

# **first direct shares service Terms and Conditions**

These terms are effective for all  
**first direct** shares service customers  
on and from 26 November 2021



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## How to contact us

If you have any questions or need to contact us, you can phone or write to us by post or through e-message.

### Telephone

Call us on **03 456 100 105**

(Please dial +44 113 234 5678 from abroad).

or by Textphone **03 456 08 88 77**.

Our opening hours are:

7.30am - 9.30pm Monday to Friday excluding public holidays.

### Post

#### first direct

40 Wakefield Road

Leeds

LS98 1FD

Transfer requests should be posted to:

Stockbroker Services

PO Box 716

Forum 1

The Forum

Parkway

Whiteley

Fareham

PO14 9QD

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

### Online

You can contact us by accessing your Portfolio on the Website via Internet Banking using your user ID, password and providing other security information. When you have logged on and accessed the Website, you can send an e-message to us.

## Contacting You Personally

In these Terms, when we say that we will “**contact you personally**”, we may do this by post, telephone (including mobile phone), e-mail, e-message, a message on your Statement, or in any other way that will be sent to you individually unless there is a legal or regulatory requirement to contact you in a particular way.

## Introduction

The **first direct** shares service is an execution-only sharedealing and investment service provided by **first direct**.

This document (referred to as the “shares service Terms”) is part of a wider agreement between you and us in relation to the **first direct** shares service. That agreement consists of:

- the shares service Terms;
- the “Additional Conditions” comprising:
  - the **first direct** shares Key Features Document;
  - all charges that apply to the Portfolio which are covered in the Interest Rates and Charges Document applicable to Portfolios (you will be given this as part of the Key Features Document when you take out the Portfolio with us and you can also find details of charges by telephoning us or by looking on the Website); and
  - the **first direct** Account Terms and Conditions that apply to your use of our Online Banking service to access the Website and to the use of our telephone service in connection with your Portfolio and any other terms and conditions that apply to the banking services we provide to you; and
- any Supplemental Terms.

The shares service Terms and the Additional Conditions are together the “Terms”. If any Additional Conditions contradict the shares service Terms, then the Additional Conditions will apply.

## Execution-only service

We are not able to advise you on your Investment dealings. The **first direct** shares service is an execution-only service. This means that we process the Investment dealings you ask us to and we do not provide you with any advice or personal recommendations. The only duty we owe you is to achieve the Best Possible Result for your orders in Financial Instruments and any other duties are expressly excluded from the **first direct** shares service.

You are solely responsible for your own Investment dealings when using the **first direct** shares service. We are not required to assess the suitability or appropriateness of any Investment or of the **first direct** shares service for you and the protection afforded by the FCA on assessing suitability and appropriateness does not apply. As a result, before deciding to deal in an Investment we suggest you consider whether you need to take independent financial advice on the particular Investment dealing and, where you think it is appropriate to do so, seek and act on that advice. You may be charged for any advice you receive.

In the Terms:

**Account Fee** means the account fee as set out in the Interest Rates and Charges Document which applies to each Investment Account (other than an Investment Account designated by us as a dormant Investment Account in accordance with clause 18.2 of Section 2);

**Additional Conditions** means (i) the Key Features Document; (ii) all charges that apply to the Portfolio which are covered in the Interest Rates and Charges Document; (iii) our Online Banking Terms and Conditions; and (iv) the terms and conditions that apply to the banking and internet services we provide to you;

**Administration Office** means **first direct**, 40 Wakefield Road, Leeds, LS98 1FD or such other address notified to you from time to time;

**Agent** means someone acting on your behalf to arrange the purchase or sale of Investments in the market. We will act as your Agent when placing trades on your account;

**Agreement(s)** means the Terms, Additional Conditions and any Supplemental Terms which we will communicate to you before we provide a product or service to you and the Application signed by you;

**Applicable Laws** means any applicable local or foreign law, regulation, judgment or court order, voluntary code, sanctions regime, agreement between any member of the HSBC Group and an Authority, or agreement or treaty between Authorities and applicable to us or a member of the HSBC Group;

**Application(s)** means the document and/or any other electronic registration process that we may require you to complete to open a Portfolio with us;

**Associate(s)** means any holding company of ours or a subsidiary of any such holding company;

**Authority or Authorities** includes any judicial, administrative, public or regulatory body, any government, any Tax Authority, court, central bank or law enforcement body, or any of their agents with jurisdiction over any part of the HSBC Group;

**Best Execution Disclosure Statement** means the disclosure statement in Annex 3 which sets out how we will deliver the Best Possible Result when executing Client Orders;

**Best Possible Result** means, when executing Client Orders, on a consistent basis, including in situations of market stress, we'll take into account a range of factors which include: price; cost; speed; likelihood of execution and settlement; size; nature or any other consideration relevant to the execution of the Client Order. Price and execution costs will be paramount although factors such as the type of Client Order, the type of Financial Instrument and the choice of Execution Venue will also be considered where necessary;

**Business Day(s)** means Monday to Friday, except for public holidays;

**Cleared Funds** means the amount of funds standing to the credit of the relevant account after deducting any sums due in settlement of payments of which we have notice or any sums that have been credited to your accounts (such as a cheque payment) which has not yet cleared (excluding payments in connection with a trade in investments which we have executed with or for you but not yet settled);

**Clearing System(s)** means CREST, DTC or any other market clearance facility, settlement system, centralised securities depository or similar facility, system or depository;

**Client Order(s)** means an Instruction received and accepted by us to buy or sell a Financial Instrument;

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

**Compliance Obligations** means obligations of the HSBC Group to comply with: (a) Applicable Laws or international guidance and internal policies or procedures, (b) any demand from Authorities or reporting, disclosure or other obligations under Applicable Laws, and (c) Applicable Laws requiring us to verify the identity of our customers;

**Connected Person** means any natural person or legal entity (other than you) whose information (including Personal Data or Tax Information) you provide, or which is provided on your behalf, to any member of the HSBC Group or which is otherwise received by any member of the HSBC Group in connection with the provision of the Services. A Connected Person may include any guarantor or any other persons or entities with whom you have a relationship that is relevant to your relationship with the HSBC Group. A Connected Person may include any guarantor or owner of a legal estate in land over which we are to take security, provider or recipient of a payment or any other persons or entities with whom you have a relationship that is relevant to your relationship with the HSBC Group;

**Consolidated Tax Certificate** or **CTC** means a document detailing the total income and or interest received on your investments held in your Portfolio during a tax year together with details of any tax deducted at source;

**Costs and Charges Disclosure Document** means the document that gives you important information about charges and the breakdown of costs you pay in respect of your Investments and the Service we provide to you;

**Costs and Charges Statement** means the document which we will provide to you annually that gives you important information about charges and the breakdown of costs you have paid in respect of your Investments and the related Service we provide to you;

**Crown Employee(s)** means non-UK residents working overseas and paid by the UK Government categorized as Crown employees, including diplomats or members of the armed forces, and the non-UK resident spouse or civil partner of such Crown employee;

**Customer Information** means your Personal Data, confidential information, and/or Tax Information or that of a Connected Person;

**Customer Service Centre** means our service centre which handles all telephone calls and e-message enquiries for services and products offered under the Agreement;

**Default** means where you do not have sufficient cleared funds in your Qualifying **first direct** Account to meet the costs of any settled Trades (including any associated charges and/or any outstanding Account Fees) and you do not reimburse us in full by the end of the Business Day following the day on which the Trade was made (or the day the Account Fee was due);

**e-message** means an electronic message sent via the Website relating to the **first direct** shares service;

**Execution Policy** means our internal policy setting out how we will deliver the Best Possible Result when executing Client Orders;

**Execution Venue** means a venue for transactions in Financial Instruments;

**Failed Trade(s)** means a Trade that hasn't settled in the market (for whatever reason) by the agreed settlement date in accordance with the contract note;

**FCA** means the Financial Conduct Authority (with its head office address at 12 Endeavour Square, London E20 1JN) a regulatory body in the United Kingdom, or any successor regulatory body;

**Financial Crime** means money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, and/or any acts or attempts to circumvent or break any Applicable Laws relating to these matters.

**Financial Crime Risk Management Activity** means any action to meet Compliance Obligations relating to the detection, investigation and prevention of Financial Crime. This may include (a) screening, intercepting and investigating any communication, application for Services or any payment, whether sent to or by you or on your behalf, (b) investigating the source of or intended recipient of money, (c) combining Customer Information with other related information in the possession of the HSBC Group and/or (d) making further enquiries as to the status of a relevant person or entity (whether they are subject to a sanctions regime or confirming their identity or status);

**Financial Instrument(s)** means those financial instruments, as defined in the FCA rules, that are available to be held in the Portfolio;

**first direct**, a division of HSBC UK Bank plc;

**first direct shares service** means the execution-only sharedealing and investment service and all associated Services offered by **first direct** to you in accordance with the Agreement;

**Force Majeure** means any abnormal and/or unforeseeable circumstances beyond our control, the consequences of which would have been unavoidable despite reasonable efforts to the contrary;

**Fund Business Day** means a day upon which Funds deal in Fund Shares;

**Fund Dealing Hours** means the hours during which Fund Shares may be bought or sold in Funds;

**Fund Shares** means units or shares in Funds;

**Funds** means the range of individual unit trusts, OEICs, collective investment schemes, investment trusts and Exchange Traded Funds (or ETFs) offered by us from time to time;

**HSBC Group** and **any member of the HSBC Group** means HSBC Holdings plc, and/or any of its affiliates, subsidiaries, associated entities and any of their branches or offices and includes HSBC UK Bank plc;

**Instruction(s)** is any request to us from you given via the Website, telephone, or in writing including instructions to effect Trades which are conducted through the **first direct** shares service by use of your Security Details;

**Interest Rates and Charges Document** means the document on the Website or in paper format as amended and notified to you from time to time which displays all our current fees for the provision of the **first direct** shares service as well as details of certain levy and tax rates set by external bodies (over which we have no control);

**Investment Account** means an account in which your Investments will be held;

**Investment Exchange** means any exchange defined as a Recognised Investment Exchange in the FCA rules;

**Investments** means the investments that we allow you to buy and/or sell using the Service;

**Investor Information Document** means either a Key Information Document (KID), a Key Investor Information Document (KIID), or a NURS-KIID (Non-UCITS Retail Scheme KIID), each of which is a document we are required to make available to you when you invest in certain types of Funds;

**ISA** means an Individual Savings Account;

**Limit Order(s)** means a Client Order to buy or sell a specified Financial Instrument at a fixed price or better and for a specified size;

**Market Data** means all securities prices, quotations, news (both financial and non-financial), company information and other information and facilities provided via the Website or Customer Service Centre by Market Data Providers;

**Market Data Providers** means various third party sources or any members of the HSBC Group who provide Market Data via our Website;

**Multilateral Trading Facility or MTF** means a computer system through which multiple parties can buy and sell certain types of Financial Instrument which is not a Regulated Market or Organised Trading Facility (OTF);

**Normal Market Hours** means, in respect of an Investment Exchange on a day on which it is open for trading, the hours between which it is open for trading, details of which can be found on the Website;

**OEIC** means an Open Ended Investment Company;

**Online Banking** means our internet banking service;

The **Opening Auction** takes place shortly before the market officially opens. The Opening Auction determines the opening price of an asset on an exchange, by matching buyers with sellers;

**Operator(s)** means the person responsible for the management of the property held for or within a Fund which, for an authorised unit trust, will be the manager and for an OEIC will be the company or its authorised corporate director;

**Organised Trading Facility or OTF** is a computer system through which multiple parties can buy and sell certain types of Financial Instrument(s) and which is not a Regulated Market or MTF;

**Personal Data** means any information relating to an individual from which they can be identified;

**Personal Information** means all the information you give to us or any member of the HSBC Group or which we obtain about you personally in connection with the Agreement and account(s) you have with us;

**Portfolio** means the **first direct** shares service account offered by us which must comprise a Settlement Account and an Investment Account and may also include such other accounts and/or products as we may offer you from time to time, such as capital protected products and tax efficient products, for example ISAs;

**Prudential Regulation Authority** means the Prudential Regulation Authority with its registered address at 20 Moorgate, London EC2R 6DA, a regulatory body in the United Kingdom, or any successor regulatory body;

**Qualifying first direct Account** means a personal **first direct** current account in your name (including a joint account which you hold with someone else) as nominated by you in your Application or such other personal **first direct** current account as may be nominated by you from time to time;

**Quoted Market Size** means the number of shares a market maker will deal in at their advised prices;

**Regulated Market** means the computer systems of an authorised market through which multiple parties can buy and sell the types of Financial Instrument which are admitted to trading under the rules of the market and which is not an MTF or OTF;

**Retail Client** means a customer who we have categorised as a Retail Client for the purposes of the FCA rules;

**Rules** means the rules set out by the FCA and/or PRA;

**Security Details** means the information which enables us to authenticate your identity including your user ID, passwords or other details including those which allow you to use Internet Banking to access the Website and to use our telephone service;

**Services** means all services provided to you in connection with your Portfolio and these Terms and includes (a) the provision of online research tools, (b) Market Data, (c) access to UK securities and gilt trading, (d) a secure online trading platform, linked to your nominated account, (e) safe custody of your portfolio and cash, (f) the administration of all corporate actions and dividend payments on your behalf, (g) a UK based call centre with knowledgeable and helpful staff and also includes (h) the opening, maintaining and closing of your accounts with us, (i) providing you with credit facilities and other banking products and services, processing applications, credit and eligibility assessment, and (j) maintaining our overall relationship with you, including marketing services or products to you, market research, insurance, audit and administrative purposes;

**Settlement Account** means a sterling account held by us into which the proceeds of your Investments settle and into which proceeds of any dividends are paid;

**Settlement Date** means in relation to a sale transaction, the date the proceeds of sale are credited to your Settlement Account (which in the case of the sale of equity Investments will be two Business Days after the date of the Trade (T+2)) and in relation to a purchase transaction, the date the purchase monies are debited from your Settlement Account;

**Settlement Period** means the period of time between the date your trade executes and the Settlement Date. This period is agreed prior to the trade executing and is normally quoted as T+1, T+2, T+3 etc. The buyer must make payment, and the seller must deliver stock within this settlement period;

**Sharegift** means the share donation charity known as Sharegift located at 4th Floor, 67-68 Jermyn Street, London SW1Y 6NY;

**Statements** means the pages on the Website and any Communications listing the cash and Investments in your Portfolio and relevant transactions;

**Supplemental Terms** means the various supplemental terms and conditions applicable to ISAs, or any other product or service that we may offer you from time to time which constitute part of the Agreement;



**Tax Authorities** means UK or foreign tax, revenue or monetary authorities (for example, HMRC);

**Tax Information** means documentation or information about a person's tax status;

**Trade(s)** means the purchase or sale of an Investment;

**Trading Day** means a day on which a relevant market is open for trading;

**Trading Limit** means a financial limit that we determine and confirm to you in writing. Your trades (including any unsettled trades) may not exceed this limit at any time;

**Trading Venue** means a Regulated Market, Multilateral Trading Facility or Organised Trading Facility;

**US** means the United States of America, its territories and possessions, any state of the United States, the District of Columbia and all other areas subject to its jurisdiction;

**we, us, and our** means **first direct**;

**Web-Based Account** means a Portfolio in respect of which the Portfolio holder is able to issue Instructions and access Portfolio balances via the Website;

**Website** means the location within **firstdirect.com** accessed via Internet Banking and from which you can access the **first direct** shares service and give us Instructions in respect of your Portfolio;

**you and your** means the person who signed the Application or, if more than one person signed, one or both of them, including any joint Portfolio holder;

## **Use of the first direct shares service and Client Categorisation**

The Portfolio is provided to you for your personal use only and is not intended to be used for professional or business purposes.

