

General Terms and Conditions  
Of Business

TC0617

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APPENDIX A - BEST EXECUTION POLICY

APPENDIX B - CONFLICTS OF INTEREST POLICY

APPENDIX C - RATE CARD

APPENDIX D - DIVIDEND RE-INVESTMENT PLAN (DRIP)

This is our standard general terms and conditions of business upon which we intend to rely. For your own benefit and protection you should read these terms carefully before agreeing to them. **If you do not understand any point, please ask us for further information before signing the agreement.**

## 1 GLOSSARY OF TERMS

**Account** means the relationship established for the provision of investment and related services.

**Agreement** means the Client Agreement, any relevant Supplementary Agreement and these Terms.

**Assets** means any of the investments described in Clause 5.1.

**Client Agreement** means a completed form or agreement with respect to the following Services: ad-hoc advisory services, discretionary management or investment management

**Contract Note** has the meaning given to it in Clause 4.3.

**CTF** means child trust fund.

**Custodian** means the firm which has responsibility for safekeeping of your investments, a '**Sub-Custodian**' means a Custodian with whom we have entered into an agreement to hold your investments in another jurisdiction.

**CWA** means Pilling's Client Web Access function.

**FCA** means the Financial Conduct Authority and any replacement or substitute body.

**FCA Rules** means the rules, guidance, directions and other provisions in the FCA Handbook or otherwise made by the FCA as from time to time in force.

**FSMA** means the Financial Services and Markets Act 2000.

**Instructions** means any valid request or instruction to us from you, via telephone, email or in writing to effect value transactions in accordance with clause 24;

**ISA** means a stocks and shares Individual Savings Account.

**JISA** means a stocks and shares Junior Individual Savings Account.

**SIPP** means Self Invested Personal Pension.

**OEICs** means Open Ended Investment Company.

**Nominee** means St Anns Square Nominees Limited.

**Personal Security Information** means your client account number, portfolio information, password (if relevant) (and for CWA your username).

**Rate Card** means our tariff of fees and charges for all of the services to which this Agreement relates, which can be found within these terms Appendix C or at [www.pilling.co.uk](http://www.pilling.co.uk)

**Retail Client** has the meaning given it by the FCA Rules, and is a client who is not a professional client or an eligible counterparty.

**Supplementary Agreement** means a completed form or agreement in respect of any discretionary management or investment management service.

**Terms** means these terms and conditions together with our best execution and conflicts of interest policies (as from time to time amended, updated or supplemented) and relevant product specific terms and conditions.

**Valid Authority** means a grant of authority to a third party to act on your behalf. Authority can be given to third parties through the Client Agreement or third party authority form.

**We, us** and **our** means Pilling & Co Stockbrokers Ltd (**Pilling & Co**).

## 2 COMMENCEMENT

- 2.1 This document sets out our general terms and conditions of business and comes into force on the date that you open an Account with Pilling & Co.
- 2.2 For ISAs, JISA's, CTF's, SIPP's, Nominee accounts and managed products you should also read the terms and conditions specific to that account in the relevant brochures which have been sent to you and can also be found on our website [www.pilling.co.uk](http://www.pilling.co.uk).
- 2.3 If you are unsure about anything contained in this document or have any questions please contact your usual adviser at Pilling & Co or speak to our Compliance Officer (please see Section 28 "*Communications and Notices*").
- 2.4 If you require additional services, as described further in clause 5, such as ad hoc advice, Investment Management or Discretionary Management, you must complete the relevant sections in the **Client Agreement**.
- 2.5 These Terms are in English language, and are governed by the laws of England and Wales. Any disputes between us will be subject to the jurisdiction of the English courts.

## 3 ABOUT US

- 3.1 Pilling & Co is authorised and regulated by the Financial Conduct Authority. The Financial Conduct Authority can be contacted at 25 The North Colonnade, London E14 5HS.
- 3.2 We are registered in England & Wales with company number 9220456, and a member of the London Stock Exchange and the Wealth Management Association.

## 4 OUR CHARGES AND NOTIFICATION OF TRANSACTION DETAILS

### **Our fees and charges**

- 4.1 You can find our **fees and charges** for all of our services on our **Rate Card**, which is included with these Terms at appendix C. It can also be read or downloaded at [www.pilling.co.uk](http://www.pilling.co.uk). The Rate Card forms part of the contract between you and us. You should check our website regularly, as we may update our Rate Card from time to time.
- 4.2 In addition to our charges you must also pay any applicable:
  - (a) value added tax;
  - (b) government stamp duty;
  - (c) stamp duty reserve tax; and

- (d) any other charges levied by exchanges, clearing houses or other authorised bodies that may be relevant to transactions which we execute, or other activity carried out pursuant to these Terms, on your behalf.
- 4.3 You will pay all charges in the manner and by the date stated in a note (the Contract Note) or advice which we will distribute to you by post, CWA or email, within one business day after each transaction is executed unless delayed by events outside of our control. **Please contact us immediately if the details of the transaction(s) and charges do not match your records.**
- 4.4 In some circumstances, charges due to us (or agents used by us) plus any additional charges as described above may be deducted from funds held by us on your behalf without advance notification (see Section 22 "*Default Remedies*" and individual product brochures).
- 4.5 We may change the charges applicable to any of the services which we provide to you under this Agreement or introduce new charges, in accordance with Section 34.
- 4.6 We may have arrangements in place to facilitate payments of commission to associated companies or other third parties, or receive remuneration from them in respect of transactions carried out on your behalf. Details of any such remuneration or sharing arrangements may not always be set out on the relevant Contract Note or advice but will be available on request.
- 4.7 Settlement payments should be made to the following account:

HSBC Bank  
Sort Code: 40-05-30  
Account Number: 83692450  
Pilling & Co Stockbrokers Ltd Client Money Account  
Reference: Please use your Pilling & Co Client Account Number

## 5 OUR SERVICES

- 5.1 We provide investment management, discretionary management, ad-hoc advisory (all subject to the completion of our Client Agreement) and execution-only dealing services (together with related research, valuation, safe custody, cash deposit facilities, ISAs, JISA's, CTF's, SIPP's, and Nominee administration) in the following:
  - (a) shares in UK and non-UK companies;
  - (b) debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments, including government, public agency, municipal and corporate issues;
  - (c) depositary receipts or other types of instrument relating to investments falling within (a), (b) or (e);
  - (d) unit trusts, OEICs, mutual funds, insurance bonds, pensions, life assurance and similar schemes in the United Kingdom or elsewhere; and
  - (e) covered warrants (securitised derivatives), warrants to subscribe for investment falling within (a) or (b) above and Options on investments falling within (a) or (b) above or in financial market indices (provided the related transaction has no contingent liability), subject to you completing an application form (available on request) to help us assess whether complex products of this nature are appropriate for you.
- 5.2 Please read or download our full service brochure from our website at [www.pilling.co.uk](http://www.pilling.co.uk) for up to date details of all our services, products and charges.
- 5.3 Please note our advice is restricted as we do not advise on life policies and certain pension products.

- 5.4 Any advice we give on investments in **packaged products** such as unit trusts, OEICs, securities within investment trusts and structured capital-at-risk products will not be tied to any particular product provider.
- 5.5 In all of our dealings with you we will comply with the FCA Rules and the rules of any exchange on which transactions are executed by us.

## 6 EXECUTION ONLY: HOW TO EXECUTE TRANSACTIONS

- 6.1 You can instruct us to place deals via the telephone, email, fax or in writing. In all cases, we will use our best endeavours to execute your order. A telephone order is likely to be executed by us the soonest.
- 6.2 For telephone instructions ring 0161 832 6581. Lines are open 8am-5.15pm Monday to Friday. Please note that the market closes at 4.30pm, instructions received after this time will be placed the next working day.
- 6.3 When you place your order via the telephone, our dealing team will ask you to confirm the details of the order before we place it. Your confirmation will be your agreement for us to place the order.
- 6.4 Fax instructions should be sent to 0161 832 0815. Lines are open 24 hours but your faxed instruction will only be acted upon during normal office and market hours (see clause 6.2)
- 6.5 Email instructions should be sent to [stockbrokers@pilling.co.uk](mailto:stockbrokers@pilling.co.uk). Instructions will only be acted upon during normal office and market hours. (see clause 6.2)
- 6.6 Postal instructions should be sent to our main office address (see section 28 "*communications and notices*") and will be acted upon as soon as possible following receipt.
- 6.7 We will only accept instructions from authorised third parties where a Valid Authority is in place.

