

# HSBC Premier Investment Management Service (PIMS)

## Terms and Conditions

Effective 6 April 2024



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# Important information

Please read these HSBC Premier Investment Management Service (PIMS) and Investors Settlement Plan (ISP) Terms and Conditions carefully.

They set out our and your obligations in relation to the services that we provide to you under this agreement. If there are any provisions that you do not understand you should contact us or seek independent advice.

Definitions can be found in Clause 36. Information on charges can be found in Clause 13. Information on how to contact us can be found on page 8 'How to contact us or make a complaint'.



## How these Terms apply

These Terms relate to the Discretionary Investment Management Service offered to you by HSBC UK Bank plc. We refer to this as the PIMS.



## About PIMS

We want to make these Terms as easy as possible for you to understand, and it is important that you fully understand the structure of the accounts that may be opened under the Terms and how they work.

### **We have summarised the structure as follows:**

When you enter into this agreement with us, we will open a PIMS for you. This will always include the PIMS Taxable, and may additionally include a PIMS ISA, and/or Feeder Account, and/or Custody Account.

## Together these comprise your Portfolio

### **PIMS Taxable**

- Taxable Account - the account used to hold taxable model Portfolio Investments.
- Taxable Capital Cash Account – used for settling trades, receiving money and the payment of withdrawals.
- Taxable Income Cash Account – the deposit account used to receive and distribute income.

### **PIMS ISA**

- ISA Account – the account used to hold non taxable model Portfolio Investments.
- ISA Capital Cash Account – used for settling trades, receiving money and the payment of withdrawals.
- ISA Income Cash Account – the deposit account used to receive and distribute ISA income.

## Not part of your Portfolio

### **Custody Account**

Where agreed, this is an account which may be opened to hold taxable non-managed Financial Instruments outside your Portfolio.

### **Feeder Account**

Used to hold taxable Financial Instruments pending sales or transfer into Taxable Account.

It should be noted that whether each of these accounts is subject to tax will depend on the individual customer and their tax circumstances.



## Our legal relationship

### **The service we provide to you**

PIMS is a Discretionary Investment Management Service provided by HSBC UK Bank plc where we act as your manager in relation to investing in Financial Instruments including equities, bonds, open ended investment companies, unit trusts, hedge funds, commercial property funds, Exchange Traded Funds (ETFs) and commodities.

### **Who we are**

HSBC UK Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register No. 765112) and is registered in England and Wales under company number 09928412. HSBC UK Bank plc's registered office address is 1 Centenary Square, Birmingham, B1 1HQ.



## Key information

### **Your obligations**

We require that you attend a review meeting at least annually in order for the PIMS to remain open. You are required to inform us of any changes to the information you have provided to us as soon as these become known to you.

Except ISA Transfers an HSBC account must be used to make cash investments into your PIMS.

### **Use of capitalised terms**

We use certain capitalised words in the Terms to ensure that we are consistent and clear, see Clause 36 for the relevant meanings.

### **Service provision**

The service provided under the Terms is for your personal use only and is not intended to be used for professional or business purposes.

### **We will categorise you as a retail client**

This service is only available to retail clients, and therefore you'll be categorised as a retail client in relation to all of the services we provide to you pursuant to the Terms, unless we tell you otherwise. This means that you will benefit from the highest level of regulatory protection under the Rules and any request by you to be reclassified as anything other than a retail client, will be declined.

## Communications

We will communicate with you as laid out in Clause 12. We can send information in large print, braille, or audio. You can speak to us by visiting one of our branches, or by giving us a call. We also work with third parties such as SignVideo who provide services such as Text Relay and British Sign Language (BSL) Video Relay. Please visit [hsbc.co.uk/accessibility](https://www.hsbc.co.uk/accessibility) to find out more.



## Minimum investment

### **We will not accept an Application for amounts less than our required investment minimum**

The minimum investment amount is:

1. £250,000 for an individual Portfolio;
2. £125,000 for two sole connected Portfolios; or
3. £300,000 for pension funds.

Further information is contained in Clause 5.

### **Where the Portfolio and any Feeder Account falls below the relevant minimum investment amount**

We have the right to close your PIMS and terminate your agreement in accordance with termination provisions in Clause 28.5.2.



## Your charges are made up of:

### **Annual Management Charge, referred to in the Terms as “AMC”**

The fee we charge you in respect of our Discretionary Investment Management of your Portfolio and any Feeder Account. The level of the AMC is calculated in bands based on the value of your Portfolio and any Feeder Account. VAT is paid on the AMC (if applicable). The AMC is not applicable on assets held in your Custody Account, or cash held in the PIMS ISA or PIMS Taxable cash accounts.

### **Custody and Administration Charges**

The fixed fee we charge in respect of holding assets and administering them. The charge is made on all your assets. No VAT is payable with this fee.

### **Other fees and costs**

These are set out in the Costs and Charges Disclosure Documents, and may include taxes, registration fees, fund charges and foreign exchange fees.

## Fee calculation

Our fees accrue and are calculated and rounded daily and are payable monthly in arrears. It may be possible to pay a lower AMC if you have a connected PIMS. This can happen if your Adviser agrees to aggregate the value of your Portfolio and any Feeder Account with the connected PIMS Portfolio and Feeder Account and the total value of both falls within a band with a lower AMC charge. Each individual account holder remains liable for paying their charges.



## How to contact us or make a complaint

**You may contact us for any reason in relation to the services we provide under the Terms, including to register a complaint, as follows:**

By email to: [customer.care.team@hsbc.com](mailto:customer.care.team@hsbc.com).

By post to: HSBC UK Bank plc, Customer Service Centre, BX8 1HB.

By telephone: 0800 881 155. Lines are open 8:00am to 8:00pm Monday to Friday. To help us continually improve our service, and in the interests of security, we may monitor and/or record your communication with us.

## Our standard of service

If we don't deliver the standard of service you expect, or if you think we've made a mistake, please let us know. We take such matters seriously, and we'll investigate the situation and, if necessary, set about putting matters right as quickly as possible. Where appropriate we'll also take steps to prevent a recurrence.

## How much does it cost?

It does not cost anything, you may make complaints to us free of charge.

## If you cannot settle your complaint with us

If the matter is not resolved to your satisfaction and you would like further information about our process for resolving complaints, please ask us for our explanatory leaflet 'Listening to Your Comments'. You may be able to refer your complaint to the Financial Ombudsman Service at Exchange Tower, London E14 9SR or by visiting: [financial-ombudsman.org.uk/consumer](http://financial-ombudsman.org.uk/consumer) or by telephone on 0800 023 4567 or to call from abroad +44 20 7964 0500.





## Compensation

### **HSBC UK Bank plc is covered by the Financial Services Compensation Scheme ("FSCS")**

This is the statutory fund of last resort which can pay compensation to eligible claimants if we are unable to meet our obligations in the event of insolvency.

#### **Who is eligible?**

You may be eligible to compensation from the scheme if you've a valid claim against us in respect of investment business and we cannot meet our obligations. Most types of investment business are covered. There are limits that apply to the amount of compensation you are eligible to receive from the FSCS in respect of investment business. These limits can be subject to change so please refer to the FSCS using the details listed below for the most up to date information.

### **Deposits held within the Taxable Capital Cash Account, Taxable Income Cash Account, ISA Capital Cash Account and ISA Income Cash Account**

HSBC UK Bank plc is covered 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 claim up to the FSCS deposit limit. This means that the maximum amount that could be claimed 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. For further information about the scheme compensation provided by the FSCS (including the amounts covered and eligibility to claim) please refer to the FSCS website [fscs.org.uk](https://www.fscs.org.uk) or call the FSCS on 0800 678 1100 or 0207 741 4100. Please note only compensation related queries should be directed to the FSCS.

# Relationship and accounts

## Here you can find important information about our relationship, including:

- Key terms which apply to our relationship.
- How we treat Joint Investors.
- Your cancellation rights.
- Our investment mandate.
- How to withdraw or transfer your assets.
- Accounts you hold under the Terms.

## Section 1

### What we agree when your account opens

- 1.1.** You appoint us as the manager of the Portfolio and any Feeder Account and where agreed, as the custodian for assets in a Custody Account, in accordance with these Terms, the Rules and where applicable, the Regulations.
- 1.2.** These Terms replace any Terms previously entered into with you relating to PIMS. In the case of any inconsistency between these Terms and the Rules and Regulations, the Rules and Regulations take precedence.
- 1.3.** Where required by the Rules, we will ensure that the Portfolio Investments are suitable for you, by taking into account factors such as your financial situation (including your ability to bear losses), investment objectives and your knowledge and experience. In addition, we are required by the Rules to ensure that the information we hold about you is up to date.

You agree to provide us and/or your Adviser with the information we reasonably request for these purposes and you agree to attend a review meeting at least annually. You agree to contact us to inform us of any changes to the information you have supplied to us as soon as these changes become known to you.
- 1.4.** If you do not provide us with necessary information we may be unable to enter into Transactions on your behalf, and may have to decline to carry out an instruction from you to enter into a Transaction. We may also terminate this agreement in accordance with Clause 28. If you suffer any loss as a result of not providing us with necessary information, we will not be liable for this.

- 1.5.** You confirm that you have full and unrestricted power to appoint us and, except where you are applying as trustee, attorney, deputy, guardian or receiver, you will be and will remain the beneficial owner of Portfolio Investments.
- 1.6.** You confirm that the Financial Instruments and any cash, are not, and will not become, subject to any lien (a right to keep possession of property until a debt is paid), pledge (where an asset is transferred to a lender as security for a debt) or other security, right or restriction in favour of any entity (corporation, partnership, trust or individual). You also confirm that Portfolio Investments in a PIMS ISA will not be used as security for a loan.
- 1.7.** You agree to open a Taxable Capital Cash Account and a Taxable Income Cash Account, and ISA Capital Cash Account and ISA Income Cash Account if applicable, on the basis that they are an integral part of the service provided under these Terms. See the definitions in Clause 36 for further detail on how these accounts will operate.
- 1.8** Where your Application Form includes the transfer of assets and we do not already have all relevant stock transfer information, we may need to send you stock transfer forms. Where necessary, we will send you stock transfer forms within 14 Business Days of the Business Acceptance Date. These will be deemed to have been received by you on the third Business Day after posting. Any delays in returning these forms will delay your stock transfers.

## Section 2

### Joint investors

- 2.1** Where the PIMS Taxable is held jointly with another person it will be held for you as joint tenants. This means that the beneficial ownership (i.e. the financial interest) of the PIMS Taxable will pass automatically on the death of one of you to the other person.
- 2.2** If your PIMS Taxable is held jointly, we will act on instructions from either of the Joint Investors, including instructions to sell and withdraw the entire balance. If you want the PIMS Taxable to be operated only on the instructions of both Joint Investors then either of you can write to us confirming this.
- 2.3** Where the Portfolio is held jointly and does not contain PIMS ISAs the Portfolio will match your Model.
- 2.4** Where the Portfolio is held jointly and includes one or more PIMS ISAs:
  - 2.4.1** the Joint Investors will jointly own the PIMS Taxable which on its own may not match your chosen Model; and

- 2.4.2** the PIMS ISAs will be held individually (ISAs can only be held in sole names) which on their own may not match your chosen Model. However, the Portfolio as a whole will reflect your chosen Model.
- 2.5** Your Portfolio will be aligned to one of our Models. However, the PIMS Taxable and any PIMS ISAs held will not individually be aligned to one of our Models.

## Section 3

# Additional investment and subscriptions

## Additional investment

- 3.1** Additional investment into the Portfolio is permitted at any time.
- 3.2** The minimum additional investment is £5,000. There is no maximum investment. If agreed with us in advance, it may be possible to waive the minimum in some cases.
- 3.3** Additional cash investment can only be paid to your PIMS Taxable through your Taxable Capital Cash Account. Payments for additional investment can be made into your Taxable Capital Cash Account by electronic payment from an HSBC current and/or savings bank account in discussion with your Adviser. Except for ISA transfers in, you may not use direct transfers from other bank accounts or other payments such as direct debits and standing orders to transfer money into your Portfolio.
- 3.4** Additional assets can be transferred to us in their current form (described as In Specie). We may need to sell any assets transferred to us in their current form and reinvest the cash in order to align them to your chosen Model.

## Additional ISA Subscriptions

- 3.5** If you wish to make an additional Subscription into your PIMS ISA, the monies will first be paid into your PIMS Taxable (following a discussion with your Adviser) before being transferred to your PIMS ISA at the appropriate time. The maximum Subscription into the PIMS ISA is the annual amount set out within the Regulations.
- 3.6** If you instruct us to open and/or make ongoing Subscriptions to a PIMS ISA in future years, we will fund the specific amount or proportion of your allowance as instructed by you, over the course of each Tax Year where possible.

