

**VICTORIA**  
PRIVATE INVESTMENT OFFICE

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## Terms of Business

May 2021



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## General Terms

### 1 Scope and Definitions

1.1 Throughout these Terms of Business key words and expressions begin with a capitalised letter and are used with a defined meaning set out in Clause 34 of these General Terms (or in Schedules where defined). A reference to we/us/our means Victoria Capital (UK) Limited (or our trading name Victoria Capital Private Investment Office) and any transferee, assignee or successor of Victoria Capital (UK) Limited.

1.2 A reference to you/your/client refers to a person who has agreed to these Terms of Business. All times given refer to London time.

### 2 Changes to these Terms of Business

2.1 We may change these Terms of Business for any of the following reasons:

(a) where we reasonably consider that the change would make the terms easier to understand or fairer to you, or the change would not be to your disadvantage;

(b) to cover the improvement of any service we supply, the introduction of a new service, the replacement of an existing service with a new one, or the withdrawal of a service which has become obsolete, or has ceased to be widely used, or has been used by you at any time in the previous year, or to respond to the costs or consequences of any event beyond our control that may impact our ability to provide our services or facilities to you;

(c) to enable us to make reasonable changes to the way we look after or manage your service as a result of changes in the banking or financial system or technology or the systems we use to run our business;

(d) to respond to a legal or regulatory requirement (or where we reasonably expect that there will be a change in legal or regulatory requirements) or in response to a change in industry guidance or code of practice, or following a relevant recommendation, requirement or decision of any court, ombudsman, regulator or similar body; or

(e) to respond to any changes in costs (or where we reasonably expect that there will be a change in costs) associated with technology, the costs that we pay to others in respect of providing the service in question and/or inflation which results in us wishing to introduce a fee payable by you including to respond to the costs or consequences of any event beyond our control that may impact our ability to provide services to you.

2.2 We will give you at least one month's notice before making any such changes unless the change relates to interest or exchange rates, and either;

(a) is in your favour; or

(b) is based on a Reference Interest Rate, or Reference Exchange Rate as the case may be, in which case the change will be made by us immediately.

2.3 In all cases where prior notice is given, unless you tell us before the relevant change takes effect, you will be deemed to accept the change notified to you. In all cases where a change takes effect upon notice being given in accordance with Clause 2.2, and in those cases where you tell us that you do not accept a change before it takes effect, then you may switch your arrangement or close it or end a service provided by us without having to pay any extra charges or interest.

### 3 Applicable Regulations

3.1 These Terms of Business and all transactions are subject to Applicable Regulations. This means that:

(a) if there is any conflict between these Terms of Business and any Applicable Regulations, the latter will prevail;

(b) nothing in these Terms of Business shall exclude or restrict any obligation which we have to you under any Applicable Regulations nor shall they oblige us to act in contravention of any Applicable Regulations, laws directions or authorities of regulators, market customs or market practices and you accept that we shall not be liable to you for acting or refraining from acting in any such way;

(c) we may take or omit to take any action we consider necessary to ensure compliance with any Applicable Regulation; and

(d) such actions that we take or omit to take for the purposes of compliance with any Applicable Regulation shall not render us or any of our directors, officers, employees or agents liable to you.

3.2 Although we are regulated by the FCA, the FCA Rules are not incorporated into these Terms of Business.

### 4 Identification

4.1 When you first enter into an agreement with us, you must provide proof of your identity and address. You must also provide additional proof of your identity or personal information to enable us to comply with our legal and regulatory obligations whenever we ask you to do so or whenever such proof of identity or personal information expires or is incorrect. We will decide at our sole discretion whether the identification offered is satisfactory.

### 5 Joint Agreements

5.1 If more than one person is party to an Agreement, we will only accept instructions in relation to the Agreement when given by all the joint parties unless otherwise agreed by us. Any such Agreement may be cancelled by any joint party or by us if we become aware of any dispute between the parties.

5.2 A joint party who has authority to give instructions on his/her own may terminate the Agreement without reference to the other joint parties.

5.3 Every joint party is individually responsible for any and all money owed to us under the Agreement even when this arises from the authorised actions of one individual joint party. We have the right to demand repayment from all joint parties or any individual party of money owed to us under a joint Agreement.