## 7 CLIENT CLASSIFICATION

- 7.1 Under the FCA Rules, we will classify you as a Retail Client and will act in your best interests at all times.
- 7.2 As a Retail Client, you have the right to request to be treated as an Elective Professional Client either generally or in respect of a particular service, transaction or product but this would result in a lower level of regulatory protection.
- 7.3 Should you wish to be treated as an Elective Professional Client please send us a request in writing or by email. We will consider any requests received on a case by case basis against the criteria set out in FCA Rules and we reserve the right to decline your request.
- 7.4 If we accept your request we will inform you of the protections you will lose as a result of re-classification and the scope of that re-classification.
- 7.5 If following such a request, you are classified as an Elective Professional Client; you must keep us informed of any change in your circumstances that could affect your classification.

## **8 YOUR INVESTMENT OBJECTIVES (for non 'execution-only' accounts)**

- 8.1 Unless otherwise notified in writing, we will assume that your investment objectives and the level of risk you are prepared to accept are as set out by you in the Client Investment Questionnaire section of the Client Agreement or in any Client Investment Questionnaire Update (please see our general investment risk guide in the Client Agreement).
- 8.2 If any of your circumstances change you should inform us as soon as possible.
- 8.3 **If you do not provide sufficient or up to date information about your personal circumstances and investment objectives we will not be able to provide you with suitable investment advice.**

## **9 RESTRICTIONS ON TYPES OF INVESTMENTS (for non 'execution-only' accounts)**

- 9.1 If you wish to restrict the type of investment or market on which you want to transact you must either:
- (a) inform us of the restriction or;
  - (b) state that there are no restrictions,
- using the Client Investment Questionnaire or any Client Investment Questionnaire Update.
- 9.2 We will endeavour to meet restrictions when purchasing equities or fixed interest securities on your behalf, however due to the nature of collective investments we cannot guarantee that all underlying stocks and/or investment strategies employed by the fund manager will meet your restrictions at all times.
- 9.3 If you do not
- (a) inform us of the restriction or;
  - (b) state that there are no restrictions,
- we may recommend any investment which we have reasonable grounds to believe are suitable for you.
- 9.4 Please note, that we are required by the FCA to obtain information about your investment objectives, financial resources and personal background, as necessary, to ensure the suitability and quality of our investment advice.
- 9.5 You must also inform us when these circumstances change and we will seek to update this information regularly.
- 9.6 **If we do not have the necessary up to date information we may be unable to provide the service you require.**

## **10 EXECUTION ONLY ARRANGEMENTS**

- 10.1 Please note that where we provide execution-only services we will not:
- (a) assess suitability in respect of any transactions that you wish to undertake;
  - (b) advise you about the suitability or merits of a particular transaction; or
  - (c) provide any commentary (other than a factual market commentary),
- regardless of any information you have provided to us.

- 10.2 You are not permitted to short sell (sell any investments which you do not hold).
- 10.3 **If you have any doubt about whether an investment is suitable for you, please speak to a financial adviser.**

## **11 CONFLICTS OF INTEREST**

- 11.1 We have a conflicts of interest policy which is regularly reviewed by management. As a stockbroking firm with no links or ties to other firms there are few potential conflicts of interest. Additionally as a firm we do not deal for ourselves. We act as agent to all transactions. We will always act in your best interests when carrying out any execution-only transaction, or providing any other service set out in these Terms.
- 11.2 Our full conflicts of interest policy can be found at the end of these terms in Appendix B.
- 11.3 From time to time, Pilling representatives may hold 'inside information' in relation to certain investments. For legal reasons, this information cannot be shared with you in any circumstance.
- 11.4 Our conflicts policy is kept under regular review and we will inform you about any material changes to it using the methods described in Section 28 "*Communications and Notices*". You may request a copy of our conflicts policy by contacting us by any method set out in Section 28.

## **12 YOUR UNDERSTANDING OF RISK**

- 12.1 Before entering into a contract to buy an investment product you are advised to consider carefully the risks that may attach to that particular investment, as well as the risks inherent in investment business in general. Any recommendations described below are subject to it being deemed suitable.

- 12.2 **The value of your investments and the income arising from them may decrease as well as increase.**

You are not certain to make a profit every time you make an investment. Some companies fare badly and you may never get back the full amount of your investment and you may lose all of your money.

- 12.3 **Past performance is no indicator of future performance.**

- 12.4 **Investment Trusts have the ability to borrow money and to invest in other Investment Trusts that have the ability to borrow money.**

As a result of this net asset values and share prices could be subject to significant volatility.

- 12.5 **A security could be subject to fluctuations in value that are disproportionate to the underlying investments.**

**We will not be held liable for any loss you may incur arising from any delay or change in market conditions which are outside our control, before such transactions are executed.** We always use our best endeavours to affect your transaction in a timely manner in line with our timely execution policy.

- 12.6 **We will not be responsible for the taxation consequences of any transaction nor will we be liable for taxation charges arising for any reason.**



- 12.7 **We may recommend to you or deal for you in circumstances in which the relevant security is not traded on a recognised investment exchange or regulated market.**

Your legal rights and consumer protection may be limited, especially if the market is overseas.

- 12.8 **We may recommend to you or enter transactions on your behalf in non-readily realisable (illiquid) investments.**

These are investments in which the market is limited or could become so. They can be difficult to deal in and sometimes it is difficult to assess what would be a proper market price for them. If we hold a position in such investments ourselves we will inform you before transacting your order.

- 12.9 **We may recommend to you or enter transactions on your behalf in smaller traded companies, sometimes known as “penny shares”.**

There is an extra risk of losing money when dealing in shares of smaller companies. There is usually a big difference in the buying price and selling price of these shares. If they have to be sold immediately you may get back much less than you paid for them.

- 12.10 **Complex products**

We will only arrange for the execution of transactions in complex products where it is appropriate for us to do so. We will require you to complete an application form to trade products which we consider to be complex, to assist us in assessing appropriateness. Structured products will generally be considered to be complex. You should not deal in such products unless you fully understand the nature and level of risk.

If you wish to deal in complex securities, you must complete an application form (available on request) which helps us to assess whether complex products of this nature are appropriate for you.

- 12.11 **We may recommend to you or deal for you in investments that are, or may have been, subject to the process of stabilisation** (subject to completion of a client agreement).

*Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. The FCA allows stabilisation in order to help counter the fact that, when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found.*

*Stabilisation is carried out by a “stabilisation manager” (normally the firm chiefly responsible for bringing a new issue to market). As long as the stabilising manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation. The Stabilisation Rules limit the period when a stabilising manager may stabilise a new issue; fix the price at which he may stabilise in the case of shares and warrants but not bonds; require him to disclose that he may be stabilising but not that he is actually doing so.*

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

- 12.12 **We may commit you to underwriting or similar obligations in connection with a new issue, rights issue, takeover or similar transaction in which we and / or an associated company have been involved as a sponsor, financial adviser, underwriter, lending bank or some other capacity.**

12.13 **We may offer advice on investments relating to units in unregulated collective investment schemes** (subject to your written consent).

12.14 **Changes in the rates of exchange between currencies may cause your investment and any income from it to fluctuate in value.**

### **13 AGGREGATION AND ALLOCATION OF ORDERS**

#### 13.1 Aggregation

We may combine your order with orders of other customers if we reasonably believe that we will obtain a more favourable price than if your order had been executed separately. However, on occasion aggregation may result in you obtaining a less favourable price.

#### 13.2 Allocation

We will always allocate orders which have been aggregated to our private clients within one business day of completing the transaction, or as soon as it is reasonably practical to do so.

When deciding how to allocate an aggregated order we will not give unfair preference to any client or group of clients.

### **14 BEST EXECUTION POLICY**

14.1 We will take all reasonable steps to execute orders on your behalf on terms that are the most favourable at the time the order is executed.

14.2 Our best execution policy can be found at the end of these terms, at Appendix A.

14.3 **Please note that any specific dealing instruction from you may prevent us from taking the steps within this policy to obtain the best possible result for you.**

14.4 We do not act as principal to any trade. Therefore, when trades are negotiated with other market participants we are acting as your agent.

### **15 YOUR RIGHT TO CANCEL**

15.1 Your right to cancel applies in two circumstances:

- (a) first, in respect of the overall agreements between you and us; and
- (b) secondly, in respect of each individual transaction executed under this Agreement.