You will be categorised as a Retail Client in relation to your Portfolio and your use of the Portfolio. Retail clients have the highest level of protection under the FCA rules.

If you are acting as Agent for someone else, we will treat you alone as our customer for the purposes of FCA rules and you will be liable, in addition to that person, in respect of any Trades entered into.

No third party will have any rights under the Terms except for Market Data Providers as set out in clause 9 of section 3 - Sharedealing Terms.

**Please read the Terms and keep them in a safe place. You can ask for a copy of the Terms at any time.**

**Your use of the Portfolio is subject to you complying with these Terms.**

## **Channel Island and Isle of Man customers only**

References to the Channel Islands mean Jersey and Guernsey (including Alderney and Sark). The telephone service is currently only available to some Channel Islands and Isle of Man customers. We would also draw your attention to the following sections for specific information relating to customers of the Channel Islands and the Isle of Man: 15 (Bankruptcy) and 13.12 (Probate).

**Please note that we no longer accept applications from persons resident in the Channel Islands or the Isle of Man. Any references to the Channel Islands or the Isle of Man in these Terms apply only to first direct customers resident in the Channel Islands or the Isle of Man who opened an account prior to 8 September 2014.**

## Section 1 – shares service Terms – Operation of the Portfolio

This Section 1 describes how you open a Portfolio, the information you must provide to us when you place a Client Order and the different ways in which you can ask us to place a Client Order and important security information.

Section 1 also contains terms relating to joint Portfolios, Statements, fraud prevention and responsibilities, changing the Terms, ending the Terms and closing your Portfolio.

### 1 Opening and Maintaining a Portfolio

**1.1** You may apply to open a Portfolio by completing an Application on our Website or through the Website by logging on to Internet Banking or by telephoning our Customer Service Centre. A Portfolio may be opened in your sole name or in joint names (please see clause 7 for more details).

**1.2** To open and maintain a Portfolio you (and, in the case of a joint Portfolio, both joint Portfolio holders) must:

- be resident in the UK, or a UK Crown Employee or, if you opened an account prior to 8 September 2014, resident in the Channel Islands or Isle of Man;
- hold a Qualifying **first direct** Account;
- be at least 18 years of age; and
- provide us with any information including but not limited to Personal Information that we may reasonably require in order to provide the Service

However, even if you satisfy these criteria, we do not have to accept your application. If you cease to satisfy these criteria and, in particular, if you move and become resident outside the UK, we may end the Service or place restrictions on your use of the Service.

**1.3** We will open a Settlement Account and an Investment Account for you when your Application has been accepted and our account opening processes have been completed, together with such other accounts as you may have requested. We will confirm to you in writing when our processes are complete and whether your Application has been accepted or not. We will notify you of your Trading Limit upon account opening as described in 2.1 of Section 3.

**1.4** On opening your Portfolio, you must use your account in accordance with the security procedures set out in clause 3.

**1.5** We reserve the right to refuse to accept your Application to open a Portfolio.

## 2 Telephone service

### 2.1 Making enquiries and placing Client Orders

When you want to telephone us to raise an enquiry or place a Client Order please ring **03 456 100 105** (textphone 03 456 08 88 77). Lines are open 7.30am - 9.30pm Monday to Friday, excluding public holidays. Please dial +44 113 234 5678 from abroad.

To ensure we carry out your Instructions accurately, to help us to continually improve our service and in the interest of security, we may record and monitor and keep records of all conversations we have with you. We will keep records of all telephone calls that lead or may lead to Trades for seven years during which time you may ask for a copy of the record at any time.

**2.2** Our telephone service is available, provided that your identity can be verified, by speaking to a customer services representative or otherwise completing our security procedures.

### 2.3 Your Instructions

**2.3.1** You can instruct us to place orders through our telephone service (once you have completed our security procedures). A customer service representative will take details of the Instructions and then confirm the details to you. You must confirm these details are correct before we place the Client Order. Your confirmation will be your agreement for us to place a Client Order.

**2.3.2** On satisfactory completion of our security procedures, we will assume any Instructions given to us were given by you or with your authority and we will act on them.

**2.4** Our telephone service and/or our Internet Banking service may be temporarily unavailable if we have to carry out routine or emergency maintenance. We will try to inform you in advance but it may not always be possible to do so.

### 3 Important Security Information

- 3.1** You must use our telephone service, Internet Banking service and our Website in accordance with the Terms and your **first direct** Account Terms and Conditions which apply to your use of our telephone service and/or Internet Banking service.
- 3.2** You must take all reasonable precautions to keep safe and prevent fraudulent use of any Security Details.
- 3.3** These precautions include but are not limited to all of the following:

#### General

- never writing down your Security Details;
- not choosing Security Details that may be easy to guess;
- taking care to ensure that no one hears or sees your Security Details when you use them;
- keeping your Security Details unique to your accounts with **first direct**;
- not allowing anyone else to have or use your Security Details (including for our telephone service and Internet Banking service) and not disclosing them to anyone, including the police and us, except where we require Security Details to register for, or reset your telephone service and your Internet Banking Security Details;
- keeping information about your Portfolio containing personal details and your user ID (such as Statements) safe and disposing of them safely. People who commit fraud use many methods such as searching in dustbins to obtain this type of information. You should take simple precautions such as shredding paper containing such information;
- keeping your Security Details safe;
- telling us as soon as possible if you change address;
- telling us as soon as possible if you have forgotten your Security Details or you think that someone else is trying to use any of your accounts;
- telling us as soon as possible if you think your authentication details become known by another individual;
- if we give you software to help you to use the **first direct** shares service you must not change it or allow anyone else to use or copy it. You must carry out your own virus checks;
- you must tell us as soon as possible if you find any fault, failure, delay or error in your Portfolio, especially in the sending or receiving of Instructions. Our records of your Instructions will be conclusive unless there is an obvious error;
- changing your Security Details immediately and telling us as soon as possible in accordance with clause 3.4 if you know, or even suspect, that someone else knows any of those details, or if we ask you to.

#### Telephone service

- when you call us, we will confirm your identity using our current security procedures. We will never ask you for more than two digits of your telephone banking password. We may not be able to assist you if we are unable to identify you as our customer using our security procedures;
- when you contact us by telephone please ensure that you take necessary security precautions and we recommend that you use either a landline or a digital mobile telephone. We are not responsible for the security of your Portfolio if anyone intercepts or overhears you speaking to us on the telephone.

## If using a textphone

- it is your responsibility to always clear your textphone's memory after every conversation with us;
- ensure that you tear out and destroy any printed record of your personal Security Details from any printer attached to your textphone;
- keep your textphone properly operational.

## Website access

- keep your personal computer secure by using anti-virus and anti-spyware software and a personal firewall;
- keep your passwords and other Security Details secret – we will never ask you for your Online Banking security information in full;
- always access the Website by typing in the bank address to your web browser. Never go to an internet banking site from a link in an email and then enter personal details;
- never access the Website from any computer connected to a local area network (LAN) (this is usually the case for computers you use at work) or any public internet access device or access point (e.g. at an internet café) without first making sure that no one else will be able to observe or copy your Security Details, or get access to the Website by pretending to be you;
- never record any password or other Security Details on any software which retains it automatically (e.g. any computer screen prompts or 'save password' feature or your internet browser's address bar);
- once you have logged on to the Website, do not leave the device from which you have accessed it or let anyone else use that device until you have logged off;
- follow all security measures recommended by the manufacturer of the device you use to access the Website, e.g. the use of personal identification numbers for mobile telephones with internet access.

**3.4** If any Security Details are lost or stolen, or you suspect that someone has used or tried to use them, you must tell us without delay by calling us on the number set out in the "How to contact us" section at the beginning of this document.

**3.5** If asked, you must confirm in writing the loss or theft of your Security Details relating to the **first direct** shares service, the Website, our Online Banking service or our telephone service.

**3.6** We will ask you to co-operate with us and the police in relation to any investigation into the actual or suspected misuse of your Security Details and/or Portfolio. You must report any unauthorised transactions to the police within seven days of our request. We may also disclose information about you or your Portfolio to the police or other third parties if we think it will help prevent or recover losses.

## 4 When Trades will and will not be placed by us

**4.1** If we refuse to place a Trade you will normally be told when you give your Instructions, unless we suspect fraud - please see clause 10 for details about our fraud prevention measures and what we do if we suspect fraud. In all cases, if you telephone us, we will tell you if a trade has been refused, the reasons for the refusal (if possible) and the procedure for correcting any factual errors that led to the refusal. This information will be available immediately after our refusal of your Instruction unless it is unlawful for us to do so.

**4.2** We may refuse to accept a Trade:

- if we don't have information that we reasonably require in order to carry it out;
- when your Trading Limit has been reached or has been or will be exceeded, as further described in Section 3, clause 2.

We'll not be liable for any loss to you if we refuse to accept a Trade as a result of:

- you not providing us with any information we reasonably request (including but not limited to Personal Information); or
- you reaching your Trading Limit or if your Trading Limit will be exceeded by us carrying out your Trade.

We may terminate this Agreement in accordance with clause 13, if you persistently fail to provide us with any information (including but not limited to Personal Information) we reasonably require to carry out Trades.

## 5 Charges for services and for enquiries about an Instruction

- 5.1 We may charge you to place Trades and/or for the Services. The applicable charges, including the amount, frequency and basis for the fee, are set out in our Interest Rates and Charges Document. We may make changes to the charges we apply to your Account in accordance with clause 12.1, including introducing new charges or fees or making changes to the amount, rate or basis on which we charge.
- 5.1.1 We will send you, as appropriate, illustrations showing the cumulative effect of costs on the return of your Investments. We will also provide you with our Costs and Charges Disclosure Document containing important information about charges and the breakdown of costs you pay in respect of your Investments and the Service we provide to you.
- 5.1.2 By opening and maintaining a Portfolio, you authorise us to deduct any applicable Account Fees from your Qualifying **first direct** Account at the frequency set out in our Rates and Fees Page.
- 5.1.3 Each time you give us an Instruction, you authorise us to deduct the costs and charges associated with that Instruction from your Settlement Account.
- You also authorise us to debit and/or credit the necessary funds from/to your Qualifying **first direct** Account to ensure that the balance of your Settlement Account is returned to nil at the close of each Business Day.
- 5.2 We may make a charge for any enquiries we receive in respect of an Instruction, whether made by you or another person. We will not charge you if we have made an error. We will advise you of the charge before we start investigations on your behalf.
- 5.3 You must also pay any applicable VAT, stamp duty, stamp duty reserve tax, other taxes and levies relevant to your Instructions to us.
- 5.4 Where permitted by the FCA rules, we may share fees with our Associates and other third parties where those fees enable, or are necessary for carrying out transactions on your behalf.
- Details of any such remuneration or charging arrangements won't be set out in the relevant contract note or confirmation note but will be made available to you if you contact us on **03 456 100 105**.
- 5.5 In the event that you don't comply with your obligations under these Terms, certain additional fees will apply as set out in our Interest Rates and Charges Document from time to time.

## 6 Transferring Investments into or out of your Portfolio

- 6.1 You can transfer Investments into or out of your Portfolio by the methods notified to you on the Website, in our Key Features Document, or by contacting us using the numbers set out in clause 2. There may be a charge for a transfer out of your Portfolio. Please see our Interest Rates and Charges Document for details. Please be aware that we are unable to transfer joint holdings from other providers, or joint holdings held in certificated form, into a sole account with us.

## 7 Joint Portfolios

- 7.1 You can apply for a Portfolio jointly with one other person but we reserve the right to reject Applications.
- 7.2 Unless this conflicts with another authority given in writing on the joint Portfolio, and until either one of you cancels this authority, you authorise us to:
- accept Instructions signed or given to us by either one of you to act on behalf of you both to buy or sell Investments;
  - make information about the joint Portfolio available to the other joint Portfolio holder; and
  - accept Instructions signed or given to us by any one of you to act on behalf of you both in all other transactions with us unless otherwise stated in these Terms. This includes providing any other facilities on your joint Portfolio in accordance with these shares service Terms, opening further accounts in your joint names and closing such accounts in your joint names. Instructions may be provided by any means or through any media we accept and on such Terms as we may tell you.

- 7.3** If you are a joint Portfolio holder and you also hold an individual **first direct** Stocks and Shares ISA the authority in 7.2 includes information about your individual ISA. If you do not want us to include your individual ISA information with the joint Portfolio information then you must let us know.
- 7.4** We will accept such authority until it is cancelled by either of you (unless otherwise agreed in writing) or treated by us as cancelled under clause 7.5.
- 7.5** If either of you tells us of a dispute between either of you, we may treat this as notice of cancellation of the authority set out at clause 7.2. If we do, any further transactions will need the authority of you both and the use of additional services such as access to the Website may be suspended.
- 7.6** We will cancel or close a joint Portfolio other than as specified in clauses 7.2 and 7.4 only on the written Instructions of both joint Portfolio holders.
- 7.7** We may disclose to either of you any information we hold about the account(s) including historical Statement information.
- 7.8** Unless clause 7.4 above applies, in the event of the death of either of you, the survivor has authority to instruct us to pay them any credit balance and deliver to them any Investments held in the Portfolio. This is subject to any rights which we or a third party may have.
- 7.8.1** If we receive notice that at least one of you has become mentally incapable, we will treat this as notice of cancellation of the authority set out in clause 7.2. This means that we will only act on Investment dealing Instructions and/or make payments out of the Settlement Account that were authorised before we received notice until either an Attorney or Receiver is appointed to act for the person who is mentally incapable.

### **Online Banking access for Joint Accounts**

- 7.9** You agree that if either of you registers for Online Banking or any other banking service provided over an electronic channel which we may make available to you:
- We may provide access for our Online Banking service or such other service in respect of your joint Portfolio even if each of you has not registered access to the Website or such other service;
  - In such circumstances you will be bound by the **first direct** Account Terms and Conditions in connection with your use of the Internet Banking service and/or the Terms of such other service (Terms are available on request or at **firstdirect.com**); and
  - We may follow any Instructions given to us in relation to your joint account by either of you, even if any joint account mandate requires the authority of both of you. This clause overrides the mandates.
- 7.10** In respect of Web-Based Accounts we will usually send any material relating to the joint Portfolio that is sent by e-messaging only to the joint Portfolio holder who sent us the service request, or gave us the instruction.
- 7.11** If we send any Communications or other material relating to the joint holders of a Portfolio, we'll usually send one copy addressed to both Portfolio holders to the address of the first joint Portfolio holder on our records.
- 7.12** Unless we agree otherwise, we will not send copies of Communications or other material to both joint Portfolio holders. The receipt of any Communication by one Portfolio holder will be deemed to have been received by both.
- 7.13** If you open a joint Portfolio you accept that you are both individually and together bound by these Terms and responsible for any money which may be due to us.