### 6 Trust Agreements

6.1 We will only accept instructions in relation to trust agreements when signed by all the Trustees unless otherwise agreed by us. Any such agreement may be cancelled by any Trustee or by us if we become aware of any dispute relating to the Agreement.

### 7 Representations, Warranties and Undertakings

7.1 You represent and warrant to us as of the date these Terms of Business come into effect and as of the date of each transaction that is regulated by these Terms of Business that:

(a) all information supplied to us by you or on your behalf, whether orally or in writing, and all information supplied to us relating to your business or financial affairs, domicile or other matters, before or after the date of the Agreement, was true and accurate and not misleading in any material respects as at the date supplied to us and you have

- not omitted and will not omit or withhold any information which would render the information so supplied inaccurate in any material respect;
- (b) you have reached the age of 18 years or over and have full capacity to agree to these Terms of Business;
- (c) you have all necessary authority, powers, consents, licences and authorisations and have taken all necessary action to enable you lawfully to enter into these Terms of Business and to perform the transactions and to grant the security interests and powers referred to in these Terms of Business;
- (d) any person(s) entering into these Terms of Business and each transaction on your behalf has been duly authorised to do so;
- (e) these Terms of Business, each transaction and the obligations created under them both are binding upon you and enforceable against you in accordance with their terms (subject to applicable principles of equity) and do not and will not violate the terms of any regulation, order, charge or agreement by which you are bound; and
- (f) unless you notify us to the contrary, you act as principal and sole beneficial owner in entering these Terms of Business and each transaction.
- 7.2 You will not do or fail to do anything which would cause us to fail to comply with our legal and regulatory obligations and you will at all times obtain and comply with, and do all that is necessary to maintain in full force and effect, all authority, powers, consents, licences and authorisations referred to in this Clause 7 and you will, when we ask you to do so, provide us with any information we reasonably specify to evidence the matters referred to in this Clause.
- 8 Records**
- 8.1 Our records, unless shown to be wrong, will be evidence of your dealings with us in connection with our services. You will not object to the admission of our records as evidence in any legal proceedings because such records are not originals, are not in writing or are documents produced by a computer. You will not rely on us to comply with your record-keeping obligations, although records may be made available to you on request in accordance with any Applicable Regulations.
- 9 Keeping Us Informed of Your Details**
- 9.1 You must inform us promptly of any changes to your personal information including your name, residential or postal address, email address, telephone numbers (including mobile), marital or civil partnership status, domicile, nationality or residence for tax purposes. We may ask you for documentary evidence of any such change. Depending upon your new location, for regulatory reasons, we may be unable to continue to provide services to you under these Terms of Business. Notwithstanding any provision to the contrary in these Terms of Business, we may then terminate the Agreement immediately on written notice to you.
- 10 Confidentiality**
- 10.1 We will treat all Confidential Information as private and confidential, even when you are no longer a client.
- 10.2 You agree that we or any person to whom your information is properly disclosed (including companies within the Victoria Capital Group and third parties) may disclose Confidential Information:
- (a) to any other companies which are at the time of disclosure in the Victoria Capital Group;
- (b) to third parties who provide services to us or to other companies in the Victoria Capital Group or that act as our (or such companies') agents (or prospective third-party service providers or prospective agents). Such service providers and/or agents may also disclose such information to their service providers or agents;
- (c) to third parties in connection with a potential or actual reorganisation (including investment), amalgamation, merger, or transfer or sale of all or part of our business, including to any insurers and professional advisors, and any third parties to whom we assign, transfer or charge our interest in any financial product or service provided to you;
- (d) to any court of any relevant jurisdiction, or any relevant tribunal, mediator, arbitrator, ombudsman, taxation authority or any Regulatory Authority and any party appointed or requested by them to carry out investigations or audits of our activities;
- (e) if we or any person to whom your information is disclosed have a right or duty to disclose it or are permitted (acting reasonably) or compelled by Applicable Regulations (for example, financial institutions and payments or messaging service providers may from time to time be required to provide certain transaction information to authorities or other offices bodies, whether located in the UK or overseas, to assist in the prevention of terrorism, money laundering, tax evasion, and other crimes) or if we or any person to whom your information is disclosed wishes (acting reasonably) to share the information with other financial institutions to assist in the prevention of terrorism, money laundering, tax evasion, and other crimes;
- (f) to debt collection agencies, law enforcement agencies and/or fraud prevention agencies, trade associations and payment service providers;
- (g) to other parties involved in any disputes, including disputed transactions;
- (h) to intermediaries, correspondent and agent banks, clearing houses, clearing or settlement systems, market counterparties, brokers and any companies you hold securities in through us;
- (i) to other financial institutions, lenders and holders of security over any property you charge to us;
- (j) to any TPP which you use, as required in connection with the TPP's provision of client information or payment initiation services to you;
- (k) to guarantors (where your portfolio is backed by a guarantee), solicitors, surveyors, valuers, other lenders, conveyancers, and third party intermediaries;
- (l) to joint parties to an Agreement, trustees, beneficiaries, administrators or executors;
- (m) to our agents, auditors, and professional advisers (and those agents, auditors and professional advisers of other companies in the Victoria Capital Group) to enable them to process the information in the situations described above as a data processor on behalf of the Victoria Capital Group and/or as a data controller and to enable them to perform their obligations;
- (n) to insurers and information providers;
- (o) to any fund managers who provide asset management services to you and any brokers who introduce you to us or deal with us for you;
- (p) to anyone who provides instructions on or operates any of your portfolios, products or services on your behalf (e.g., under a power of attorney, solicitors, intermediaries, etc.); or
- (q) otherwise if you consent to such disclosure.

