have **joint and several liability** to **PSL**. Examples of situations where such **joint and several liability** may arise are as follows:
- (a) *Joint account holders*: As well as joint account holders being jointly and severally liable, any payment or accounting made by **PSL** to any one or more of those account holders will be treated as made to all of them.
 - (b) *Trustees*: As well as the trustees of any trust being jointly and severally liable to **PSL**, **PSL** will treat the trustees, and not any beneficiary of the trust, as its client. Any payment or accounting made by **PSL** to any one or more of the trustees will be treated as made to all of them.
 - (c) *Agents*: If **you** are an agent acting on behalf of someone else (whether or not that person (the “Principal”), has been identified to **PSL** as the person for whom **you** act) **you** will be treated as **PSL**’s client under the **FCA rules** and **you** will also be fully liable to **PSL** under these terms as if **you** were acting for **yourself**. **You** and **your** Principal will be jointly and severally liable as described above.

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

3. Your Accounts with PSL

- 3.1 **PSL** will open and maintain accounts on its books in **your** name in order to provide its services to **you**. When **PSL** receives any cash and investments from **you**, or on **your** behalf, it will record them in **your** accounts.
- 3.2 **PSL** will have the right at its absolute discretion to stop providing services under these terms and close any accounts it holds and maintains in **your** name which may occur, for example:
- (a) if **PSL** is obliged to stop providing services under any applicable law or regulation (such as anti-money laundering provisions);
 - (b) if **PSL** is not able to provide the services effectively or providing the services would materially adversely affect **PSL**’s operation;
 - (c) where **you** are in material breach of these terms or **we** are in material breach of the terms of the **PSL** Agreement;
 - (d) if **you** fail to satisfy any of the eligibility criteria in order to use the **Pershing services** as set out paragraphs 1.7 and 1.8 of these terms of business or as otherwise notified to **you**;
 - (e) if providing the services to **you** or to **us** in relation to **your** account will have a materially adverse effect on **PSL**’s reputation;
 - (f) if **your** liabilities in relation to **your** account, and amounts owing by **you** to **PSL**, exceed or are likely to exceed the value of the cash and investments **PSL** holds for **you**; or
 - (g) where the aggregate cash balance held by **PSL** for **your** account represents less than 1 per cent of the value of the investments held by **PSL** for **your** account.

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



4. Communication and Instructions

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

5. Provision of Product Information

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

6. Dealing

- 6.1 In order for **PSL** to provide **dealing** services for **your** account, **you** need to ensure that:
- (a) where **you** are buying investments, there is sufficient cash in **your** account; and
 - (b) where **you** are selling investments, documents of title or transfer forms that are required are delivered to **PSL**,
- in either case, prior to the execution of the transaction by **PSL**.
- 6.2 **PSL** will provide **dealing** or **execution** services on the following basis:
- (a) execution by **PSL** will be subject to the **FCA rules** and the rules of any investment exchange or other trading facility on which the transaction is executed;
 - (b) **PSL** will treat the instructions **we** give them as binding on **you**. Any express instruction from **us** to **PSL** on **your** behalf concerning order execution will override **PSL's** order execution policy and will remain binding on **you**;



- (c) **PSL's** execution policy is set out in Annex 5 to these terms. By **your** acceptance of these terms, **you** confirm **your** consent to the execution policy and acknowledge that it may be amended from time to time. **You** also agree that **PSL** may execute transactions on a market that is not a regulated exchange or multilateral trading facility in the European Economic Area. Please note however the provisions of Annex 4 in relation to any overseas investments;
- (d) **PSL** may combine **your** orders with orders for its other clients or **PSL's** own orders. **PSL** will only do this if it considers that it is unlikely to work to the overall disadvantage of **you** or any of its clients involved however it is possible that aggregating orders in this way may sometimes operate to **your** advantage and sometimes to **your** disadvantage by giving **you** a higher or lower price than might have been the case if **your** order had been placed individually; and
- (e) Once **PSL** executes any transaction on **your** behalf, **PSL** will, unless **you** previously instructed us otherwise, send a contract note to **you**. It is very important that **you** check the detail of all contract notes **you** receive, and notify **us** (and not **PSL** directly) immediately if there is any error or if **you** have any question about them, because the contract note will be considered a conclusive and final record of any detail contained in it, unless **we** notify **PSL** of an error within 1 working day after receipt by **you** and in any event no later than the settlement date for the transaction concerned.

7. Settlement of Transactions

- 7.1 When transactions are undertaken on **your** behalf, they will be due for settlement in accordance with market requirements and the relevant contract note or advice. These settlement terms will vary dependent upon the market and securities dealt in. The contract note will specify the settlement date.
- 7.2 As stated above, it is **your** responsibility to ensure that **PSL** receives the necessary investments, documents or cash (as the case may be) in order for **PSL** to settle the transaction on **your** behalf. **PSL** must receive any cash in cleared funds in sufficient time prior to the settlement date in order that it can make the necessary payment.
- 7.3 **You** hereby undertake that any cash or investments held by or transferred to **PSL** by **you** will be free from any right of a third party to make claims against that money or those investments. In particular, it is **your** obligation to make sure that no other person will be entitled to:
 - (a) security rights over them, such as a **mortgage** or a **charge**;
 - (b) any right to withhold or retain them, such as a **lien**;
 - (c) any other rights to have any of the cash or investments paid or transferred to them or to prevent any transfer of such cash or investments from going ahead; or
 - (d) any right to be paid all or any of the proceeds of a transaction;so that settlement on **your** transaction can take place.
- 7.4 In order to settle transactions on **your** behalf, **PSL** will need to deal with the other party to the transaction (the "counterparty"). If a transaction has to be settled through a **CCP** or **CSD** the specific provisions set out in Annex 3 and 4 shall apply.
- 7.5 **You** acknowledge and agree that **you** will not have any rights to, and that **PSL** has no obligation to account to **you** for, any cash or investments which are due to be received by **you** following a transaction until **you** have performed **your** own obligations in relation to that transaction and **PSL** has been able to settle that transaction on **your** behalf. Until that has happened, **PSL** is entitled, without giving **you** any further notice, to sell or otherwise dispose of any such investments and apply the proceeds or any cash it receives in relation to the transaction in order to discharge or reduce any of **your** obligations in relation to the transaction.
- 7.6 **PSL** is not obliged to credit any cash or investments it receives to **your** account until it has received them in irrevocable and unconditional settlement of the relevant transaction without the sender being able to reverse the settlement or require redelivery. If for any reason **PSL** does credit cash or investments to **your** account earlier than this and **PSL** reasonably considers that irrevocable and unconditional settlement is unlikely to take place then **PSL** will be entitled to reverse the entry and require **you** to give back or redeliver the cash or investments or their equivalent.