## **8 Third party authority**

You can authorise another person to operate your Portfolio. You will need to sign a document called a **first direct** shares service third party mandate in respect of the Portfolio which you may request from us. On joint Portfolios, both of you must sign the third party mandate. You may also do this by signing a power of attorney but you should take legal advice before doing so. If you authorise another person to operate your Portfolio then you will be responsible for their actions or omissions as if they were your own.

## **9 Statements**

- 9.1** If you are registered for Online Banking, we will provide you with Statements for transactions on your Portfolio online every three months. Statements will be dated in March, June, September and December. You will also be able to view your holdings and transactions for the previous 12 months online.
- 9.2** If you've not registered for Online Banking, or if you ask us to, we will provide you with Statements for transactions on your Portfolio by post every three months. Statements will be dated in March, June, September and December.
- 9.3** Statements will show details of the transactions that have passed through your Settlement Account and the Investments you hold in your Investment Account. Trades may be shown as settled, even if the Investments or proceeds have not yet been delivered. Statements are subject to any future adjustments that may need to be made in respect of any failed Investment or proceeds deliveries. The value of Investments shown on Statements will be based on information we receive from reputable published sources. This will be the estimated value on the Business Day shown on the Statement.
- 9.4** If you have a joint Portfolio we will send a Statement as set out in clauses 7.9 - 7.12.
- 9.5** If you ask, we will send you additional Statements which we may charge you for. Details of the charges are set out in the Interest Rates and Charges Document.
- 9.6** If you have investments in Funds, we'll send you a Costs and Charges Statement each year around the anniversary of your Investment Account. This statement shows the total actual costs that we have charged you for your investment in the Funds and the services we have provided in connection with those investments. The Costs and Charges Statement will also include an illustration of the cumulative effect of those costs on the return on your investment in the Funds.

### **9.7 Balance information**

- 9.7.1** We may provide you with details of the balance on your Portfolio. This may include transactions that are in process and therefore may be subject to change. Balance information is subject to any future adjustments that may need to be made in respect of any failed Investment or proceeds deliveries. The value of Investments shown will be based on information we receive from reputable published sources. This will be the estimated value on the Business Day the balance is provided.
- 9.7.2** Your Portfolio and the transactions passing through it may be affected by a court order, e.g. a court order that is obtained against you or your Portfolio. If so, the balance may change and transactions may not be processed or may be reversed.

## **10 Fraud prevention**

- 10.1** We carry out certain checks on transactions on your Portfolio as part of our fraud prevention measures. We may contact you personally to inform you of suspicious activity on your Portfolio, or we may leave a message to ask that you call us. If we ask, you must contact us as soon as possible.
- 10.2** We, or any other member of the HSBC Group, may take whatever action we consider appropriate to meet any obligations, either in the UK or elsewhere in the world, relating to the prevention of fraud, money laundering and terrorist activity and the provision of financial and other services to persons who may be subject to sanctions. This may include, but is not limited to, investigating and intercepting payments into and out of your Portfolio (particularly in the case of international transfers of funds) and investigating the source of or intended recipient of funds. It may also include making enquiries to establish whether a person is subject to sanctions. Exceptionally, this may delay the carrying out of your Instructions or the receipt of Cleared Funds but, where possible, we will advise you of the reasons for and likely length of any delay. If we are not satisfied that a payment in or out of your Portfolio is lawful, we may refuse to deal with it.
- 10.3** Neither we nor any other member of the HSBC Group shall be responsible to you or any third party for any loss incurred as a result of us or any other member of the HSBC Group taking the actions set out in clause 10.2. In addition, we shall not be responsible to you for any loss you may incur if we, or any of our agents or correspondents, are prevented from or delayed in providing you with any banking or other services due to a Force Majeure.

## **11 Responsibilities**

### **11.1 Unauthorised transactions**

You must read your Statements carefully on receipt or when they are available online. To help us prevent fraud, you must tell us immediately by calling us if you do not recognise any transaction shown on your Statement or if you think any Client Order has been executed incorrectly. If you do not tell us promptly (at the latest within 13 months of the date the transaction occurred), you may not be entitled to have any errors corrected.

### **11.2 Liability for unauthorised transactions**

- 11.2.1** Subject to clauses 11.2.2 to 11.2.5 (inclusive) of the General Terms, we will be responsible for any unauthorised transactions that you tell us about in accordance with clause 11.1 of the General Terms (if we suspect that you have been fraudulent or grossly negligent, we will investigate the transaction and will only be responsible if/when we have concluded that you have not been fraudulent or grossly negligent). Where we are responsible, we will immediately refund the amount of the unauthorised transaction and any resulting interest and charges. Subject to any Applicable Laws we will have no further liability to you.
- 11.2.2** You will be responsible for all losses if you act fraudulently or if you allowed another person (who is not a properly appointed authorised third party) to use your Portfolio.
- 11.2.3** You will be responsible for all losses arising from unauthorised transactions on your Portfolio as a result of:
- you (intentionally, or with gross negligence), failing to use our telephone service, Internet Banking service and/or the Website in accordance with the Terms (including keeping safe your Security Details); or
  - you (intentionally, or with gross negligence), failing to notify us in accordance with clause 3.4 of Section 1 of these Terms of the loss or theft of any Security Details.
- 11.2.4** Unless you have acted fraudulently, you will not be responsible for any losses in respect of an unauthorised transaction:
- after you have notified us of the loss or theft of your Security Details in accordance with clause 3.4 of the General Terms; or
  - if we have failed to provide the facilities we describe in clause 3.4 of Section 1 of these Terms for you to tell us if any Security Details have been lost or stolen.
- 11.2.5** We will not be responsible to you if we fail to comply with any of the Terms:
- due to any Force Majeure; or
  - where our failure to comply is due to our obligations under any Applicable Laws.
- 11.2.6** Nothing in the Terms excludes or restricts any liability that cannot be excluded or restricted by Applicable Laws.

### **11.3 Account Aggregation**

If you use an account aggregation service that is not provided by a member of the HSBC Group, you may be liable for any fraud or mistakes that occur on your accounts as a result of using that service. An account aggregation service allows you to see, on one web page, details of the online accounts you hold with financial institutions. The service may be provided by a financial institution (with whom you hold an account) or through a Website not owned by a financial institution.



## **11.4 Suspension of our telephone service, Online Banking service or the Website**

- 11.4.1** We may, at any time, and without incurring any liability for any resulting loss, suspend your use of our telephone service, Online Banking service and/or our Website or otherwise limit or restrict your ability to give instructions or use the Services if we have reasonable grounds to suspect:
- unauthorised or fraudulent use of our telephone service, Online Banking service or the Website; or
  - there is a significantly increased risk that you will be unable to repay any overdraft on your Qualifying **first direct** Account.

We will contact you personally if we are suspending your use of our telephone service, Online Banking service or the Website.

- 11.4.2** If we are going to suspend your use of our telephone service, Online Banking service or the Website we will tell you why we are taking this action but we will not give you notice or details of the reason for the suspension if this would compromise our reasonable security measures or if it is unlawful to do so. We may occasionally suspend your use of our telephone service, Online Banking service or the Website without notifying you where we have been unable to contact you personally. We may also suspend your use of our telephone service, Online Banking service or the Website due to any requirements under Applicable Laws.

- 11.4.3** We may deduct the settlement amount of any purchase Trade and any related charges from your Settlement Account and any Account Fee that is due from your Qualifying **first direct** Account despite the fact that your use of Internet Banking service or our telephone service may be suspended at the time we make the deduction.

- 11.4.4** You can ask us to lift any suspension of your use of our telephone service, Internet Banking service or the Website by calling us. However, this may not always be possible.

## **12 Changes to the Terms**

- 12.1** We may amend the Terms (including by the introduction of new charges or fees or making changes to the amount, rate or basis on which we calculate and/or charge or by changing the nature of the Services we provide to you or the features of the Portfolio including by removing any part of or restricting the scope of the Services) in the following ways:

- if we reasonably consider that the change is favourable to you, by telling you about it within 30 days of the change; and
- if the change is not favourable to you, by giving you reasonable written notice of at least 30 days before we make the change.

- 12.2** We may make any change to the Terms for all or any of the reasons set out in this clause 12.2 that apply, namely:

- if the change is favourable to you; or
- following, or in anticipation of, and to reflect a change in relevant Applicable Laws or to reflect a change in industry guidance or code of practice or good banking practice; or
- to respond to the making of a recommendation, requirement or decision of any court, ombudsman, regulator or similar body; or
- to reflect any change in the base rate that replaces it set by the Bank of England or by any bank that takes over responsibility for setting such a rate; or
- to reflect any change or anticipated change in interest rates charged by other major banks or financial institutions in the UK; or
- to reflect changes or anticipated changes in costs associated with changes in relevant market conditions, changes in technology, changes in the costs we pay others, changes in inflation and/or changes in accounts, services or facilities we provide; or

- to make the Terms clearer; or
- to respond to any changes in our systems and procedures, including any change arising from the reorganisation of our business as a result of it being acquired or by our acquiring another bank or organisation; or
- to reflect the costs or consequences of any event beyond our control that may impact upon our provision of accounts, services or facilities to you; or
- to respond to our internal policies on competitiveness, market share and/or the profitability of our business as a whole, where we are not acting dishonestly, for an improper purpose, in a manner which inappropriately discriminates against a particular customer or as an unreasonable financial institution would.

**12.3** Where we make a change under this clause 12, the change will be proportionate to the underlying reasons for the change and in accordance with the Applicable Laws.

**12.4** We may also make changes to the Terms (including introducing new charges or fees or changing the amount, rate or, or basis on which we charge or by changing the nature of the Services we provide to you or the features of the Portfolio including by removing any part of or restricting the scope of the Services) for any other valid reason that applies and is not described in this clause 12. We will always give you at least 30 days' prior written notice of such a change. Please note however that we will not notify you of any change in third parties' taxes or charges attributable to Investments, the imposition and amount of which are outside our control.

**12.5** You may close your Portfolio without charge in accordance with clause 13 within 30 days of the date of any advance notice of a change we send you or, if longer, up to the date upon which the change is due to take effect. If you do not tell us that you want to close your Portfolio by this time, then you will be deemed to have accepted such a change and the change will take effect automatically.

## **13 Ending this contract and closing your Portfolio**

**13.1** You can close your Portfolio, and thereby end this Agreement with us at any time, by writing or telephoning us. However, please note you will not be able to cancel any transactions already undertaken via the **first direct** shares service or which are in progress at the time of closure. Any transactions in progress at the time of closure will be completed as soon as possible and you will not be entitled to a refund for any associated fees. Whenever you close your Portfolio there may be charges for the transactions required to transfer your Investments out of your Portfolio, except where you close your Portfolio in accordance with clause 12.5. Please see our Interest Rates and Charges Document for details.

**13.2** If you close your Portfolio in accordance with this clause 13 your Agreement with us (including these Terms), will also end other than clause 14 and where Terms/products/services are expressly stated to continue.

**13.3** You may ask us to transfer equity securities you hold in your Investment Account to a charity using Sharegift. If you do, we will act on your Instructions without charging you any fee.

**13.4** If you close your Portfolio or the Agreement ends for any reason:

**13.4.1** you must repay any money owed to us before we close your Portfolio including, without limitation, any charges (as detailed in the Interest Rates and Charges Document) arising from carrying out the transactions required to transfer your Investments as you direct. If, after your Portfolio closure, any Account Fee(s) are owed and/or we pay for any outstanding Investment transactions you have made you agree to repay us these amounts in full. We will waive these charges where you close your Portfolio in accordance with clause 12.5.

- 13.4.2** we will usually end the Services and any benefit or services provided to you by us immediately unless events beyond our control prevent us from doing so or the Terms relating to the particular benefit or service state otherwise; and
- 13.4.3** subject to clause 13.10 below, and provided we have sufficient information from you, we will transfer the Investments held in your Investment Account to you or, in the event of your death, your personal representatives, or to other brokers, charity institutions in accordance with any written Instructions you give. In the case of a joint Portfolio, we will only transfer the Investments held in the Investment Account on the written Instructions of both joint Portfolio holders; and
- 13.4.4** we will credit or (subject to clause 16.4) debit your Qualifying **first direct** Account such amounts as is required to bring your Settlement Account to nil.
- 13.5** If your Portfolio is closed for any reason and you don't tell us what you want to do with your Investments, we will contact you to obtain your instructions. If you don't tell us what you want to do with your Investments within a reasonable time, we may take necessary reasonable steps to return your Investments to you. This means we may sell your Investments and deposit the proceeds of sale into your Qualifying **first direct** Account or other **first direct** personal bank account in your name. If you are a joint Portfolio holder, the proceeds of sale have to be deposited into an account in the names of both joint Portfolio holders. If you no longer hold a Qualifying **first direct** Account, we'll send a cheque to the last address we hold on record for you where it is reasonable for us to do so.

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

- 13.6** Cancellation or closure will not affect any outstanding transactions or any right or obligations which may already have arisen between us. Transactions in progress at the date of cancellation and/or closure will be completed by us as soon as practicable subject to these Terms. Clauses 9, 10, 11 and 12 of Section 3 and the relevant parts of the glossary will continue to apply to us notwithstanding cancellation and/or closure.
- 13.7** If you do not hold any Investments, and there has been no activity on your Portfolio for a period of 12 months, or if we become aware that the contact information we hold is incorrect and we are unable to trace you, we may add a marker to your account which could mean you are unable to access your Portfolio online or use our Website. We will be happy to undertake Trades on your behalf, or release any funds which may be in your Portfolio, if you telephone customer services. Any Investments which remain in your account will continue to be your property (or that of your estate upon your death).
- 13.8** We can restrict your ability to give instructions or end this contract with you and close your Portfolio immediately and without incurring any liability for any loss you may suffer as a result, in any of the following situations:
- 13.8.1** if you have seriously and/or persistently breached any of your obligations under the Terms;
- 13.8.2** if there has been, or we have reasonable grounds to suspect there has been, Financial Crime involving any of your accounts with us or any transactions on your Portfolio;
- 13.8.3** if there has been, or we have reasonable grounds to suspect there has been, suspicious activity on your Portfolio;
- 13.8.4** if we have reasonable grounds for believing you have committed or are about to commit a crime in connection with your **first direct** shares service;
- 13.8.5** if you have not satisfied any of our anti-money laundering requirements;
- 13.8.6** if you fail to meet the costs of any Trades or any Account Fees;
- 13.8.7** if there is a change in Applicable Laws that requires us to do so;
- 13.8.8** if you no longer meet the eligibility requirements as referenced in clause 1;
- 13.8.9** if you have given us false information in connection with your Portfolio (for example, in your Application);
- 13.8.10** if you close the Qualifying **first direct** Account or you choose to switch to another bank using the current account switch service and to not retain another eligible account with us; or
- 13.8.11** if your Portfolio or other account(s) are being or have been used illegally, or if we reasonably believe that your conduct will adversely affect the ability of our other customers to trade (or the terms on which they trade). An example of this would be if you were to deal repeatedly in many small lots, rather than one large lot so the market maker refuses to deal, or will only deal at a less favourable price in the future.