- 10.3 We will only disclose your Confidential Information to those persons described in Clause 10.2 for the following purposes (such persons may also disclose your Confidential Information for the same purposes):
- (a) to confirm and verify your identity and credit status in relation to your Application or Agreement and, where applicable, conduct an appropriateness assessment. This may involve the use of other companies in the Victoria Capital Group or third parties acting as our or their agents for screening against publicly available information (including law enforcement agency sanctions lists) or involve companies in the Victoria Capital Group otherwise assessing your credit risk and making credit risk decisions;
  - (b) to carry out business operational and administrative activities (including record keeping and audits) and to ensure security and business continuity;
  - (c) to carry out statistical and other analysis (including behavioural analysis);
  - (d) to comply with any Applicable Regulations and/or any voluntary code or industry best practice we reasonably decide to adopt;
  - (e) to comply with the request or requirement of any court of any relevant jurisdiction, or any relevant tribunal, mediator, arbitrator, ombudsman, taxation authority or any Regulatory Authority;
  - (f) as is reasonably necessary to trace you (for example, if the contact details you have provided to us are no longer correct), trace debtors and enforce or seek to obtain settlement of amounts owing to us due to a default under your Agreement(s) with us or with other companies in the Victoria Capital Group);
  - (g) to carry out the detection, investigation and prevention of fraud, tax evasion, money laundering, bribery, corruption, terrorist financing and other crime or malpractice and oversee and report on such detection, investigation and prevention activities over such matters by us, other companies in the Victoria Capital Group or other third parties; and
  - (h) to use in connection with any legal proceedings or regulatory action (including prospective legal proceedings/regulatory action) and for obtaining legal advice or for establishing, exercising or defending legal rights.
- 10.4 In respect of a joint agreement, we may disclose to any of the joint parties information obtained by us from any other joint party in relation to that joint agreement.
- 10.5 Neither we nor any other company in the Victoria Capital Group shall be obliged to disclose to you or take into consideration any fact, matter, finding or other information:
- (a) if this would, or might, be in breach of duty of confidence to any other person or would result in a breach of Applicable Regulations; or
  - (b) irrespective of what may or may not be known by a company in the Victoria Capital Group, which comes to the notice of an employee, officer or agent of ours or another company in the Victoria Capital Group, but has not come to the actual notice of the individual(s) through whom your relationship with us is conducted.
- 10.6 We will disclose details relating to your Agreement to the UK authorities, and such details will then be passed on to the appropriate authorities in other jurisdictions relevant to the Parties to the Agreement in accordance with bilateral and multilateral information and exchange agreements. In particular, as a financial institution situated in a jurisdiction which has adopted the Common Reporting Standard we are required to automatically pass on information and may therefore:
- (a) apply the Common Reporting Standard Due Diligence Procedures to identify financial accounts which are held by:
    - (i) one or more Reportable Persons; or
    - (ii) by certain passive entities (as defined in the Common Reporting Standard) where such entities have controlling persons (as defined in the Common Reporting Standard) that are Reportable Persons; and
  - (b) report information about the account holder(s) along with financial information about those accounts to the UK authorities, for exchange with the governmental authorities of the relevant Reportable Jurisdiction(s).
- 11 Data Protection**
- 11.1 We are a data controller in respect of your Personal Data and will process your Personal Data in accordance with Applicable Regulations.
- 11.2 We will process your Personal Data as necessary for the performance of our obligations under these Terms of Business or any other contract with you, for compliance with a legal obligation, to pursue its legitimate interests or those of a third party (subject to any overriding interests, fundamental rights and freedoms you may have) or, in limited circumstances, where you have given your consent. Your Personal Data may be transferred to those persons described in Clause 10.2 and processed for the purposes described in Clause 10.3. This may involve the transfer of Personal Data to countries outside the EEA, in which case we shall take all reasonable steps to ensure the recipient of such information keeps it safe and secure. Further information on how your Personal Data is collected, how long it is retained for, the grounds for processing, the purposes of the processing and the persons to whom your Personal Data may be transferred can be found in our Privacy Notice which is available on our website at <https://www.victoriaprivateinvestment.com/privacy-policy/>.
- 11.3 Under UK data protection legislation, you have the following rights (some of which are subject to certain conditions or circumstances):
- (a) to receive a copy of your Personal Data held by us upon written request;
  - (b) to require us to correct any inaccuracies in the information we hold about you;
  - (c) to require us to assist you to move, copy or transfer your Personal Data;
  - (d) to require us to erase your Personal Data;
  - (e) to require us to block the processing of your Personal Data; and
  - (f) to object to the processing of your Personal Data.
- 11.4 You also have the right to ask us not to process your Personal Data for marketing purposes. The exercise of some of these rights may result in us no longer being able to provide a product or service to you. Please contact us if you wish to exercise these rights. To request a copy of your Personal Data, please write to The Data Protection Officer, Victoria Capital (UK) Limited, PO Box 877, Haywards Heath RH16 9QR. You also have the right to complain to the Information Commissioner's Office by writing to the Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF. Further information on the exercise of your rights can be found in our Privacy Notice which is available on our website at