## Inherited ISA allowance

- 3.7** You can make an Additional Permitted Subscription into your PIMS ISA. Each time you wish to make an Additional Permitted Subscription you must complete the relevant form.
- 3.8** If your spouse or civil partner died on or before 5 April 2018, the Additional Permitted Subscription must not exceed the combined value of your spouse or civil partner's ISAs which they held at the date of their death. The Additional Permitted Subscription must be made in accordance with the requirements set out in the Regulations.
- 3.9** If your spouse or civil partner died or dies on or after 6 April 2018, the Additional Permitted Subscription must not exceed the higher of the combined value of your spouse or civil partner's ISAs which they held at either:
- 3.9.1** the date of their death; or
  - 3.9.2** the point the ISAs ceased to be a "continuing account of a deceased investor" (see Clause 28.10.2) and must be made in accordance with the requirements set out in the Regulations.
- 3.10** You may make several Additional Permitted Subscriptions, however when combined, they must not exceed the relevant values set out in the paragraphs above and must be made within the timescales set out in the Regulations.
- 3.11** We will not accept an Additional Permitted Subscription where the following applies:
- 3.11.1** we know that you have provided false information in the application form; or
  - 3.11.2** where the application does not satisfy the requirements set out in the Regulations.

## Section 4

### ISA cancellation

- 4.1** When you apply for a PIMS ISA you have the right to change your mind and cancel your application during the Cancellation Period.
- To cancel your application, please either contact your Adviser or write to our Administrative Office within 14 calendar days of sending us your PIMS ISA Application Form and Subscription.
- 4.2** This right only applies to the initial PIMS ISA application (where this is not a transfer in) and not any subsequent Payments.

- 4.3** Where your initial application and first Subscription to your PIMS ISA, is cancelled during the Cancellation Period, it will not count as a Subscription to a stocks and shares ISA in that Tax Year. If you close after the Cancellation Period the Subscription will count as a Subscription to a stocks and shares ISA in that Tax Year.
- 4.4** If your initial application and first Subscription took place towards the end of the Tax Year you may decide to cancel within the Cancellation Period but not until the next Tax Year has started. Although the Subscription will not count as a Subscription for the (by now previous) Tax Year, it will be too late to make an alternative Subscription for that previous year. This means you will lose the opportunity to fully utilise the (now) previous Tax Year's ISA allowance.
- 4.5** If you cancel your application during the Cancellation Period the value of the PIMS ISA at the point of cancellation will be returned to you. This value may be higher or lower than your original ISA investment. Any income or capital gains will not be subject to UK income tax or capital gains tax.
- 4.6** On receipt of your cancellation instruction, we will transfer the value of your PIMS ISA back to the PIMS Taxable or anywhere else you instruct us to. Please note that your cancellation instruction may not be processed until Transactions that are already in progress are settled. You will not be charged for cancelling your PIMS ISA application.

## Section 5

# Investment management

## Minimum investment amount

- 5.1** If at any time the value of your Portfolio and any Feeder Account is less than the minimum investment amount (as we mentioned in the "Important Information" section) we have the right to close your PIMS and terminate your agreement with us in accordance with Clause 28.5.2. We will inform you in writing and give you the opportunity to increase your investment before exercising our right to terminate.
- 5.2** If the whole investment amount (as specified on your Application Form) is not available for investment, we must receive at least the minimum investment amount (as stated in the "Important Information" section) within a maximum of 30 days of the Business Acceptance Date. If we do not receive this amount within the specified time, we have the right to close your PIMS and terminate your agreement with us in accordance with Clause 28.5.2.

- 5.3** As soon as we receive a minimum of £75,000 of cash and/or assets together with acquisition dates and costs, we will work towards aligning your Portfolio to your Model.

## Investment restrictions agreed with you

- 5.4** Investment restrictions are only permitted in exceptional cases. In these situations we will manage your Portfolio in line with your Model, subject to such investment restrictions or other instructions agreed with you.
- 5.5** We have complete investment discretion, without taking instructions from you, to enter into any kind of Transaction or arrangement (acting as your agent), and take all day-to-day decisions for the Portfolio in line with your Model. This is subject to the agreed restrictions referred to in Clause 5.4. Subject to the restrictions in Clause 14.1, the Portfolio is able to invest in all types of Financial Instruments.
- 5.6** Where you have specified investment restrictions on our ability to trade Financial Instruments, or to realise capital gains, please be aware that investment performance may be different from the Model investment performance (where there are no such restrictions in place). These differences may work to your advantage or to your disadvantage. We may not be able to achieve the Best Possible Result for you in these circumstances.
- 5.7** We will settle your trades contractually. This means that on the expected settlement date our records will be updated to reflect the Trade as settled. For sales, we will credit your Taxable Capital Cash Account or ISA Capital Cash Account with any cash due even where there is a Failed Trade. For purchases, we will hold the relevant cash in an appropriate pooled settlement bank account.
- 5.8** We have absolute discretion not to accept the transfer in of certain Financial Instruments (this can include unquoted Financial Instruments, foreign denominated Financial Instruments or overseas Financial Instruments). Our discretion does not extend to collective investment schemes, (which are 'pooled investment' funds that several people contribute to), where the collective investment scheme to be transferred exactly matches that of an existing Portfolio Model holding. Overseas Financial Instruments generated as a result of a Corporate Action will be sold and the cash invested in your Portfolio.
- 5.9** For your Portfolio we may buy units or shares in any collective investment scheme operated, advised or managed by us, another member of the HSBC Group or a third party.

- 5.10** Unless it is a mandatory event (a mandatory Corporate Action that is automatically applied), we will exercise our discretion in connection with all Corporate Actions and other rights attached to the Portfolio and any Feeder Account. Your rights in respect of your Financial Instruments are set out in Clause 31.

## Suspension of our authority and persons appointed to act on your behalf

- 5.11** You have the right to request that we suspend management activity on your Portfolio and any Feeder Account. We will comply with this request for a maximum of six months. After this time management activity will resume, unless we have agreed otherwise. The AMC and other charges will still apply during this time.
- 5.12** If we receive notice that you or any Joint Investor has become mentally incapable, we will no longer have authority as discretionary investment manager of the Portfolio and any Feeder Account. This means that we will no longer manage your Portfolio Investments in line with the Model and we will no longer have rights and obligations as discretionary investment manager of your Portfolio Investments, unless we are provided with the appropriate documentation as described in Clause 5.14.
- 5.13** Where the PIMS is held jointly, we will treat a notice under Clause 5.12 as cancellation of the authority set out in Clause 2.2. This means that we will only make payments out of the PIMS Taxable and any Feeder Account that were authorised before we received the notice. This will continue until an attorney, deputy or receiver is appointed to act for the person who is mentally incapable.
- 5.14** If you are an attorney, deputy or receiver you can confirm this to us by providing us with an appropriate Lasting Power of Attorney/Enduring Power of Attorney/Deputyship/Receivership order that appoints you in that role and specifically gives you the power to delegate investment decisions. We can only accept Application Forms which are accompanied by a certified copy of the appropriate documentation. For further information about the power to delegate investment decisions, please refer to the Office of the Public Guardian website: [gov.uk/government/organisations/office-of-the-public-guardian](http://gov.uk/government/organisations/office-of-the-public-guardian). Or call them on 0300 456 0300 (opening hours are Monday, Tuesday, Thursday, Friday 9:30am to 5:00pm and Wednesday 10:00am to 5:00pm).
- 5.15** If you are an attorney that has been registered with the Office of the Public Guardian (Scotland), you confirm you are appointed under an appropriate Continuing or Combined Power Of Attorney.



## Merging ISAs

- 5.16** Where separate PIMS ISAs are held by the same individual within the Portfolio, we reserve the right to merge the PIMS ISAs together where appropriate.

## Switch to Unitised Fund

- 5.17** We reserve the right to move your Portfolio to a single unitised fund within the PIMS in certain circumstances, such as where we are unable to operate the PIMS otherwise. We will provide 90 days notice and details of any alternative options available to you prior to undertaking this action.

## Section 6

# Withdrawals

- 6.1** You may withdraw all or part of your Portfolio by contacting your Adviser. However, if the withdrawal takes the value of your Portfolio below the minimum investment amount (set out in the “Important Information” section at the beginning of these Terms) we may have to close it in accordance with Clause 28.5.2.
- 6.2** When you ask us to withdraw all or part of your Portfolio you have the right to request that we make payment to you within a certain timeframe (subject to a minimum of 10 Business Days). Please note that there may be occasions where we are unable to meet the requested time limit due to circumstances beyond our control. If there is insufficient cash in your Taxable Capital Cash Account, Taxable Income Cash Account, ISA Capital Cash Account or ISA Income Cash Account to fund a withdrawal, payment or charge we shall be entitled to:
- 6.2.1** sell such Portfolio Investments as we in our absolute discretion shall select; and
  - 6.2.2** move the resulting proceeds to the Taxable Capital Cash Account, Taxable Income Cash Account, ISA Capital Cash Account or ISA Income Cash Account as appropriate to the extent needed to cover such requirement.
- 6.3** Following a cash withdrawal, it may also be necessary for us to sell Portfolio Investments to ensure that cash is allocated as it should be in line with your Model.
- 6.4** We will pay cash withdrawal amounts out to a bank account held in your name (either solely or jointly). For Joint Investors, we will pay out to a bank account in the name of either Joint Investor (whether solely or jointly with someone else) or a bank account held in both your joint names. We are not obliged to pay withdrawal payments to a third party.

- 6.5** Where possible, we may also transfer Portfolio Investments In Specie into your name or the name of another product provider, nominee or discretionary manager, as requested, to the value of the amount requested for withdrawal. For the PIMS Taxable this will normally be completed within 60 Business Days. For a PIMS ISA, this will normally be completed within 30 days. In both cases there may be occasions when it takes longer to complete due to circumstances beyond our control. You have the right to request a time period to make such transfers (subject to a minimum of 30 days).
- 6.6** If you wish to transfer Portfolio Investments into your name, we will do this (where possible) and send you any documents of title in your name by registered post.
- 6.7** Payments by way of direct debits or standing orders out of your PIMS are not permitted.
- 6.8** Self Invested Personal Pension (SIPP) draw down payments will be taken from your Portfolio to your Custody Account every three months. We will distribute such payment to your SIPP provider at the intervals agreed with you.



## Section 7

# PIMS ISA

## Transferring to or from a PIMS ISA

- 7.1** Where you wish to transfer an ISA in from another ISA manager, you may be able to transfer the units held in the collective investment funds In Specie. This is only possible where the types of units in the collective investment funds held in the Model are the same class as the units in the collective investment funds to be transferred in. Otherwise, the ISA transfer will need to be made as cash. We do not accept transfers from innovative finance ISAs or lifetime ISAs.
- 7.2** You may request in writing that the PIMS ISA (with all rights and obligations, where appropriate) is transferred in whole or part to another ISA manager. Subject to Clauses 7.4. and 7.5 this will be done within the time you specify and only if the new ISA manager agrees to the transfer.
- 7.3** It may not be possible to transfer some Portfolio Investments In Specie, such as collective investment funds held in an institutional share class where there is no retail share class equivalent. Where this is the case the Portfolio Investments will be sold and the cash proceeds transferred. Please note that the current Tax Year Subscription(s) can only be transferred in whole and not in part.
- 7.4** Where the ISA is transferred solely in cash it will normally take up to 15 Business Days from the date of receipt of your written instructions and confirmation of acceptance from your new ISA manager, to transfer your account.
- 7.5** Where there are Portfolio Investments other than cash to transfer, it will normally take up to 30 days from the date of receipt of your written instructions and confirmation of acceptance from your new ISA manager, to transfer your account.
- 7.6** While we will normally carry out the transfer within the time you specify there may be occasions when the transfer may take longer to complete due to circumstances beyond our control.

## Invalid ISA

- 7.7** We will notify you in writing if all or part of your PIMS ISA fails to satisfy the Regulations and has (or will) become void and lose any tax relief. If any corrective action is taken (including any deductions required to meet tax or other liabilities in connection with the PIMS ISA) we will notify you in writing.

**7.8** If, as a result of an invalid Subscription, we need to remove any Portfolio Investments from the PIMS ISA, we may have to complete any corrective action via a cash transfer (either from cash held or by selling Portfolio Investments) or an In Specie transfer.

Where we need to sell Portfolio Investments in the PIMS ISA in order to purchase Portfolio Investments for the PIMS Taxable we will limit the time the Financial Instrument is out of the market. You will be notified of any CGT implications at the time of the void and again in your CGT report. The value of any invalid Subscription, together with any income derived from it, will be passed to the Taxable Capital Cash Account of the Portfolio. If there are any other circumstances we will advise you.

## Section 8

### Feeder Account

- 8.1** If you transfer Financial Instruments to us these may subsequently need to be sold as part of our management of the PIMS. Where the sale of these would generate a CGT liability above the limits we have agreed with you, we will open a Feeder Account to hold these Financial Instruments.
- 8.2** We will carry out the following activities on the Feeder Account:
- 8.2.1** monitor the CGT position of assets relative to the Portfolio, collect income (including interest) and administer any Corporate Actions;
  - 8.2.2** sell the Financial Instruments or transfer them out into your Model at our discretion;
  - 8.2.3** produce an annual CGT report as appropriate.
- 8.3** We will have complete discretion over the operation of the Feeder Account, subject to Clause 5.5.

## Section 9

### Custody Account

- 9.1** If agreed by us, we may open a Custody Account for you to hold assets outside your Portfolio. This service is not available to ISPs or Trusts.