- 13.9** We will give you notice in writing immediately after your Portfolio has been closed under clause 13.8.
- 13.10** We may close your Portfolio and/or end the shares service Terms for any other reason by giving you at least 30 days' written notice.
- 13.11** If you have not repaid any money owing to us at the time the Portfolio is closed, we may exercise our right of set-off described in clause 16 and sell any Investments.
- 13.12** In the event of the death of a sole account holder, we may require a grant of probate or grant of representation issued by the authorities where your Portfolio is based (including in the Channel Islands or the Isle of Man) before releasing any monies in your Portfolio to your personal representatives.
- 13.13 Suspending your Services**
- 13.13.1** We can suspend your Services or any part of your Services temporarily for any of the reasons set out in clause 13.8 above.
- 13.13.2** We may also suspend your Services or any part of your Services where we have another good reason to do so, and where suspending the Service is proportionate to the underlying reason for the suspension. Where we do so, we will give you at least 30 days' prior written notice of our intention to do so. Where we do so, you may close your Portfolio in accordance with this clause 13 and/or transfer your Portfolio to a different provider at any time up to the point at which the suspended service is reinstated.
- 13.13.3** Where we take steps to suspend the Services or any part of the Services under this clause 13.13, we generally will not apply any fees for the Services (or any suspended part of the Services, where only part of the Services is suspended) during the period of suspension nor will we charge you to close your Portfolio and/or transfer your Investments to a different provider during the period of suspension, unless the reason for the suspension is because:
- you have seriously or persistently breached the Terms;
  - we reasonably suspect that you or your Portfolio may be involved in Financial Crime or other illegal activity, or
  - you have failed to satisfy anti-money laundering requirements.
- 13.13.4** We will notify you as soon as practicable of the suspension being lifted.

## Section 2 - shares service Terms - Miscellaneous

### 14 Your information

#### 14.1 Privacy

Your privacy is important to HSBC

Our Privacy Notice explains how we collect, use, disclose, transfer and store your information and sets your rights in relation to your information. A copy of our Privacy Notice is available separately and we will inform you when we may any changes to it. You can find a copy at [firstdirect.com/privacy](https://www.hsbc.com/firstdirect.com/privacy) or you can ask for a copy by phone.

#### 14.2 Your responsibilities

If we make a reasonable request for information, you must give it to us as soon as possible. If you don't give it to us, or if we suspect fraudulent or criminal activity of any kind

- you might not be able to carry on doing some or all of your banking with us anymore;
- we might try to get it from another source, ourselves.

It's up to you to make sure the information you give us is accurate and up to date, and you must tell us if anything changes, within 30 days.

We'll use your information as explained in our Privacy Notice. We'll give it to others if we're compelled to do so by law, we've a public duty to disclose it, we need to disclose to protect our own interests (for example in any legal proceedings) or if we have your specific agreement. For example, if we believe you may have tax obligations in other countries, we may have to disclose information about you directly to HM Revenue and Customs (HMRC) or other local tax authorities.

#### **14.3 Actions we may take in order to prevent Financial Crime**

Members of the HSBC Group, are required, and may take any action to meet Compliance Obligations relating to or in connection with the detection, investigation and prevention of Financial Crime ("Financial Crime Risk Management Activity"). Such action may include, but is not limited to:

- a. screening, intercepting and investigating any instruction or communication sent to or by you or a Connected Person, or on your or their behalf;
- b. investigating the source of or intended recipient of funds;
- c. combining Customer Information with other related information in the possession of any member of the HSBC Group; and/or
- d. making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming their identity and status.

Exceptionally, our Financial Crime Risk Management Activity may lead to us:

- a. delaying or refusing to either process a payment or your instructions;
- b. being unable to provide all or part of the Services to you and ending our entire relationship with you;
- c. taking necessary steps for any member of the HSBC Group to meet the Compliance Obligations; and/or
- d. blocking or closing your account(s) (although not any of your mortgage account(s)).

To the extent permissible by law, no member of HSBC Group shall be liable to you or any third party in respect of any loss (however it arose) that was suffered or incurred by you or a third party, caused in whole or in part in connection with the undertaking of Financial Crime Risk Management Activity.

#### **14.4 Tax compliance**

You acknowledge that you are solely responsible for understanding and complying with your tax obligations (including but not limited to, tax payment and filing of returns or other required documentation relating to the payment of all relevant taxes) in all jurisdictions in which those obligations arise and relating to the opening and use of account(s) and/or Services provided by us and/or members of the HSBC Group. You must ensure that each Connected Person (acting in their capacity as a Connected Person and not in their personal capacity) is aware of this responsibility also makes the same acknowledgement in their own regard. Certain countries may have tax legislation with extra-territorial effect regardless of your or Connected.

Person's place of domicile, residence, citizenship or incorporation. Neither we nor any member of the HSBC Group provide tax advice. You are advised to seek independent legal and/or tax advice. Neither we nor any member of the HSBC Group have responsibility in respect of your tax obligations in any jurisdiction in which they may arise including any that may relate specifically to the opening and use of account (s) and/or Service provided by us and/or members of the HSBC Group.

**14.4.1** Following the end of each UK tax year, you will generally be issued with a Consolidated Tax Certificate (CTC) between May and September. A final CTC will also be issued once an account is closed and all outstanding dividends have been received. There will be no CTCs issued for customers who only have holdings in a Stocks and Shares ISA. Note that information regarding excess reportable income (to the extent relevant) will not be included in the CTC.

**14.4.2** All credit interest on your Portfolio will be paid gross and will contribute towards your personal savings allowance, if applicable. If you exceed your allowances, it's your responsibility to declare this to HMRC, as you may be required to pay some tax on the interest received via your own tax return (please check your personal allowances). For further information on your allowances and responsibilities please visit [www.gov.uk](http://www.gov.uk)

Dividends on UK shares are paid gross (but there may be some withholding tax in respect of non-UK shares) and will contribute towards your dividend nil rate band ("Dividend Allowance"). If you exceed your allowances, it's your responsibility to declare this to HMRC, as you may be required to pay some tax on the dividends received via your own tax return (please check your personal allowances). For further information on your allowances and responsibilities please visit [www.gov.uk](http://www.gov.uk) In addition, any growth in the value of an Investment may be subject to capital gains tax if your total capital gains (less allowable losses) from all sources exceeds your annual exemption limit.

The sale of shares or units in certain Funds which are designated “non-reporting funds” by HMRC may have a different treatment - you may wish to seek independent tax advice on the treatment of such Investments.

Some Funds may be offshore funds which are granted the status of “reporting fund” by HMRC and as such, you may need to declare the amount of distributions received during the year on your tax return. You will also be required to declare your share of any excess reportable income from the Fund over the sums actually received. Reports of the relevant income will be made available to investors by the Fund and you will be responsible for obtaining this information. Information relating to a Fund’s excess reportable income should be available from the Fund directly, for example in the annual report and accounts, or in some circumstances, may be available online.

This information is based on our understanding of current UK tax law and HM Revenue & Customs practice. Both tax law and practice may of course change. Your tax liability will depend on your own individual circumstances, including your country of residence for tax purposes. If you are unsure about your own situation, you should seek appropriate professional advice.

- 14.4.3** We will use reasonable endeavours to forward to you any tax documents which we may receive relating to you or any money or Investments in your Portfolio.

## **15 Bankruptcy**

In the event that a petition for a bankruptcy order is presented against you then you agree that we may:

- refuse to act on any Instructions given by you or anyone else to make any payment(s) out of your Portfolio unless you have previously obtained an appropriate order from the Court; or
- set up a separate Portfolio in your name to which any of your future payments in will be credited. In the Channel Islands and the Isle of Man, local legislation will apply.

## **16 Our right of “set-off”**

- 16.1** In addition to any other rights, we will have a right to sell and we will have a right to use the proceeds of sale of your Investments to reduce or repay any amounts you owe in relation to the Portfolio (including any Account Fees or other Default amounts) or on any other accounts you hold with us anywhere in the same name (**including any joint Portfolio**) whether or not those accounts are in the same currency.
- 16.2** If you hold both a sole Portfolio and a joint Portfolio with us, we may use any money or Investments held in your sole Portfolio to reduce any monies owed to us on your joint Portfolio or use any money or Investments held in a joint Portfolio to reduce any monies owed on your sole Portfolio.
- 16.3** If your Qualifying **first direct** Account is in credit, we may use cash in any currency, converted at our prevailing rates of exchange, to repay or reduce any other amounts you owe us including but not limited to any negative balance on your Settlement Account, any Default amount or other sums due on any joint Portfolio you hold with us and sums payable in connection with a Trade in Investments which we have entered into for you but which has not yet settled.
- 16.4** If your Qualifying **first direct** Account is not in credit, or it is in credit but the Cleared Funds are not sufficient to repay the amounts you owe us, we may still deduct any or all outstanding amounts from that account. In these circumstances your Qualifying **first direct** Account may go into overdraft. It is your responsibility to meet any associated obligations (including any overdraft fees) you may have under the terms and conditions applicable to your Qualifying **first direct** Account.
- 16.5** In addition to our rights under clauses 16.1 and 16.2 above, we also have the right to sell any of your Investments and use the proceeds to reduce or repay the amount owed as set out in more detail in Section 3, clause 10.
- 16.6** If we choose to exercise our rights under this clause 16:
- we will tell you why and when it has been done;
  - in doing so, we may (and you irrevocably authorise us to) convert to sterling at the prevailing market rate of exchange any balance that is in a currency other than sterling, and in doing so we will have no liability to you. Nothing in this clause 16 will prevent us from exercising at any time any other right of set-off or of combination of accounts to reduce or repay any amounts you owe us.

## 17 Cancellation of your Portfolio

For a period of 14 calendar days after the date we open your Portfolio, you have the right to cancel your Agreement with us and close your Portfolio. You can do this by writing to us at our Administration Office or by sending us an e-message from your Portfolio which is accessed through the Website by logging on to Online Banking. Each joint Portfolio holder must write to us or send a e-message separately for this purpose. However, please note you will not be able to cancel any transactions undertaken during the 14 calendar days period via the **first direct** shares service where the price depends on fluctuations in the financial market place. Any transactions in progress at the time of closure will be completed as soon as possible and you will not be entitled to a refund of any charges applicable to the transactions. We will give you all your money back together with any interest it has earned less any money due to us at the time you cancel the Agreement. However you will not be charged for cancelling the Agreement or closing your Portfolio. For Applications completed by telephone, the cancellation period will start from the date you receive the Terms in the post.

## 18 Contacting you

- 18.1** You agree that we may use any of the contact details you have provided to us including your postal address, telephone number(s) (including your mobile telephone number) and email address to contact you personally for service or operational reasons. These include telling you about changes to the Terms and generally communicating with you about the day-to-day running of your Portfolio, products and services. If you are registered for our Internet Banking service you agree that we may also contact you using our e-message service within the Website for these purposes. You must ensure that the contact details you provide are accurate and that you notify us promptly of any changes. Remember, Communications may contain confidential information and if anyone else has access to your email inbox or mobile telephone messages for example they may be able to see this. If you would prefer that we do not contact you for service or operational reasons by email, mobile message or e-message please let us know. Whilst we will try to use your preferred channels wherever possible, you may continue to receive important service messages via any of these channels, for example, if there is a legal or regulatory requirement to contact you in a particular way, or when we need to contact you urgently. Where we hold alternative postal address(es) for you, we may send mail to your home address if it is returned from, or you do not respond to, mail sent to your correspondence address.
- 18.2** If for a 24 month period you hold no Investments, have not given us any Investment dealing instructions and have a cash balance below £10 and you have no other sharedealing accounts in the same name we will mark your account as dormant. If there is no activity for a further 12 months we may close your account. We will take this action to protect both you and us. If you ask us we will tell you how you can access your accounts either directly or via the UK Finance, the Building Societies Association or National Savings and Investments dormant account scheme. If you have money in a dormant account, it will remain your property (or if you die it will form part of your estate). Dormant accounts will not be charged an Account Fee. If you have an Investment Account which ceases to be dormant we will write to you to confirm that your account is no longer dormant and give you one month's advance notice that you will be charged an Account Fee.
- 18.3** We may provide you with information including documentation via our Website **firstdirect.com** as permitted by the FCA rules and where you have agreed to this. By signing up for the **first direct** shares service you agree to receive information via the Website. We will notify you of the Website address electronically when such information is put onto the Website where it will be updated from time to time. You agree that we may in particular provide the following to you via a Website:
- our terms in relation to trading;
  - a general description of the nature and risks of financial instruments;
  - our published fee tariffs, Costs and Charges Disclosure Document and other information on our costs and charges;
  - details of our Best Execution policies; and
  - Investor Information Documents (as required).
- 18.4** Investor Information Documents will be provided where required and may be accessed and viewed, downloaded, saved and printed from our Website or from another website that we will provide to you. We will provide you with Investor Information Documents on paper, or via the relevant website depending on the choice you made when becoming a client or subsequently chose. Where you have chosen to receive Investor Information Documents via the relevant website, you confirm that you have regular access to the internet and you have provided us with your email address. Where we have provided you with Investor Information Documents via a website, you have the right to request paper copies of these free of charge. We will direct you to the website(s) on which any Investor Information Documents are available.

## **19 Transferring rights and obligations**

We may transfer all or any of our rights in relation to your Portfolio. We may also transfer any of our obligations but only to someone we reasonably consider capable of performing them and providing the same level of service and who is authorised or recognised by the FCA as being entitled to accept deposits and deal in Investments. This includes us appointing another HSBC Group company as our agent (i.e. to act on our behalf) for debt recovery purposes. You may not transfer any of your rights or obligations in relation to your Portfolio.

## **20 Not enforcing the Terms**

Occasionally, we may allow you extra time to comply with your obligations, or decide not to exercise some of our rights. However, we can still insist on the strict application of the Terms later on.

## **21 Your statutory rights**

Nothing in these Terms will reduce your statutory rights, including your rights relating to mis-described accounts or services, the fairness of Terms on which they are provided to you, any rights you may have to close your Portfolio and/or claim compensation. For further information about your statutory rights contact your local authority Trading Standards Department or the Citizens Advice Bureau.

## **22 Governing law and language**

If you opened your account(s) in the UK (but not Scotland), the laws of England and Wales apply to these Terms and how we dealt with you before we opened your account(s). You and we submit to the non-exclusive jurisdiction of the courts of England and Wales.

If you opened your account(s) in Scotland, the laws of Scotland apply to these Terms and how we dealt with you before we opened your account(s). You and we submit to the non-exclusive jurisdiction of the Scottish courts.

The Terms are in English and we will always communicate with you in English.

## **Section 3 - Sharedealing Terms**

### **1 Dealing and Foreign exchange**

- 1.1** You authorise us to enter into foreign exchange transactions on your behalf at our prevailing rates of exchange to enable the execution of your Client Orders. Such transactions will be made either on Instructions from you, or in the absence of such Instructions, as we think fit (either before or after termination or cancellation of the agreement) to enable the execution of your Client Orders under these Terms.