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<https://www.victoriaprivateinvestment.com/privacy-policy/>.

## **12 Recording and Monitoring of Telephone Calls**

- 12.1 We will record all telephone conversations and communications (as well as other communications regardless of their form) that take place between us and clients which involve investment services or activities and that result or may result in the provision by us of client order services. For more details please refer to Clause 16 of the Investment Services Terms.
- 12.2 All telephone recordings and other records will remain our property and may be used to help resolve any disagreements between you and us, and to enable us to comply with our obligations under Applicable Regulations. By accepting these Terms of Business, you consent to the monitoring and recording of the communications referred to in this Clause 12.
- 12.3 All information collected from monitoring and recording under this Clause 12 constituting your Personal Data shall be processed by us in accordance with Clause 11 and as may be further detailed in our Privacy Notice.

## **13 Assignment**

- 13.1 These Terms of Business shall be for the benefit of, and binding upon, us and our respective successors and assigns. We may assign or otherwise transfer our rights, benefits and/or obligations under and in connection with the Agreement at any time to another suitably authorised and/or regulated person. You shall not assign, charge or otherwise transfer or purport to assign, charge and/or otherwise transfer your rights and/or obligations under these Terms of Business or any interest therein.

## **14 Amalgamation and Merger**

- 14.1 These Terms of Business will remain in effect and be binding on you notwithstanding any amalgamation or merger that may be effected by us with any other company and notwithstanding any reconstruction involving the sale or transfer of the whole or any part of our undertaking and assets to a third party (whether or not a member of the Victoria Capital Group), it being your intent that these Terms of Business will remain valid and effective in all respects in favour of, against and with reference to any such party as if such company had been named in these Terms of Business instead of or in addition to us.

## **15 Instructions**

- 15.1 You may give us instructions in writing, by email or other electronic means, or orally (including by telephone) unless we tell you that instructions can only be given in a particular way (e.g., where two signatories are required to authorise an instruction). If instructions are not provided in the specified manner, we may not act upon your instructions or your instructions may be delayed pending proper instruction and we are not liable to you for any loss caused for not acting on your instructions or further delay.
- 15.2 If you give instructions by telephone, your conversation will be recorded. If any instructions are received by us by telephone, computer or other medium we may ask you to confirm such instructions in writing or another medium acceptable to us. We shall be authorised to follow instructions notwithstanding your failure to confirm them in writing or in that other medium. We will, at our discretion and in such manner as determined by us, provide acknowledgement of such instructions.