- 7.7 In some cases, transactions will be subject to **netting**. **You** agree, in respect of any transaction which is subject to **netting**, to discharging the settlement obligations on a net basis in accordance with the rules of the relevant **CCP, CSD** or agreement with the counterparty. **You** acknowledge that if net settlement takes place then **PSL** will only be obliged to account to **you** for any investments or cash in connection with the transaction on a net basis.
- 7.8 If a transaction is undertaken on **your** behalf on non-UK markets, the specific provisions set out in Annex 4 shall apply.
- 7.9 Transactions executed on **your** behalf may settle in the books of a **CCP, CSD** or other body or custodian combined with transactions for the account of other clients of **ours**. If this happens then **PSL** will allocate between **our** clients the cash or investments received by it or on its behalf as a result of the settlements in accordance with the client trades **we** have notified to it. If **PSL** receives cash or investments for trades that were intended to settle at the same time (but which, for whatever reason, do not do so), then **PSL** will allocate that cash or investments received by it on the following basis:
- (a) in accordance with any priority for settlements determined by **PSL** prior to the transactions taking place;
 - (b) if transactions have the same priority, then the allocation will be in order of time, by reference to the intended settlement date of the transaction which **we** specified to **PSL**, so that the earliest in time will settle first in each case;
 - (c) where transactions have the same priority and intended settlement date, then the allocation will be by value so that the larger or largest trade by value (not by number of units or size) will be settled first in each case.
 - (d) where these allocations are necessary, they will also be subject to the operation of the relevant **CCP, CSD**, custodian or other entity. Such operations may include a **netting** rule or practice, automatic splitting of unsettled transactions or other automatic aggregation, splitting or allocation.
- 7.10 **Time shall be of the essence** with respect to any payment, delivery or other obligation of **yours** to **PSL**.

8. Client Money

- 8.1 Money held by **PSL** for **your** account, will be held in compliance with the **FCA Client Asset Rules** when these apply to the money. This means, amongst other things, that **your** money will be kept in a special designated client bank account and therefore completely separate from any money belonging to **PSL**.
- 8.2 **PSL** will exercise due skill, care and diligence when considering where the client bank account should be and will periodically review the adequacy and appropriateness of any bank or credit institution and of the arrangements for holding **your** money. **PSL** will only be responsible for taking care in choosing and monitoring of the chosen credit institution or bank and will not be responsible for any acts, omissions or default by the chosen credit institution or bank.
- 8.3 In some situations the money held for **you** in a client account may be pooled with money belonging to other clients of **PSL**. If funds are pooled in this way, **you** will have a claim against the client money pool in general, rather than for the specific sum held in a specific account. Any deficiency in the pool will be shared pro rata between all the clients whose money is pooled.
- 8.4 If **PSL** holds money which is not immediately required to settle an investment transaction, such money will be deposited with a bank or credit institution, together with other clients' money. Money may earn interest at a rate determined by the relevant bank or credit institution. However, the amount of any interest on money that would be credited to **your** account and made available to **you** (subject to clauses 12 and 13.3), will be determined by **PSL** and **us**, and will be as notified by **us** to **you** from time to time. Any interest will be calculated on a daily basis and credited to **your** account every six months. **PSL** may decide not to credit to **your** account such amount of the interest until it reaches a minimum threshold amount as agreed between **us** and **PSL**.
- 8.5 If there are cash balances which remain unclaimed after a period of 6 years, then **PSL** shall be entitled to cease treating such cash as client money for the purposes of the **FCA rules**. **PSL** will only do this after it has taken reasonable steps to trace **you** and return any balance to **you**.
- 8.6 Sometimes **we** or **PSL** will undertake a transaction for **you** which requires **your** money or investments to be passed to a **Relevant Party** in order to meet the obligations under that transaction or as **Margin or Collateral**. When a **Relevant Party** is involved then any money or investments passed to the **Relevant Party** may be at risk in the event of its insolvency. By accepting these terms, **you** acknowledge that this is the case.



- 8.7 Please refer to the provisions of Annex 4 which will apply if **your** money is held by a credit institution or bank outside the UK or EEA.
- 8.8 **PSL** may use a bank which is affiliated to **PSL** to hold client money on **your** behalf.

9. Custody and administration of your investments

- 9.1 Subject to clause 9.2, where **PSL** holds investments for **your** account it will register those investments in the name of a **nominee company** controlled by **PSL** or by a member of **PSL's** group.
- 9.2 In some situations, for example where the rules of a particular market or **CSD** require, **PSL** will register **your** investments in the name of an **Eligible Custodian**. **PSL** will not usually register investments in **your** name but if it is required to do so, **you** shall remain responsible for the consequences of any such registration.
- 9.3 If **your** investments are held overseas the provisions of Annex 4 shall apply.
- 9.4 When **your** investments are held by a depository or an **Eligible Custodian**, such depository or **Eligible Custodian** may have rights against **your** investments, which may include:
- (a) security rights over them including but not limited to a **mortgage** or **charge**;
 - (b) rights to withhold or retain them, such as by way of a **lien**;
 - (c) other rights to have the asset paid or transferred to them or to prevent a transaction involving such asset from going ahead; and/or
 - (d) rights to be paid any or all of the proceeds of a transaction involving the asset.
- 9.5 **PSL** shall keep a record of **your** entitlement to **your** investments in situations where **PSL** or an **Eligible Custodian** (or a **nominee company**) have registered or recorded **your** investment in a combined account or pooled in some other way with investments belonging to other clients of ourselves, of **PSL** or of the **Eligible Custodian**. In such a situation **you** should note the following effects:
- (a) **your** individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register;
 - (b) if there is an irreconcilable shortfall following any loss by or default of, **PSL** or the **Eligible Custodian** (or a **nominee company**) then **you** may not receive **your** full entitlement and may share in any shortfall on a pro-rated basis with any other investors;
 - (c) sometimes **PSL** will receive investments or money on behalf of more than one client in connection with pooled holdings (for instance in a bonus or rights issue or takeover). In such circumstances **PSL** may, in accordance with **FCA Rules**, allocate such investments between clients on whatever basis it considers fair and reasonable in accordance with its allocation policy in force at the time;
 - (d) if a share issue or other corporate event favoured the small investor **your** actual allocation may be less than it would be if **your** investments were registered in **your** own name; and
 - (e) sometimes amounts or investments may arise which would not have arisen if the investments had been registered in **your** own name. **You** may not be entitled to any such additional amounts.
- 9.6 Any instructions **you** wish to give about the administration of investments held by **PSL** should be given to **us** in writing for **us** to send to **PSL**. **We** will not accept instructions from anyone but **you** and will not send instructions to other people on **your** behalf unless in either case **you** have previously provided **us** with a copy of a valid power of attorney authorising **us**, or the relevant person, to send such instructions.
- 9.7 **PSL** will inform **us** of any rights issues, takeover offers, capital reorganisations, conversion or subscription rights (collectively "corporate actions") that affect or relate to investments held on **your** behalf by **PSL** or an **Eligible Custodian**. It will do so as soon as reasonably practicable after receiving notice of those events. **We** will, in turn, inform **you**.