### **2 Trading Limit**

- 2.1** We will confirm your Trading Limit to you in writing. This will allow you to deal in Investments with us up to a pre-determined limit within our defined Settlement Period. You may, from time to time, apply to increase or decrease your Trading Limit. We shall be under no obligation to grant any request to increase or decrease your Trading Limit.
- 2.2** Each time you make a Trade, your available Trading Limit will be adjusted to reflect the amount of the purchase or sale price for that Trade (including any applicable fees and charges). The amount available to you in your Trading Limit for Trades will be affected by the length of time it takes to settle Trades following a sale or purchase of an Investment.
- 2.3** It is your responsibility to ensure that you do not at any time exceed your Trading Limit, unless we have expressly authorised you to do so. You must take into account any fees and charges which apply to Trades when making a Trade as these also affect your Trading Limit.
- 2.4** We reserve the right not to act upon an Instruction if it would result in your Trading Limit being exceeded.
- 2.5** If we enter into a deal for a Client Order on your behalf, and you have exceeded your Trading Limit, this does not mean that we have agreed to increase your Trading Limit.



**2.6** Where the available Cleared Funds held in your Qualifying **first direct** Account are insufficient to settle any of your purchases on the Settlement Date (including meeting any applicable charges), we reserve the right not to act upon a subsequent purchase Instruction until such time as sufficient Cleared Funds have been made available in your Qualifying **first direct** Account to settle the relevant purchase(s). In the case of joint Portfolio holders, the Qualifying **first direct** Account will be the account nominated by the first named joint Portfolio holder, or such other account as may be nominated by you from time to time.

**2.7** If you do not have sufficient cleared funds in your Qualifying **first direct** Account to pay for any Trades you have made, or any outstanding charges or Account Fees, you must reimburse us in full by end of the Business Day following the day on which the Trade was made or the day the Account Fee was due. Failure to do so will put you in Default. We may at our discretion serve you with a default notice requiring you to remedy the Default within the period specified in the default notice. If you fail to do so, we may sell any of your Investments to settle the outstanding amounts at our discretion and you authorise us to do so, as set out in more detail in clause 10 of this Section 3.

### **3 Investment dealing service**

**3.1** You may only trade in Investments as defined in these Terms. You will not be permitted to deal in Investments until your Application has been accepted and all account opening formalities have been completed including the confirmation of your Trading Limit.

**3.2** You may submit your Instructions via our Website or by calling the Customer Service Centre. Please be aware that we will not accept Investment instructions by any other methods, which include, by fax, email or e-message.

If you submit your orders via the Customer Service Centre, we will generally charge you a higher trading fee than for dealing via our Website (as stated on our Interest Rates and Charges Document). During times of exceptional stock market trading volumes you may experience long call waiting times due to the number of customers calling us.

When you place an order, we may, in our absolute discretion and without incurring any liability for any loss you may suffer as a result, decline to accept it or subject it to conditions. We will use our reasonable endeavours to contact you personally to notify you if this happens.

If the price of the relevant Investment is not in sterling, a foreign exchange transaction will be performed automatically on the execution date at our rate of exchange prevailing at the time at which the Trade was executed, as displayed on your contract note and Statement.

We will send your contract note (trade confirmation) to you by e-message no later than the Business Day following the day on which the Trade was made. You may ask for paper copies by contacting us by telephone or e-message.

All telephone calls that lead or may lead to a Trade will be recorded and kept for seven years. We will also keep records of all electronic communications relating to Trades for seven years. You may ask us for a copy of any such record during the applicable seven year period.

**3.3** When we accept a Client Order, we will take all sufficient steps to achieve the Best Possible Result, but we will not be liable for any loss or expense you incur if we are reasonably unable to do so for whatever reason (including systems failures) or if there is a delay or change in market conditions before the transaction is effected. If you place a Trade or a Client Order to buy or sell Investments and we cannot enter into a deal for your order in its totality your order may be partially executed. If your order can be partially executed, we will do so to the extent possible and the balance will be cancelled at market close or on the expiry date of the order. Subject to any Applicable Laws, we will not be liable for any loss suffered by you arising from partially executed or cancelled orders.

Please be aware that if you place an extended Limit Order (over more than one day), and at the end of the day your order has partially executed (only some of the shares you wanted to trade were available at the price you set), the remaining balance from your original order will be placed the following day if the conditions of your Limit Order can be met. This will occur until the expiry date of your order and you will be charged a trading fee (as set out in the Interest Rates and Charges Document) for each day your order is partially executed.

**3.4** We may not offer the full range of investments available in the Regulated Market.

- 3.5** We reserve the right to remove or suspend any Investment from the **first direct** shares service if there is extreme market volatility or for any other valid reason we may tell you of. However, if you have already asked us to buy an Investment before we decide to remove or suspend that Investment from the **first direct** shares service, we will still try to enter into a deal for that order on your behalf. If you have an Investment in your Investment Account which has been suspended or removed from the **first direct** shares service, we may still allow you to hold or sell that Investment. If we are no longer able to support holding an Investment for you we will inform you in writing with sufficient notice before any sale of the Investment is undertaken.
- 3.6** We also reserve the right not to make all Investments available to all customers. If we do include or exclude a particular Investment when providing **first direct** shares service to you, this does not mean we are giving you any advice as to the suitability or appropriateness of that Investment.
- 3.7** With the exception of Fund Shares, we may provide real time or delayed prices. All prices provided by us are indicative only unless expressed by us to be a 'fixed price quote' and accepted by you in the prescribed manner within 15 seconds. "Fixed price quotes" are not guaranteed. When you enter a buy or sell order in a UK Investment during Trading Hours through Online Banking, we'll usually show you a 'fixed price quote' on the preview order screen which we will use our best endeavours to fulfil. The fixed price quote is calculated by taking the best price offered by a number of market makers at the time we request a quote. A countdown screen will appear and give you 15 seconds to confirm the order. The price quoted to you will hold good for 15 seconds unless for example, there has been market volatility in the 15 second countdown and the price offered by a third party market maker is withdrawn.
- The market may fluctuate during the 15 seconds you have to accept the fixed price quote provided. This means that if your order is executed in the market at the fixed price quoted, it may be better or worse than the best bid or offer price at the time of execution.
- Where you place an order and a fixed price quote isn't available (for example, if the order is placed outside of market hours or you place a large order over the quoted market size) we'll instead give you an indicative quote. If your order is then executed in the market, the execution price may be higher or lower than the indicative quote. Indicative quotes are not guaranteed.
- 3.8** We will accept Client Orders given outside Normal Market Hours. Client Orders accepted when the market is closed will be placed either:
- before the market opens in the markets' Opening Auction; or
  - as soon as reasonably practicable after the market opens.
- There is a risk of increased price volatility when placing a Client Order when the market is closed or near to the market's opening and you may want to consider whether placing a Limit Order is appropriate.
- 3.9** Client Orders given during Normal Market Hours are usually irrevocable. You will only be able to cancel a Client Order if you have entered it outside Normal Market Hours and it has not already been placed with the market in accordance with clause 3.7 of this Section 3 or if you have placed a Limit Order and the limit has not been met. We will not be liable for any loss if a Client Order cannot be cancelled at your request.
- 3.10** With the exception of Fund Shares (and Limit Orders which are not expiring that night), if you place a Client Order shortly before the end of Normal Market Hours we'll take all reasonable steps to enter into a deal for the order in the market on your behalf before the market's close. If we are not able to achieve this before the market's close, your order will be cancelled. We'll normally advise you of the cancellation and if you still want to buy or sell the Investments, you will need to place the order again. To the extent permissible under Applicable Laws, we'll not be liable for any loss arising from such a cancellation.
- 3.11** In exceptional circumstances your order may be combined with orders of other customers or other members of the HSBC Group. We will only do this when we believe it will be to your advantage. Despite this, grouping orders may sometimes result in a disadvantage to you for reasons outside of our control.
- 3.12** Unless you tell us otherwise, Client Orders may be executed for you in a way that is not governed by the rules of an Investment Exchange (i.e. not on a Regulated Market, OTF or MTF). In this event, we may seek prior consent before your Client Order is executed. You will not be able to ask us to use a particular broker or Execution Venue.
- 3.13** You are not permitted to short sell (in other words to sell any Investments that you do not already hold within your Portfolio).
- 3.14** You may ask us to transfer equity securities you hold in your Investment Account to a charity using Sharegift. We will act on your Instructions without charging you any fee.

- 3.15** You may sell Investments that have been bought but have not yet settled, or utilise cash due from Investments that have been sold but have not yet settled.
- 3.16** You may enter market orders and Limit Orders although you are not permitted to place Limit Orders for Fund Shares. A market order is an Instruction to execute a trade as soon as possible, obtaining the Best Possible Result. You may place a Limit Order to remain open for up to 28 days using our telephone service. You can place a Limit Order valid for one day on our Website. However, we cannot guarantee your order will be executed at your given price, particularly in fast moving or volatile markets.
- 3.17** The following Terms in this clause 3.17 apply to dealing in Fund Shares (in addition to the Terms of clauses 3.1 to 3.16 (inclusive) of this Section 3, except where stated otherwise). In the event of a conflict between the Terms of this clause 3.17 and the Terms of clauses 3.1 to 3.16 (inclusive) of this Section 3, the Terms of this clause 3.17 of this Section 3 will prevail.
  - 3.17.1** Orders for Fund Shares received by us after 11:00am on a Fund Business Day will be placed on the next Fund Business Day.
  - 3.17.2** We will accept orders received outside Fund Dealing Hours, but if we are unable to carry out such orders on that day they will be placed on the next Fund Business Day.
  - 3.17.3** Orders to purchase Fund Shares shall be expressed in terms of cash to be applied in the purchase of such Fund Shares.
  - 3.17.4** Orders for the sale of Fund Shares shall be expressed in terms of the number of Fund Shares that you wish to sell.
  - 3.17.5** All dealings in Fund Shares are subject to the dealing arrangements and the terms and conditions of the Funds. The scheme particulars of the Funds, together with the relevant key features documents or Investor Information Documents as appropriate are available on the Website and hard copies are available upon request (see Section 2 clause 18.4).
  - 3.17.6** Subject to clause 3.17.5 of this Section 3, the minimum initial investment for each Fund is £1000. The minimum subsequent investment is £100. The minimum order for the sale of Fund Shares in a particular Fund is the lower of £500 and your entire holding of Fund Shares in that Fund. We may at our sole discretion waive in whole or in part the investment restrictions referred to in this clause.
  - 3.17.7** In accordance with clause 7.1 of this Section 3, Fund Shares will be registered in the name of an appropriate nominee company selected by us or one of our sub-custodians.
  - 3.17.8** The prices of the Funds appearing on our Website will be based on the latest prices published by the Operator which may not be the current price. Funds deal on a forward pricing basis meaning that the price you will receive is determined once the Fund is next valued after your order is placed.
  - 3.17.9** The Operator has the right to suspend the issue and redemption of Fund Shares in certain circumstances and in the event of such a suspension we will have no liability for failure of Fund Shares being issued or redeemed in such a case.

## **4 Stabilisation**

- 4.1** When a new issue of shares comes on to the market stabilisation may occur. Sometimes the price of newly issued shares can drop before buyers are found. Stabilisation enables the market price of a security to be maintained during the period that the new issue is being sold to the public. It may affect the price of the new issue and the price of other securities relating to it.
  - 4.1.1** The 'stabilisation manager' is normally the firm chiefly responsible for bringing a new issue to market. The stabilisation manager is entitled to buy back securities that were previously sold to investors or allotted to institutions that have decided not to keep them. The effect of this is to keep the price at a higher level than it would otherwise be during the period of stabilisation.
  - 4.1.2** The fact that a new issue or a related security is being stabilised should not be taken as any indication of the level of interest from investors, nor of the price at which they are prepared to buy securities.
  - 4.1.3** Stabilisation is allowed by the FCA and stabilising managers have strict rules that they must adhere to.

## 5 Best execution

- 5.1 The only duties that we owe to you in respect of achieving the Best Possible Result for your Client Orders are those set out in the conduct of business sourcebook located in the FCA rules and any other duties are expressly excluded. You may ask us at any time to confirm how we have achieved the Best Possible Result on any Client Order.
- 5.2 Your Client Order will be executed in accordance with our Execution Policy in order to achieve the Best Possible Result. You're entitled to ask us to demonstrate that any particular Client Order has been executed in accordance with our Execution Policy. A summary of the steps we will take is set out in our Best Execution Disclosure Statement in Annex 3.
- 5.3 By agreeing to these Terms, and each time you give Instructions in relation to Financial Instruments, you consent to:
- 5.3.1 our Best Execution Disclosure Statement; and
- 5.3.2 us executing deals for you, either by entering into the deal on your behalf (acting as your Agent) or (where permitted by Applicable Laws and regulatory requirements) by entering into the deal on our own account (acting as principal) and entering into another deal with you; and
- 5.3.3 the execution of your Client Orders outside a Regulated Market, OTF or MTF.
- 5.4 Where we enter into a deal on your behalf, you authorise us to:
- 5.4.1 deal with or through any counterparties, including third party brokers, as we reasonably think fit;
- 5.4.2 negotiate and execute contracts with third parties which we reasonably consider to be necessary (for example, third party brokers), on your behalf; and
- 5.4.3 otherwise act as we reasonably consider to be appropriate.

## 6 Client Money

Where **first direct** holds money for you we hold it as banker and not as trustee (nor your agent, if you are in Scotland). As a result, money will not be held in accordance with the client money rules contained within the FCA rules. If HSBC UK Bank plc (of which **first direct** is a trading division) were to fail, the FCA client money distribution and transfer rules would not apply to your money and so you would not be entitled to share in any distribution made under those rules. Money held may benefit from the deposit protection under the Financial Services Compensation Scheme subject to your eligibility to make a claim under that scheme.

## 7 Settlement and custody

- 7.1 Your Investments will be registered in the name of a nominee company (except where otherwise specified below) and will be segregated from our property in order to protect your interests in the event that we or the nominee were to fail. We have policies and procedures in place to undertake checks and reconciliations of the records and accounts on your Investments to resolve any discrepancies which are identified and to deal with any shortfalls in your Investments for which we are responsible. Where we are responsible for any such shortfall, we shall purchase or borrow assets immediately at our cost to correct your position. We have also established a trust account for the purpose of holding any such assets in trust for your benefit. Subject to the terms of the relevant trust account, and where we are permitted to do so under Applicable Laws, we may use or apply any income arising out of such assets for our own account or otherwise at our own discretion. The protection afforded to your Investments under the Rules is in addition to any rights you may have, subject to eligibility, to claim compensation under the Financial Services Compensation Scheme, as set out in the General Information section of these Terms.

In relation to your Investments:

- 7.1.1 we do not accept Instructions from our customers to register Investments in a name specified by them;

**7.1.2** your Investments will be pooled with investments we hold for other customers in a single securities account (including accounts held with a sub-custodian or Clearing System) for our customers' investments. This means that your ownership of a proportion of the investments in the pooled account may not be identifiable by separate certificates or electronic records. However we will keep a separate record of your individual entitlement. In the event of a shortfall on the default of a sub-custodian or Clearing System, (and save as provided in clause 13.10 of this Section 3), you may share proportionately in that shortfall; and

**7.2** Investments will be held either by us or with such sub-custodians and/or Clearing Systems as we consider appropriate. You should note that we and any sub-custodian will have security interests or liens over, or rights of set-off in relation to, Investments or cash held with us or them. A Clearing System (or its depositories) may also have such rights. In addition, where you owe us money, and you have no cash standing to the credit of your accounts, we may act as your Agent to sell Investments on your behalf and credit the proceeds of sale to your cash account. A lien is the right to treat an Investment as our or their asset and dispose of it (in our case as your Agent) in order to cover a debt obligation owed.