## Services

- 9.2** We will make arrangements for safe custody of the investments in the Custody Account, where they are registered in the name of a Nominee.
- 9.3** We will collect income (including interest) on the Financial Instruments in the Custody Account. This income will automatically be paid directly into the Taxable Income Cash Account unless you have instructed us to transfer into your Taxable Capital Cash Account. Income in the Taxable Capital Cash Account will form part of your Portfolio and may be used to purchase Financial Instruments.
- 9.4** Otherwise your income will be paid out to you from your Taxable Income Cash Account.
- 9.5** We will accept payment and receive cash relating to Transactions in the Custody Account. Cash generated from assets will be retained and moved to your Taxable Capital Cash Account unless you instruct us otherwise.
- 9.6** Cash will be held as banker and not as trustee. This means that your money will not be held in accordance with the Rules relating to client money nor will the client money distribution and transfer rules apply to your money. If we were to fail, you wouldn't be entitled to share in any money distributed under the Rules but you may have the right, subject to eligibility, to claim compensation under the FSCS. Information about the FSCS is set out in the "Important Information" section at the beginning of the Terms.
- 9.7** Our custodial services will be limited to the receipt and local delivery of physical certificates. We will not provide any other safe custody services.

## No investment discretion

- 9.8** All Transactions in respect of the Custody Account will be sales undertaken on an Execution Only basis. We will not exercise any investment discretion in respect of the investments in the Custody Account.
- 9.9** | If you instruct us to undertake Transactions on an Execution Only basis, the protection offered by the Rules on assessing suitability will not apply.
- 9.10** Custody Account investments are held by a Nominee and you waive any rights to vote and to all other shareholder benefits.
- 9.11** We will not exercise the voting rights conferred by the holding of a relevant Custody Account investment, unless otherwise stated in these Terms.

## Custody Account statements

- 9.12** All assets within your Custody Account will be shown on your regular PIMS Statements but no performance information will be provided.

## Termination

- 9.13** The Custody Account will automatically close if your PIMS is terminated for any reason.

| If you close your PIMS, you should provide us with instructions for your assets in the Custody Account in accordance with Clause 28.4.



# Communicating with you

**These clauses explain how we communicate with you, according to your preferences and set out:**

- How we communicate with you.
- How often we send you statements.
- How we contact you.

## Section 10

### Communications

- 10.1** You should send your Adviser notices, instructions and other documents relating to your PIMS.
- 10.2** We do not have to act on any notice or instruction where:
- 10.2.1** it is not clear (for example, further information that we need to ensure we are following your wishes is not given);
- 10.2.2** we are not required to act upon it under these Terms; or
- 10.2.3** it is impossible or impracticable for us to comply. If this happens, we will notify you as soon as possible.
- 10.3** If you give us instructions by telephone, or by any other means agreed, you agree that we can act on any instructions given or apparently given by you. All calls that lead to or may lead to a Transaction will be recorded and kept for a period of seven years. You may ask for a copy of a recording at any time within this period.

## Section 11

### Statements and reports

- 11.1** A statement of the initial value and initial composition of your PIMS will be sent to you soon after cash and/or assets have been introduced.
- 11.2** We will send you PIMS Statements every three months dated the end of March, June, September and December. You may ask to receive PIMS Statements more frequently, in either paper copy or online as we agree with you.
- 11.3** Where you request to receive PIMS Statements more frequently than each quarter, they will not show performance.

- 11.4** Where PIMS ISAs are held as part of the Portfolio, these will be shown on the PIMS Statements. This means that where a PIMS ISA is managed as part of a PIMS in someone else's name both parties will receive a statement of the whole PIMS.
- 11.5** PIMS Statements will include the following:
- 11.5.1** opening and closing balances;
  - 11.5.2** a valuation of your PIMS, along with details of the basis on which the values have been calculated;
  - 11.5.3** details of all Transactions undertaken since the date of the previous statement;
  - 11.5.4** details of all fees paid since the date of the previous statement;
  - 11.5.5** a measure of performance on the Portfolio including where applicable a comparison against any relevant benchmark (this will be once a quarter); and
  - 11.5.6** total dividends, interest and other payments received together with information about corporate transactions.
- 11.6** Where we undertake an Execution Only Transaction we will send you a notice confirming the execution of the order no later than the first Business Day following the execution. Where a third party has executed the order on our behalf, we will send you such notice on the first Business Day after we have received confirmation from the third party. You may at any time ask us for information regarding the status of your order. We are not required to report to you in this way if you instruct us on a cash withdrawal.
- 11.7** We keep Transaction confirmations, entries in our books and computerised records relating to Transactions for at least seven years. You have a right to ask to see written copies of these.
- 11.8** Where the PIMS is terminated, either by us or by you, a closing statement will be sent to you.
- 11.9** Where there is a change of Model, performance will be calculated on the previous Model up until the end of the month prior to notification of the change of Model. A statement will be issued for that period. Performance calculation on the new Model will commence on the first Business Day of the month following the Model change. After this, PIMS Statements will be sent quarterly in line with Clause 11.2.
- 11.10** Where the PIMS is to be closed, either by us or by you, we will stop measuring performance from the point when you instruct us to close, as it may not continue to match your Model.
- 11.11** You can obtain a statement or a valuation at any other time by telephoning your Adviser.



- 11.12** Valuations provided to you will always be as at close of business on the previous day. A valuation provided to you immediately prior to termination of, or withdrawal from, your PIMS can be obtained for guidance only. The amount realised when the Portfolio Investments are sold may be different to that provided on the valuation.
- 11.13** Where you have signed up to HSBC Online Banking (for personal customers) you will be able to view the value of your PIMS and the value and composition of the underlying assets within the PIMS via that service. Please note that the valuation provided will be as at the close of business up to two Business Days earlier. The HSBC Digital Banking Terms and Conditions will apply.
- 11.14** Each year, around the anniversary of your PIMS opening, we will send you a Costs and Charges Annual Statement. This statement shows the total actual costs that we have charged you for your investments in your Portfolio and any Feeder Account and the services we have provided in connection with those investments. The Costs and Charges Annual Statement will also include an illustration of the cumulative effect of those costs on the return on your investment in the Portfolio. If your PIMS is held in joint names, you will each receive an identical Costs and Charges Annual Statement that reflects the costs and charges incurred on the entire Portfolio and any Feeder Account.
- 11.15** If you are a Joint Investor and you also hold a PIMS ISA you expressly consent to us providing statements of your PIMS ISA with your PIMS Statement. Both parties will receive a PIMS Statement. You must let us know if at any time you decide you do not want us to include your individual PIMS ISA statement with the PIMS Statement. In this scenario you will no longer be able to hold the PIMS in joint names.

## Tax Packs - Capital Gains Tax (CGT) Reports and Tax Certificates

- 11.16** Tax Packs typically contain a Tax Certificate and CGT Report for your PIMS (excluding PIMS ISAs). These are issued annually normally during July and August unless there are circumstances which delay their issue. If you hold a Joint PIMS both parties will receive a Tax Pack split equally between each party. Tax Packs will not be issued to a charity, pension fund or any PIMS that has no reportable transactions in the PIMS Taxable. SIPP and Non UK Residents will not receive a CGT Report, but will receive a Tax Certificate. Reports are not automatically issued (but may be available on request) in relation to any PIMS which:
- 11.16.1** has been opened part way through a Tax Year and included the transfer in of any Financial Instruments;

**11.16.2** has been terminated part way through a Tax Year (this includes termination on death);

**11.16.3** has additional assets transferred into it part way through a Tax Year.

## Section 12

# Contacting you

- 12.1** You agree that we may contact you, for the purposes of managing the PIMS, using any contact details you have provided to us or your Adviser. This includes your postal address, email address(s) and telephone number(s). You must ensure that the contact details you provide are accurate and that you notify us promptly of any changes.
- 12.2** If you have HSBC Online Banking (for personal customers), and have elected to receive paperless documentation on all HSBC accounts, we will send your PIMS Statements and Tax Packs via Online Banking. For PIMS Statements for joint PIMS, unless both parties have opted for paperless each will receive a PIMS Statement in the post. Otherwise, we will we send all PIMS Statements, Tax Packs, notices and other documents relating to these Terms to the most recent postal correspondence address or email address you have provided. Items sent to your postal address will have been deemed to have been received on the third Business Day after posting. Items sent to your email address will have been deemed to be received on the Business Day they were sent.
- 12.3** If mail sent to your correspondence address is returned or not responded to, we may send mail to an alternative address, if we hold an alternative postal address(es) for you.
- 12.4** Whilst we will try to use your preferred communication channels wherever possible, we may occasionally need to contact you via alternative channels, for example when we need to contact you urgently or we receive no response to previous communications issued.
- 12.5** Where required by the Rules, in the quarter following receipt of a PIMS Statement, if the value of the Portfolio and any Feeder Account falls by 10% or more, other than by reason of a withdrawal under Clause 6, the following will happen:
- 12.5.1** during the first Business Day on which we identify that the value of the Portfolio and any Feeder Account has fallen by 10% or more, we will alert you by sending an SMS to the mobile phone number we have on record for you;
- 12.5.2** further information will be sent to you by first class post.

# How much will it cost?

**Information on how much it will cost you to open and maintain a PIMS.**

## **Section 13**

### Charges

- 13.1** To ensure that fees are calculated consistently, the Annual Management Charge (AMC) under these terms will accrue and be calculated daily, rounding up or down to the nearest penny on a daily basis. It will be charged monthly in arrears.
- 13.2** Where it has been agreed with us, your AMC may be calculated on the aggregated value of all PIMS accounts within a family fee group (excluding the value of any Custody Accounts held). The AMC is calculated according to fee bands. Fee grouping (calculating on an aggregated value) therefore may result in you falling into a lower rate band than you would fall into on your own. The relevant fee bands are set out in the PIMS Brochure available from your Adviser and may be varied on notice to you in accordance with Clause 24. Further information on how fee grouping works and who can be included in a fee group is available from your Adviser. Charges from a fee group will be paid by each individual Portfolio and not collectively.

### Annual Management Charge (AMC)

- 13.3** Subject to the provisions of Clauses 13.4, 13.5 and 13.6 you may specify whether your AMC is charged to your Taxable Income Cash Account (provided a Credit Agreement has been completed by you) or your Taxable Capital Cash Account (subject to the provisions of Clauses 13.4 and 13.5). The Charges will be applied as follows: PIMS Taxable will always be charged to the Taxable Income Cash Account or Taxable Capital Cash Account in accordance with your stated preference. The Charges applicable to any Feeder Account will be debited from the same cash account as your PIMS Taxable. The Charges applicable to the PIMS ISA will always default to debit the Taxable Income Cash Account or Taxable Capital Cash Account, subject to sufficient available cash. The Custody Account will be charged to the Custody Account in line with your stated preference.
- 13.4** Your AMC will not be taken from the Taxable Income Cash Account if you invest in PIMS via a Self Invested Personal Pension or a Small Self Administered Scheme or if you invest in PIMS on a non-personal basis.

## Payment of Charges

- 13.5** If there is insufficient cash available in the Taxable Income Cash Account or the Taxable Capital Cash Account (whichever account you have specified your Charges are to be charged to), the Charges applicable to your PIMS ISA will be paid out of your ISA Income Cash Account or the ISA Capital Cash Account (whichever account you have specified your Charges are to be charged to). If you have selected your fees to debit from PIMS ISA Income Cash Account, and there is insufficient cash in your PIMS ISA Income Cash Account, the Charges will be posted to your PIMS ISA Capital Cash Account.
- 13.6** If there is still insufficient cash in the Taxable Capital Cash Account, Taxable Income Cash Account, ISA Capital Cash Account or the ISA Income Cash Account (as relevant), we are entitled to sell Portfolio Investments from your Portfolio. We have discretion to select which Portfolio Investments to sell in order to cover the Charges.
- 13.7** The AMC (plus VAT as applicable) and Custody and Administration Charge will cease to apply from the date we receive notification of death, closure or transfer to another provider. Or if we cease active discretionary management of your Portfolio (plus any Feeder Account held) for any other reason, subject to Clause 5.11.
- 13.8** If there is a termination or transfer of the PIMS, the Charges, (that have accrued and been calculated up until the date of the notification as described in Clause 13.7) will be payable on the day that the Portfolio is terminated or transferred. Where there is a withdrawal or we have received a notification of death, Charges will be payable on the usual monthly payment date. There is no additional charge for you to terminate or transfer your Portfolio.
- 13.9** We may pass part of the AMC on to an Associate for services they provide to us in connection with your PIMS.
- 13.10** VAT (at the current applicable rate) for your Portfolio and any Feeder Account will be added to your AMC.

## Custody and Administration Charges

- 13.11** The Custody and Administration Charge is the fixed fee we charge in respect of holding assets and administering them. The charge is made on your PIMS. No VAT is payable with this fee.