**Cancellation will not result in the unwinding of transactions effected before or during the cancellation period (as set out below).**

15.2 Cancellation of the overall agreement between you and us

- (a) By signing an application form, you agree to be bound by this Agreement and by either depositing cash or stock with us or giving investment instructions to us, you will be deemed to request that we start performing our duties under this Agreement.
- (b) You may cancel this Agreement at any time within the cancellation period by giving written notice to our registered address, please refer to Section 28 "*Communications and Notices*".

- (c) The cancellation period for “distance contracts” and non “distance contracts” in this section is the period beginning on the date that the contract is concluded or, if later, the date that you receive this Agreement and ending 14 calendar days later. You confirm that we may provide our services to you during this period.
- (d) Regardless of whether your contract was concluded by distance means, (for example by post or over the phone) or non-distance means, we will charge you costs in accordance with our Rate Card for the services we provide up to the cancellation date.
- (e) On cancellation:
  - (i) all assets held for you by us will be returned to you;
  - (ii) we will no longer execute transactions for you or provide any other services that are subject to this Agreement;
  - (iii) if no investment transactions have been made on your behalf before cancellation, all the money received from you will be returned to you within the repayment period in full plus any interest you may be entitled to, subject to our charges set out in our Rate Card.
- (f) Your rights under this section are different to the rights in Section 16 “Termination” and vary depending on whether:
  - (i) the contract is a “distance contract” (a contract concluded between us without us both being physically present together, i.e. it is conducted through the use of distance communication such as telephone or post);
  - (ii) advice was given by us; and
  - (iii) this Agreement relates to buying a unit in a regulated collective investment scheme (including if bought within a wrapper) or opening or transferring an ISA.

### 15.3 Cancellation of individual transactions executed under this Agreement

- (a) If the contract is a “distance contract” you will be entitled to cancel within the cancellation period **unless**:
  - (i) the price depends on fluctuations in the financial market place outside our control, irrespective of whether the transaction has reached its settlement date or not; and
  - (ii) the performance of the contract has been fully completed at your request before you give notice of cancellation.
- (b) The cancellation period in this section 15.3 is 14 days from date that you receive your Contract Note.
- (c) You will not be charged by us for the cancellation but you will be charged for the services we have provided and you may incur a shortfall in the amount you invested if prices move against you.

The shortfall will be calculated as the difference between market prices:

- (i) on the date on which the investment was made; and
- (ii) on the date that your cancellation notice is received by us.

15.4 We will charge you for services we have provided to you during and after the cancellation period. No specific charge will be levied specifically for cancellation or withdrawal.

15.5 You may cancel any Instruction, in accordance with this Section 15, by telephoning us (and completing relevant security procedures), sending us a secure email or by informing us in writing.

Please note that if you cancel an Instruction by email, the cancellation may be delayed whilst additional security checks are undertaken. Please refer to Section 28 "*Communications and Notices*".

## 16 TERMINATION

16.1 This Agreement may be terminated by:

- (a) you, at any time, by sending us written notice which will take effect from the date it is received by us; or
- (b) us, at any time, by sending you written notice which will specify the date on which termination will take place.

16.2 If you terminate this Agreement, we are entitled to charge a 'transfer-out' fee as set out in our Rate Card.

16.3 Termination will not affect completion of any outstanding order or transaction permitted under this Agreement which may have arisen prior to the effective date of termination.

16.4 **If you terminate this Agreement, we are entitled to receive from you all commissions, fees, costs, charges and expenses accrued or incurred up to the date of termination, including any additional expenses or losses reasonably incurred in the termination process.** This may include any charges incurred in arranging for the transfer of your investments either to you or to your new investment adviser.

## 17 YOUR MONEY

17.1 We can only deal with your money in accordance with the FCA client money rules which, amongst other things, require us to ensure that your funds are clearly segregated from our own in special trust status accounts at banks which are approved by the FCA, and which are subject to an annual risk assessment by us, to ensure that your client money is protected (**Approved Banks**).

17.2 Your money will be held by an Approved Bank in a pooled account with other clients' money and will not therefore be separately designated with your name. If the Approved Bank fails and is unable to repay all of its creditors, which includes you and our other clients, you will share proportionately with other creditors in the remaining proceeds. In this situation you may be able to make a claim under the Financial Services Compensation Scheme (please see Section 9 "*Complaints Procedure and Compensation*" for more information).

**Where an Approved Bank is situated outside the United Kingdom, your money will still be held as 'client money'. However, you should be aware that client money held in such banks may not be protected as effectively as if held in banks in the UK. Additionally, any funds held with an Approved Bank outside the United Kingdom would not be covered by the Financial Services Compensation Scheme.**

The legal and regulatory regime applying to banks in overseas jurisdictions will be different from that operating in the UK. In the event of failure of a bank overseas your money may be treated in a different manner from that which would apply in the UK.

17.3 If you purchase non UK company shares that cannot be held by a UK custodian any dividends or interest paid from the company may be first held in a bank account outside of the UK.

17.4 We may cease to treat your money as client money and release it from our client bank accounts in the event:

- (a) we are unable to contact you;

- (b) there has been no movement on your balance for at least six years (notwithstanding any payments or receipts of charges, interest or similar items); and
- (c) we have taken all reasonable steps to trace you to return the balance,

we will make and retain records and return such funds upon request to you at any time thereafter.

- 17.5 You agree that we may transfer the money we held for you in accordance with this section to a third party in the context of the transfer of our business to that third party. In such circumstances, the money will be held by that third party in accordance with rules made by the FCA.
- 17.6 Any cash held in your Account(s) will be returned to you upon receipt of your instructions, our preferred method of payment is via the Bankers' Automated Clearing Services (BACS) system to your nominated bank account. Alternatively we will send cheque(s) to you but we reserve the right to make an administration charge in accordance with our rate card. (*see Appendix C*)
- 17.7 We will pay interest on cash in your Account, on a tiered rate set by Pilling & Co. Please get in touch with us if you would like further information on these at any point in time. Amounts of less than £1 will not be credited to your Account.

## **18 YOUR ASSETS**

- 18.1 We will register your UK investments in the name of St. Anns Square Nominees Limited. Overseas investments will be registered in the name of local Sub-Custodians in the relevant jurisdiction. You should be aware that where we deposit your investments in non-UK jurisdictions, your rights and protections may be reduced.
- 18.2 We will comply with the FCA's client assets rules at all times.
- 18.3 Any overseas investments may be registered or recorded in the name of an eligible Custodian, in the name of our nominee company or in our name in one or more jurisdictions outside the United Kingdom where, due to the legal requirements or the nature of market practice in the jurisdiction(s) concerned, it is in your best interests to do so or it is not feasible to do otherwise.
- 18.4 As a consequence of this, your investments may be held in an omnibus account and may not be segregated from investments belonging to us/the third party Custodian. As a consequence, in the event of our default or the default of the Custodian these investments may not be protected and may be at risk from the Custodian's creditors.
- 18.5 Where your investments are held in an omnibus account, there is a risk that:
  - (a) your assets could be withdrawn to meet other clients' obligations;
  - (b) the account balance does not reconcile with the balance that we or the third party is required to hold; and
  - (c) you may share in any shortfall and may not therefore receive your full entitlement of investments.

We perform due diligence on all sub-custodians which we use in other markets, to help ensure that your assets are properly protected and, where possible direct Sub-Custodian's to hold your investments separately to their own assets or ours.

Investments belonging to you which are held overseas may be subject to different settlement, legal and regulatory requirements from those which apply within the United Kingdom or European Economic Area (EEA), which may affect your rights. There may also be different practices for the separate identification of safe custody investments. Therefore, should a default occur on the part of the person in whose name the investments are registered or recorded, your protection may be less than it would be if the investments were held in the UK.

- 18.6 Where we enter into agreements with Sub-Custodians, we may be liable for their acts or omissions. For example, in some jurisdictions we have a contractual obligation to cover any losses which our Sub-Custodian may incur in acting on our written instructions with respect to client investments, except where such losses arise as a result of the Sub-Custodian's fraud, wilful misconduct or gross negligence.
- 18.7 Where we use Sub-Custodians, you should be aware that such Custodians (including Depositories) may have a security interest, such as a charge over your investments. If any fees due to the Sub-Custodian are unpaid (or we otherwise breach our obligations to the Sub-Custodian) with them, the Sub-Custodian may exercise their rights over your investments.
- 18.8 In some jurisdictions national law may not recognise or give effect to our attempts to separately identify your investments from our assets or those belonging to the Sub-Custodian. In such a case:
- (i) your investments could be used to meet the Sub-Custodian's general obligations on its insolvency;
  - (ii) your investments could be used to meet our general obligations on our insolvency;
  - (iii) the Sub-Custodian could challenge your rights to any investments; and
  - (iv) you may share in any shortfall and may not therefore receive your full entitlement of investments.