By entering into this Agreement you agree that these types of interest and rights may occur in two situations:

- a. A security interest, lien, or right of set-off may arise to permit us, any sub-custodian or Clearing System the right to retain, transfer into our or their name, or sell (acting as Agent or as principal) your Investments and apply the proceeds to discharge any monies properly owing to us or them for the provision of custody services.
- b. A security interest, lien or right of set-off may arise where it is required by the applicable law in a country other than the UK where your Investment is held. This may be a general mandatory requirement or a requirement of the custody or Clearing System of that jurisdiction. We will only allow your Investments to be held in this way by a sub-custodian and/or Clearing system in accordance with the Rules and when we have taken reasonable steps to determine that this is in the best interests of our clients. The Statements that we send you as noted in Section 1 Clause 9 will contain additional information regarding Investments held in countries other than the UK.

**7.2.1** In some jurisdictions it may not be possible for your Investments which are held by a sub-custodian or Clearing System to be separately identifiable from that sub-custodian's assets, the Clearing System's assets or the assets of its other clients. Where your Investments are held in this manner:

- a. your ownership of a proportion of the assets in the pooled account will not necessarily be immediately identifiable by way of separate certificates, other physical documents or equivalent electronic records. There will be a record kept by us to assist in the identification of your Investments;
- b. in the event of the failure of HSBC UK Bank plc, a sub-custodian or Clearing System, it may be difficult or not possible to identify clearly your Investments and to transfer their custody easily to you or to another sub-custodian. If there is an irreconcilable shortfall on the pooled account, your Investments may be pooled with all the assets in the pooled account including the assets of the sub-custodian or Clearing System and all of their clients in that pooled account. Everyone who holds assets in the pooled account may then share in that shortfall. The amount of the shortfall will be calculated in proportion to their original share of the assets in the pooled account.

**7.2.2** your Investments which are subject to the law of a country other than the UK may be held overseas. There may be different settlement, legal and regulatory requirements and different practices for the separate identification of investments from those applying in the UK.

**7.3** If you transfer Investments into your Investment Account, you will not be able to sell them until they have been transferred into our nominee name. We will not be liable for any loss you may suffer if you are unable to sell any Investments that you do not have in your Investment Account or that have not yet been settled.

**7.4** When you transfer Investments in your sole name to a joint Portfolio it will be deemed to be a transfer of ownership from your sole name to your joint names, which may result in a tax liability and in the loss of certain loyalty or other benefits offered by the company in which you have invested.

**7.4.1** In the event of a Failed Purchase Trade, we will:

- move the money we took from your Settlement Account to effect settlement into an appropriate bank account until the trade has settled in the market;
- send you a letter telling you about the Failed Trade within seven Business Days of the Settlement Date, if the trade remains unsettled at this point; and
- inform you once the trade has settled in the Market.

You will receive the same price in the event of a Failed Trade as you would have received had the trade been settled in accordance with the contract note.

Whilst you will not be able to transfer an Investment that is the subject of a Failed Trade, you will be able to sell the Investment. The delay in obtaining the stock will not affect your rights to any entitlements associated with the ownership of shares, such as dividends, which are due to you.

- 7.4.2** In the event of a Failed Sell Trade you'll still receive your proceeds on the original settlement date. You'll receive the same price in the event of a Failed Trade as you would have received had the Trade been settled in accordance with the contract note.
- 7.5** On the expected settlement date our records of your holdings will be updated to reflect the Trade as settled even where there is a Failed Trade.
- 7.6** You authorise us to debit from and credit to your Qualifying **first direct** Account the necessary funds at the close of each Business Day to ensure that the balance of your Settlement Account is returned to nil. In the case of joint Portfolio holders, the Qualifying **first direct** Account will be the account nominated by the first named joint Portfolio holder, or such other account as may be nominated by you from time to time.
- 7.7** The following Settlement Dates normally apply to the types of Investments below:
- Gilts - one Business Day after the date of Trade (T+1)
  - Equities - two Business Days after the date of Trade (T+2)
  - Funds - three Business Days after the date of Trade (T+3)

For other types of Investments the Settlement Date will be indicated on your contract note.

If you place an order to buy Investments, you must have sufficient funds in your Qualifying first direct Account to settle your purchases on the Settlement Date.

If you place an order to sell Investments, you must have sufficient Investments available to sell in your Investment Account on the date you instruct us to sell. On the Settlement Date, you must have sufficient settled Investments to settle your sales.

- 7.8** You will be and will remain the beneficial owner of your Portfolio. However, the title to any Investments held in such accounts will be registered in the name of a nominee (subject to clauses 7.2 and 7.2.1). In addition where we act for you as your Agent, it is the other party to the transaction and not us who is responsible for settling the trade with you and delivery or payment (as the case may be) will be at your entire risk. Our obligation is only to pass on to you, or to pass on as you direct, or to credit to your Portfolio, such deliverable documents or sale proceeds (as the case may be) as we actually receive.
- 7.9** We are authorised to hold your Investments with such sub-custodians and/or Clearing Systems as we may think fit, including sub-custodians who may be members of the HSBC Group. Where we do so, your Investments may be held in the name of that sub-custodian or a nominee of that sub-custodian. We remain responsible for your Investments to the full extent required by the FCA rules.
- For the avoidance of doubt, a reference in these Terms to "our nominee" includes a nominee of one of our sub-custodians.
- 7.10** Unless you give us Instructions in relation to voting in accordance with clause 7.17 of this Section 3, you will not be sent shareholder communications. You will not receive shareholder benefits and you will not be entitled to exercise any voting rights attaching to your Investments. Notwithstanding anything else stated in these Terms, in the absence of any specific Instructions we will not exercise any voting rights attached to any Investments.
- 7.11** Entitlements received by us or a sub-custodian on your Investments will be calculated by reference to our (or the sub-custodian's) aggregate holding of a particular Investment on behalf of all customers, us or Associates. The procedure adopted for calculating entitlements may mean we receive an aggregate entitlement greater or less than the sum of the individual entitlements we would have received if each such person's entitlement had been held separately.
- 7.12** Where such entitlement is greater, we will credit your Portfolio with an amount at least equal to the amount you would have received if your entitlement had been held separately. If you are entitled to a fraction of one share, this will be aggregated with the fractional entitlements of other customers and sold. You will receive the net proceeds from the sale on a pro-rata basis. We will be entitled to any remaining balance (which will be a fraction of one penny) for our own account.
- 7.13** Where such entitlement is smaller, we will credit your Portfolio with an amount calculated on a pro-rata basis, which will be less (by a fraction of one penny) than the amount that you would have received if your entitlement had been held separately.

- 7.14** When an entitlement results in your allocation being in fractions of Investments or units of currency then we may credit the equivalent value in cash to your Portfolio instead of the Investment or unit of currency. If we are not able to credit your Portfolio with cash instead of the fractional entitlement then you agree to relinquish your interest in the fractional entitlement to us or our sub-custodian. We or the sub-custodian may donate the amount to a charity of our or the sub-custodian's choice, or pay it to an Authority or as permitted by applicable law.
- 7.15** We will be responsible for claiming and receiving dividends and interest payments accruing to your Investments. We will convert all money received from dividends, interest payments etc. into sterling and credit it to your Settlement Account. We will not notify you of the dividend payments attaching to your Investments, which will be credited to your Portfolio in either cash or Investments depending on the standing Instruction that you give us or gave to us on opening your Portfolio. You can check or amend the status of your standing Instruction by contacting us on **03 456 100 105**.
- 7.16** We will use reasonable endeavours to notify you of any corporate action such as rights issues, takeovers, mergers etc. attaching to Investments in your Investment Account. Although there may be some situations where this is not possible, in these scenarios, we will act on your behalf and in the best interests we see fit. Any notification will be sent as soon as possible after we have been advised by our relevant sub-custodian or Market Data Provider. We will have no liability for any losses suffered and/or expenses incurred, if after using all reasonable endeavours to contact you, we are not able to tell you about a corporate action.
- 7.17** If you notify us, within such period as we may specify, that you wish to exercise rights in respect of your Investments, we will use reasonable endeavours to give effect to your Instructions but only on such terms as we may agree from time to time. Otherwise, we will take such action, or refrain from taking any action, in respect of any corporate action, as we in our absolute discretion determine (including, without limitation, arranging the disposal of any subscription rights on your behalf in such manner as we think fit).
- 7.18** If you give us Instructions in relation to voting, only those Instructions relating to voting rights will be accepted by us and those Instructions must relate to a single line of stock (you are not permitted to make Instructions for multiple lines of stock at the same time). Instructions will not be accepted for other shareholder benefits. We will not accept standing Instructions.
- 7.19** Where a corporate action results in you receiving, in settlement, an Investment that cannot be held in your Investment Account we will transfer the Investment into your name on the company's register and arrange for you to be sent a share certificate or statement of holding. Where the Investment cannot be transferred into your name we will sell your entitlement and credit the net sale proceeds to your Settlement Account. Where the investment can be held in your Portfolio and is received into an ISA, if the resultant stock is not ISA eligible, we will move it out of your ISA and it will remain within the Investment Account.
- 7.20** If we are notified of any demands on Investments in your Investment Account, in respect of unpaid monies, we will use reasonable endeavours to notify you of such demands. We will satisfy such demands on such terms as you advise and are reasonably acceptable to us. Otherwise, we will not be required to take any action on your behalf and will not have any liability in respect of the consequences of a failure to satisfy demands made. However, where we are legally liable to meet such demands we may do so and you will reimburse us immediately upon demand.
- 7.21** Whenever Client Orders are executed in the market and these are affected by system limitations (for example, rounding) you will always receive the full entitlement you are due. Occasionally, fractional rounding may apply to your entitlement of Fund Shares as a result of the way in which Operators allocate the units of their Funds. However, the amount paid to (for buy transactions) or received from (for sale transactions) the fund manager will always be the amount of your instruction.

Any fractional units remaining after rounding will be paid to charity.

## **8 Conflicts of interest**

- 8.1** A summary of our policy on conflicts of interest is set out in Annex 4 at the end of these Terms. In relation to some of our services we may receive other minor benefits (but not payments) that we believe improve the quality of the service provided to you. Such benefits will be minor in nature so that they do not impact on our ability to always act in your best interests.
- 8.2** We will always try to act in your best interests in carrying out any transaction for your Portfolio.
- 8.3** In some circumstances we may, without prior reference to you, (and without having to account to you for any benefit received as a result) carry out any transaction for your Portfolio even though:
- 8.3.1** a conflict may arise between our interests or that of any of our customers and our duty to you; or

- 8.3.2** we act on our own behalf or as agent of an Associate; or
- 8.3.3** we act as Agent for you and for another party to the transaction (including an Associate); or
- 8.3.4** it relates to Investments, the issue, offer or sale of which has been underwritten, managed or arranged by an Associate within the previous twelve months; or
- 8.3.5** we act for more than one investor (including you) collectively.
- 8.4** On occasion we may benefit from non-financial incentives, such as corporate hospitality and training. We maintain strict policies to control how benefits of this type are managed to protect the interest of customers. Further information about these policies is available from us upon request.

## **9 Market Data Providers and Research**

- 9.1** The Market Data provided to you is provided by various third party sources referred to as Market Data Providers. By using the Market Data, you acknowledge and agree that:
  - 9.1.1** the Market Data is provided solely for your individual use and may not be used in connection with the issuance, trading, marketing or promotion of investment products without a separate written agreement between you and the Market Data Provider who owns it. You may not copy, distribute or redistribute the Market Data, including by caching, framing or similar means, or sell, resell, re-transmit or otherwise make the Market Data available in any manner to any third party. You may not store the Market Data for the purposes of creating a historical database or historical data product;
  - 9.1.2** the Market Data is and will remain the property of the respective Market Data Providers; and
  - 9.1.3** at any time, the Market Data Providers may discontinue disseminating any category of Market Data, may change or eliminate any transmission method and transmission speed and you will not hold the Market Data Providers or us liable for any resulting liability, loss or damage.
- 9.2** The provisions in clauses 9.1 – 9.5 are for the express benefit of the Market Data Providers and they may enforce these provisions against you.
- 9.3** This clause 9 will remain in effect for as long as you have the ability to receive Market Data and will survive termination of your Portfolio.
- 9.4** The Market Data is provided “as is” and there may be delays, omissions or inaccuracies in it. We, the Market Data Providers and our and their respective employees, affiliates and agents cannot and do not guarantee the accuracy, completeness, timeliness, merchantability, fitness for a particular purpose, title or non-infringement of the Market Data and disclaim any such express or implied warranties, to the fullest extent permitted by law.
- 9.5** Neither we nor the Market Data Providers, or our or their affiliates or agents, will be responsible for any delays, losses, costs, damages or expenses you suffer in the event of a Force Majeure, provided where relevant, that we will remedy the situation as soon as possible.
- 9.6** Research may be provided by us or by a third party. You owe similar responsibilities regarding research as you do for using Market Data. We charge you for research and this charge forms part of your Account Fee.

## **10 Charges over Investments**

- 10.1** All of your Investments and money in your Portfolio (other than those held within ISAs) are subject to our security interest to cover outstanding amounts (including interest and any other fees) due from you to us. If you default in paying any amount by the due date, we are, subject to the default notice referred to in clause 2.7 of this Section 3, entitled to sell any such Investments and/or use any such monies in any way we consider fit to discharge your debts.
  - 10.1.1** by way of first fixed charge, (this is a type of security interest which gives us rights to realise the money and assets subject to our charge), the Settlement Account and all cash from time to time credited to that account; the Investment Account and all Investments from time to time credited to that account and, by way of separate first fixed charge, the benefit of each such account and any rights against any banker, custodian or other person on whose books any such Investments and cash are from time to time credited;



- 10.2** If the Portfolio you hold with us is in credit, we may use it to reduce or repay any amounts you owe on other accounts you hold with us anywhere in the same name (including any card accounts and any joint accounts) whether or not those accounts are in the same currency. If we choose to exercise this right:
- we will tell you why and when it has been done; and
  - in doing so, we may (and you irrevocably authorise us to):
    - bring to an end any fixed deposit period applying to any of the accounts you hold with us and adjust any interest payable by us;
    - convert to sterling at the prevailing market rate of exchange any balance that is in a currency other than sterling; and in doing so we will have no liability to you.

Nothing in this clause 10.2 will prevent us from exercising at any time any other right of set-off or of combination of accounts to reduce or repay any amounts you owe us.