## Other Charges and When They Apply

- 13.12** Your Adviser will give you information relating to any applicable advice charges before you are committed to paying anything out. The annual review (detailed in Clause 1.3) is not subject to an advice charge. However, if the review meeting includes advice then your Adviser will let you know about this at the relevant time as well as telling you about any costs that arise as a result.
- 13.13** Where you have supplied insufficient CGT data on your Application Form we will let you know. In this scenario we will obtain your agreement to contact the relevant registrar or previous provider to obtain this information. The cost, per stock, of obtaining this acquisition data is variable and will be taken directly from your Taxable Capital Cash Account. If you do not agree for us to obtain this information, or this information is not available, we have the right to close your PIMS and terminate your agreement in accordance with Clause 28.5.
- 13.14** You may be responsible for fees or costs including any taxes, registration fees or AMCs charged on any underlying collective investment schemes, dilution levies or adjustments.
- 13.15** Where collective investment schemes are held, these are subject to separate annual management charges, charged by the underlying fund manager which in some cases may be an Associate. Additional charges such as dilution levies may also apply. Costs are outlined in our Model Overview documents, the Costs and Charges Disclosure Documents and are available on request from your Adviser.
- 13.16** Where we have undertaken a Transaction in a stock in a currency other than sterling, we will advise you in your PIMS Statement of the delivery timescales, the foreign exchange rate applied and charges payable by you.
- 13.17** If we receive money in a foreign currency, we will advise you of the original amount received and any receipt and exchange charges.
- 13.18** We will separately disclose further information about charges and provide breakdowns of the costs of your investments and the services we provide to you in the Costs and Charges Disclosure Document.

# Your investments

## Specific terms in relation to your PIMS, including:

- Our authority as discretionary investment manager.
- What we do with income and interest.
- How we process your instructions.

## Section 14

# Investment mandate and restrictions

**14.1** Unless otherwise agreed with you in writing, we will not:

**14.1.1** restrict the value of any one investment in the Portfolio or the proportion of the Portfolio which any one investment may constitute;

**14.1.2** invest in unregulated collective investment schemes;

**14.1.3** invest in Financial Instruments which are not readily realisable, with the exception of hedge funds, commercial property funds, private equity and commodity funds which may suspend the issue, cancellation, sale and redemption of units for a period of up to 28 days in exceptional market conditions;

**14.1.4** commit the Portfolio to underwrite any issue or offer for sale of securities;

**14.1.5** enter into Transactions involving options, futures or contracts for differences;

**14.1.6** remove any investment restrictions that we have agreed with you; or

**14.1.7** supplement the Portfolio by borrowing on your behalf or committing you to a contract which may require you to borrow.

**14.2** We may use an overdraft on your Taxable Capital Cash Account to borrow on your behalf where we need to complete the acquisition of a Financial Instrument where there is insufficient available cash. We will only do this so long as:

**14.2.1** Portfolio Investments have been sold for more than the amount borrowed but the net sale proceeds have not yet been received; and

**14.2.2** the sale proceeds have not been earmarked to repay other borrowing and are immediately used to repay the overdraft.

No debit interest will be charged.

## Capital Gains Tax Management

- 14.3** We will manage your Portfolio and any Feeder Account with the aim of accommodating any capital gains within the CGT limits that you have agreed with us, although some Corporate Actions, market events, or other conditions may prevent this. In some cases selling a Financial Instrument in the Taxable Account or any Feeder Account may realise a capital loss for CGT purposes. Where appropriate this loss may offset gains made elsewhere in the Taxable Account or any Feeder Account within the same Tax Year.
- 14.4** Where a loss or gain is made in a PIMS ISA, it cannot be used to offset other losses or gains for CGT purposes. No account will be taken of any capital gains or losses realised outside of the Taxable Account or any Feeder Account unless you provide us with written details of such gains or losses. This also applies to capital gains or losses realised within your Custody Account (where held). Gains will only be taken into consideration where agreed with us and where this does not impact the management of the Portfolio.

## Funding of ISA

- 14.5** Where your PIMS ISA Application Form includes a request to subscribe to your PIMS ISA for subsequent Tax Years we will ensure that your PIMS ISA is funded from your PIMS Taxable in line with your requirements by the end of each Tax Year (unless you instruct us otherwise or there are insufficient funds). The funding may take place at multiple points in the year. This is part of the discretionary service and will be done automatically without requesting new instructions from you at the start of each Tax Year.

## Continuous ISA funding

- 14.6** You may request that we fund your ISA continuously on an annual basis. If there is any tax year where you do not fund your ISA the continuous funding will automatically stop and not start without a further application from you.

## Failed trade

- 14.7** If there is a Failed Trade, we may move the cash allocated for that trade into an appropriate pooled settlement bank account until we are able to source the asset in the market and use this cash to purchase the asset. We may buy an alternative asset in its place. In the event of a Failed Trade, you will pay the same price of the asset we intended to buy as you would have paid had the trade been settled normally.

## Section 15

# PIMS income (excluding Custody Account)

## PIMS ISA

- 15.1** In the case of a PIMS ISA, the default position is that net income (i.e. income after fees and expenses have been deducted), and/or interest will be transferred to the PIMS ISA Capital Cash Account on a monthly basis for reinvestment when appropriate.
- 15.2** However, if you send us a written request, we will pay any net income and/or interest remaining in the PIMS ISA to your nominated UK bank or building society account.
- 15.3** Income will be received shortly after 12 April and 12 October (for half yearly payments) and shortly after 12 January and 12 July (for quarterly payments). Income will be paid shortly after the date you have selected to have income paid out.

## PIMS Taxable and any Feeder Account

- 15.4** In the case of the PIMS Taxable and any Feeder Account we will be responsible for claiming and receiving all dividends, interest payments and other income accruing. All income will be converted into sterling and the net income remaining (after the deduction of any fees) will be credited to the Taxable Income Cash Account and, as instructed by you, either transferred to the Taxable Capital Cash Account or paid to you at agreed intervals. Dividend income and interest in a Tax Year in excess of your annual Dividend Allowance or Personal Saving Allowance may be subject to tax according to your personal circumstances. It is your responsibility to account to HMRC for any tax liabilities arising in respect of these. For further information on your Allowances and responsibilities please visit [gov.uk](http://gov.uk).



## Section 16

# Instructions

- 16.1** All instructions given by you, your attorney, deputies, receivers or your Adviser must be given either in writing, by email or by telephone.
- 16.2** All instructions received by email will be checked against our records to ensure the validity of the source. We will then telephone you, using the contact details we hold for you, to confirm your instructions.
- 16.3** Where instructions are received by telephone, we will confirm your identity on the phone. All calls that lead to or may lead to a Transaction will be recorded and kept for a period of seven years. You may ask for a copy of a recording at any time within this period. We will rely on our own written record of verbal instructions or recording of a telephone call unless we receive written confirmation from you before carrying out any Transaction. If you give us instructions by telephone, you agree that we can act on any instructions given by you. Once we receive an instruction to deal, we will act on an Execution Only basis. We will ask you to confirm your telephone instructions in writing (for example by email) but you agree we can act on your telephone instructions and receive written instructions after the Transaction.
- 16.4** We may refuse to act on your instructions if we are in any doubt as to their authenticity or if acting on them would be a breach of the Laws, the Rules, the Regulations or any market practice. If this happens and we are allowed, we will notify you as soon as possible.
- 16.5** Where the PIMS is held in trust, we will only act on instructions received from all trustees.
- 16.6** In the case of a PIMS ISA, we will operate it only on instructions given by the sole PIMS ISA holder or their attorney.

# Protecting you and your investments

## **Explanation about how we make sure we act in your best interests and protect you and your investments:**

- How we achieve the best possible result for you.
- How we manage conflicts of interest.
- How we hold your assets.
- How we protect your privacy.
- Your tax obligations.

## **Section 17**

### Transaction execution

- 17.1** Transactions will be executed in accordance with our Best Execution Disclosure Statement which is set out in Annex 4 Best Execution Disclosure Statement.
- 17.2** On a continuing basis for as long as you hold a PIMS, you expressly agree to:
- 17.2.1** our Execution Policy;
- 17.2.2** us executing deals for you by entering into the deal on your behalf (acting as your agent); and
- 17.2.3** the execution of Transactions outside a Regulated Market, Multilateral Trading Facility or Organised Trading Facility.
- 17.3** Where we execute deals on your behalf, you authorise us to:
- 17.3.1** deal with or through any counterparties, including third party brokers, as we reasonably think fit;
- 17.3.2** take, or omit to take, steps which we reasonably believe necessary to comply with market practices or applicable laws and regulatory requirements;
- 17.3.3** negotiate and execute contracts with third parties which we reasonably consider to be necessary (for example, third party brokers), on your behalf; and

- 17.3.4** otherwise act as we reasonably consider to be appropriate.
- 17.4** Please note that the other party to the deal is responsible for settling the deal with you and we are not responsible for this. The delivery of the Financial Instrument or payment of the proceeds of sale (as the case may be) will be at your own risk. We are only obliged to pass on deliverable documents or sale proceeds (as the case may be) that we actually receive and we will only pass these on to you, or as you direct, or credit to your account.
- 17.5** 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 (units) as a result of the way in which fund managers 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.

## Section 18

# Conflicts of interest and material interests

- 18.1** HSBC has established procedures which are designed to take all appropriate steps to identify, and prevent or manage conflicts which may adversely affect the interests of clients. These include organisational and administrative arrangements to safeguard the interests of clients. A summary of the HSBC policy on conflicts of interests is set out in Annex 3 of these Terms, HSBC policy on conflicts of interest.
- 18.2** We or an Associate may carry out Transactions with another party which may result in a conflict with our duty to you.
- 18.3** Examples of where this may arise are where an Associate may have:
- 18.3.1** underwritten an issue or offer for sale of securities during the 12 months prior to the acquisition of such securities;
- 18.3.2** acted as the financial adviser or lending banker to a company whose securities are being bought or sold for the Portfolio, or acts for that company in a takeover bid by or for it; or
- 18.3.3** acted as sponsor or underwriter to a new issue involving securities which are being bought or sold for the Portfolio.

- 18.4** We will ensure that any such Transactions are carried out in your best interests and in accordance with the HSBC policy on conflicts of interest. 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.
- 18.5** You may request further details of our conflicts of interest policy at any time.
- 18.6** We may act for more than one client collectively. In particular, we merge and aggregate transactions affecting more than one customer. We will do this if we reasonably believe that such a transaction will result in a more, or equally favourable, outcome for you. However, you should understand that on some occasions any such transaction may work to your disadvantage. A summary of how orders are merged (set out in our order allocation policy) is available on request from your Adviser.

## Section 19

### Cash and interest

- 19.1** All cash within the PIMS (including cash not immediately required for a Transaction) will be held by us on deposit as banker and not as trustee. This means that money will not be held in accordance with the Rules relating to client money. If we were to fail, the client money distribution and transfer rules would not apply to your money and you would not be entitled to share in any distribution made under those Rules.
- 19.2** If we were to fail you may, subject to eligibility, be protected by the FSCS as set out in the "Important Information" section at the beginning of the Terms.
- 19.3** We will return the balance on your account (if any) and interest if, within 14 days of being sent your Acknowledgement Letter and the first Payment being received by us, you ask to close your Taxable Capital Cash Account, Taxable Income Cash Account, ISA Capital Cash Account or ISA Income Cash Account. There will be no charge for this. However, as these accounts constitute an essential part of the PIMS, we will close your PIMS and terminate your agreement in accordance with Clause 28.5. Once the PIMS has been closed we will transfer the balance on the Taxable Capital Cash Account, Taxable Income Cash Account, ISA Capital Cash Account and ISA Income Cash Account to you.

- 19.4** Any uninvested cash held in the Taxable Capital Cash Account, Taxable Income Cash Account, ISA Capital Cash Account, or ISA Income Cash Account will attract credit interest, paid at the same rate as the Premier Savings Account. The current interest rate is available on the HSBC website [hsbc.co.uk/savings/products/premier](https://www.hsbc.co.uk/savings/products/premier) and may be amended in accordance with Clause 24.2.
- 19.5** We calculate credit interest on the Taxable Capital Cash Account, Taxable Income Cash Account, ISA Capital Cash Account and ISA Income Cash Account on a daily basis. This is paid on a quarterly basis on 21 February, May, August and November or if any of these are non-Business Days, the next Business Day. Credit interest on the Taxable Capital Cash Account and the Taxable Income Cash Account is accrued daily, and rounded to the nearest penny on the payment date. Credit interest on the ISA Capital Cash Account and ISA Income Cash Account is accrued and rounded down to the nearest penny on a daily basis.
- 19.6** Interest in the Taxable Capital Cash Account and Taxable Income Cash Account will be paid gross (without deduction of tax) and may contribute towards your Personal Savings Allowance if appropriate. Interest on the ISA Capital Cash Account and ISA Income Cash Account will be paid gross, and is not subject to UK income tax.
- 19.7** In the case of a withdrawal, termination or transfer of the PIMS, once a payment has been issued to you, no further interest will be payable on that amount.
- 19.8** In order to receive regular fixed income payments and/or pay Charges from your Taxable Income Cash Account you will need to sign the Credit Agreement. This is to ensure that we comply with our legal and regulatory obligations in the event of a debit balance arising on the account. If you do not sign the Credit Agreement, we will not be able to provide you with regular fixed income payments or allow you to pay AMC or any other Charges from your Taxable Income Cash Account.
- 19.9** Where you elect to receive a regular fixed income payment and/or pay Charges from your Taxable Income Cash Account and have executed the Credit Agreement, if there is insufficient cash in your Taxable Income Cash Account to satisfy any such payment on the agreed/due date, we shall still pay you the payment. We will cover the shortfall by allowing the account to be in debit.
- 19.10** Amounts lent under Clause 19.9 shall be considered a single facility and expressed as a single debit on the Taxable Income Cash Account. The terms on which the facility will be based are set out in the Credit Agreement we require you to execute under Clause 19.8.