- 9.8 **You** should contact **us** and not **PSL** if **you** need any advice in connection with any corporate actions. **PSL** is not responsible for taking decisions in relation to any corporate actions and will require instructions from **you** or **us** on matters such as:
- (a) exercising conversion and subscription rights;
 - (b) dealing with takeovers or other offers or capital reorganisations;
 - (c) exercising voting rights (where **PSL** exercises such rights on **your** behalf).
- 9.9 If any notification is given to **you** pursuant to clause 9.7 from **PSL**, **you** must ensure that **you** provide instructions to **us**, for onward transmission to **PSL** in sufficient time to ensure that **PSL** is able to act upon such instructions. The instructions given, their consequences, and the consequences of failing to give **us** instructions, will be entirely **your** responsibility. Neither **we** nor **PSL** is obliged to do more than give one notification on the relevant matter.
- 9.10 **PSL** will be responsible for claiming and receiving dividends, interest payments and other entitlements automatically arising in respect of the investments held for **your** account.
- 9.11 Sometimes **PSL** or an **Eligible Custodian** who is holding **your** investments may receive dividends, interest and other rights or payments after local withholding or similar taxes or other deductions are made from those sums. **You** accept that **PSL** or any **Eligible Custodian** may, if it is required to do so to comply with legal or regulatory requirements, withhold or deduct tax or other amounts from any such payments. Any costs **PSL** or an **Eligible Custodian** incurs when complying with these obligations may be deducted by **PSL** from **your** account. If **you** are eligible to reclaim any such withholdings or deductions then this will be **your** responsibility and not that of **PSL** or an **Eligible Custodian**, to do so.
- 9.12 **PSL** will send **you** an annual safe custody statement of the investments and cash balances it holds for **you**, reported on a settlement date basis.
- 9.13 In some circumstances **PSL** may refuse to hold any investment or investments for **you**. This may occur in any of the circumstances outlined in clause 3.2 of these terms or if the investment concerned is of a kind for which **PSL** does not have facilities, or arrangements with appropriate **Eligible Custodians**, to hold or if holding the investment would expose **PSL** to liabilities. We will notify you if **PSL** chooses to exercise this discretion unless legal or regulatory constraints prevent such disclosure.
- 9.14 **PSL** will not loan **your** investments or use them to raise finance unless **you** have entered into a separate specific written agreement with **PSL** allowing such use of **your** investments.
- 9.15 If investments are comprised within a wrapper (for example, Self-Invested Personal Pension plans or insurance linked investment bonds), **PSL** may act as custodian for the product provider. By accepting these terms, **you** grant authority to **PSL** to provide information to the product provider and to take such action in relation to **your** investments as **PSL** may be required to under the arrangements that have been agreed with **us** or the product provider.

10. Consequences of your default

- 10.1 If **you** fail to pay cash or investments (as relevant) when due to meet any settlement obligations or if **you** otherwise fail to meet any of **your** other obligations to **PSL** then **you** should be aware that there will be certain consequences as a result of such failure, as further described in the remainder of this clause 10.
- 10.2 **You** will not have a right to title or interest in any cash or investments received for **your** account. **PSL** will have no obligation to deliver or account to **you** for any such cash or investments and **PSL** will be entitled to retain any such cash or investments until such time that **you** have met your obligations.
- 10.3 **PSL** may, without providing any advance notice, use any cash, or sell any securities, held or received for **your** account and use the proceeds (after deducting any costs in doing so) to eliminate or reduce any unpaid obligations owed to **PSL** or **us**. Any surplus remaining after discharging the obligations owed to **PSL**, will be paid to **you**. If the cash and proceeds of disposals do not cover all the obligations owed to **PSL** and/or **us**, **you** will still owe **PSL** and/or the balance.



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

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

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

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

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

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

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

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

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

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

11.3 It is important that **you** understand that **you** are responsible for making sure that **PSL** does not suffer by reason of acting for **you**. **You** agree to make good and reimburse (indemnify) **PSL** and each of its directors and employees and agents ("Indemnified Persons"), after the deduction of any applicable taxes, for and against any liabilities, reasonable costs and expenses (including legal costs) and all duties and taxes (other than **PSL's** corporation tax) which are caused by;

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



- 11.4 **You** will not be liable to indemnify **PSL** under this clause 11 and **PSL** will have no right or claim against **you** or **us** if any consequences to **PSL** are caused by its own negligence, willful default, fraud or any breach of the **FCA Rules**.
- 11.5 **PSL** has no liability to **you** or **us** for failure to provide any of the services under these terms if that failure is caused wholly or partly by events beyond **PSL's** reasonable control. This includes (but is not limited to) any failure of communication, settlement, computer or accounting system or equipment, any failure or interruption in the supply of data, any political crisis or terrorist action, suspension or limitation of trading by any exchange or clearing house or any fire, pandemics, flood or other natural disaster. In any of these (or other similar) circumstances any or all of **PSL's** obligations will be suspended until the state of affairs giving rise to the failure of **PSL** is remedied.
- 11.6 The provisions in this clause 11 will continue to apply even if **we** or **PSL** stop providing services to **you**. They apply in addition to any other right of indemnity or claim of any Indemnified Person whether or not under these terms, and they will not be affected by any failure by **PSL** or anyone else to fully enforce their contractual rights, whether as to payment, time, performance or otherwise.

12. Charges

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

13. Conflicts of Interest

- 13.1 **PSL**, its associated group companies (associates) or nominees may provide services or enter transactions under these terms in circumstances in which **PSL** or its associates have a material interest. This interest could be direct or indirect and **PSL** or its associates could also have a relationship with someone else, which may involve a conflict of interest or potential conflict of interest with **you**. Examples where such actual or potential conflicts may happen include situations where **PSL** or any of its associates:
- (a) is, or is acting on behalf of, the counterparty to a transaction that is executed by **PSL** (whether or not involving a fee or commission or increased or reduced price offered or received by **PSL** or its associates);
 - (b) has a long or short position in the relevant investment
 - (c) is the financial adviser to the issuer of the relevant investment; or
 - (d) is otherwise connected to the issuer of the investment to which any instructions relate.
- 13.2 **PSL** may receive payments from fund managers if **PSL** provides services to those fund managers through the **PSL Nexus Funds Trading Platform**. Any payments of this kind are calculated by reference to the value of the assets that **PSL** holds in custody for its clients.
- 13.3 **PSL** may place money held for **your** account with a bank or other financial institution (in accordance with the **FCA rules**) and earn interest and retain some or all of that interest from that bank or financial institution.
- 13.4 **PSL** maintains a policy to deal with conflicts of interest, including those outlined in this clause, and a summary of that policy is set out in Annex 6 to these terms.
- 13.5 **You** acknowledge that neither **PSL** nor any of its associates is required to disclose or account to **you** for any profit made as a result of acting in any manner described above.