- 10.3** If either the Settlement Account or the Investment Account is in debit, we may use any other accounts you hold with us anywhere in the same name (including any card accounts and any joint accounts) whether or not those accounts are in the same currency to reduce or eliminate the debit balance. If we decide to do so:
- we will tell you why and when it has been done; and
  - in doing so, we may (and you irrevocably authorise us to):
    - bring to an end any fixed deposit period applying to any of the accounts you hold with us and adjust any interest payable by us;
    - convert to sterling at the prevailing market rate of exchange any balance that is in a currency other than sterling; and in doing so we will have no liability to you.

Nothing in this clause 10.3 will prevent us from exercising at any time any other right of set-off or of combination of accounts to reduce or repay any amounts you owe us.

- 10.4** The security interest we have over the Investments and money in your Investment Account will always remain in place, as a continuing security. Even where an outstanding amount has been settled, our continuing security against other outstanding amounts will not be effected. The security interest we have over your Investments and money in your Investment Account will also operate alongside any other security, guarantee or similar requirement you have in place with us, or another party, to pay any outstanding amounts you owe to us.

- 10.5** By agreeing to these Terms, you give us authority to execute and sign any transfers, assignments, or other documents or do anything reasonably required to exercise the security interests set out in these Terms. You also give us authority to take any other steps that might reasonably be required to preserve rights and interests relating to our security, or any similar powers or authorities we have.

- 10.6** Unless the context requires otherwise, references in this clause 10 (howsoever they may be worded) to action or steps that may be taken by "us" include references to any person holding any of the security or in whose name any of it may be registered.

- 10.7** In enforcing the security, we may sell, pledge, deposit or otherwise deal with all or any of the security, free of any interest of yours and as we in our absolute discretion think fit (without being responsible to you for any loss or reduction in price).

- 10.8** The net proceeds of any such dealings will be applied towards the discharge of your liabilities. You will be entitled to any balance remaining after discharge of all liabilities. In the event of a shortfall, you remain liable for any such shortfall and will immediately pay to us the balance remaining due.

- 10.9** All of your Investments in your Investment Account (other than those held within an ISA) are subject to our right to retain possession of your Investments as security for non-payment of amounts that you owe to us (lien). See clause 7.1.3 for more information.

- 10.10** Sections 93 (restriction of right of consolidation) and 103 (restriction of right of sale) of the Law of Property Act 1925 will not apply to these Terms. This means that we can require you to pay off all amounts you owe us before we release any of our security interest. This also means that we may be able to exercise our rights under our security interest and to sell your assets as soon as we are permitted to do so under these Terms without being required to provide notice to you or wait for any legally prescribed period before we enforce the rights under our security interests.

- 10.11** If you fail to make any payment or to deliver any assets due to us, we may enforce the security, without prior notice or demand to you.

## **11 Information and Communication**

### **When you contact us**

- 11.1** You may contact us by e-message, by telephone to our Customer Service Centre, by post to our Administration Office and in such other ways as we may inform you from time to time. When you contact us by e-message or telephone, we will check your identity using your Security Details.

- 11.2** We may, in our absolute discretion allow you to contact us by fax, except for the purposes of buying, selling or exercising rights in respect of Investments. If we allow you to contact us by fax, you do so at your own risk and we will not be held liable for, and you will be responsible to us in respect of, the consequences of our acting in good faith in accordance with any Instructions contained in such fax.
- 11.3** Unless otherwise stated in these Terms, you must not contact us by email. If you do so, you do so at your own risk and we will not be held liable for, and you will make good any loss to us in respect of, the consequences of our acting in good faith in accordance with any Instructions contained in such email.
- 11.4** For security purposes, we may ask you to confirm in writing Instructions given to us via our Website or by telephone or carry out such further security checks as we deem appropriate before carrying out your Instructions.

### **When we contact you**

- 11.5** Where we say we will contact you personally we may, subject to any requirement to contact you in a particular manner, do so by post, telephone (including mobile phone), e-mail, mobile messaging, e-message, a message on your Statement, or in any other way that will be sent to you individually.
- 11.6** If you are a Web-Based Account holder you agree that for the purposes of sending you any documentation relating to your Portfolio we may, subject to any regulatory requirement to use a particular manner, send such documentation in electronic form only. We will send you paper Statements as set out in clause 9.1 of Section 1. We will send you a contract note (trade confirmation) by e-message as set out in clause 3.2 Section 3.
- 11.7** We will inform you of any changes in our contact details. Please tell us as soon as you can if you change your name, address, telephone, email address (if applicable) or any other details. We will not be liable for Communications or Statements sent to you using your old details prior to our receipt of your new details in accordance with this clause 11.7.
- 11.8** To ensure we carry out your Instructions accordingly, to help us continually improve our service and in the interest of security, we may record and monitor your telephone calls with us and keep records of e-Messages, emails and other internet Communications.
- 11.9** Any news, prices and other information given to you or displayed on our website is or are provided solely to enable you to make your own investment decisions and do not constitute personal investment recommendations or advice.
- 11.10** We cannot provide taxation advice.
- 11.11** We do not make any representation as to the completeness, accuracy or timeliness of such information nor do we accept any liability for any losses, costs, liabilities or expenses which may arise directly or indirectly from use of, or reliance on, the information. Such information is not an offer or solicitation by us to buy, sell or otherwise deal in any particular Investment.
- 11.12** The information is and remains our property, the property of our licensors or the property of Market Data Providers and is protected by copyright and other intellectual property laws.

## **12 Your obligations**

- 12.1** You agree and confirm to us each time you use the **first direct** shares services, that:
- 12.1.1** You are not in any way legally or otherwise restricted or prohibited from making a transaction or otherwise using our services;
- 12.1.2** These Terms and each transaction hereunder are your valid and legally binding obligations (and/or the obligations of the person(s) on whose behalf you are acting);
- 12.1.3** As far as you are aware, your entering into and performance of these Terms and each transaction hereunder does not violate, contravene, conflict with or constitute a default under any law, regulation, rule, judgment, contract or other instrument binding on you or any of your assets (and/or of the person(s) on whose behalf you are acting);
- 12.1.4** In accepting these Terms, we have not made, and you are not relying upon, any statements, presentations, promises or undertakings that are not contained in these Terms;
- 12.1.5** You and any other joint Portfolio holders remain resident in the UK, or, if applicable, the Channel Islands or Isle of Man or Crown Employee(s);
- 12.2** You accept responsibility for monitoring your Portfolio. You should notify us as soon as possible in writing if you become aware of:

- 12.2.1** the failure by you to receive a message from us indicating that an order was received, rejected and/or executed or any such message becoming distorted or wrongly transmitted due to defects in the network where you use our internet service; or
- 12.2.2** any inaccurate information in your Portfolio, payments, balances, records or assets or money held or transaction history.
- 12.3** You should not access the Website from another country if it is not permissible to do so in that country. You acknowledge that it is your responsibility to check that this is not the case and we will not be liable for your failure to do so.
- 12.4** If you buy or sell Investments during an offer period in either a target or bidder company involved in a takeover, you may be required to report details of your dealings to the Takeover Panel if you own or control 1% or more of the company's securities. It is your responsibility to make any such report or any similar report in analogous circumstances concerning a US company.

## **13 Liability**

**13.1** Subject to clause 11 of Section 1 of the General Terms:

- 13.1.1** neither we nor our directors, officers or employees will be responsible to you for losses you suffer unless they are caused by our (or their) breach of the Terms or our (or their) negligence, fraud or wilful default in relation to your Portfolio; and
- 13.1.2** subject to Annex 5, clause 13.6 of this Section and clause 21 of Section 2, neither our Associates, agents or licensors nor any of their directors, officers or employees will be responsible to you for losses you suffer in relation to these Terms or your Portfolio.

In any case, no such person will be liable for any losses they could not reasonably have expected to occur.

- 13.2** We will not be liable to you if we do not act on your Instructions for any reason set out in the Agreement or if we cannot carry out our responsibilities to you because of any cause that we or our agents or sub-contractors cannot reasonably control. This exclusion includes any losses arising from the unavailability of the relevant network to users of our internet services or data entered through or data becoming scrambled, lost or wrongly communicated in transmission. This may be due to defects in the network, direct or indirect failure of power supplies, equipment, data processing and communication systems or transmission links. This exclusion also includes any losses arising because of strike or other industrial action to the extent that such matters are outside our/or our agents or sub-contractors reasonable control.
- 13.3** From time to time we may have to shut down the Website to enable us to perform essential work on, or major upgrades to, our service. We will make every effort to keep disruption to a minimum and to notify users of web based accounts in advance if such shut down becomes necessary.
- 13.4** If you default in paying any amount due including any Account Fees or charges, interest and associated administrative and recovery costs will be payable by you on demand at the rate from time to time published in our Rates and Fees Page.
- 13.5** All transactions are subject to the rules and customs of the relevant exchange, market and/or clearing house and to any other Applicable Laws, rules and/or regulations so that:
  - 13.5.1** if there is any conflict between such rules and these Terms, the former will prevail;
  - 13.5.2** we may take or omit to take any action we think appropriate to ensure compliance with such rules; and
  - 13.5.3** such rules and any such action we take will be binding on you.
- 13.6** Nothing in these Terms excludes or restricts any obligation we have to you under FCA rules and/or any Applicable Laws or requires you to exempt or make good any loss to us against any breach by us of such an obligation.

- 13.7** If any provision of these Terms is held to be invalid or ineffective, it will not affect any other provisions.
- 13.8** Any of our services may be provided using the services of third parties, including our affiliates, who may act as a delegate or agent for us on such terms as we think appropriate. We may do whatever is reasonably necessary or desirable for or incidental to the provision of our services.
- 13.9** We will not be deemed to have accepted any amendments to these Terms unless we agree otherwise in writing.
- 13.10** We accept liability for any sub-custodian or nominee company that is a member of the HSBC Group when they act as such. We will remain responsible for the acts or omissions of other sub-custodians to the extent of our own negligence, fraud and wilful default and to the full extent required by the FCA rules. We will not otherwise be liable for any losses suffered and/or expenses incurred as a result of Investments or cash being held with a Clearing System.
- 13.11** Please note, however, that Applicable Laws and regulatory requirements prevent us from conducting certain activities or taking on certain liabilities. As a result, we are not able to accept responsibility for the acts and omissions of other HSBC entities that may provide you with execution and dealing services as contemplated by Annex 3. But if you have any concerns or complaints on this front at any time, please let us know straight away and we will explain how these can be dealt with.
- Please also see Annex 5 which provides further information on this front.
- 13.12** In the event of the insolvency of a Clearing System or of a sub-custodian or nominee company that is not a member of the HSBC Group, we will not be liable except to the extent of our own negligence, fraud or default.
- 13.13** In the event at any time that we have reasonable grounds to believe you have broken the Terms, we may without notice and without incurring any liability for any loss you may suffer as a result:
- 13.13.1** treat any outstanding Client Order as having been cancelled and terminated;
- 13.13.2** arrange the sale of Investments to realise funds to cover any outstanding amount;
- 13.13.3** close out, replace or reverse any transaction or take, or refrain from taking, such other action at such times and in such manner as we consider necessary or appropriate to cover, reduce or eliminate loss or liability under or in respect of any contract, positions or commitments.

## **Annexes**

**Please read carefully**

### **ANNEX 1**

#### **IMPORTANT INFORMATION**

The Website is intended for residents of the UK, certain residents of the Channel Islands and Isle of Man and Crown Employees only. With the exception of Crown Employees, it should not be accessed by persons outside the UK, Channel Islands and Isle of Man and in particular it should not be accessed by persons in the US and Canada. A share is an instrument representing a shareholder's rights in a company. When purchasing a share, you are, through our nominee company, becoming a co-owner of the company, you therefore participate in its development as well as in chances for profits and losses which makes it difficult to forecast the precise yield on such an Investment. An extreme case would be if the company becomes insolvent, thereby eroding the total sums invested.

The value of your stocks and shares and those referred to on the Website and the income from them can go down as well as up and you may not get back the amount you originally invested. This may also happen as a result of changes in the rate of exchange where overseas securities or securities denominated in a currency other than sterling are held. Any investment should be considered as a medium to long term investment (i.e. at least 5 years).

Past performance is not an indication of future performance. There is an extra risk of losing money when shares are bought in Alternative Investment Market (AIM) companies including penny shares. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them. The price may change quickly and it may go down as well as up. You should also specifically bear in mind the following risk factors which are relevant to investing in fixed interest securities such as gilts. Like all investments available including those available through the Website, the value of your gilts and the income from them can go down as well as up and you may not get back the amount you originally invested. If you purchase gilts above par value and hold them to redemption, you will receive less than you paid for them. You should also specifically bear in mind the following risk factors which are relevant to investing via Funds. By holding Fund Shares, you are indirectly investing in a wide range of different companies. Although this should spread risk, any investment in the stock market involves risk and you should view your investment as medium to long term. Typically this means 5-10 years for medium term and over 10 years for long term Investments.

Any tax information we provide is based on our understanding of current law and HM Revenue & Customs practice. Both law and practice may of course change. Your tax liability will depend on your own individual circumstances, including your country of residence for tax purposes. If you are unsure about your own situation, you should seek appropriate professional advice.

The Operators of the Funds may ask applicants to provide additional information and documents regarding proof of identity and other information required by relevant money laundering laws. You will provide us with such information as may be necessary to comply with such requirements and you acknowledge that the Operators reserve the right to refuse applications for Fund Shares and that we will have no liability for the consequences of not being able to place an order due to the fact that the Operator has refused the application.

#### **The website: disclaimer of warranty and limitation of liability**

The website is intended for use by retail customers and not for professional purposes and, by accessing the website, you represent that you are using it for such purposes. We reserve the right to terminate your access if this is not the case. Nothing in the website constitutes a solicitation or recommendation by us or any other person to buy, sell or hold any security, financial product or financial service or otherwise for the purpose of making a public offer of the same.

The information on the website is provided "as is". The information on the website is obtained or compiled by third parties and provided by us in good faith. Although it is provided by us in good faith, we cannot be responsible for its accuracy; however, if we become aware that such information is incorrect, we will change it as soon as we are able to.

The information available on the website is subject to change without notice. We expressly disclaim any obligation to keep the information on the website up to date, free of errors or viruses or to maintain uninterrupted access. We may stop producing or updating any part of the website without notice. Access to and use of the website is at your own risk. We do not warrant that the use of the website or any material downloaded from it will not cause damage to any property, including but not limited to loss of data or computer virus infection.

Our sharedealing and investment service is an execution-only service. Nothing on the website or in other documentation provided to you constitutes investment, legal, accounting, or tax advice, nor a representation that any investment or strategy is suitable or appropriate to your individual circumstances. Before entering into a transaction in respect of an investment referred to on the website or otherwise, you should consult your own investment advisors as to its suitability or appropriateness for you. We bear no responsibility or liability for your use of any third party vendor's software, products, services or equipment in connection with your access and use of the website.

**In no circumstances will we be liable for any decision made, action or inaction taken by you in reliance on any information or data on the website.**

### **Reservation of rights**

All content and information contained within the website or delivered to you in connection with your use of the website is the property of ourselves and other third parties. The trade mark, trade names and logos (the "**Trade Marks**") used and displayed on the website or otherwise are registered and unregistered Trade Marks of ourselves and other third parties. Nothing on the website or otherwise should be construed as granting any licence or right to use any Trade Mark. We do not waive any of our proprietary rights on the website. You are entitled to view, copy and print documents from the website solely for your own non-commercial use, provided that you do not remove any copyright or other proprietary notices. You may not sell, publish, reproduce, sublicense, assign, modify or change (by use of an html "frame" or otherwise) any portion of the website or any content and information contained within the website without our prior written consent.