- 15.3 We shall only accept instructions if the instructions are received from you or from any person whom you have previously advised us has authority to give instructions on your behalf. We will not be liable to you if we act in accordance with your instructions to us in the mandate.
- 15.4 We shall be entitled to act for you upon, and you authorise us to rely on, and treat as fully authorised and binding on you, any order, instructions, or communication given (by whatever means) or purporting to be given by you or any person authorised on your behalf without further enquiry as to the genuineness, authority or identity of the person giving or purporting to give such instructions. You will be responsible for and bound by all obligations, costs and expenses properly entered into or assumed by us on your behalf in consequence of or in connection with such orders, instructions or communications.
- 15.5 In consideration for us agreeing to accept such instructions as are given by, or are purported to be given by, any person authorised to give instructions, you undertake and agree:
- (a) to reimburse us in respect of all actions, proceedings or losses that we may suffer or sustain by reason of having accepted or refusing to accept such instructions;
- (b) on demand to provide funds to meet all payments under such instructions.
- 15.6 Once given, instructions may only be withdrawn or amended with our consent.
- 15.7 We may refuse to carry out an instruction which we reasonably consider to be ambiguous, suspicious, unclear, in conflict with another instructions, impossible to effect, or unlawful without giving any reason or being liable for any Loss that may be occasioned thereby. Furthermore, we may delay the carrying out of an instruction in order to allow us to perform all necessary checks that we consider relevant and/or needed in the circumstances, including (without limitation) internal, legal or regulatory checks.
- 15.8 Without prejudice to our right to refuse instructions, we may delay or defer acting on an instruction or refuse to provide you with services pursuant to these Terms of Business, where we consider that there is a risk of suspicious activity, criminal conduct, money laundering and/or a breach of our sanctions obligations without giving any reason or being liable for any Loss that may be occasioned thereby.
- 15.9 We shall notify you, unless it is unlawful to do so, of our refusal to carry out your instruction or to provide you with services under these Terms of Business and inform you of the reasons for such a refusal (if possible). We shall also notify you of the procedures for rectifying any factual errors that may have led to the refusal. Where our refusal is reasonably justified we may charge you for such a notification.
- 15.10 If we believe that an instruction may not be validly authorised by you, we may take steps to reverse any action taken on the basis of such instruction after making reasonable efforts to verify the authority for such instruction and we shall not be liable to you for any Loss to you resulting from any such reversal.
- 15.11 We reserve the right to request that cleared funds or legal documents of holding (e.g., a share certificate) be provided by you, at any time before an initial or subsequent deal is transacted. This may sometimes mean that you cannot deal immediately.
- 15.12 Nothing in these Terms of Business shall oblige us to provide you with services that may contravene

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these Terms of Business and/or any Applicable Regulations.

## **16 Sanctions**

16.1 You (whether acting as principal or agent or through your duly appointed legal representative) represent and warrant to us:

- (a) that the following are not subject to Sanctions:
  - (i) you;
  - (ii) your country or jurisdiction of residence (if you are an individual);
  - (iii) to the extent relevant, any individual or company or other legal entity which (whether directly or indirectly) owns or controls you ("Owner/Controller");
  - (iv) to the extent that you are acting as an agent, the principal;
  - (v) to the extent relevant, the principal's country or jurisdiction of residence (if an individual);
  - (vi) to the extent relevant, the Owner/Controller of the principal; and
  - (vii) to the extent relevant, any country or jurisdiction in which you are and/or the principal is incorporated, organised or registered.
- (b) that you will not and will not cause others to:
  - (i) pay or transfer to or deposit with us any money; or
  - (ii) place, custody or hold with us any financial instruments or other assets;of a country or jurisdiction that is subject to Sanctions, which result from activities under Sanctions or which are linked (whether directly or indirectly) to an individual, company or other legal entity that is subject to Sanctions; and
- (c) that, to the extent you are a company or other legal entity, you will inform the Owner/Controller of the provisions of this Clause 16.

16.2 You (or, where applicable, your duly appointed legal representative) must inform us immediately if any of the above representations and warranties cease to be true at any time during the term of the Agreement.