## Section 20

# Registration and custody of your Portfolio Investments

## Financial Instruments

- 20.1** We will be responsible for the custody of Financial Instruments in accordance with the Rules. We may delegate this responsibility to a Sub-Custodian and will inform you in writing if we appoint any other person or corporate body to this role. As at the date of these Terms we have appointed HSBC Bank plc as a Sub-Custodian in respect of certain types of assets.
- 20.2** When we do delegate this responsibility to a Sub-Custodian, we will still safeguard your Financial Instruments in accordance with the Rules. The protection your Financial Instruments get under the Rules is in addition to any rights you may have, subject to eligibility, to claim compensation under the FSCS as set out in the “Important Information” section at the beginning of the Terms.
- 20.3** Neither we nor HSBC Bank plc as Sub-Custodian will use any Financial Instruments within the PIMS Taxable or any Feeder Account as security for any loan unless we have your prior written consent to do so.
- 20.4** We, or a person directed by us, shall hold share certificates or other documents evidencing title to your Portfolio Investments.
- 20.5** For PIMS (excluding ISP), we will not lend Portfolio Investments, documents of title, certificates or other property held on your behalf to a third party. We will also not borrow money on your behalf against the security of any of these items.
- 20.6** If you hold an ISP, where we have the right, we may lend Portfolio Investments, documents of title, certificates or other property held on your behalf to a third party. We may also borrow money on your behalf against the security of any such items.

## Custody

- 20.7** All Portfolio Investments will be registered in the name of a Nominee. This means that your Portfolio Investments will be segregated from our property which will protect your interests in the event that we or the Nominee were to fail. If we become insolvent, you will remain the beneficial owner of Portfolio Investments held in the name of a Nominee. The title of such Portfolio Investments will be re-registered to you (except in circumstances where this is not possible).

- 20.8** As the Portfolio Investments are held and registered in the name of the Nominee, you may not receive all investor benefits (such as promotions) that would otherwise be available to you.
- 20.9** We have policies and procedures in place to resolve any discrepancies which are identified and to deal with any shortfalls in your Portfolio Investments. These involve undertaking checks and reconciliations of the records and accounts of your Portfolio Investments. Where we are responsible for any such shortfall, we shall (acting as your agent) purchase or borrow assets immediately at our cost to correct your position. Where it is not possible to acquire the same asset we will acquire an appropriate asset to cover this position.
- 20.10** Portfolio Investments will be held either by us or with Sub Custodians and/or Clearing Systems as we consider appropriate. We and any Sub-Custodian will have security interests (rights granted by a debtor to a creditor over the debtor's property) or liens (rights to keep property until a debt has been discharged) over, or rights of set-off (rights of the debtor to set off any money owed to them against money they owe to the creditor) in relation to, Portfolio Investments or cash held with us or them. A Clearing System (or its depositories) may also have such rights. A lien is the right to treat a Portfolio Investment as an asset and dispose of it in order to satisfy a debt obligation.
- 20.11** Where you owe us money, and have insufficient cash in your accounts, we may sell Portfolio Investments (acting as your agent) on your behalf. We will credit the proceeds of sale to your Taxable Capital Cash Account.
- 20.12** By entering into the Terms you agree that these types of interest and rights may occur in two situations:
- 20.12.1** Where money is owed to us, a Sub-Custodian or Clearing System for providing custody services we/they will have the right to retain, transfer (into our or their name), or sell your Portfolio Investments and apply the proceeds to discharge any monies owed.
- 20.12.2** Sometimes there has to be a security interest, lien or right of set-off in place because it is required under the law in an overseas country where your Portfolio Investment is held. We will only allow your Portfolio Investments to be held in this way where the Sub-Custodian and/or Clearing System acts in accordance with the Rules and when we have taken reasonable steps to determine that this is in the best interests of our clients. Where this has happened, the periodic statement that we send you (as noted in Clause 11) will set out additional information regarding investments held in overseas jurisdictions.

- 20.13** In some jurisdictions it may not be possible for your Portfolio 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 Portfolio Investments are held in this way:
- 20.13.1** your ownership of a proportion of the Portfolio Investments in a pooled account may not always be immediately identifiable via separate certificates, other physical documents or equivalent electronic records. In all cases there will be a record kept by us to assist in the identification of your assets;
- 20.13.2** in the event of the failure of HSBC Bank plc, a Sub Custodian or Clearing System, it may be difficult or not possible to clearly identify your Portfolio Investments or to easily transfer them to you or to another Sub Custodian. If there is a shortfall on the pooled account that can't be reconciled, your Portfolio Investments may be pooled with all the assets in the pooled account including the assets of the Sub Custodian or Clearing System and the other clients in that pooled account. Everyone in the pooled account may have to share in that shortfall and the amount of the shortfall will be calculated in proportion to the original shares of the assets in the pooled account.

## Corporate Actions

- 20.14** For any Corporate Action, entitlements to shares and any other benefits, including cash proceeds, will be distributed amongst the clients who hold investments in the pooled account.
- 20.15** Any entitlements will be distributed in proportion to each client's holding. Where the Corporate Actions are mandatory we will proceed without your instruction (see Clause 5.10). Where the Corporate Action is voluntary and you don't provide us with instruction, the entitlement will be paid in line with the default option.
- 20.16** We will apply any share entitlements to the fullest extent possible however, where any Corporate Action results in you being entitled to the cash value of a fraction of a share, we will credit your PIMS with that cash amount in full.
- 20.17** Sometimes you may have entitlement to a fraction of a share, for example where a Nominee or Sub Custodian receives a number of shares that cannot be split evenly amongst the clients. This can result in you being entitled to the cash value of a fraction of a share. Where this happens we will credit your PIMS with the cash amount that corresponds to the entitlement to the fraction of the share.



- 20.18** Where there is a fractional entitlement (see Clause 20.17) and we can't credit your PIMS with cash, your interest will transfer to us, the Nominee or the Sub-Custodian so that any money can be donated to a charity or paid in to an Authority or as permitted by applicable law.

## Section 21

# Delegation, appointment of Sub-Custodians and use of agents

- 21.1** Subject to the Rules and the Regulations, we may delegate any of our functions or responsibilities under these Terms to any person. We will satisfy ourselves that any such person is competent to carry out those functions or responsibilities.
- 21.2** We may, in our capacity as custodian as set out in Clause 20.1, delegate this responsibility to a Sub-Custodian within the HSBC Group.
- 21.3** You may not transfer or assign any of your rights or obligations in relation to the Terms to a third party without our consent.
- 21.4** We may employ agents to perform any administrative, dealing, custodial and ancillary services to enable us to perform our obligations under these Terms. We must be satisfied that such agents are competent to do this. We will act in good faith and with due diligence in our choice and use of such agents.
- 21.5** We will not transfer your agreement with us under these Terms to a third party without your consent. However we may transfer it to an Associate as part of an internal reorganisation of our business provided it has the necessary authorisations and is capable of providing the services at a similar level and provided there won't be a material impact on your rights under the Terms.
- 21.6** In the event that we do undertake a transfer of this type, we will give you at least 30 days' advance personal written notice of the change. In these circumstances, the new contracting entity will take over all of our obligations to provide the services to you, and our rights to benefit (such as receiving charges) under these Terms.

## Section 22

# Privacy

**22.1** Your privacy is important to HSBC. Our Privacy Notice explains how we collect, use, disclose, transfer and store your information. It also sets out your rights in relation to your information. A copy of our Privacy Notice is available separately and we will inform you when we make any changes to it. You can find a copy at [hsbc.co.uk/privacy](https://www.hsbc.co.uk/privacy) or you can ask for a copy in branch or by telephone.

## Request for information

- 22.2** 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:
- 22.2.1** you might not be able to carry on doing some or all of your banking with us;
  - 22.2.2** we might try to get the information from another source.
- 22.3** It is up to you to make sure the information you give us is accurate and up to date. If anything changes you must tell us within 30 days.

## When we may disclose your information

- 22.4** We will use your information as explained in our Privacy Notice and we will give your information to others if we:
- 22.4.1** are compelled to do so by law;
  - 22.4.2** have public duty to disclose it;
  - 22.4.3** need to disclose it to protect our own interests (for example in any legal proceedings); or
  - 22.4.4** 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 HMRC or other local tax authorities.

## Section 23

# Tax compliance

- 23.1** It is up to you to meet your tax responsibilities in the UK and any other countries where this arises. This relates to the opening and use of accounts and services provided by members of the HSBC Group. Some countries' tax laws may apply to you even if you do not live there or are not a citizen of that country.
- 23.2** Connected Persons (who are people connected with you in a way that is relevant to your relationship with us) are responsible for their own tax obligations. As you are responsible for your own tax obligations (and Connected Persons, for theirs) no HSBC Group member is responsible for this nor provides tax advice. It is your choice if you seek independent legal and tax advice.
- 23.3** Your tax liability will depend on your own individual circumstances, including your domicile and country of residence for tax purposes.
- 23.4** You agree to advise us of any change to your residential status on or before such change. This may give us the right to terminate your PIMS in accordance with Clause 28.5.



# How we may change the Terms

## Circumstances under which we may make changes to the Terms:

- Notice periods (e.g. 30 days or 2 months).
- Reasons for making changes.
- What rights you have when we make a change.

## Section 24

### Changing the Terms

#### 24.1

We may make changes to these Terms, increase any of our charges (including the AMC), introduce a new charge or vary the minimum investment amount. We may do this for any of the reasons set out in Clauses 25 or 26, and will provide you with the following notice:

**If we reasonably consider that the change is favourable to you:**

We will tell you about it personally within 30 days of making the change.

**If the change is not favourable to you:**

We will give you at least 30 days' advance personal notice in writing unless:

- such change is required as a matter of urgency by law, regulation, code, court order or other duty; or
- if we or another member of the HSBC Group may be exposed to action or censure from any government, regulator or court.

#### 24.2

We may change the credit interest rate on your Taxable Capital Cash Account, Taxable Income Cash Account, ISA Income Cash Account or ISA Capital Cash Account for any of the reasons set out in Clauses 25 or 26, and will provide you with the following notice:

**If we reasonably consider that the change is favourable to you:**

We will tell you about it personally within 30 days of making the change or by putting notices on our Rates and Charges Notices on our website at [hsbc.co.uk/savings](https://www.hsbc.co.uk/savings) within three Business Days of the change.

**If the change is not favourable to you:**

We will give you at least two months' advance personal notice in respect of the change.

## Section 25

# Reasons for making changes

- 25.1** We may make any changes under Clause 24 for all or any of the reasons set out in this Clause 25 that apply:
- 25.1.1** if the change is favourable to you;
  - 25.1.2** following, or in anticipation of, and to respond to a change in relevant law, or regulation or to reflect a change in industry guidance or code of practice or good banking practice;
  - 25.1.3** to respond to the making of a relevant recommendation, requirement or decision of any court, ombudsman, regulator or similar body;
  - 25.1.4** to respond to the costs or consequences of any event beyond our control that may impact our provision of accounts, services or facilities to you;
  - 25.1.5** to make the Terms clearer;
  - 25.1.6** to respond to any change in our systems and procedures, including any change arising from any reorganisation of our business as a result of it being acquired by, or by our acquiring, another bank or organisation;
  - 25.1.7** to respond to any change in the base rate, or any rate that replaces it, as set by the Bank of England or by any bank that takes over responsibility for setting such a rate (or the equivalent rate set by the country's central bank when dealing with foreign currency);
  - 25.1.8** to respond to changes or anticipated changes in costs associated with relevant technology, the costs we pay to others in respect of the product in question, inflation and/or costs of providing accounts, services or facilities;
  - 25.1.9** to respond to any changes or anticipated changes in money market interest rates or the cost to us of the money we lend;
  - 25.1.10** to improve the services we provide; and
  - 25.1.11** 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.
- 25.2** Where we make any changes under this Clause 25, the changes will be proportionate to the underlying reasons for the change and in accordance with the Rules.

## Section 26

# Other reasons for making a change

**26.1** We may also make any change for any other valid reason that applies and that is not described in Clause 25 above. We will always give you 30 days' advance written notice of any such change.