## **19 ASSIGNMENT**

- 19.1 You may not transfer or assign any of your rights or obligations under this Agreement.
- 19.2 We may transfer our rights under this Agreement to a third party without your specific consent provided that we reasonably consider that i) the transfer will not materially prejudice your rights under this Agreement and ii) we have given you written notice 30 days prior to the date of transfer and you have not given notice terminating the Client Agreement prior to the date of transfer.
- 19.3 Where the transfer referred to above involves the transfer of your money, we may do so if one of the following applies:
- (a) we receive your specific consent or instructions at the time of the transfer of our business; or
  - (b) the money relates to the part of the business we are transferring and we have required the transferee to return your money to you at your request and one of the following conditions applies:
    - (i) the money transferred will be held for you by the transferee in accordance with the client money rules; or
    - (ii) if your money will not be held in accordance with the client money rules we have exercised all due skill, care and diligence in assessing whether the recipient will apply adequate measures to protect your money; or
  - (c) the amount being transferred is equal to or less than £25 (or such sum as is determined by the FCA), if this is the case it may be transferred without either of a) or b) applying and will be held in accordance with the client money rules or otherwise with the same manner of treatment.
- 19.4 If we are unable to give you advance notice as set out above, we will notify you no later than seven days after the transfer has taken place. Such notice will set out:
- (a) whether your money will be transferred in accordance with the client money rules and if not, how the money transferred will be held by the transferee;
  - (b) the extent to which your money will be protected under a compensation scheme; and
  - (c) that you may opt to have your money returned to you as soon as practicable.

## 20 INTEREST PAYABLE TO YOU

20.1 Money that is:

- (a) not due for settlement of an investment transaction; and
- (b) we are holding for you at an Approved Bank (sometimes referred to as “free money”),

shall accrue **gross** interest at a rate determined by us.

20.2 Any interest properly due will be credited to your Account with us on a quarterly basis. Please note we do not credit interest amounts of less than £1.00. Our current rates are always available on request and can be found on our website.

## 21 SETTLEMENT OF TRANSACTIONS AND AMOUNTS DUE

21.1 Unless otherwise agreed, you are required to settle all your Instructions with us on the date notified to you on a Contract Note which you should receive two business days after the transaction (see Section 4 “*Our Charges and Notification of Transaction Details*”). No other demand or advice of payment will be issued to you. Statements of account will be available for half yearly and distributed by post, unless you have ‘Client Web Access’, in which case current statements and positions are available daily online.

21.2 The settlement date is determined in accordance with the prevailing Stock Exchange Rolling Settlement standard terms. **These currently require that each transaction is settled individually within two business days of dealing.** Failure to comply with this may result in us passing on any fines or additional costs imposed on us and claim any of your assets held or controlled by us on your behalf in satisfaction of amounts due (see Section 22 “*Default Remedies*”).

21.3 The rules of the Stock Exchange allow us to arrange special non-standard settlement terms. Such arrangements are negotiable on a deal by deal basis and the terms will be notified to you on a Contract Note.

21.4 The settlement date stated on the Contract Note is the day on which we as your agent are required to transfer cleared funds or share certificates to the exchange or clearing system processing your transaction. **You must therefore ensure that cleared funds and certificates reach us well before this date to enable us to comply with the delivery deadlines.**

21.5 Netting off purchases against sales is not permitted unless the stock has been delivered in good order and is for the same settlement date.

21.6 If the transaction relies on a third party we may not be able to issue the Contract Note to you until after we have received confirmation from that third party.

21.7 Where an order is executed in tranches, we may supply you with information about the price of each tranche or the average price. If the average price is provided, we will supply information about the price of each tranche upon request.

21.8 A transaction that has been executed in a currency which is not sterling, unless we agree otherwise the transaction, will be converted into sterling using the current exchange rate which will be disclosed on your Contract Note.

## 22 DEFAULT REMEDIES

22.1 In the event of your failure to make any payment or to deliver any securities due to us (or to agents used by us) we reserve the right to keep any funds, securities or other assets due to you and to

offset your liability against these funds or investments. If you fail to make any payment, when due we will have a right to use the proceeds of sale of your investments held by us, to reduce or repay any amounts you owe on other Accounts you hold with us.

22.2 If we do decide to use this right, we will tell you why, and when it has been done. In doing so, we may (and you authorise us to) convert to sterling at the prevailing market rate of exchange any balance that is in a currency other than sterling, and in doing so we will have no liability to you.

22.3 If you have more than one Account with us, we reserve the right to set off the debit on one Account against the investments on any other Account you hold with us.

22.4 **Please take note that we reserve the following rights to keep or make deductions from amounts which we owe you or are holding for you:**

- (a) payment for sale transactions will not be made until we are in a position to deliver the investment to the purchaser and receive payment ourselves.
- (b) we will deduct, from payments due to you, any dividends or interest claimed against us that are due to the purchaser arising from a sale made by you.
- (c) we will keep amounts due to us in respect of fees, commissions, fines, interest or any other debts owed by you to us.

22.5 **Please take note that we reserve the following rights to sell or realise any investment which we are holding (or entitled to receive) on your behalf (subject to the expiry of any statutory period) in order to meet any liabilities you may have incurred to us:**

- (a) our right to sell any such investment will arise immediately if you fail to pay any amount due to us and we are then entitled to sell or dispose of all or any part of such investment (whether these are investments in respect of which the default arises or any other investments for the time being held by us or which we are entitled to receive on your behalf).
- (b) we will not be liable to you in respect of any loss arising nor in respect of any choice made by us in selecting the investments to be sold (unless arising out of our gross negligence). We will apply the proceeds of sale (net of costs) in or towards meeting your liabilities to us and will account to you for the balance.
- (c) in the event that such proceeds are insufficient to cover the whole of your liabilities to us, you remain liable for the balance.
- (d) we are entitled, without further reference to you, to buy any investment in the market to close any short position created by you and then, sell or dispose of any other investments held by us or which we are entitled to receive on your behalf to satisfy in whole or in part the sums due on settlement of any such purchase and its associated costs.
- (e) we will not be responsible for advising you about the investment merits of any transactions effected by us pursuant to this section which in all cases will be treated as **execution only** deals.

22.6 **Please take note that if you fail to pay us in full any amount in pounds sterling (£) when due to us you will be charged interest on the day-to-day balance outstanding as follows:**

- (a) interest will be charged if we do not receive cleared funds on or before the settlement day to cover the net cost of any security you have bought, including commission and charges but less the proceeds of sales made for settlement the same day.
- (b) interest will be charged if you fail to deliver certificates for securities you have sold on or before the settlement day and we are required, under the rules of any exchange or clearing house, ourselves to purchase the same securities to deliver to the market.
- (c) interest will also be charged if you sell securities in order to cover the cost of purchases for settlement on the same day but fail to deliver the certificates for the sales in time for us to obtain the proceeds from the market to pay for the purchases.



- (d) the rate of interest applied will be the HSBC bank's base rate plus 2% per annum.
- (e) such interest will be debited to your Account and compounded daily commencing from the close of business on the date the amount was due until cleared funds are received by us.
- (f) such amounts will be shown on the statement of account sent to you at the end of each calendar month.

## 23 CUSTODY OF YOUR INVESTMENTS

23.1 Your investments will be registered:

- (a) in the name of our nominee company, St Anns Square Nominees Limited (**SASNL**), where possible; or
- (b) in your own name, by request,

please note some stocks can only be held electronically and therefore cannot be registered in an individual's name.

23.2 Stock held by SASNL will:

- (a) be held to our order within CREST, the Stock Exchange's paperless settlement system; or
- (b) held in certificated form, where (a) is not possible, at our offices or with an overseas nominee / custodian approved by us (and subject to an annual risk assessment in accordance with FCA Rules),

in these cases stock may be held in the name of Pilling & Co A/C Client.