14. Data Protection and Confidentiality of Information

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

15. Complaints

- 15.1 If **you** have a complaint **you** should notify **our** compliance officer in the first instance. If, however, **your** complaint concerns an aspect of the service provided to **you** by **PSL** and **you** wish to copy **your** complaint to **PSL** directly copies should be sent to:

The Compliance Officer
Pershing Securities Limited
Royal Liver Building
Pier Head
Liverpool
L3 1LL



15.2 Where **you** make a complaint both **we** and **PSL** will endeavour to resolve **your** complaint as quickly as possible but in any event we will acknowledge receipt of **your** letter within 3 business days. The acknowledgement sent will include a full copy of **our** or **PSL's** internal complaints handling procedure. **We** aim to resolve **your** complaint within 4 weeks of receipt. Where this is not possible, **we** will contact **you** to explain why resolution will take longer than 4 weeks and indicate when **we** anticipate being able to resolve **your** complaint. Upon resolution of **your** complaint **we** or **PSL** will send **you** a final response letter, which sets out the nature of **our** response of any proposed resolution, and any appropriate remedy. If for any reason **you** are not satisfied with **our** or **PSL's** final response, or **we** have failed to resolve **your** complaint within 8 weeks of receipt, **you** may be entitled to refer your complaint to the Financial Ombudsman Service. A leaflet detailing the procedure is provided in our or **PSL's** final response.

16. Client Compensation

PSL is covered by the UK's Financial Services Compensation Scheme ("FSCS"). Compensation may be available from the FSCS if **PSL** cannot meet its obligations to **you**. **Your** possible entitlement to compensation will depend upon the type of business and the circumstances of the claim. Most types of investment businesses are currently covered for 100% of a claim up to a maximum of £85,000. Further information about compensation arrangements is available from the FSCS, www.fscs.org.uk

17. Amendment

Without affecting **your** rights under clause 12.2, **PSL** reserves the right to alter these terms of business at any time. However, any changes to these terms of business shall only take effect after not less than 21 days' notification has been provided to **you** unless it is impractical to provide such notice. This could arise, for example, where amendments to these terms of business are required:

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

18. Rights of Cancellation

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

19. Termination Rights

- 19.1 **PSL** shall be entitled to terminate these terms of business at any time. **PSL** will generally provide **you** with not less than **10 business days'** prior written notice of termination but reserves the right to terminate these terms forthwith without any prior written notice which it may do, for example in the circumstances described in clause 3.2 of these terms.
- 19.2 Subject as set out in clauses 19.3 and 19.4 below, **you** may terminate these terms of business at any time by giving not less than **10 business days'** prior written notice to **us** and, **we** shall in turn, notify **PSL**.
- 19.3 Termination of these terms of business shall not affect the accrued rights and obligations of any party and shall not prejudice the settlement of any transactions executed by **PSL** or accepted by **PSL** for settlement prior to **PSL** receiving notice of such termination.



19.4 If **PSL** are holding any assets for **your** account which cannot be transferred to another custodian following termination of these terms of business for whatever reason, including (without limitation) as a result of outstanding corporate actions, securities which are in liquidation, receivership, administration, restricted or not transferable, then, in the absence of any other arrangements that are agreed upon between **us** and **PSL**, **PSL** will continue to hold such assets in accordance with these terms.

19.5 Please note that if **you** terminate the **Custodian's Terms of Business**, we may terminate **your Terms of Business** with **us**.

20. General

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

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

20.3 **PSL** shall have no further obligation to provide the **Pershing services** (or any of them) in relation to a particular market ("an Affected Market") if and for so long as the participation of **us** or **PSL** in the Affected Market (or in the services provided by a **CCP** in relation to the Affected Market) is terminated or suspended or otherwise restricted in any way in accordance with the rules of the Affected Market (or the relevant **CCP**).

20.4 Any failure by **PSL** (whether on an ongoing basis or not) to insist upon strict compliance with any of these terms is not deemed to amount to **PSL** giving up or waiving any of its rights or remedies under them. The rights and remedies conferred on **PSL** will be cumulative and the exercise or waiver of any part of them will not stop or inhibit the exercising by **PSL** of any other additional rights and remedies.

20.5 These terms and any dispute (contractual or non-contractual) arising under them are governed by English Law and each party irrevocably agrees to submit to the non-exclusive jurisdiction of the Courts of England.



ANNEX 1 - Glossary

Please see the [Definitions Section](#) of this pack.



ANNEX 2 - Investments covered by the Pershing services

The following investments are currently covered by the **Pershing services**:

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



ANNEX 3 - CCP and CSD Transactions

21. Settlement of CCP and CSD Transactions

- 21.1 In order to settle transactions on **your** behalf, **PSL** will need to deal with the other party to the transaction (the “counterparty”) and sometimes transactions will be settled through a central counterparty (“**CCP**”) or a central securities depository or other securities settlement system (“**CSD**”) or other depository transfer agent or similar body. When **PSL** deals with these parties, it does so as **your** agent, in good faith and on the basis that:
- (a) **PSL** is not responsible for any default or failure of the **CCP, CSD** or other counterparty or of any depository or agent of those entities; and
 - (b) the delivery of any securities or payment to **you** as a result of the transaction is entirely **your** risk and not that of **PSL**.
- 21.2 In some cases, transactions will be subject to **netting**. **You** agree, in respect of any transaction which is subject to **netting**, to discharging the settlement obligations on a net basis in accordance with the rules of the relevant **CCP** or **CSD**. **You** acknowledge that if net settlement takes place then **PSL** will only be obliged to account to **you** for any investments or cash in connection with the transaction on a net basis.
- 21.3 **We** and **you** acknowledge and agree that:
- (a) **PSL** does not owe any duty to **us, you** or any other person to verify the appropriateness, adequacy or effectiveness of the rules, requirements and procedures of any market or **CCP**; or in relation to any exercise or non-exercise by the market or the **CCP** of its rights or powers under such rules, requirements and procedures; and
 - (b) **PSL** shall have no liability for any loss or damage suffered or incurred by **us** or **you** by reason of **PSL** taking or failing to take any action, where such action or failure to take action is authorised, permitted or required by a market or a **CCP** or is otherwise deemed necessary by **PSL** under the rules, requirements and procedures of the market or the **CCP**.