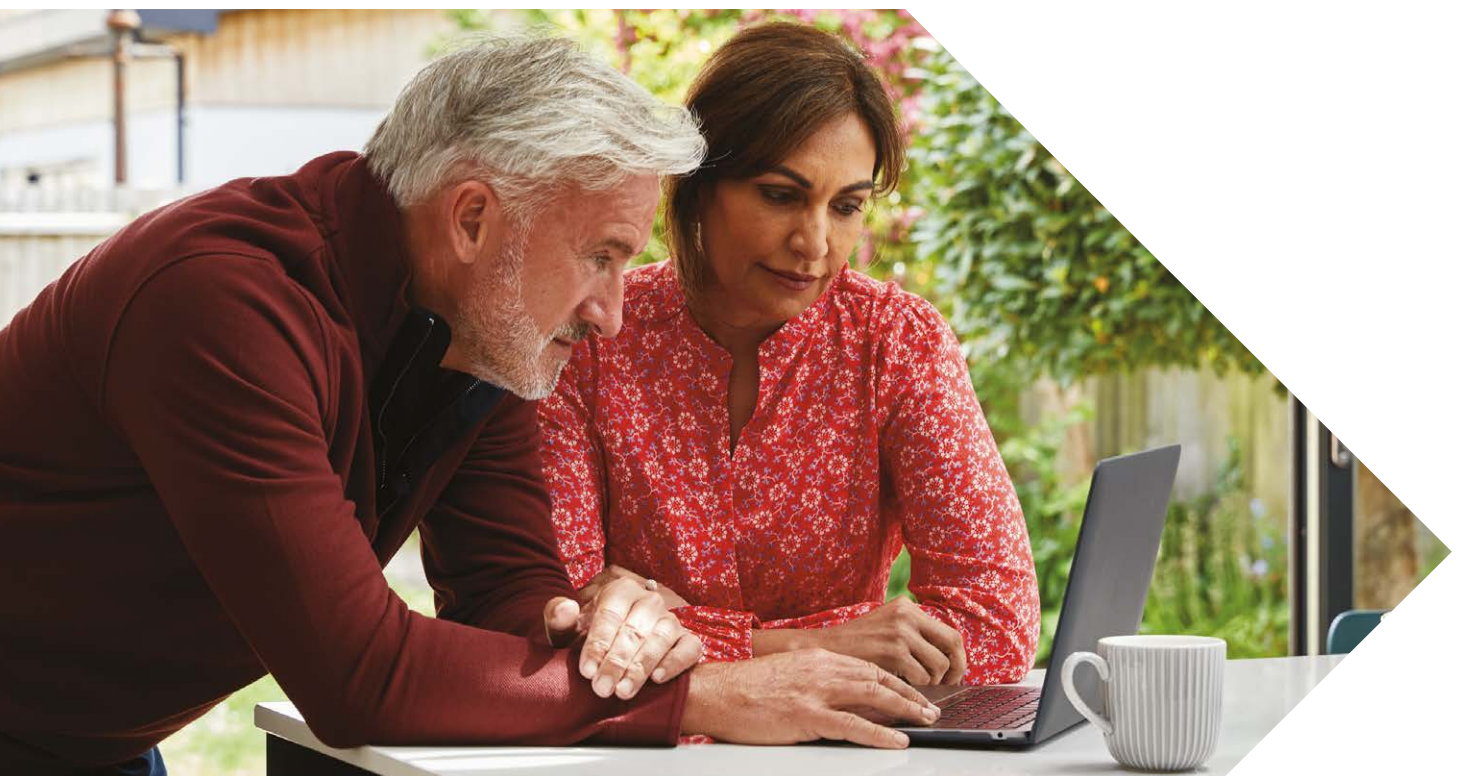
## Section 27

# What you can do when we tell you about a change

**27.1** You may end your agreement with us and close your PIMS in accordance with Clause 28.4. You may do this within 30 days of the date of the advance notice of a change we send you or, if longer, up to the date the change is due to take effect.

**27.2** If you do not tell us that you want to end your agreement by this time, then you will be deemed to accept such change and the change will take effect automatically.

**27.3** There will be no charge for ending your agreement and closing your PIMS, however, if the value has fallen, you may get back less than the amount you invested.



# Ending our relationship

## What happens when our relationship comes to an end:

- Our rights to end the agreement.
- Your rights to end the agreement.
- Implications if you die.

## Section 28

### Termination

- 28.1** On termination of your agreement, before the PIMS proceeds are paid out, any outstanding Transactions will be completed and outstanding expenses will be charged.
- 28.2** You should be aware that where the Portfolio Investments from a PIMS ISA or cash proceeds from their sale are transferred outside of the ISA wrapper, the tax benefits of the ISA will be lost permanently and cannot be reinstated.
- 28.3** It will not always be possible to re-register collective investment schemes upon closure of your PIMS, for example where funds are held in an institutional share class and there is no retail share class equivalent. In these cases they will have to be sold and returned as cash and you may get back less than the amount you invested.

### Termination by you

- 28.4.1** You may close your PIMS at any time by contacting your Adviser. We will deal with your PIMS Taxable and any Feeder Account, Custody Account and PIMS ISA separately.
- 28.4.2** For the PIMS Taxable and any Feeder Account you may:
- a. instruct us to transfer Portfolio Investments into your name (where we are able to do so). In this case, any documents of title in your name will be sent to you by registered post. This may often not be possible so, where this is the case, we will contact you to discuss your options;
  - b. sell the Portfolio Investments and have the cash proceeds paid to you. The value paid may be less than the sum originally invested;
  - c. request a combination of the above two options; or
  - d. instruct the transfer of your PIMS to an alternative product provider, nominee or discretionary manager.

**28.4.3** For the PIMS ISA you may:

- a.** instruct us to transfer the PIMS ISA in cash to an alternative ISA provider;
- b.** instruct us (where it is possible) to transfer Portfolio Investments directly from your PIMS ISA to the new ISA provider. If this is not possible, the Portfolio Investments must be sold before the cash proceeds are transferred. We will commence the transfer process immediately after receiving notice, regardless of any changes in market conditions;
- c.** instruct us to transfer Portfolio Investments into your name. Where this is possible, any physical share certificates in your name will be sent to you by registered post. This may often not be possible, where this is the case we will contact you to discuss your options. If you select this option the potential future tax benefits of retaining the Portfolio Investments in an ISA will be lost; or
- d.** instruct us to have all proceeds returned to you. If you select this option the potential future tax benefits of retaining the proceeds in an ISA will be lost.

**28.4.4** For the PIMS Taxable and any Feeder Account or Custody Account, it will normally take 60 Business Days for the Portfolio Investments to transfer into your name or to another product provider, nominee or discretionary manager. For the PIMS ISA, it will normally take 30 days for the Portfolio Investments to transfer into your name or to another product provider, nominee or discretionary manager. There may be occasions when this may take longer to complete due to circumstances beyond our control. If the Portfolio Investments are sold we will normally complete the termination and have the cash proceeds available within seven Business Days, but there may be occasions when it may take longer to complete due to circumstances beyond our control.

**28.4.5** If you instruct us to sell your assets we will hold the cash whilst awaiting further instructions. You may instruct us not to sell your PIMS ISA at this time but please note that the remaining Portfolio Investments will no longer reflect your selected Model, risk tolerance or agreed objectives.

**28.4.6** Where we receive a specific instruction from you to sell a Financial Instrument we will process it as soon as practically possible. If the asset is an equity or gilt this will be completed during regular trading throughout the day. Collective funds will be traded at their next available valuation point.



## **28.5 Termination by us**

**28.5.1** We may terminate your agreement immediately and close your PIMS in any of the following situations:

- a.** If you have seriously or persistently broken any of the Terms including where:
  - i.** you are, or we reasonably suspect that you may be, using, obtaining or allowing someone else to use or obtain an account, service or money illegally;
  - ii.** this service is being used, or we reasonably suspect this service is being used, for an illegal purpose;
  - iii.** you are, or we reasonably suspect you may be, acting fraudulently; or
  - iv.** in the circumstances set out in Clause 28.5.2; or
- b.** If we reasonably consider that by continuing our agreement with you:
  - i.** we may break a law, regulation, code, court order or other duty;
  - ii.** we, or another HSBC Group company, may be exposed to action or censure from any government regulatory or law enforcement agency. If we terminate your agreement in the circumstances set out in Clause 28.5.2 please be aware that, to the extent permitted by law, we may also end or restrict the provision of any other services we provide to you or close any other accounts you have with us. In addition, other members of the HSBC Group may end their relationship with you and restrict or close accounts you hold with them or restrict or terminate the provision of any services to you.

**28.5.2** We may terminate your agreement at any time by giving 30 days' written notice including in the following instances:

- a.** if you are no longer eligible for the service. This includes if you are no longer resident in the UK or no longer perform duties which, by virtue of section 28 of Income Tax (Earnings & Pensions) Act 2003 (Crown employees serving overseas), are treated as being performed in the United Kingdom, or you are no longer married to, or in a civil partnership with, a person who performs such duties;
- b.** if the value of your Portfolio and any Feeder Account falls below the current minimum investment amount as stated in the Important Information section of these Terms and is not remedied within a reasonable period; or
- c.** you do not complete the required review as set out in Clause 1.3.

**28.5.3** We may also end our agreement with you for any other valid reason by giving you at least 30 days' advance notice in writing.

## Fall in investment value

**28.5.4** Should the value of your Portfolio Investments fall below the current minimum investment amount solely as a result of market movement, this will not in itself give us the right to terminate your PIMS under Clause 28.5.2.

## Product no longer offered

**28.5.5** If we no longer offer the PIMS or the PIMS Model you are invested in, we will offer you an alternative or request that you provide us with alternative instructions for your PIMS. If we do not receive your instructions within the time stipulated in our notification (which will not be less than 30 days) we may end your agreement by giving you at least 30 days' advance notice in writing or implement a default action, already notified to you.

## Your options where we terminate

**28.5.6** For the PIMS Taxable, Feeder Account and Custody Account, unless you direct us otherwise within the notice period, we will re-register your assets in to your name where possible (any documents of title will be sent to you by registered post). Where we are not able to do this, we will sell the assets and either send you the proceeds by cheque or pay the proceeds directly into your bank account.

**28.5.7** For the PIMS ISA you may, within the 30 day notice instruct us to:

- a.** Transfer your PIMS ISA to another ISA Manager. If you decide to transfer your PIMS ISA to another provider you may instruct us to sell your Portfolio Investments and hold the cash sale proceeds until the transfer out date. In some cases, where agreed with us, you may also instruct us (where it is possible) to transfer Portfolio Investments directly from your PIMS ISA to the new ISA provider. If this is not possible, or we do not agree, the Portfolio Investments must be sold before the cash proceeds are transferred. We will commence the transfer process immediately after receiving notice, regardless of any changes in market conditions; or
- b.** Transfer Portfolio Investments into your name. Where this is possible, any physical share certificates in your name will be sent to you by registered post. In some circumstances this may not be possible, where this is the case we will contact you to discuss your options. If you select this option for the PIMS ISA the potential future tax benefits of retaining the Portfolio Investments in an ISA will be lost.

Unless we receive instructions within the 30 day notice period we will sell all Portfolio Investments in the PIMS ISA. We will do this as soon as reasonably practicable after the notice period has expired. We will send you the proceeds by cheque or pay the proceeds directly into your bank account. In the case of a PIMS ISA this means the potential future tax benefits of retaining the proceeds in an ISA will be lost.

## **28.6 Termination on death**

- 28.6.1** If your PIMS is in your sole name, it will cease to be managed as soon as we receive notification of your death. This will not affect Transactions that are pending at the date we are notified of your death.
- 28.6.2** No further action will be taken until we have the express instructions of your personal representatives. Instructions can only be given by your personal representatives once they have provided us with proof of their appointment (such as a Grant of Probate or Letters of Administration).
- 28.6.3** Your personal representatives must provide proof of the date of death and of their appointment. Following receipt of proof of appointment, we will close the PIMS in accordance with the instructions of your personal representatives who will become subject to these Terms.
- 28.6.4** In the event that no closure instructions are given, the PIMS will remain open but we will not execute any further discretionary Transactions. The AMC will no longer apply as the customer authority for us to levy a fee for managing the PIMS ceases on death. Discretionary management cannot continue even on the instruction of the personal representatives although certain requests will be possible (for example the sales of assets to facilitate some cash payments).

## **28.7 Sole PIMS, in the event of death:**

- 28.7.1** If you hold a PIMS Taxable which is funding a PIMS ISA in the name of another person, the PIMS ISA in the name of the other person will be detached from your PIMS and funding will stop. We will then deal directly with the other person involved and advise them of the change and impact to their account;
- 28.7.2** If you hold a PIMS ISA that is being funded by another person's PIMS Taxable, your PIMS ISA will be detached from their PIMS and management and funding will stop. Where your date of death is on or after 6 April 2018, your PIMS ISA will be designated as a "continuing account of a deceased investor" in line with Clause 28.10.2. Subject to Clause 28.10.1, the tax benefits of an ISA end on date of death; and

**28.7.3** If you hold a PIMS ISA that is being funded by another person's PIMS Taxable and they die, then your PIMS ISA will be detached from their PIMS. No further funding will take place and your PIMS ISA will be attached to a PIMS which will be set up in your own name. Your Portfolio will then be realigned to match the original Model, providing this value meets the current minimum investment amount. We will contact you to discuss your available options.

## **28.8 Joint PIMS**

**28.8.1** For joint PIMS, if one of the Joint Investors dies, the PIMS Taxable and any Feeder Account and Custody Account will pass to the surviving party. The PIMS will cease to be managed once we have received the death certificate or equivalent in respect of the deceased investor.

**28.8.2** Any PIMS ISA in the name of the deceased will be detached from the PIMS in accordance with Clause 28.7.2 and management and funding will cease. Where the date of death is on or after 6 April 2018, the PIMS ISA will be designated as a "continuing account of a deceased investor" in line with Clause 28.10.2. This account will not be aligned to the original Model.