23.3 **If you would like to make use of our nominee company please provide your consent to these arrangements by completing the appropriate application form.**

23.4 Generally, all CREST eligible stocks dealt through us will be held within the CREST system in a form that enables identical stocks, although registered in the name of SASNL, to be identified as being attributable to individual clients. However, there may be occasions when identical stocks are pooled together within CREST, or at another custodian, as one block under the title of SASNL only. These cannot then be attributable to any individual client. The only evidence of beneficial ownership will therefore be an electronic bookkeeping entry at Pilling & Co.

**If the custodian fails and is unable to repay all of its creditors, which includes you and our other clients, any resulting shortfall will be shared in proportion to the original share of assets in the pool.**

23.5 Bearer or other non-registered investments are normally held as Pilling & Co "A/c Client" by one or more third parties such as banks, clearance systems and overseas agents. Where this is the case:

- (a) we will issue to you details of all investments held on your behalf by us or any other third party at least once in any 12 month period;
- (b) documentation and entitlements in respect of own name stock held in safe custody will be sent to you by the relevant company at the address on their register;
- (c) in the case of investments held in nominee accounts, we will account to you promptly for all dividends, interest payments and other rights and benefits accruing to you (unless otherwise directed by you in writing);
- (d) if stock is in your own name we will not be responsible for taking up any rights, exercising any conversion or subscription rights, dealing with takeovers or other offers or capital re-organisations, exercising voting rights, exercising options, claiming or distributing shareholder perks, company reports or other shareholder communications;

- (e) where your investments are held in the name of SASNL we will use our best endeavours to ascertain and execute your requirements regarding the above only if practical to do so but in any event we cannot be held liable for any loss or inconvenience if your response is too late for us to meet any deadlines; and
- (f) where investments are pooled, entitlements are allocated on a “pro rata” basis and are rounded down to the nearest whole unit.

23.6 **If you wish to have purchases registered in your own name and certificates sent to you, please provide registration details in the Client Agreement. Please note that you will be responsible for notifying the relevant company of any changes to these details (e.g. If you move house).**

You should be aware that our ability to comply with your request may be restricted by, for example, HMRC rules governing ISA, JISA, SIPP and CTF investments, and we may not be able to effect sales on your behalf at short notice if we do not have the certificates and signed transfer documents already in our possession. Please note the following:

- (a) custodians located outside UK regulatory jurisdiction may not provide the same level of protection as UK based firms. Overseas jurisdictions will have different settlement, legal and regulatory requirements and there may also be different practices for the separate identification of safe custody investments;
- (b) dividends on stock held overseas will initially be paid into the bank account of the custodian concerned before onward transmission to us. Please take note of the warning in the Section 17 “*Your Money*” regarding the effect of different legal and regulatory regimes applying to banks in overseas jurisdictions; and
- (c) where third parties or any other persons holding your investments in their own name or for the account of Pilling & Co (A/C Client) are not connected with us, we do not accept responsibility for their safe custody obligations.

23.7 SASNL is not separately authorised by the FCA. We recommend that you read the Nominee Services section of our Full Service Brochure for more details on the contractual relationship between Pilling & Co and SASNL and the additional independent insurance arrangements we maintain to protect your assets.

## 24 INSTRUCTIONS

- 24.1 Unless agreed otherwise in writing, we will act on any valid Instructions we reasonably believe came from you to enter transactions or deal with your assets.
- 24.2 An instruction is a valid Instruction for the purposes of this Agreement, if you complete the required security procedures and the Instruction is communicated by telephone, email or by post. Our security procedures may include personal data questions, using documents to verify your signature and contacting you by other means to verify your Instructions.
- 24.3 If you wish another person (friend or relative) or another firm (solicitor, accountant, financial adviser) to deal with us as your agent you must notify us in writing. Please use the appropriate section in the Client Agreement or a third party authority form (available on our website) to identify your representative and tell us of any restrictions concerning their authority to act on your behalf. **We will not be liable for any loss or inconvenience suffered by you if we act on any instruction, consent or information given to us by your appointed agent within the limits specified by you.**
- 24.4 We shall not be required to do any act or refrain from doing any act which would, in our opinion, infringe any applicable laws, regulations or guidelines we are subject to, including the rules and customs of any exchange on which your transactions are effected.

- 24.5 At all times we reserve the right to refuse to execute transactions for you or provide any of the services listed in our stockbroking services brochure if:
- (a) we have good reason for thinking that you did not give us the instruction;
  - (b) the instruction is not clear, is incomplete or not in the required form;
  - (c) we believe that by carrying out the instruction we might break a law, regulation, code or other duty which applies to us;
  - (d) we reasonably suspect fraud or it is prudent in the interests of crime prevention or compliance with sanctions laws; or
  - (e) we reasonably believe that carrying out the instruction may damage our reputation.
- 24.6 If you telephone us, and if permitted by law, we will tell you if a particular transaction has been refused, and the procedure for correcting any factual errors which may have led to the refusal.

## **25 CLIENT WEB ACCESS (CWA)**

- 25.1 We may, subject to your agreement to the separate Terms and Conditions of CWA set out at [www.pillingcwa.co.uk](http://www.pillingcwa.co.uk) make information about your Accounts available via our internet. If you use this facility you should read and understand the terms surrounding CWA.
- 25.2 Registering for CWA constitutes your agreement to receiving future correspondence such as statements, newsletters, Contract Notes and any other relevant publications by electronic means. You may request to receive correspondence in a printed version.

## **26 DATA PROTECTION**

- 26.1 Any personal data provided by you will be processed in accordance with the Data Protection Act 1998. In order to provide you with products and services we need to gather personal and financial information about you. This includes information obtained from you or third parties, such as employers and credit reference agencies, fraud prevention agencies or other organisations. This may include sensitive information about racial or ethnic group, physical or mental health, sexual life, criminal proceedings and offences.
- 26.2 You have the right to access information we hold about you. You can access a copy of these records by contacting our Data Protection Officer. Contact details are as follows:
- Data Protection Officer. Henry Pilling House, Booth Street, Manchester. M2 4AF  
Tel: 0161 832 6581
- 26.3 We are entitled to charge a fee for this service of up to £10. If any of the information we hold is incomplete or inaccurate please tell us and we will correct it.
- 26.4 Personal information may be used by us for compliance and monitoring purposes. Information may be passed to other financial firms in the course of providing services. We may provide information to our regulators and their successors. We may also provide information to our auditors and professional advisers.
- 26.5 We may from time to time contact you by post, fax or e-mail with details of products and services which may be of interest to you. If you would like to receive this information please indicate your preference by ticking the box here.
- 26.6 We shall disclose information to relevant authorities where we are required to do so by law. We are legally obliged to verify the identity of our customers and retain these records.
- 26.7 We will retain records after our business relationship has ended for legal and regulatory purposes.

26.8 Telephone calls to our office are recorded to help clear any disputes that may arise or to assist regulatory bodies who monitor share dealing or for staff training.

## **27 ANTI - MONEY LAUNDERING REGULATIONS**

27.1 We are required by government regulations to establish and maintain specific policies and procedures to guard against our business and financial systems being used for the purpose of money laundering. This includes, but is not limited to, verifying the identity and address of investors.

27.2 We therefore request that you assist our compliance with these regulations by promptly providing all identification documents and any other explanations that our staff may ask for **before** opening a new Account or instructing any qualifying transactions on an existing Account.

27.3 We may conduct an electronic security check to verify your identity.

27.4 **There may be occasions when we cannot deal for you immediately and we may be obliged to report the circumstances to the appropriate enforcement authority.**

## **28 COMMUNICATIONS AND NOTICES**

28.1 All communications (including information, instructions and orders) between you (the customer) and ourselves must be conducted in English and only using one of the following mediums:

- (a) post
- (b) fax
- (c) e-mail
- (d) by telephone or
- (e) in person

However, in accordance with clause 34 we may notify you of variations to this Agreement by placing a notification in our quarterly newsletter 'ISA & Peptalk', via CWA or on our website. You should ensure that you frequently visit [www.pilling.co.uk](http://www.pilling.co.uk) to consider any variations.

28.2 We will assume that you have received a communication from us:

- (a) two days after we post it to you, if it sent by post;
- (b) immediately upon sending it if it is given to you verbally or sent to you by fax; or
- (c) when it is received by your internet service provider, if it is sent to you by e-mail.

28.3 It is your responsibility to ensure that we have your current contact details. We will continue sending information to you at the last known address we have for you.