22. Limits on PSL 's Liability to you and Indemnities you give to PSL

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



ANNEX 4 - Overseas Investments

1. Settlement of Transactions

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

2. Client Money

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

3. Custody and administration of your investments

- 3.1 Whether or not they are registered or recorded in the name of **PSL**, or an **Eligible Custodian**, investments belonging to you which are held abroad may be subject to different settlement, legal and regulatory requirements from those applying in the UK or the EEA. Your rights may therefore also differ.
- 3.2 **PSL** will exercise due skill, care and diligence in the selection, appointment and periodic review of any **Eligible Custodian** it appoints and the arrangements for the holding and safekeeping of **your** investments. It is important that **you** understand **PSL** is not responsible for anything done or not done, or any default of an **Eligible Custodian** unless that default is caused by the negligence, fraud or willful default on the part of **PSL** or any of its nominee companies. Although **PSL** will seek to make sure that adequate arrangements are made to look after **your** ownership rights in any investments (especially in the event of its own insolvency) **you** should understand that **your** investments may be at risk if an **Eligible Custodian** becomes insolvent.
- 3.3 Overseas investments may be registered or recorded in the name of **PSL** or in the name of an **Eligible Custodian**. **Your** acceptance of these terms indicates **your** consent to the possibility of registration in such manner. However any such registration in one of these ways will only be done after **PSL** has taken reasonable steps to determine that it is in **your** best interests to do so or that it is not feasible to do otherwise because of the nature of the applicable law and market practice in the jurisdiction where the transaction occurs. Registration in this way means that **your** investments may not be kept separate from other investments belonging to **PSL** or the relevant **Eligible Custodian**. **Your** protection may therefore be less, as if the person in whose name your investment is recorded defaults on its obligations, your investment may not be separately identifiable as **yours**. Accordingly, it may be subject to other third-party claims including claims by the general creditors of the defaulting person.



ANNEX 5 - PSL's Best Execution Policy

Introduction

From 1 November 2007, and in accordance with regulatory requirements set out by the Financial Conduct Authority ("FCA"), **PSL** is required to provide clients with information about the steps **PSL** takes to obtain the best possible result where **PSL** is executing their order. These are set out in **PSL's** 'Execution Policy', a summary of which is shown below.

Scope

PSL's Execution Policy is applicable to **you** as a Retail Client, and where **PSL** has received an order passed to **PSL** by HFMC:

- a) to execute on **your** behalf in respect of financial instruments covered by the Markets in Financial Instruments Directive¹ (see also our website for a list of these); or
- b) which **PSL** passes on (i.e. transmit) at **PSL's** discretion to another broker or dealer ("third party") for execution.

Execution Factors

In considering how **PSL** might achieve the best possible result for **your** order, **PSL** will take a number of factors into account, including price (total consideration in the case of retail clients), costs, speed, likelihood of execution and settlement, size, nature of the order or any other considerations relevant to the execution of that order.

In determining the relative importance of these factors, **PSL** will use its own commercial experience and judgement, as well as take into account how HFMC and **PSL** have categorised **you** (e.g. as retail client or as a professional client), together with the size and nature of the order, the characteristics of the financial instruments to which the order relates, as well as the possible execution venues to which that order can be directed.

In general, **PSL** will regard price as the most important of these factors for obtaining the best possible result. However, **PSL** recognises that there may from time to time be circumstances for some clients, particular instruments or markets where other factors may be deemed to have a higher priority. In the case of retail clients, **PSL** will always regard the most important factors as those which result in the best total consideration in terms of the price combined with the costs of execution.

Execution Venue

In establishing **PSL's** Execution Policy, **PSL** have identified a variety of different execution venues that **PSL** intends to use as **PSL** considers these enable **PSL** to obtain the best possible result on a consistent basis when executing orders on behalf of clients. It is therefore possible that client orders may be executed on a venue which is not a Regulated Market or a Multilateral Trading Facility ("MTF"). **You** should also note that some financial instruments may only be traded on one venue (notably if **PSL** executes a trade for units in a fund, the venue will be the fund manager or the fund itself).

A list of the execution venues on which **PSL** place significant reliance can be found on **PSL's** website (www.pershing.co.uk). It will also be available from HFMC. **PSL** will regularly assess the execution venues available so that **PSL** can continue to include those which enable **PSL** to obtain the best possible result on a consistent basis. **You** should, from time to time, refer to **PSL's** website or ask HFMC for the current list of principal execution venues, as changes will not be separately notified.

PSL may transmit client orders to another broker or dealer (including a retail service provider ("RSP")) for execution. In such cases **PSL** may:

- determine the ultimate execution venue ourselves by accessing specific execution venues through such third parties; or
- instruct this other broker or dealer accordingly (having already satisfied ourselves that they have arrangements in place to enable **PSL** to comply with our execution obligations to **you**).

Where **PSL** directs an order to an RSP, then the RSP and not **PSL** may be executing the order.

¹ - EU Directive 2004/39/EC, dated 21 April 2004.



Specific Instructions

Where **PSL** receive specific instructions from HFMC, **PSL** shall follow those instructions and to the extent they apply **PSL** may not be able to apply **PSL's** Execution Policy and this may have an effect on whether **PSL** can obtain the best possible result for the execution of **your** order.

Limit Orders

If an order has been placed with **PSL** with a limit on the price for execution, **PSL** may not be able to execute it immediately. Consequently, in accordance with regulatory requirements and unless otherwise specifically instructed, **PSL** will publicly disclose details of any unexecuted part of such "limit" order.

Monitoring and Review

PSL will monitor regularly **our** order execution arrangements, as well as the quality of both **PSL's** execution and that of third parties to whom **PSL** has passed orders. Such review will enable **PSL** to identify and implement changes to **PSL's** Execution Policy and execution arrangements as necessary. **You** should note that it may not always be possible to make an effective comparison of execution performance because reliable data is not always available for some markets.

Clients will be advised of any material changes to our policy as necessary.

Consent

Regulations require that **PSL** must obtain clients' prior consent to this Execution Policy. **PSL** will deem that you have provided such consent where **PSL** receives an order for **your** account on or after 1 November 2007.

PSL must, however, obtain **your** express consent, prior to executing an order in an instrument admitted to trading on a Regulated Market or an MTF outside of such a Regulated Market or MTF. **Your** consent in the must be sent to HFMC, since **PSL** will otherwise be prevented from achieving the best possible result where this is achieved by executing **your** order outside of a Regulated Market or MTF. HFMC will then hold a record of **your** consent to our order and inform **PSL** that you have consented to this Execution Policy.



ANNEX 6 - Conflicts Policy

In accordance with regulatory requirements, **we** have taken reasonable steps to identify conflicts of interest that exist, or may exist, between Pershing Securities Limited and its clients or between one client and another.

We have also reviewed the organisational and administrative arrangements in place to manage such conflicts and are of the view that, save for the matters outlined below, they are sufficient to ensure with reasonable confidence, that risk of damage to clients' interests will be prevented.