**28.8.3** The PIMS Taxable in the name of the surviving party will be realigned along with any PIMS ISA in their own name to match the original Model. We will continue to manage their PIMS, providing this value meets the current minimum investment amount. Where this is not the case, we will contact the surviving party to let them know their available options.

## **28.9 Death of a trustee**

**28.9.1** On death of a trustee, beneficial owners will not be affected. However, any remaining trustees will need to fulfil their duties and obligations in accordance with relevant legislation.

## **28.10 ISA holders**

**28.10.1** If either you or a Joint Investor holds a PIMS ISA and the PIMS ISA holder died on or before 5 April 2018, the deceased's PIMS ISA immediately ceases to be exempt from UK income tax and capital gains tax. The Portfolio Investments in the deceased's PIMS ISA will remain in the name of the deceased but will become a PIMS Taxable. This means that we will continue to hold the Portfolio Investments but outside the ISA tax regime. This PIMS Taxable will then form part of the deceased's estate.

- 28.10.2** If the PIMS ISA holder dies on or after 6 April 2018, we will designate the deceased's PIMS ISA as a "continuing account of a deceased investor". The PIMS ISA will remain as a "continuing account of a deceased investor" until the earlier of:
- a.** the completion of the administration of the deceased's estate;
  - b.** the closure of the PIMS ISA; and
  - c.** the third anniversary of the death of the deceased.
- 28.10.3** We are not required to check with the executors if or when the administration of the estate has been completed.
- 28.10.4** While the PIMS ISA is a "continuing account of a deceased investor", no Payments may be made into it, but the existing investments will continue to be held and to benefit from ISA tax advantages. This means that any interest, dividends or gains in respect of Portfolio Investments in the PIMS ISA will be exempt from UK income tax and capital gains tax.
- 28.10.5** If the administration of the estate has not been completed by the third anniversary of the deceased's death, then the PIMS ISA will cease to be a "continuing account of a deceased investor". This means that the Portfolio Investments in the PIMS ISA are no longer held in an ISA wrapper and subsequent income or gains on the Portfolio Investments will become taxable.
- 28.10.6** Personal representatives appointed to administer the estate are not entitled to transfer a "continuing account of a deceased investor" into any other type of ISA, including:
- a.** applying to us to change a PIMS ISA into a cash ISA, innovative finance ISA or Lifetime ISA, or a different stocks and shares ISA product; or
  - b.** requesting the transfer of a "continuing account of a deceased investor" managed by us to an alternative ISA Manager.
- 28.10.7** These Terms will continue to apply to the PIMS ISA while it is designated as a "continuing account of a deceased investor".

# Keeping your accounts safe

**Actions that we may take, or are required to take, to detect, investigate and prevent financial crime.**

## **Section 29**

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

- 29.1** Members of the HSBC Group are required, and may take any action (including Financial Crime Risk Management Activity), to meet Compliance Obligations relating to or in connection with the detection, investigation and prevention of Financial Crime. Such action may include, but is not limited to:
- 29.1.1** screening, intercepting and investigating any instruction or communication sent to or by you or a Connected Person, or on your or their behalf;
  - 29.1.2** investigating the source of or intended recipient of funds;
  - 29.1.3** combining Customer Information with other related information in the possession of any member of the HSBC Group; and/or
  - 29.1.4** 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.
- 29.2** Exceptionally, our Financial Crime Risk Management Activity may lead to us:
- 29.2.1** delaying or refusing to process a payment or your instructions;
  - 29.2.2** being unable to provide all or part of the Services to you and ending our entire relationship with you;
  - 29.2.3** taking necessary steps for any member of the HSBC Group to meet the Compliance Obligations; and/or
  - 29.2.4** blocking or closing your accounts (although not any of your mortgage account(s)).
- 29.3** To the extent permissible by law, no member of the HSBC Group shall be liable to you for any loss (however it arose) that was suffered or incurred by you, caused in whole or in part in connection with the undertaking of Financial Crime Risk Management Activity.
- 29.4** To the extent permissible by law, no member of the HSBC Group shall be liable to any third party for any loss (however it arose) that was suffered or incurred by a third party, caused in whole or in part in connection with the undertaking of Financial Crime Risk Management Activity.

# Other important provisions about our relationship

## These are general provisions which apply and include:

- Liability we have to you.
- Transferring our rights under the agreement.
- The defined terms used throughout the document.

## Section 30

### Our responsibilities

- 30.1** We will accept responsibility to the full extent required by the Rules, for the acts and omissions of Sub-Custodians and nominees where they act in relation to your assets under these Terms.
- 30.2** Please note that applicable laws and regulatory requirements prevent us from conducting certain activities or taking on certain liabilities. This means that we can't accept responsibility for anything that other HSBC entities do or don't do when they are providing you with execution and dealing services (as described in Annex 4 Best Execution Disclosure Statement). If you have any concerns or complaints on this at any time, please let us know straight away and we will explain how these can be dealt with. Please also see Annex 5 Rights and responsibilities which provides further information on this.
- 30.3** With the exception of the circumstances set out in Clause 30.1, we will not be responsible to you for the financial solvency of any third party (including any counter party, broker, dealer, market maker or bank) who we deal with on your behalf nor will we be responsible for anything they do or fail to do.
- 30.4** We will never be responsible to you (whether under Clause 30.1 or otherwise) for any losses suffered as a result of investments or cash being held with a Clearing System.
- 30.5** We will not be responsible for any errors of fact or judgement or any action lawfully taken or not taken by us under this agreement. We will also not be responsible for any loss or decrease in value of your Portfolio Investments, unless it directly results from our negligence, fraud or wilful default.

- 30.6** Where we (or any company in the HSBC Group) are prevented, or delayed, from providing services to you or complying with these Terms, we shall not be responsible to you for any loss you may suffer. This applies to any loss that is caused by:
- 30.6.1** abnormal or unforeseen circumstances beyond our reasonable control, where the consequences would have been unavoidable despite all efforts to the contrary; and/or
  - 30.6.2** any obligations we may have under the Laws or Rules.
- 30.7** Nothing in these Terms is intended to exclude our liability for personal injury, fraud, fraudulent misrepresentation or any other matter that cannot be excluded or limited by law.

## Section 31

### Your rights

- 31.1** If you send us a written request, we will make arrangements for you to receive copies of the annual reports and accounts issued by companies, collective investment schemes or such other concerns in respect of the Portfolio Investments named in your request.
- 31.2** In the case of a PIMS ISA, if requested in writing by you, we will make such arrangements (including depositing appropriately completed proxy forms) to enable you to:
- 31.2.1** attend shareholder, security holder or unit holder meetings of, or convened by, the companies, collective investment schemes or other concerns which the holder of any investment comprised in the PIMS ISA is entitled to attend;
  - 31.2.2** exercise the voting rights conferred by the holding of the relevant investment at such meeting; and
  - 31.2.3** receive any other information issued to shareholders, securities holders or unit holders.
- 31.3** In the absence of any specific instructions, if we consider it necessary we may make arrangements to exercise the voting rights conferred by the holding of a Financial Instrument.
- 31.4** We are unable to make these arrangements for you to exercise any voting rights or other shareholder rights attached to any assets in the PIMS Taxable and any Feeder Account.



## Section 32

### Statutory rights

- 32.1** Nothing in these Terms shall exclude or restrict any obligation which we have to you, or any liability or obligation which we may incur under the Financial Services and Markets Act 2000, the Rules, or any other laws, rules and regulations by which we are bound.
- 32.2** For further information about your statutory rights contact your local authority Trading Standards Department or Citizens Advice Bureau or obtain independent professional advice.

## Section 33

### Not enforcing the Terms

- 33.1** We may occasionally 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 these Terms at any time.

## Section 34

### Governing law

- 34.1** These Terms will be governed by the laws of England and Wales. You and we submit to the non-exclusive jurisdiction of the courts of England and Wales to settle any disputes which may arise out of or in connection with these Terms. These Terms are in English and all communications with you will be in English.

## Section 35

# Dormancy

We may consider your PIMS as inactive if, for over a 24-month period: we've been notified you are no longer living at the address we hold for you; or any correspondence we have sent to you by post has been returned to us which indicates you are no longer known at that address; or we've been unable to contact you; and you have not initiated any transaction on your PIMS and/or you have not provided us with any instructions and/or you have not had an annual review.

To help prevent your account becoming inactive, we recommend you promptly notify us of any changes to your contact details. This will protect both you and us and ensure that you can continue to access your account in the normal way. Should your account remain inactive for a further 10 years and we're unable to contact you, your PIMS and any holdings within it will be classed as dormant under the Dormant Asset Scheme.

## Section 36

# Definitions

**36.1** Reference to the singular includes the plural (and vice versa).

**36.2** In the Terms:

**"Acknowledgement Letter"** means the document that we send to you providing confirmation that we accept your Application Form;

**"Additional Permitted Subscription"** means an additional Subscription which you can apply to make into your PIMS ISA following the death of your spouse or civil partner. The Additional Permitted Subscription will not count towards your current Tax Year ISA subscription limit;

**"Administrative Office"** means:

HSBC UK Bank plc, Forum 1, Parkway, Whiteley P015 7PA;

**"Adviser"** means your regulated HSBC UK Bank plc adviser;

**"Allowances"** means the tax allowances that apply to you personally in respect of different sources of income and interest and include your Personal Savings Allowance and Dividend Allowance. Once the threshold has been reached for each of the applicable allowances, you will be liable to pay tax at the rate specific to you;

**"Annual Management Charge (AMC)"** means the charge that is deducted from your PIMS in respect of the management of your Portfolio and any Feeder Account in accordance with Clause 13;

**“Application Form”** means the completed valid form(s) (including Schedules I and II) with which any part of the PIMS was opened;

**“Associate”** means any company in the same group as us and any of our or their subsidiaries as such term is defined in the Companies Act 2006 as amended or replaced from time to time;

**“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 4 Best Execution Disclosure Statement;

**“Best Possible Result”** means achieving the best possible result for Transactions, taking into account a range of factors which include price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of that Transaction in order to comply with the Rules;

**“Business Acceptance Date”** means the date as printed on your Acknowledgement Letter sent by us;

**“Business Day”** means a day other than a Saturday, Sunday or UK public holiday;

**“Cancellation Period”** means for an application for a new PIMS ISA, the 14 day period after we have accepted your Application Form and a Subscription for a PIMS ISA;

**“CGT”** means capital gains tax;

**“Charges”** means the AMC, the Custody and Administration Charge and any other costs and charges as set out in Clause 13.12;

**“Clearing System”** means CREST, Euroclear, Clearstream, DTC or any other market clearance facility, settlement system, centralised securities depository or similar facility, system or depository;

**“Compliance Obligations”** means obligations of the HSBC Group to comply with:

- a. Laws or international guidance and internal policies or procedures;
- b. any demand from Authorities or reporting, disclosure or other obligations under Laws; and
- c. 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, court appointed guardian or personal representative, or any other persons or entities with whom you have a relationship that is relevant to your relationship with the HSBC Group;

**“Corporate Action”** means any mandatory or voluntary corporate action event including, without limitation, any events concerning takeovers, other offers or capital reorganisations and the exercise of conversion and subscription rights relating to investments in the Portfolio and any Feeder Account;

**“Costs and Charges Annual Statement”** means the document which we will provide to you annually that gives you the actual costs and charges you have paid in respect of your Portfolio and any Feeder Account and important information you should be aware of;

**“Costs and Charges Disclosure Document”** means the costs and charges disclosure document which forms part of the Terms together with any changes we subsequently tell you about;

**“Credit Agreement”** means the additional credit agreement which we provide to you and require you to sign in accordance with Clause 19.9 in order for you to receive regular fixed income payments and/or pay charges from your Taxable Income Cash Account;

**“Custody Account”** means an account opened in your name with HSBC UK Bank plc for the purpose of holding taxable non-managed Financial Instruments held outside of the Portfolio. This is in accordance with Clause 9 of the Terms and the Rules;

**“Custody and Administration Charges”** means the fixed fees we charge in respect of holding assets and administering them in your PIMS;

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

**“Discretionary Investment Management”** means an investment approach where you pass authority to us as the investment manager to make decisions (as your agent) about buying and selling investments as well as Corporate Actions, without your prior permission on each occasion;

**“Dividend Allowance”** means your dividend nil rate band;

**“Execution Only”** means a Transaction executed as a result of a specific instruction from you where we do not assess the suitability of the transaction and it is not part of our Discretionary Investment Management;

**“Execution Policy”** means our internal policy setting out how we will conduct Transactions in order to achieve the Best Possible Result;

**“Execution Venue”** means a Regulated Market, a Multilateral Trading Facility, an Organised Trading Facility, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country;

**“Failed Trade(s)”** means a Trade we are unable to source for you in the market (for whatever reason) and where we use reasonable endeavours to obtain the relevant investment for you from other sources (as your agent);

**“FCA”** means the Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN ([fca.org.uk](http://fca.org.uk)) or any successor regulatory body or bodies from time to time;

**“Feeder Account”** means the investment account within your PIMS with HSBC UK Bank plc, held outside your Portfolio, for the purpose of holding taxable Financial Instruments pending sale (if appropriate) or transfer of the Financial Instrument into the Taxable Account or the transfer of cash sale proceeds to the Taxable Capital Cash Account which is opened in your name(s) and operated in accordance with Clause 8 of these Terms;

**“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 violate or break any 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”** means financial instruments including, but not limited to, equities, bonds, open ended investment companies, unit trusts, hedge funds, commercial property funds and commodities which are subject to a best execution obligation under the Rules;

**“Guardian”** means a person appointed by the court who is authorised to make decisions, delegate investment management and take action on behalf of another adult under the Guardianship (Missing Persons) Act 2017.