28.4 To contact us, please use the following details:

Henry Pilling House	Telephone: 0161 832 6581
29 Booth Street	Fax: 0161 832 0815
Manchester	E-mail: <a href="mailto:info@pilling.co.uk">info@pilling.co.uk</a>
M2 4AF	Website: <a href="http://www.pilling.co.uk">www.pilling.co.uk</a>

28.5 For any compliance related queries please address your query to the Compliance Officer, using the address above and [compliance@pilling.co.uk](mailto:compliance@pilling.co.uk).

28.6 We may record or monitor telephone calls and monitor electronic communications (including e-mails) between us so that we can check instructions and make sure that we are meeting our service standards.

## 29 COMPLAINTS PROCEDURE AND COMPENSATION

- 29.1 If at any time you become dissatisfied with some aspect of the services and operations of Pilling & Co you may contact any manager or our **Compliance Officer at Henry Pilling House, 29 Booth Street, Manchester M2 4AF** in writing or using any of the methods set out in section 28 and request a copy of our internal complaints handling procedure leaflet.
- 29.2 This leaflet contains the FCA definition of a complaint and the senior member of our staff nominated to receive and deal with complaints. This person is obliged to investigate and report on any eligible complaint in accordance with a strict timetable.
- 29.3 If we do not deal with your complaint to your satisfaction you can refer the matter to the **Financial Ombudsman Service (FOS)**, who can be contacted on **0800 023 4567** or via their website **[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)**. This is a government sponsored service that provides consumers with a free and independent channel for resolving disputes with financial firms. A booklet describing the operation of FOS and how to contact them is also available on request from any member of staff.
- 29.4 In order to protect our clients, we maintain at our own choice and expense extensive financial risks cover and in addition to this, we subscribe to the **Financial Services Compensation Scheme (FSCS)**. This is a government backed "last resort" scheme that can provide up to £50,000 per person per firm to cover certain non-trading losses suffered by eligible complainants following the financial failure of a regulated firm. Further information about the FSCS and contact details are available from us on request or from:

**Financial Services Compensation Scheme 10th Floor, Beaufort House, 15 St Botolph Street, London. EC3A 7QU. [www.fcsc.org.uk](http://www.fcsc.org.uk)**

## 30 LIABILITY

- 30.1 Neither we, nor any of our agents, licensors or their directors, officers or employees will be liable for any losses, costs, liabilities, expenses or damage incurred by you in connection with this Agreement, unless directly caused by our or their negligence, default or fraud. To the extent that such liability arises, and save where the law provides otherwise, we will only be liable to the extent that any losses, costs, liabilities, expenses or damage result directly from such negligence, default or fraud. We will not be liable to you for any losses we could not reasonably have expected to occur.
- 30.2 Clause 24.3 contains restrictions on liability with respect to particular types of Instructions.
- 30.3 You must read and review all Contract Notes which we send to you by post or CWA. To help us prevent fraud, you must tell us immediately by calling us, if you do not recognise any transaction show, or if you think any Instructions have been executed incorrectly.
- 30.4 Subject to clauses 30.5 and 30.6 below, we will be responsible for any unauthorised transactions that you tell us about in accordance with clause 30.3 above. If we suspect fraud, or that you have been negligent, we will investigate the transaction and will only be responsible if and when we have concluded that there has been no fraud, and/or you have not been negligent. Where we are responsible, we will immediately refund the amount of the unauthorised transaction and any resulting interest and charges. We will have no further liability to you.

You will be responsible for all losses if you act fraudulently, or if you allowed another person to use any Personal Security Information.

- 30.5 You will be responsible for all losses if you act fraudulently, if you allowed another person to use any Personal Security Information or fail to use CWA or our telephone service in accordance with this Agreement and the terms and conditions governing CWA.
- 30.6 We will not be liable to you for any failure by us to comply with our obligations under this Agreement, where our failure is:
- (a) due to abnormal and unforeseen circumstances, beyond our control, the consequences of which would have been unavoidable despite all efforts to the contrary; or
  - (b) where our failure to comply is due to any provision of English or European law.

### **31 OUR COSTS**

- 31.1 Where we incur any reasonable costs in connection with the performance of our services under this Agreement, you agree to pay these, unless such costs or expenses arose as a result of our (or our agents', delegates' or SASNL's) negligence, fraud or wilful default.
- 31.2 This includes any expense or loss we may reasonably incur in connection with or as a result of any claims or proceedings which you make or bring against us or them and which are withdrawn, discontinued, compromised by you or dismissed.

### **32 CONFIDENTIALITY**

- 32.1 We shall not disclose any confidential information relating to you or your dealings, except as permitted by this Agreement or as required by law, the FCA Rules and the rules and regulations of any exchange on which an investment is dealt.

### **33 CONTACTING YOU**

- 33.1 You agree that we may use any contact details you have provided to us including your postal address, telephone number(s) (including your mobile telephone number) and e-mail address to contact you. These include telling you about changes to the Terms pursuant to clause 4 below and generally communicating with you about the day-to-day running of your Account and any other services set out in these Terms.
- 33.2 We may contact you in writing by post or e-mail, or by telephone. We may also notify you of changes to these Terms in accordance with clause 34, or of any other information by publishing it on our website [www.pilling.co.uk](http://www.pilling.co.uk). You must ensure that the contact details you provide are accurate and that you notify us promptly of any changes.
- 33.3 If you are registered for CWA you agree that we may also contact you in accordance with clause 25 above. You must ensure that the contact details you provide are accurate and that you notify us promptly of any changes.
- 33.4 Remember, communications may contain confidential information and if anyone else has access to your e-mail inbox or mobile telephone messages for example they may be able to see this. If you would prefer that we do not contact you for service or operational reasons by Email, mobile message or secure e-message please let us know. Whilst we will try to use your preferred channels wherever possible, you may continue to receive important messages via any of these channels, for example, when we need to contact you urgently. Where we hold alternative postal address(es) for you, we may send mail to your home address if it is returned from, or you do not respond to, mail sent to your correspondence address.

33.5 We may mark your Account as dormant if it has been inactive for at least one year to protect both you and us. Any investments will be held for your benefit. If you ask us we will tell you how you can access your Account.

## **34 VARIATION OF TERMS AND CHARGES**

34.1 We may change these Terms (including changing our charges) at any time, in accordance with clause 34.7. Changes will normally be caused by market conditions, changes in the cost of providing a service to you, changes in legal or other regulatory requirements or guidance affecting us, or any system or product development or any reason set out in clause 34.7.

34.2 We may communicate any change in these Terms through any of the communication methods set out in section 33. Changes may be effected without your consent.

34.3 We will give you at least 30 days' notice of any changes to these Terms (including increased fees or charges) which are to your disadvantage. We may communicate these changes to you in any of the ways set out in section 28.

34.4 If we make any changes to these Terms that are to your disadvantage, you may switch your Account or close it without incurring extra charges or interest providing you do so within 60 days of receiving notice of the changes. If you do not notify us prior to the date of the proposed changes, you will be treated as having accepted the changes.

34.5 We may also introduce changes to these Terms immediately and advise you within 30 days of the change if we reasonably consider the change is to your advantage or if we consider they are necessary to take account of any legal or regulatory requirements.

34.6 We will notify you of any changes to these Terms by contacting you in accordance with clause 3 above. Where we make a major change or several minor changes we will provide you with the revised Terms.

### **Reasons for making changes to these Terms**

34.7 We may make any change to these Terms, pursuant to this clause 34, for any of the following reasons:

- (a) the change is favourable to you;
- (b) following, or in anticipation of a change in the relevant law, regulation or industry guidance applicable to us, so as to ensure our continuing compliance with such law or regulation;
- (c) to comply with any recommendation, requirement or decision of any court, ombudsman, regulator or similar body;
- (d) to reflect the costs or consequences of any event beyond our control that may impact our provision of accounts, services or facilities to you;
- (e) to make these Terms clearer;
- (f) to reflect any change in our systems and procedures, including as a result of any reorganisation arising out of the transfer of our business to another firm, or the sale of Pilling & Co;
- (g) to reflect any change in the base rate, or any rate that replaces it, as set by the Bank of England (or by any Bank or other firm which takes over its rate-setting responsibilities);
- (h) to improve the services we provide;
- (i) to reflect our internal policies on competitiveness, market share and/or the profitability of our business as a whole, provided that we are not acting dishonestly, for an improper purpose or as an unreasonable firm such as Pilling & Co would; or
- (j) where we have a valid reason for doing so.