From **our** Conflicts of Interest Policy, **we** have identified the following areas where **we** are not certain that **we** can manage the conflict (or potential conflicts) fully and thus we hereby advise our clients of this fact: The general nature and/or source of these conflicts are:

- Pershing Europe² provides integrated execution, clearing, settlement and custody services to a number of financial services organisations and therefore has potentially competing client interests.
- Pershing Europe entities hold positions and/or provide transactional related services for more than one client and such clients may have competing objectives in relation to a position or transaction.
- Pershing Europe entities may enter into a transaction in relation to which a Pershing Europe entity has indirectly or directly, a material interest or relationship.
- Pershing Europe entities may combine orders received from one client with those received for the accounts of other clients (and exceptionally may combine with its own orders). Such aggregation may operate on some occasions to a client's advantage and on some occasions to their disadvantage. Where orders have been aggregated, they will be allocated out to clients on a pro-rata basis.
- Pershing Securities Limited may pass orders to an affiliated company for execution. This will, however, be done in accordance with its Execution Policy.
- Where Pershing Europe entities exercise a right to vote in relation to a corporate action, it will do so in accordance with clients' instructions and these may reflect competing interests.
- Pershing Europe entities may place money held on behalf of clients and/or their underlying clients with a bank (in accordance with the relevant regulatory requirements) and earn and retain interest payments from such bank.
- Pershing Europe entities may receive remuneration from fund managers in connection with providing services to them through Pershing Nexus Funds. These payments are calculated by reference to the value of the assets that Pershing Europe entities hold in custody for clients.
- Pershing Europe entities may have other business relationships with a company in relation to whose securities you are entering into a transaction e.g. as a client, supplier, custodian or banker.
- As a result of Pershing Europe's relationships with its customers and with customers across the Bank of New York Mellon Corporation ("BNYM") Group, there may be circumstances in which we are unable to execute transactions with or for clients, in relation to particular counterparties or in particular investments and we shall not be obliged to disclose the reason why or provide any further information thereto.
- It is possible that an affiliate and member of BNYM Group may have a material interest or a conflict of interest in the service or transactions we carry out with or for **you**. While there may be some cross-board memberships, the day-to-day management of Pershing Europe act independently.
- In carrying out Pershing Europe's business, employees may learn confidential or proprietary information about its clients, their underlying clients, prospective clients and underlying clients or other third parties. Employees are required to maintain the confidentiality of all such information entrusted to them, except where disclosure is otherwise authorised or legally mandated. Further, employees are not permitted to use such information for their personal gain.
- Pershing Europe employees are not permitted to trade in the shares of its clients unless the client's shares are widely traded on a regulated market and where the service provided by Pershing Europe represents a very small fraction of the client's total business.
- Pershing Europe employees are required to disclose and, in most cases, must obtain approval for any outside business interest or employment.

This conflicts disclosure is not intended to, and does not, create rights or duties that would not exist if the disclosure had not been made available, nor does it form part of any contract between Pershing Europe entities and any Client.

² - including Pershing Limited (UK) and its two subsidiaries Pershing Securities Limited (UK) and Pershing Securities International Limited (Ireland).



ANNEX 7 - Terms and Conditions for ISA Accounts

The terms of business set out in this section (the “additional terms of business”) only apply if **you** have applied to open a Pershing ISA (including a Pershing Flexible ISA unless otherwise stated). Please note that these additional terms of business apply in addition to the **Custodian’s Terms of Business**. Should any terms within this Annex 7 conflict with the **Custodian’s Terms of Business**, this Annex 7 shall prevail.

1. Applications and subscriptions

- 1.1 **Your** application for a Pershing ISA can only be accepted after completion and submission of a Pershing **Stocks and Shares ISA** Application Form. **PSL** reserves the right to refuse any application.
- 1.2 Investment in a Pershing ISA may be only in the form of a cash subscription, **Share Exchange** or approved Inland Revenue profit sharing or SAYE scheme. The Pershing ISA is a **Stocks and Shares ISA**.
- 1.3 Investment in an ISA is subject to any minimum investment threshold described in the **GPS** and the **annual subscription limit** as determined by **HMRC**.
- 1.4 **You** may only invest **your** own cash in an ISA. An ISA cannot be held in joint names and cannot be transferred to another person.
- 1.5 **PSL** may disclose to **HMRC** or to any other regulatory body any information concerning **your** Pershing ISA from time to time.
- 1.6 **PSL** will notify **you** if **your** Pershing ISA has or will become void as a result of any failure to satisfy the **ISA Regulations**. A breach of the **ISA Regulations** may result in the ISA being declared void and no longer qualifying for tax relief. Tax credits may have to be repaid and, where appropriate, all the interest credited in respect of cash on deposit will be subject to a deduction of tax at the appropriate rate. Pershing will not be liable to **you** in circumstances where **your** ISA has become void as a result of any failure outside of its control, including but not limited to a failure by **you** or **your** financial adviser, to satisfy the **ISA Regulations**.

2. Dividends and benefits in your ISA

- 2.1 Dividends will be paid in cash, unless indicated otherwise, by **you** on the application form.
- 2.2 **PSL** will automatically add the shares arising from any bonus or capitalisations to **your ISA** provided that they are **Qualifying Investments**.
- 2.3 Where investments arising from rights issues, takeovers or mergers, or other corporate events, are not **Qualifying Investments**, **PSL** is required by the **ISA Regulations** to either sell the investments within thirty days of the date on which they ceased to be **Qualifying Investments** (in which case the proceeds can remain within **your** ISA or to transfer the investments to **you** to be held outside of **your** ISA. **You** will be liable for any applicable withdrawal charges or dealing costs or any other costs. In the event that all investments within the ISA cease to be **Qualifying Investments**, **PSL** reserves the right to apply any associated transaction fees as set out in the **GPS**. **PSL** will use reasonable endeavours to seek instructions from **us** in this regard before taking any action.
- 2.4 **You** must ensure that cleared funds are available in **your** ISA to meet forthcoming instalments for nil paid rights or other investments with future or contingent obligations to make payments (to the extent **PSL** will permit these to be held in your ISA), without exceeding the Annual Subscription Limit. **PSL** will notify **you** in advance of instalments payable and, in the absence of instructions or further subscription, **PSL** reserves the right, in accordance with Clause 10 of the **Terms of Business**, to withdraw the shares from your ISA or sell sufficient of the shares to meet your obligations. **PSL** will charge a fee in respect of any such sale at the rate set out in the **GPS**, or as otherwise notified to **you** in writing, from time to time.



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

3. Dealing in your ISA

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

4. Withdrawal or transfer of investments held in your ISA

- 4.1 **You** may withdraw, or transfer to another ISA manager, all of the investments held in **your** ISA for the current tax year, or all or part of previous years ISAs and any proceeds arising from those investments at any time by giving **your** Adviser instructions in writing. **PSL** will give effect to **your** instructions within the time stipulated by **you** which may not be less than thirty days, following receipt from **your** Adviser. If **you** wish to withdraw **your** investments and request a paper certificate, it may occasionally take longer due to circumstances outside **PSL's** control (for example, paper certificates are issued by the relevant Registrar and the time taken for the issue of certificates may vary depending on the volume being issued at the time of request. For some types of investments, such as residual stocks, it may take several months.)
- 4.2 If **you** wish to receive the proceeds of a sale of **Qualifying Investments**, **you** must give **us** duly signed notice in writing and, following receipt by **PSL** of an instruction to this effect from **us**, a payment will be sent to **you** as soon as practicable after settlement has completed. **PSL** may make a charge each time **you** withdraw an investment from **your** ISA. Please refer to the Fees and Commission Schedule. No charge will be made for cash withdrawals from **you** ISA.
- 4.3 Withdrawals cannot be made in favour of any person other than **you**.
- 4.4 All Qualifying Investments that **PSL** sells on **your** behalf will be withdrawn from **PSL's** nominee company for delivery to the appropriate counterparty. No charge will be made for such withdrawals.