### **Use of links**

Should you leave the website via a link contained in the website and view content that is not provided by us. You will do so at your own risk.

We provide links only as a convenience and without liability. The ability to link to another website and the fact that a link exists does not mean that we endorse or guarantee such site, the site sponsor or the site contents. In addition, be aware that when you leave the website you will be subject to the terms of use and privacy policies of the new website which you are visiting.

### **Cookies**

In order to improve your use of the website, we use "cookies" to track your visit. A cookie is a small amount of data that is transferred to your browser by a web server. It functions as your identification card. We use cookies to track your visits to the website.

### **Access**

The website is intended only for customers who reside and are present at the point of access, in the UK. This is to ensure that usage is in accordance with locally Applicable Laws and Regulations.

## **ANNEX 2**

### **Security information**

We are committed to the privacy and security of your Personal Information. We keep your Personal Information secure by ensuring that:

- the public (pre-login) areas of the website do not contain any of your Personal Information the secure area of the website supports the use of strong encryption (128 bit SSL).
- to take advantage of this level encryption, you will need to use a browser that supports that level of encryption our web servers are protected behind "firewalls" and our systems are monitored to prevent any unauthorised access. As an extra measure of security your data is stored on separate computers from those used to serve web pages.
- We will not send Personal Information to you by email. As the security of email cannot be guaranteed, you should only send emails to us using the e-messaging facility within the website. In particular, to prevent unauthorised access to your data you should take care when opening emails from sources that are not otherwise known to you.

Please note that we cannot guarantee confidentiality of emails that are not sent using our e-messaging facility within the website.

## **ANNEX 3**

### **Best execution disclosure statement**

#### **1. Purpose and scope**

This Best Execution Disclosure Statement provides a summary of the steps we will take to achieve the Best Possible Result for Client Orders, taking into account the factors set out below, under our Execution Policy.

Please also note that dealing we conduct for you as contemplated by these Terms will involve us (acting as your agent) entering into deals with third parties on your behalf – e.g. to buy and sell Investments for you. It will also involve us engaging another company in our group (HSBC Bank plc) to provide you with certain dealing and execution services. For more information on this, please see Annex 5.

#### **2. Best execution factors**

When executing Client Orders, we will take all sufficient steps to achieve the Best Possible Result on a consistent basis, including, where possible, in situations of market stress, taking into account a range of factors which include price; cost; speed; likelihood of execution and settlement; size; nature or any other consideration relevant to the execution of Client Orders.

Price and execution costs will be paramount although other factors such as the type of Client Order, the type of Financial Instrument and the choice of Execution Venue will also be considered where necessary to achieve the Best Possible Result. If applicable any Execution Venue costs will be disclosed to you.

#### **3. Execution venue**

In certain cases, HSBC Bank plc will be the Execution Venue for Client Orders. In other cases, we will either choose another Execution Venue or route the transaction through HSBC Bank plc's Global Banking and Markets division which will choose the Execution Venue. You agree that Client Orders may be executed off a Regulated Market, Multilateral Trading Facility or Organised Trading Facility. Where we do execute a Client Order other than on a Regulated Market, Multilateral Trading Facility or Organised Trading Facility, there may be an increase in counterparty risk. If you have any questions regarding the consequences for such Client Orders please contact us using the details given at the beginning of these terms.

In selecting any Execution Venue, consideration is given to the cost of executing, liquidity available for the Financial Instrument, the speed of execution, reliability, continuity of trading, the creditworthiness of the Execution Venue and the quality of any related clearing and settlement facilities.

#### **Execution Venues**

##### **UK and European equities**

HSBC Bank plc (acting through its Global Banking and Markets division).

##### **Bonds**

HSBC Bank plc will execute usually via Tradeweb or Bloomberg using a panel of approved market makers, typically sourcing the best price from Barclays Bank, Deutsche Bank, HSBC Bank plc (Global Banking and Markets division), Lloyds Bank and Winterflood Securities. Where HSBC Bank plc executes a bond order through its Global Banking and Markets division the order will be executed as principal. In all other cases the order will be executed on an agency basis.

##### **Unit Trusts and Open Ended Investment Companies (OEICs)**

The Authorised Corporate Director or fund manager of the relevant unit trust or OEIC.

We keep our choices of Execution Venue under regular review. Execution Venues may vary depending on market conditions from the ones listed above. Where we use a single internal Execution Venue this choice is kept under review to ensure that their execution arrangements continue to meet the Best Possible Result obligation that we owe to you.

Information regarding execution and the top five Execution Venues for each class of Financial Instrument can be accessed via the HSBC UK Bank plc website [hsbc.co.uk/investments/products-and-services/best-execution/](https://www.hsbc.co.uk/investments/products-and-services/best-execution/). For unit trusts and OEICs the fund manager is the relevant Execution Venue.

#### **4. Limit Orders**

Where you have placed a Limit Order in shares admitted to trading on a Regulated Market, Multilateral Trading Facility or Organised Trading Facility and the Limit Order is not immediately executed under prevailing market conditions; we will make your Limit Order public to ensure that it is executed at the earliest opportunity, unless you instruct us otherwise.

There is no requirement for a Limit Order to be made public if it involves shares which are not admitted to trading on a Regulated Market, Multilateral Trading Facility or Organised Trading Facility or if it is significantly large in scale compared with the normal market size.

### **5. Specific instruction warning**

We will only execute your instruction as set out within these Terms and we will process your Client Order in accordance with our Execution Policy. We are not able to accept any additional specific instructions you give us as to how to execute a Client Order e.g. to use a specific broker or Execution Venue.

Where you are permitted to give a specific instruction this may prevent us from achieving the Best Possible Result in accordance with our Execution Policy in respect of the aspects covered by the specific instruction.

### **6. Effective date, review, amendments and monitoring**

Our Best Execution Disclosure Statement is reviewed at least annually. Where necessary we may amend it, in the event a material change has occurred, which includes changes to the list of Execution Venues on which we place significant reliance. We will inform you of any changes either in writing or by publishing the amended Best Execution Disclosure Statement on our Website. We will also monitor our effectiveness in achieving best execution of Client Orders on a regular basis at [firstdirect.com/savings-and-investments](https://www.firstdirect.com/savings-and-investments)

You may ask us at any time in the seven years following a Client Order to provide confirmation of how we obtained the Best Possible Result for the Client Order.

## **ANNEX 4**

### **Policy on HSBC conflicts of interest**

**first direct** is a division of HSBC UK Bank plc and is part of the HSBC Group which is a global organisation which provides a wide range of financial services. As such, it, or a company with whom it has an association (HSBC), may from time to time have interests which conflict with its clients' interests or with the duties that it owes to its clients. These include conflicts arising between the interests of HSBC, its associates and employees on the one hand and the interests of its clients on the other and also conflicts between clients themselves.

Conflicts may also arise from the receipt of payments or benefits from third parties or from remuneration and other incentive structures.

HSBC has established procedures which are designed to take all appropriate steps to identify, and prevent or manage such conflicts which may adversely affect the interests of clients. A key element of this policy is that persons engaged in different business activities involving a conflict of interest must carry on those activities independently of one another.

Where necessary, HSBC maintains arrangements which restrict the flow of information to certain employees in order to protect its clients' interests and to prevent improper access to client information.

HSBC may also deal as Principal for its own investment account and maybe matching transactions with another client. Procedures are in place in order to protect the client's interest in this instance.

In some cases, HSBC's procedures and controls may not be sufficient to ensure that a potential conflict of interest does not damage a client's interests. In these circumstances, HSBC will consider if it is appropriate to disclose the potential conflict to the client and obtain the client's formal consent to proceed. However, HSBC may decline to act in any circumstance where there is residual risk of damage to the interests of any client.

You may have further questions which relate to the underlying procedures within HSBC. In such cases you should contact the Client Enquiry team, who will direct your query accordingly.



## ANNEX 5

### Your Rights and Responsibilities

We (HSBC UK Bank plc) will act as your Agent in engaging another company in our group (HSBC Bank plc) to provide you with certain dealing and execution services for the purposes of the Agreement. These services will be provided under a terms of business between us and HSBC Bank plc as amended from time to time (Terms of Business).

In this Annex, we have set out some information about your rights and responsibilities in relation to this Terms of Business, and your relationship with HSBC Bank plc generally, which is important for you to read and understand:

- The Terms of Business is a legally binding contract between us (acting as your Agent and on your behalf) and HSBC Bank plc.
- Under that contract, HSBC Bank plc will be entitled to treat us (and not you) as its client for certain regulatory purposes. But because we are entering into the contract as your Agent and acting on your behalf, you will still be a party to the contract as a matter of law.
- As a result, you will be bound by the terms of the contract, and you will also be entitled to enforce the contract if it is breached by HSBC Bank plc. In other words, you will have the right to make a legal claim against HSBC Bank plc directly, rather than having to go through us.
- If you want more information about what the Terms of Business say, please let us know and we will send you a copy of the Terms of Business in force as at that time.
- Applicable Laws and regulatory requirements prevent us from conducting certain activities or taking on certain liabilities. As a result, we are not able to accept responsibility for the acts and omissions of HSBC Bank plc when it provides execution and dealing services under the Terms of Business. But if you have any concerns or complaints on this front at any time, please let us know straight away and we will explain how these can be dealt with.
- You should also be aware that, if you are ever dissatisfied with HSBC Bank plc's services, you always have the right to submit a complaint to it directly. Further details regarding its complaints procedures are available from us on request.
- If you are not satisfied with the way in which HSBC Bank plc deals with a complaint you have made, then you may be able to refer it to the Financial Ombudsman Service. Further information is available from us on request or from the Financial Ombudsman Service itself at at Exchange Tower, Harbour Exchange, London E14 9SR. ([www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)).
- HSBC Bank plc is also covered by the Financial Services Compensation Scheme (FSCS). You may be eligible to compensation from the scheme if you have a valid claim against HSBC Bank plc in respect of investment business and it cannot meet its obligations, due to insolvency. Most types of investment business will be covered.
- Under the Terms of Business, HSBC Bank plc may ask us to obtain from you certain information, documents or materials (for example, where these are requested to enable HSBC Bank plc to comply with Applicable Laws or regulatory requirements, or its internal policies and procedures). If we ask you to give us something for this reason, you will need to provide it to us as quickly as possible, and make sure it is complete, correct and up to date.
- Please note that nothing in the Agreement or the Terms of Business is intended to or shall limit or exclude any rights or remedies you have under the general law or any regulatory regime. To be clear, this includes any rights you may have against HSBC Bank plc under the Consumer Rights Act 2015 or section 138D of the Financial Services and Markets Act 2000 (in each case, as in force from time to time).

To explain further how section 138D may be relevant in practice:

- We are under a regulatory duty to take all sufficient steps to obtain the best possible result for you when executing orders on your behalf. This is known as "best execution". This is in addition to any contractual obligations we may owe you.
- We will categorise you as a retail client for the purposes of the FCA rules. This means we will have a regulatory duty to provide you with "retail quality" best execution – i.e. in general terms, when executing orders for you, we have to determine what the best possible result is in terms of price and cost.
- If this duty is breached, you may have a right to take action against us under section 138D of the Financial Services and Markets Act. In general terms, section 138D can give private persons a right to take action if they suffer loss because a relevant firm has breached certain rules made by the FCA.
- Over and above this, HSBC Bank plc will also have obligations under the Terms of Business. For example, it will be subject to a contractual obligation to provide you with "retail quality" best execution. Accordingly, depending on the circumstances, if there is a breach on this front, you may also have a right to take action against HSBC Bank plc for this breach, although this will be under the law of contract, rather than under section 138D as explained above.

If you have any questions about the information set out in this Annex, please do not hesitate to let us know and we will do our best to help.

## ANNEX 6

### Additional Matters

#### Complaints

If you are unhappy in any way with our products and services then please let us know. When we get your complaint, we'll issue you with an acknowledgment letter which includes details of our complaint handling process entitled 'Listening to your comments', which explains how we'll handle your complaint. A written copy of our complaint procedures is available on request.

If we cannot resolve your complaint in the first instance, you can refer it to:

Financial Ombudsman Service  
Exchange Tower  
Harbour Exchange  
London E14 9SR

Telephone: 0800 023 4567 or to call from abroad +44 20 7964 0500

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk/contact-us](http://www.financial-ombudsman.org.uk/contact-us)

The Financial Ombudsman Service will generally review complaints from retail customers. However, their criteria for reviewing complaints may mean that even if you have been categorised by a provider of products and services as a Retail Client, they may not regard you as an eligible complainant.

Complaining to the ombudsman will not affect your legal rights.

If you'd like this document in another format eg large print, Braille or audio, please give us a call. For more information about how we make communicating with us accessible visit [firstdirect.com/accessibility](http://firstdirect.com/accessibility)

#### General Information

**first direct** is covered by the Financial Services Compensation Scheme (FSCS). You may be eligible to compensation from the scheme if you have a valid claim against us in respect of investment business and we cannot meet our obligations. Most types of investment business are covered. Your eligible deposits (including cash balances in your settlement account) are covered separately by the FSCS. The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations. Most depositors are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to the current FSCS limit for deposits. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, each depositor would have a separate claim up to the FSCS deposit limit and so the maximum amount that could be claimed in total would be twice the current FSCS deposit limit. The FSCS deposit limit relates to the combined amount in all the eligible depositor's accounts with the bank, including their share of any joint account, and not to each separate account.

**first direct** and HSBC are both trading names of HSBC UK Bank plc and customers who hold deposits under both trading names will only be eligible for one claim of up to the FSCS deposit limit in total in respect of all amounts held by HSBC UK Bank plc. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) please refer to the FSCS Website [www.FSCS.org.uk](http://www.FSCS.org.uk) or call the FSCS on 0800 678 1100 or 020 7741 4100. Please note only compensation related queries should be directed to the FSCS.

**first direct** is a division of HSBC UK Bank plc. HSBC UK Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under reference number 765112. Further information and contact details for the Financial Conduct Authority can be found on its Website at <https://www.fca.org.uk/> and for the Prudential Regulation Authority on its Website at <https://www.bankofengland.co.uk/prudential-regulation>.

HSBC UK Bank plc is established at 1 Centenary Road, Birmingham B1 1HQ, which is its registered office. Its Company House number is 09928412.



Contact us online or by phone

**send us a message via Online Banking**

**03 456 100 100<sup>†</sup>**

**firstdirect.com**

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**first direct** is a division of HSBC UK Bank plc which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under reference number 765112. Registered in England under number 09928412. Registered office: 1 Centenary Square, Birmingham B1 1HQ.

<sup>†</sup>Text-phone **03 456 100 147** or if calling from abroad **+44 113 234 5678** (Text Relay **+44 151 494 1260**).

For more information on contacting us via BSL Video Sign Relay visit **firstdirect.com/contact-us**.

Because we want to make sure we're doing a good job, calls may be monitored and/or recorded, we hope you don't mind.

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