## **35 JOINT ACCOUNTS**

- 35.1 In the case of a joint Account, the rights and obligations under this Agreement shall be joint and several.
- 35.2 If you hold an Account jointly with another person, any instruction to move your investments or cash into a single-name account, must be authorised by both Account holders.

## **36 KEY INVESTOR INFORMATION KIID / KEY FEATURES DOCUMENT**

- 36.1 For each of the packaged products you buy or sell we fully comply with the FCA requirement to provide a KIID or “Key Features Document” produced by the packaged product provider.
- 36.2 These documents provide you with key investor information. They are not marketing material. The information is required by law to help you understand the nature and risks of investing in a packaged product. You are advised to read it so you can make an informed decision about whether to invest.

## **37 DECLARATION OF TAX RESIDENCY**

- 37.1 You confirm that you are **not**:
- (a) a US person for the purposes of US Federal Income tax or acting on behalf of a US person
  - (b) registered in a UK Crown Dependency for tax purposes.
- 37.2 If your tax status changes, you agree to inform us within a reasonable time frame. We do not accept responsibility for any losses arising due to you not informing us of a change in tax residency.

## **38 RIGHTS OF THIRD PARTIES**

- 38.1 No term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by anyone other than a party to this Agreement.

## **39 ENDING THIS AGREEMENT**

- 39.1 You can end this contract with us at any time, by telephoning us or writing to us. Please refer to Section 28 “*Communications and Notices*”.
- 39.2 If this contract is terminated in accordance with this clause, your agreement with us consisting of these Terms and any Client Agreements and Supplementary Agreements, will also terminate.
- 39.3 If this contract is terminated, then:
- (a) you must repay any amounts owing to us, before we close your Account(s). Following termination, we may pay for any outstanding transactions which are the subject of Instructions, and/or incur any charges in relation to such Instructions, and you agree to repay such amounts in full to us;
  - (b) any benefits or services provided under this Agreement will also end; and
  - (c) we will transfer the investments held in your Account to you, other brokers in accordance with your written instructions or, in the event of your death, instructions of your personal representative.
- 39.4 If you end this agreement, this will not affect any outstanding transactions or any right or obligations which may have arisen between us.



- 39.5 If you do not hold any Assets, and there has been no activity on your Account for a period of 12 months, or if we become aware that the contact information we hold is incorrect and we are unable to trace you, we may add a marker to your Account which means you are unable to execute transactions. We will be happy to execute your Instructions, or otherwise perform the services contemplated by this Agreement, if you telephone us.
- 39.6 Any investments which remain in your Account will continue to be your property (or that of your estate upon your death).
- 39.7 We can end this contract with you and close your Account immediately for any of the following reasons:
- (a) you have significantly broken any clause in this Agreement;
  - (b) there has been, or we suspect that there has been, fraud involving your Account(s) or any transaction on your Account(s);
  - (c) we have reasonable grounds to believe you have committed, or are about to commit a crime in connection to your Account, or your Account is otherwise being used unlawfully;
  - (d) there has been, or we suspect that there has been, suspicious activity on your Account;
  - (e) you fail to make any payment under this Agreement, when due;
  - (f) there is a change in law or regulation which requires us to do so; or
  - (g) we have reasonable grounds to believe that your conduct will adversely affect the ability of our other customers to trade (e.g. if you were to instruct us to execute several small orders, rather than a larger order, resulting in the market maker refusing to deal, or to deal at a higher price).
- 39.8 We may terminate this contract for any other reason by giving you at least one month's notice.
- 39.9 Subject to clauses 39.7(c) and (d) above, we will transfer any Assets to you, if we close your Account, provided we have sufficient notice from you.

## APPENDIX A

### BEST EXECUTION POLICY

The firm has an obligation to execute orders on behalf of its clients on terms that are the most favourable at the time the order is executed. We take into account execution factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order.

The firm places most emphasis on obtaining the most favourable 'total consideration' (that is, the external cost of the trade plus our own costs) for you when executing a trade. Total consideration includes both implicit and explicit costs.

After total consideration, the relative importance of the other execution factors will depend upon the characteristics of your trade (e.g. its size) and any specific requirements you notify us of prior to its execution.

When dealing in a financial instrument on your behalf we will exercise our discretion in assessing the criteria we need to take into account to ensure we provide best execution, this criteria for instance may be safe custody charges, execution venue fees or clearing and settlement fees. However our aim is to deliver the best possible result in line with this execution policy.

The firm does not act as principal to any trade. Therefore, when trades are negotiated with other market participants, the firm is acting as agent.

Currently the firm executes trades on regulated markets such as the London Stock Exchange (LSE) or the New York Stock Exchange (NYSE) and Multilateral Trading Facilities (MTF) such as AiM or ISDX Capital Markets. Before we would be able to execute a trade outside of these markets we require your prior consent on a bargain by bargain basis. Trades outside of these markets could include over the counter (OTC) orders, or 'agency cross' by crossing your order with that of an opposing client.

For most trades via the London Stock Exchange (LSE), the firm currently uses the electronic dealing platform, Pro-Quote or our internal systems order management service. Once the firm's trader requests a quote price for a particular stock the platform chooses from the current Retail Service Providers (RSP) (member firms of the London Stock Exchange) who offer quotes in that stock, the current best bid or offer price. The price is held for between 15 and 30 seconds. Once a quote has been obtained the dealer will execute the order should that price be acceptable to you unless he is instructed to re-quote. That quote, if accepted is deemed to be the best possible price even if the price changes within the 15-30 seconds before actual execution of the trade. We assume that any price change within this time would not make the original quote manifestly out of date.

Where electronic trading facilities do not exist the firm will telephone the RSP's who are making the best quote in the chosen financial instrument to place the order at the best price possible taking into consideration the size of the order, the speed of execution and other execution factors.

Unit trust/Open Ended Investment Company (OEIC) deals are traded using Co-Funds or directly with the individual managers at a fixed price on any given dealing day, these prices are usually available in financial sections of newspapers or on the managers own websites.

We will aim to place any Unit Trust/OEIC orders received before 10.45am on the same day pricing point, orders received after 10.45am but before midday will be placed same day on a best endeavours basis. Orders received after midday will (in most cases) be placed at the pricing point of the following day. Some Unit Trust/OEIC's may price earlier than midday or on certain days, weeks or months, these orders will be placed for the next available pricing point.

Orders will normally be executed in the same order as they are received except where there are special conditions such as price limits or limited liquidity.

We will aim to execute comparable orders in a prompt, fair and expeditious manner.

We will endeavour to execute orders received by telephone within 30 minutes. Orders received by post, fax or email will be executed as soon as reasonably possible after receipt of the order. If for any reason the recipient of an email order is absent from the office the order will be picked up by a colleague as soon as is reasonably possible.

Orders to purchase shares traded on overseas exchanges will be placed when that exchange opens. A premarket price can be obtained on request, however this price may change once the relevant market opens.

Please note that any specific dealing instruction from you (for example, if you request that we only execute an order if/when certain market conditions are met) may prevent us from taking the steps within this policy to obtain the best possible result for you.

We will monitor the effectiveness of this policy and should a material change occur we will post an updated version of this document on our website at [www.pilling.co.uk](http://www.pilling.co.uk).

This policy came into force November 1st 2007, with amendments made in August 2012, December 2013 and September 2015, clients dealing through us on or after that date will have been deemed to have accepted our policy.

## APPENDIX B

### CONFLICTS OF INTEREST POLICY

This conflicts of interest policy is regularly reviewed by management. As a stockbroking firm with no links or ties to other firms there are few potential conflicts of interest. Additionally we do not deal for ourselves. We act as agent to all transactions. We will always act in your best interests when carrying out any execution-only transaction, or providing any other service set out in these Terms.

**However, when we give you investment advice our staff, or some other person connected with us, may have an interest, relationship or arrangement that is material with regard to the transaction or investment concerned.**

Under the FCA Rules, the employee who makes the recommendation must disclose any such interest, relationship or arrangement of which he is aware unless:

- (a) the recommendation is a reasonable one having regard to your interests; and
- (b) we have received the employee's written agreement to comply with an independence policy obliging him/her to disregard the interest, relationship or arrangement concerned.

The following are examples of the type of interest, relationship or arrangement that could be involved:

- (c) Being the financial adviser to the company whose securities you are buying or selling, or acting for that company in a takeover bid by or for it.
- (d) Sponsoring or underwriting a new issue involving the investment that you are buying or selling.
- (e) Having a holding or a dealing position in the investment concerned.