Additional terms for withdrawals and transfers in relation to a Pershing Flexible ISA

- 4.5 Where **you** have made a cash withdrawal from **your** Pershing Flexible ISA, whether this is from interest, dividends or sale proceeds, under the ISA Regulations, **PSL** will accept a repayment into **your** Pershing Flexible ISA of all or part of the withdrawals amount (Flexible ISA allowance), subject to the following provisions:
- the repayment is made within the same tax year as the withdrawal
 - the repayment is made into the same ISA as it was withdrawn from
 - any payment received from **you** is deemed to be a replacement first of the amount withdrawn, before any additional payment can be viewed as new subscription
 - any payment received from **you** which exceeds the amount previously withdrawn in that tax year will be viewed as new subscription and will be subject to normal ISA subscription rules



- where **you** have subscribed to a Pershing Flexible ISA in the current tax year, any withdrawal of cash is deemed to be first made out of the current year's subscription. **Your** subscription balance will therefore be reduced accordingly. However, even where **your** full subscription is withdrawn and not repaid into **your** Pershing Flexible ISA, **you** will still have made a current year subscription to a Pershing Flexible ISA and cannot subscribe to a different Stocks and Shares ISA in that tax year
 - withdrawals of stock, for example certificate re-registrations, will not create a Flexible ISA allowance.
- 4.6 The transfer of all or part of **your** Pershing Flexible ISA to another ISA manager will not create an additional Flexible ISA allowance.
- 4.7 Where **you** have made a cash withdrawal from **your** Pershing Flexible ISA during the tax year and subsequently transfer that ISA to another ISA manager, the Flexible ISA allowance will not be transferred, that is, **you** will not be able to replay the withdrawal amount to **your** new ISA manager.
- 4.8 **You** may not make Additional Permitted Subscriptions into a Pershing Flexible ISA.

5. Termination of your ISA and Cancellation Rights

- 5.1 If **you** terminate the arrangement set out in these additional Terms of Business, **you** can either request transfer of the ISA including any **Qualifying Investments** to another ISA manager (or request that any cash balance is paid to **you**) subject to paragraph 4 above or the sale of the **Qualifying Investments** held in **your** ISA and remittance of the proceeds to **you** together with any other cash held within the ISA. Any outstanding fees and charges must be paid by **you** and will be deducted from any cash held. Where an ISA is transferred to another ISA manager, any dividends that are received after the transfer of shares will be processed in accordance with the account arrangements with regard to income unless you notify **PSL** in writing.
- 5.2 If **PSL** terminates the arrangements set out in these additional Terms of Business, **PSL** will give **you** at least thirty days' notice in writing and will explain its reasons for doing so. This notice period will not apply, however, if **your** ISA has or will become void.
- 5.3 Our authority under these **Terms and Conditions** is given by **you** on behalf of **your** successors in title as well as yourself. Accordingly, on your death these **Terms and Conditions** will continue in effect. Prior to the production to **us** of any grant of probate, grant of representation or other such equivalent document, **we** shall continue to provide services as agreed under these **Terms and Conditions** in accordance with the investment objectives previously notified to **us**. Should **you** die, **your** ISA will continue to benefit from the tax advantages of an ISA, so growth will remain tax-free. No money can be paid into it from the date of death but its status as a continuing ISA lasts until either the administration of the estate is complete, the ISA is closed, or three years have passed since death – whichever is sooner. **HFMCM** will continue to invest the monies held within **your** ISA post death, until instructions are received from **your** Personal Representatives relating to either encashment or an in specie transfer.
- 5.4 If **you** wish to close **your** ISA and **you** notify us within 14 days of the opening day of the account, or within 14 days of the day you receive these Terms and Conditions, whichever is the later, the agreement between **PSL** and **you** as set out in this Annex 7 will be cancelled. The balance on **your** account and any gross interest earned will be repaid to **you**. Subject to **HMRC** conditions, **you** will still be able to open an ISA with another ISA manager or us and **your** full **annual subscription limits** will remain. (**HMRC** conditions, as at 1st November 2009, currently require an ISA to be cancelled within 30 days of account opening in order to retain full **annual subscription limits**.)



ANNEX 8 -

Supplemental Terms and Conditions for Junior ISAs

Definitions and interpretation

In these Supplemental Terms and Conditions, unless otherwise stated, capitalised words shall have the same meaning as in **the Custodian's Terms and Conditions**. In addition:

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

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

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

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

Junior ISA shall mean a Pershing stocks and shares junior ISA which conforms to the ISA Regulations provisions pertaining to stocks and shares junior ISAs for the benefit of an Eligible Child. Note that Pershing does not currently offer a cash junior ISA.

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

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

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

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

1. General

- 1.1 Pershing's Junior ISAs and all applications relating to them are governed by the Pershing Terms and Conditions, these Supplemental Terms and Conditions and the ISA Regulations.
- 1.2 The Supplemental Terms and Conditions set out in this agreement provide details of additional terms and features and explain how the Pershing Terms and Conditions are varied in their application to our Junior ISAs. Should the terms of the Pershing Terms and Conditions and these Supplemental Terms and Conditions conflict, then the latter shall prevail. Also, should the Pershing Terms and Conditions and/or the Supplemental Terms and Conditions conflict with the terms of the ISA Regulations, then the terms of the ISA Regulations shall prevail.
- 1.3 Where under the Pershing Terms and Conditions mention is made to ISAs, then this shall include Junior ISAs unless the contrary is indicated in the text below.
- 1.4 The parties agree that Pershing may accept payments from any third parties without satisfying itself that those funds are owned by the Registered Contact or the Eligible Child.
- 1.5 The Junior ISA remains the property of the Eligible Child. Any assignment of, or agreement to assign, investments under a Junior ISA, and any charge on or agreement to charge any such investments is Void.



2. The Junior ISA

Who can apply for a Junior ISA?

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

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

- 2.2 Pershing is within its rights to refuse to accept an application for a Junior ISA if:
- 2.2.1 the application is unsigned, undated or deemed by Pershing to in any way be incomplete;
 - 2.2.2 in Pershing's reasonable opinion, Pershing believes that any of the information or documentation presented in relation to the applicant is untrue or incorrect; or
 - 2.2.3 Pershing believes that any of the eligibility requirements for qualification in relation to a Junior ISA as set by the HMRC and the ISA Regulations have not been satisfied.