**“HMRC”** means His Majesty’s Revenue & Customs;

**“HSBC Group and any member of the HSBC Group”** means HSBC Holdings plc, and/or any of its affiliates, subsidiaries, Associates, and any of their branches or offices, and includes HSBC Bank plc;

**“In Specie”** means the movement of an asset in its current form, rather than selling it and distributing the cash proceeds;

**“ISA Capital Cash Account”** means the deposit account within your PIMS ISA opened in your name, with us which holds the cash allocation of your Portfolio and is used for the settlement of trading, receiving monies and for the payment of withdrawals;

**“ISA Income Cash Account”** means the deposit account within your PIMS ISA opened in your name with us for receiving and distributing income;

**“Joint Investors”** means two persons holding one PIMS jointly as joint tenants who must be spouses or civil partners;

**“Laws”** include any 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 any other member of the HSBC Group;

**“Model”** means one of the PIMS investment portfolios designed to meet specific investment objectives and risk tolerance. Your investment will be held in the Model indicated on your Application Form or most recently notified to us by you;

**“Multilateral Trading Facility”** means a computer system operated by an investment firm or market operator through which multiple parties can buy and sell certain types of Financial Instruments which is not a Regulated Market or Organised Trading Facility;

**“Nominee”** means a non-trading company within the HSBC Group appointed to be the registered holder of investments on behalf of our customers for either us or the Sub-Custodian;

**“Organised Trading Facility”** means a computer system operated by an investment firm or market operator through which multiple parties can buy and sell certain types of Financial Instruments which is not a Regulated Market or Multilateral Trading Facility;

**“Payment or Payments”** means any cash or assets received from you, or from another ISA manager on your behalf for investment in your Portfolio;

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

**“Personal Savings Allowance”** means the tax free allowance which may apply a 0% tax rate to savings income you receive up to a certain value which may vary according to whether you are a basic rate or higher rate taxpayer for savings income and from Tax Year to Tax Year;

**“PIMS”** means the Portfolio together with, where applicable, any Feeder Account and/or Custody Account;

**“PIMS ISA”** means a stocks and shares ISA opened with us and subscribed to in your name in accordance with these Terms and the Rules and the Regulations, for the purpose of holding Portfolio Investments;

**“Portfolio”** means the PIMS Taxable together with, where applicable, the PIMS ISA. It does not include any Custody Account or Feeder Account;

**“Portfolio Investments”** means the Financial Instruments and, where applicable, any cash held within the PIMS Taxable and the PIMS ISA;

**“PIMS Statement”** means the statement reporting all transactions and activity on your PIMS;

**“PRA”** means the Prudential Regulation Authority: 20 Moorgate, London EC2R 6DA or any successor regulatory body or bodies from time to time;

**“Regulated Market”** means a system or market operated and/or managed by an authorised market operator, through which multiple parties can buy and sell the types of Financial Instruments which are admitted to trading under the rules of the market;

**“Regulations”** means the Individual Savings Account Regulations 1998 as amended or replaced and any other applicable statutes and regulations;

**“Rules”** means the rules and guidance published by the FCA and PRA from time to time;

**“Services”** means:

- a. the opening, maintaining and closing of your accounts with us, including your mortgage account;
- b. providing you with credit facilities and other banking products and services, processing applications, credit and eligibility assessment; and
- c. maintaining our overall relationship with you, including marketing services or products to you, market research, insurance, audit and administrative purposes. Services include all services provided to you in connection with your PIMS and these Terms;

**“Sub-Custodian”** means the Associate appointed by us as our Sub-Custodian to provide safe holding of certain client assets, ensure that they are not released without proper authorisation and ensure the timely and accurate collection of dividends and other benefits. A Sub-Custodian as at the date of this document is HSBC Bank plc;

**“Subscription or Subscriptions”** means any contribution made by you to a PIMS ISA during a Tax Year that counts towards the annual subscription limits under the Regulations;

**“Taxable Account”** means the account opened for you to hold Portfolio Investments in the PIMS Taxable;

**“PIMS Taxable”** means the part of the Portfolio comprising of the Taxable Account, Taxable Capital Cash Account, and Taxable Income Cash Account, and excludes any Feeder Account and Custody Account;

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

**“Tax Information”** means documentation or information about a person’s tax status including yours;

**“Tax Year”** means a year beginning on 6 April and ending on the following 5 April;

**“Taxable Capital Cash Account”** means the deposit account within your PIMS Taxable opened in your name, with us which holds the cash allocation of your Portfolio and is used for the settlement of trading, receiving monies and for the payment of withdrawals;

**“Taxable Income Cash Account”** means the deposit account within your PIMS Taxable opened in your name with us for receiving and distributing income;

**“Terms”** means these terms and conditions, or any future terms and conditions which may supersede this version. These include the terms of the Application Form, Costs and Charges Disclosure Document;

**“Transaction”** means the purchase or sale of Financial Instruments either as a result of a discretionary management decision by us or following an Execution Only instruction from you;

**“We, us, our or ourselves”** means HSBC UK Bank plc, which is authorised by the PRA and regulated by the FCA and the PRA;

**“You or Your”** means the applicant(s) or entity named in the Application Form.





# Annexes

## **Annex 1**

### Stabilisation notice

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. 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. 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. Stabilisation is allowed by the FCA and stabilising managers have strict rules that they must adhere to.

## **Annex 2**

### Warrants notice

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities.

The prices of warrants can be unpredictable.

This is because a relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. It is possible to lose all the money used to purchase the warrant plus associated costs if the right to subscribe is not exercised within the predetermined timescale.

## Annex 3

# HSBC policy on conflicts of interest

HSBC UK Bank plc is a member of the HSBC Group.

The HSBC Group 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.

These include organisational and administrative arrangements to safeguard 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 may be 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 whether 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 your Adviser, who will direct your query accordingly.

## Annex 4

# 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 Transactions under our Execution Policy when we conduct Transactions for you under these terms.

Please also note that dealing we conduct for you as contemplated by these Terms will involve us (acting as your agent) executing 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 Rights and responsibilities.

### 2. Best execution factors

Under our Execution Policy, 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 Transactions. Price and execution costs will be paramount although other factors such as the type of Transaction, the type of Portfolio Investments 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 Transactions. In other cases, we will choose another Execution Venue or route the Transaction through HSBC Bank plc which will choose the Execution Venue. You agree that Transactions may be executed off a Regulated Market or Multilateral Trading Facility or Organised Trading Facility.

Where we do execute a Transaction other than on a Regulated Market, Multilateral Trading Facility or Organised Trading Facility there may be an increase in counter party risk. If you have any questions regarding the consequences of such Transactions 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**

### **3.1 UK equities, US equities, European Equities and ETFs**

HSBC Bank plc.

### **3.2 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, Citigroup Global Markets, HSBC Bank plc (Global Banking and Markets division), JP Morgan Securities and Nomura Bank International plc. 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.

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

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

We and HSBC Bank plc 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 our execution arrangements continue to meet the Best Possible Result obligation that we owe you.

### **Specific instruction warning**

We will only execute your instructions as set out within these Terms and we will process your 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 an 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.

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

This Best Execution Disclosure Statement is reviewed at least annually. We may amend this Best Execution Disclosure Statement as necessary and where a material change has occurred, which will include changes to the list of Execution Venues on which we place significant reliance. We will inform you of any changes in writing. We will also regularly monitor our effectiveness in achieving the Best Possible Result for you.

You may ask us at any time in the seven years following a Transaction to demonstrate that we have executed your order in accordance with our Execution Policy.

## Annex 5

# Rights and responsibilities

We act as your agent to engage HSBC Bank plc to provide you with dealing and execution services under this agreement. These services are provided under terms of business between us and HSBC Bank plc (Terms of Business).

Annex 5 Rights and responsibilities sets out information about your rights and responsibilities under the Terms of Business, and with HSBC generally. It is important that you read and understand the following:

- The Terms of Business is contract between HSBC Bank plc and us (acting as your agent on your behalf).
- Under that contract, HSBC Bank plc treat us as its client (and not you) for certain regulatory purposes.
- You will be bound by the Terms of Business because we are entering into the contract as your agent.
- You will be entitled to make a legal claim against HSBC Bank plc if it breaches the Terms of Business, rather than having to go through us. If you want more information on this or want up to date copy of Terms of Business, please let us know.
- We cannot accept responsibility for the acts and omissions of HSBC Bank plc when it provides execution and dealing services under the Terms of Business, due to legal and regulatory requirements.
- We will explain how any concerns or complaints can be dealt with on this issue so please let us know if you do.
- If you are dissatisfied with HSBC Bank plc's services, you can complain to it directly. We will also be happy to give you details of HSBC Bank plc's complaints procedures on request.
- If you are not satisfied with how HSBC Bank plc deals with a complaint, you can refer it to the Financial Ombudsman Service. More information is available from us or from the Financial Ombudsman Service at Exchange Tower, London, E14 9SR ([financial-ombudsman.org.uk](http://financial-ombudsman.org.uk)).
- HSBC Bank plc is covered by the FSCS. You may be eligible to compensation if you have a valid claim against HSBC Bank plc in respect of investment business and it cannot meet its obligations, due to insolvency.

- Limits apply to the amount of compensation you are eligible to receive from the FSCS in respect of investment business. These can be subject to change so please refer to the FSCS for up to date information (their details are set out in the “Important Information” section).
- Under the Terms of Business, HSBC Bank plc may ask us for information, documents or materials from you – i.e. where HSBC Bank plc needs this to comply with laws, regulations or internal policies and procedures. If we ask you for 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.
- Your rights or remedies under general laws and regulations are not limited or excluded under the Agreement or Terms of Business. 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.

#### **How section 138D may be relevant to you:**

- We have a 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 duty to provide you with “retail quality” best execution. When executing orders for you, we have to determine what the best possible result is in terms of price and cost.
- You may have a right to take action against us under section 138D if this duty is breached. Section 138D can give you the right to take action if you suffer loss where certain FCA rules are breached.
- HSBC Bank plc will also have obligations to you under the Terms of Business over and above this.
- This includes contractual obligations to provide you with “retail quality” best execution. Depending on circumstances, if there is a breach on this front, you may have a right to take action against HSBC Bank plc - this will be under contract, law and not section 138D.

If you have any questions about the information set out in Annex 5 Rights and responsibilities, please do not hesitate to let us know and we will do our best to help.

## **Annex 6**

# Risks

### **Investment returns**

What you get back will depend on investment performance and is therefore not guaranteed.

If the assumed investment growth is not achieved, the value of the investment may be less than projected.

Past performance is not a reliable indicator of future returns.

### **ISAs**

The favourable tax treatment of ISAs may not be maintained in the future if law and HM Revenue & Customs practice change.

### **Cashing in your investment**

If you decide to cash in your PIMS, the proceeds may be less than your original investment, especially in the early years.

### **Investment objectives**

There are inherent risks in all types of investment.

We cannot guarantee that the objective of your Portfolio will always be achieved.

### **Currency risk**

Currency movements between sterling and the currencies of other countries could have an impact on your investment return from funds within a Portfolio that invest outside the UK.

### **Diversification**

The Portfolios are managed to ensure they remain within their respective risk classifications. There is a risk therefore, that the Portfolios will not produce as much growth over any given period as funds that are managed differently, or as a Portfolio of individual funds with the same risk classification.

### **Inflation**

The real value of your investment will be eroded by inflation.

### **Income**

The level of any income may fluctuate and is not fixed or guaranteed.

## **Emerging markets**

Markets in some countries are described as 'emerging markets'. Some of these may involve a higher risk than where investment is within a more established market.

These risks include the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered. Emerging markets are generally, but not exclusively, those that are not within the United Kingdom, United States, Canada, Switzerland or members of the European Economic Area, Japan, Australia and New Zealand.

## **Performance related fees**

Although the Portfolios do not charge fees related to their performance, they may hold underlying funds which themselves charge performance related fees which may impact performance (of the particular fund).

## **Asset risks**

Some of the assets comprised within the Models are considered to be illiquid, long-term investments that do not display the liquidity or transparency characteristics often found in other investments (e.g. listed securities). It can take a longer time for money to be invested as well as a longer time for investments to produce returns after any initial losses.

## **Exchange Traded Funds**

Exchange Traded Funds (ETFs) are investment funds, traded like shares, which hold assets such as shares, commodities or bonds. They normally closely track the performance of a financial index, and as such, their value can go down as well as up. Some ETFs rely on complex techniques, or hold riskier underlying assets, to achieve their objectives.

## **Insolvency risk**

All fixed interest securities and equities are at risk if the company or Government Agency issuing them becomes insolvent. If this happens we may not recover the whole investment relating to this company and this will affect the return that individual investors receive.



# Accessibility

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