Please note, when we recommend a transaction to you, we could be:

- (f) Matching your transaction with that of another client (including a company or person connected with us) by acting on their behalf as well as yours; or
- (g) Advising you to buy or sell units in a collective investment scheme or broker fund where we are (or an associated company is) the trustee and / or operator (or an adviser of the trustee or operator) of the scheme. Where this is the case we will explain our dual role in the transaction in the Client Agreement.

Any recommendations we make will be based on our opinions and we may rely on information from other sources for which we cannot guarantee accuracy or completeness. Any investment recommendations are written objectively and we are not influenced by any particular fund manager or parent company. We have no ties with other financial institutions and there are no other commission arrangements in place that could influence us.

Our Investment Managers' and Advisers' remuneration may be directly or indirectly related to income generated by client accounts they look after. We attempt to mitigate the risk of potential detriment which could be caused by "churning" (excessive cancellation and replacement) or excessive switching by monitoring and supervising their activities, including reviewing advice and portfolio performance. Controls are in place to mitigate the risk of your portfolio being subject to churning or switching in order to increase the value of commissions.

We may receive trail commission from certain fund managers, however this factor is not taken into consideration when we recommend or choose not to recommend a fund to you.

From time to time, Pilling representatives may hold 'inside information' in relation to certain investments. For legal reasons, this information cannot be shared with you in any circumstance.

This conflicts policy is kept under regular review and we will inform you about any material changes to it using the methods described in Section 28 "*Communications and Notices*". You may request a copy of our conflicts policy by contacting us by any method set out in Section 28.

## APPENDIX C

# Pilling & Co Stockbrokers Ltd

## Rate Card

### 1. Dealing

**Commission charges are per deal and apply to: - All services** (Own Name, Nominees, ISA, Execution Only JISA, Managed JISA\*, stakeholder CTF\*, non-stakeholder CTFs, SIPP, AiM & PIPs) **and**

**All securities (UK Equities, Preference Shares, Convertibles, Investment Trusts, Overseas Transactions, UK Gilts, Debentures, Loan Stocks and Unit Trusts/OEICS)**

Minimum	£10
1.65% on the first	£10,000
0.50% on the next	£90,000
0.40% on the excess over	£100,000

DRIP (Dividend Reinvestment Plan) commission is charged at 0.5% with no minimum

UK purchases add 0.5% Stamp Duty

For certificated sales or purchases there is an additional charge of £20 per bargain.

Although most overseas transactions can be accommodated within these rates, please enquire at time of dealing as additional charges may be applicable.

**\*Stakeholder CTF and Managed JISA-** rates only apply to sales for transferring out or switching to non-stakeholder CTF or Execution Only JISA

### 2. Administration

**Applies to all services** (Own Name, Nominees, ISA, Execution Only JISA, Managed JISA, stakeholder CTF, non-stakeholder CTFs, SIPP, AiM & PIPs)

Transfer stock out	£24	(per security, per transfer)
Cash withdrawal by cheque	£5	plus VAT (by Bacs is free)
CHAPS payments	£25	plus VAT
Probate/Certified Valuations	£10	plus VAT (per stock, min £30)
Certificated transfer of title	£20	plus VAT (per security, per transfer)
Returned cheques	£20	plus VAT
Safe Custody of Foreign Stocks	£tba	enquire at time of deal

### 3. Custody Fee

**Applies to the following services** (Nominees, ISA, Execution Only JISA, non-stakeholder CTFs, SIPP, AiM & PIPs)

0.5% per annum charged six monthly in arrears on the total value of **ALL** your accounts with Pilling & Co. The fee has a minimum of £40 and a maximum of £140 per year. In other words, any value over £28,000 is free so you may wish to consolidate your investments from other managers.

Fees for Execution Only JISAs and non-stakeholder CTFs are charged at 0.5% per annum six monthly in arrears with a minimum of £20 and a maximum of £70 per year.

#### 4. Portfolio Management Fees

**Fees are per annum, charged on the value of the portfolio, six monthly in arrears.**

Discretionary Bespoke Management	1.0% plus VAT on first £250,000 and 0.5% plus VAT in excess of £250,000
Investment Management	0.75% plus VAT on first £250,000 and 0.5% plus VAT in excess of £250,000
AiM Portfolio	1.0% plus VAT
PIP Portfolio	0.5% plus VAT
JISA	1.5% (Charged by the fund and will not show on your statement)
CTF	1.5% (Charged by the fund and will not show on your statement)

#### **SIPP administration fees payable to Investcentre**

Initial Costs	£120 plus VAT
Annual Cost value up to £25,000	£100 plus VAT
£25,000 to £50,000	£140 plus VAT
Over £50,000	£180 plus VAT
For transferred-in pension	£60 plus VAT per scheme (max £300 plus VAT)
Drawdown pension (Charges upon inception and annually thereafter)	
Flexi-access drawdown all ages and capped drawdown up to age 75	£150 plus VAT
Capped drawdown over age 75	£250 plus VAT
Convert from capped to flexi-access drawdown (one-off fee)	£75 plus VAT

## Illustration of charges

### Dealing commission:

A £500 deal would cost you the minimum £10

A £10,000 deal would cost you  $10,000 \times 1.65\% = £165$

A £150,000 deal would cost you

The first £10,000 @ 1.65%	£165
The next £90,000 @ 0.5%	£450
The remaining £50,000 @ 0.4%	£200
Total:	£815

### Custody fee:

Portfolio value £1000 would attract an annual fee of £40

Portfolio value of £30,000 would attract an annual fee of £140

Portfolio value of £250,000 would attract an annual fee of £140

**Portfolio Management:** These charges are in addition to dealing commission and the custody fee.

For example: If we managed a portfolio worth £350,000 that increased in value by 5% to £367,500 in a six month period you would pay:

### Investment Managed Service:

At the first agreed date:

$£250,000 \times 0.375\%$	$= £937.50$
$£100,000 \times 0.25\%$	$= £250.00$
+ VAT at 20%	$= £237.50$
<b>Total</b>	<b><math>= £1425.00</math></b>

Six months later:

$£250,000 \times 0.375\%$	$= £937.50$
$£117,500 \times 0.25\%$	$= £293.75$
+ VAT at 20%	$= £246.25$
<b>Total</b>	<b><math>= £1477.50</math></b>

### Discretionary Management Service:

At the first agreed date:

$£250,000 \times 0.5\%$	$= £1250.00$
$£100,000 \times 0.25\%$	$= £250.00$
+ VAT at 20%	$= £300.00$
<b>Total</b>	<b><math>= £1800.00</math></b>

Six months later:

$£250,000 \times 0.5\%$	$= £1250$
$£117,500 \times 0.25\%$	$= £293.75$
+ VAT at 20%	$= £308.75$
<b>Total</b>	<b><math>= £1852.50</math></b>



## APPENDIX C

### The Pilling Dividend Re-Investment Plan (DRIP) Scheme Terms & Conditions

These are our standard terms and conditions relating to the Dividend Re-Investment Plan (DRIP) Scheme. If you do not understand any point please ask us for more information before agreeing to the DRIP scheme.

1. Requests to join the DRIP scheme should be made in one of the following ways: in person, by telephone, in writing by letter or email or via the application form(s) relevant to your chosen service(s).
2. In electing to use the Pilling DRIP Scheme you agree that it includes ALL your investments within your chosen service(s) (where a DRIP can be applied).
3. We will where possible re-invest ALL net cash dividends received into the shares of the company paying the dividend.
4. Only the net dividend will be re-invested; any other cash will not be included.
5. The DRIP scheme generally cannot be applied for Unit Trust/OEIC holdings and certain fixed interest stocks. Wherever possible we will elect for accumulation units for Unit Trust/OEIC holdings.
6. No investment will take place if: -
  - The cash for investment is insufficient to buy one share.
  - The holding on which the dividend is paid has been sold prior to receipt of the dividend.
  - The account is closed.
  - The account is in debit and the amount of the dividend does not create sufficient credit after the debit has been cleared to buy one or more shares.

**NB. If the dividend is greater than the debit balance, and the remaining credit balance is sufficient to buy at least one share, the amount will be invested in the shares of the company paying the dividend**

7. Please note contract notes will **not** be sent for each individual purchase. Details of the purchases can be found on your statements or online via Client Web Access.

#### **Applicable Charges per purchase**

- 0.5% dealing commission (no minimum)
- 0.5% stamp duty (where applicable)

**For our full list of our charges please refer to our rate card (see appendix C)**