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

- 2.3 In the event that Pershing accepts an application for a Junior ISA, then the account will be regulated by the ISA Regulations and no benefit may be taken nor any payment made except in accordance with the ISA Regulations. All communication will be with the Registered Contact only.
- 2.4 The operation of the Junior ISA will be governed by the Pershing Terms and Conditions as modified by these Supplemental Terms and Conditions and the ISA Regulations.

3. Instructions

Who can give instructions to us concerning a Junior ISA?

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

4. Registered Contact

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

- 4.1 Unless any of the provisions contained within paragraph 2.2 apply, with the consent of the existing Registered Contact, and in accordance with the ISA Regulations, Pershing agrees to consider an application in standard form for a change of the identity of the Registered Contact.
- 4.2 Unless any of the provisions contained within paragraph 2.2 apply, without receiving the consent of the Registered Contact and in accordance with the ISA Regulations as prescribed, Pershing shall consider an application in standard form to change the details of a Registered Contact in respect of a Junior ISA in circumstances where either by sight of suitable documentation or from any other evidence Pershing holds, Pershing is satisfied as to:
- 4.2.1 the death of the Registered Contact;
 - 4.2.2 the incapacity of the Registered Contact;
 - 4.2.3 the Registered Contact not being in contact with Pershing for a 12-month period and an item of post having been returned undelivered;
 - 4.2.4 a court order being made bringing to end the status of the existing individual being a person with parental responsibility for the child;
 - 4.2.5 a court appointing a guardian or special guardian of the child;



- 4.2.6 a court making an order that the person who is the existing Registered Contact cease to act as such;
- 4.2.7 a new Registered Contact adopting the child; or
- 4.2.8 the fact that the applicant is the Eligible Child themselves, and that the child is making the application to become the Registered Contact after reaching 16 years of age, but has not attained the age of 18, and does not suffer from any mental disorder as outlined in the ISA Regulations.

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

- 4.3 In any case, the authority of the Registered Contact shall cease on the earlier of the following events:
 - 4.3.1 the Eligible Child becoming a Registered Contact in accordance with paragraph 4.2.8 above;
 - 4.3.2 the Eligible Child reaching 18 years of age, in which event the Account will no longer remain a Junior ISA and all investments held within the Account will revert to being held within an “adult” tax free ISA wrapper and become subject only to the Pershing Terms and Conditions, the ISA Regulations and Pershing standard ISA charges; or
 - 4.3.3 Pershing becomes aware of the fact that the Registered Contact ceases to have parental responsibility in which event all further instructions from such Registered Contact will be declined until an application is received for a change of Registered Contact in accordance with paragraph 4.2 above. In the meantime, Pershing shall not be responsible for any investment or other losses arising as a result.

5. Junior ISA Subscriptions

- 5.1 Any subscriptions made to the Junior ISA are a gift to the Eligible Child.
- 5.2 Whilst the Eligible Child is alive, any person may make a subscription to a Junior ISA provided the subscription is by a cash payment method and the overall amount subscribed does not exceed the Overall Subscription Amount.
- 5.3 No subscription may be made to a Junior ISA once the Eligible Child has reached eighteen years of age.
- 5.4 Only one Junior ISA may be held for the entire period during which a child remains an Eligible Child. The subscriptions will always be applied to the same Junior ISA regardless of the tax year in which the subscription is received.
- 5.5 If Pershing receives information that there is a more recent Junior ISA held by an Eligible Child than the Junior ISA with us, then Pershing shall deal with this in accordance with the ISA Regulations.
- 5.6 If Pershing receives a subscription which exceeds the Overall Subscription Amount then that amount cannot be applied to the Junior ISA with Pershing, and Pershing will return that proportion of the cash received to the person who paid those funds to Pershing. If monies in excess of the Overall Subscription Amount are discovered to have already entered the Junior ISA, then such funds will be dealt with in accordance with the ISA Regulations.

6. What can you Invest in with a Junior ISA

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

7. Closing a Junior ISA and Withdrawal Instructions

- 7.1 **You** may not give Pershing instructions to close a Junior ISA or make withdrawals from it except where:
 - (i) the Eligible Child has become terminally ill (see paragraph 7.2 below);
 - (ii) the Eligible Child has died (see paragraph 7.3 below);
 - (iii) the Eligible Child has reached the age of 18, and agrees (see paragraph 7.4 to 7.7 below);
 - (iv) a transfer is being made of the Junior ISA investments to another ISA manager (see paragraph 7.8 to 7.10 below);
 - (v) on direction from the HMRC where the Junior ISA is Void (see paragraph 7.11 below); or



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

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

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

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

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

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

- 7.4 When an Eligible Child reaches the age of 18 then the relevant Junior ISA will be transferred to an equivalent ISA.
- 7.5 The replacement ISA will be established for the beneficiary in their own right, and subject only to Pershing ISA Terms and Conditions (including charges to be paid in respect of it), and the ISA Regulations. On withdrawal of funds the Account will be closed.
- 7.6 Any Registered Contact will no longer be entitled to give us instructions in relation to the replacement ISA, unless the Account owner has authorised Pershing to accept any such instructions.
- 7.7 The holding will be automatically transferred to an adult ISA on the day of the Eligible Child's 18th birthday, but there is no obligation to return an ISA application form to facilitate this. An ISA application is only required when the investor wishes to add further subscriptions (to the new 'adult' ISA). No subscriptions may be made to the replacement ISA, nor instructions acted upon by Pershing in relation to that Account until such time as the Account holder has completed the relevant application form in accordance with the Pershing ISA Terms and Conditions.

(iv) Transferring a Junior ISA:

- 7.8 Transfers may be made between account providers for junior ISAs or investments, in whole or in part from one type of junior ISA to another, for example, from cash to stocks & shares and vice versa. Pershing shall permit the partial transfer in and out of a Junior ISA, as long as any current year subscriptions are transferred in full.
- 7.9 An account may be transferred even if at the time of transfer the child is no longer eligible for a Junior ISA or no longer resident in the UK. All transfers will be carried out in accordance with the ISA Regulations.
- 7.10 Previous years' Junior ISA subscriptions can be transferred in whole or in part. The current year's Junior ISA subscriptions must be transferred in full. These rights must be exercised in accordance with the ISA Regulations limit on each Eligible Child having only one of each type of junior ISA at any time. Pershing will close a Junior ISA which after transfer has a nil account balance.

(v) Repairing an invalid or Void Junior ISA:

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

(vi) Closing due to Nil Balance

- 7.12 A nil balance arises will in the following circumstances:

- a) a Junior ISA has been opened and a small initial investment has been made, but contributions then stop and agreed charges then bring the balance down to nil;



- b) a terminal illness claim has been accepted and the Registered Contact has withdrawn the funds held in the Junior ISA; or
- c) where all of the investments in a Junior ISA have been transferred. In any case Pershing may close the remaining nil balance account.

8. Administration

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









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This publication has been prepared and issued by HFMC Asset Management Ltd.

Version 4

January 2025