16.3 In the event that you or, to the extent relevant, the principal or Owner/Controller become(s) subject to Sanctions, engages in activities under Sanctions or engages with an individual, company or other legal entity that is subject to Sanctions (a "Sanctions Event"), we shall be entitled at our absolute discretion and immediately to:

- (a) cease carrying out or suspend the provision to you of any and/or all services and/or facilities under the Agreement; and/or
- (b) terminate the Agreement or the provision to you of any and/or all services and/or facilities under the Agreement.

## **17 Contacting Each Other**

17.1 Unless otherwise stated in these Terms of Business, you can contact us:

- (a) by telephone on +44 (0)20 7734 2007 between the hours of 9.00 a.m. and 5.00 p.m. on Business Days;
- (b) by writing to us at Victoria Private Investment Office Limited, PO Box 877, Haywards Heath RH16 9QR; or
- (c) by any other method we approve from time to time.

17.2 We may contact you using any contact details we hold for you. You must inform us of any changes to

these details in accordance with Clause 9.1 of the General Terms. We will not be responsible if we are unable to contact you or if you do not receive a communication because we do not have your up-to-date details.

17.3 You acknowledge and accept that any means of communication (including email, telephone, post or SMS) may not be secure or reliable and that, if you choose to communicate with us, or request us to communicate with you, it shall be at your own risk and you accept that these communications may not be received or actioned in a timely manner and that there is a risk of technical malfunction, viruses, unauthorised interference, mis-delivery or delay of communications.

## **18 Notices**

18.1 Any notice required to be given under these Terms of Business shall be in writing and in the English language. We shall send any notice addressed to you to the correspondence address(es) or email address which you have advised us of in your Application or your address last known to us.

18.2 You must send any notice to us by pre-paid first-class post to Victoria Private Investment Office Limited, PO Box 877, Haywards Heath RH16 9QR.

18.3 Unless otherwise stated in these Terms of Business, any notice sent by post in accordance with this Clause shall be deemed to have been served 48 hours after dispatch, if within the UK, or seven days after dispatch if outside the UK. Any notice sent by email shall be deemed to have been served at the time of dispatch and any notice delivered by hand shall be deemed to have been served at the time of delivery.

18.4 In proving the service of any notice, it will be sufficient to show, in the case of a letter, that such letter was properly stamped, addressed and placed in the post and, in the case of an email, that such notice was duly dispatched to a current email address of the addressee.

## **19 Force Majeure**

19.1 Save as expressly provided in these Terms of Business, we shall not be liable to you for any Losses you may suffer or for any failure to perform any of our obligations under these Terms of Business by reason of any cause beyond our reasonable control, or due to abnormal and unforeseeable circumstances, the consequences of which would have been unavoidable despite our reasonable efforts or those of our agents or subcontractors to the contrary, including without limitation:

- (a) the outbreak of war or hostilities or any other international calamity or political crisis, or any act of terrorism;
- (b) any earthquake, hurricane, typhoon, flood or other natural disaster;
- (c) industrial action, acts and regulations of any governmental or supranational bodies or authorities;
- (d) any failure of any power supplies;
- (e) any breakdown, malfunction or failure of transmission, communications or computer facilities;
- (f) any regulatory ban on our activities;
- (g) the suspension of trading on a securities or investment exchange or the fixing of minimum or maximum prices for trading on securities;
- (h) a banking moratorium having been declared by legal edict or by the appropriate Regulatory Authorities; or

- (i) the failure of any relevant intermediate broker, agent of ours, appointed provider, custodian, Sub-Custodian (unless they are an affiliate of ours), dealer, exchange, clearing house or regulatory or self-regulatory organisation, for any reason, to perform its obligations.
- 19.2 We will try to give you written notice as soon as practicable containing full particulars of event(s) which put the due performance of any of our obligations to you beyond our control but shall not be responsible for any failure for any reason to inform you promptly or at all. We will take reasonable steps to resume our normal service as soon as practicable after such an event occurs.
- 20 Third-Party Rights**
- 20.1 Unless specifically stated otherwise, no third party will have any rights under these Terms of Business.
- 21 FATCA**
- 21.1 This Clause 21 shall apply to you if you hold (or may hold in the future) investments in U.S. securities. Investors in U.S. securities are required to confirm their tax status by completing the relevant U.S. Internal Revenue Service form.
- 21.2 You agree to fulfil all obligations regarding the FATCA legislation, and shall promptly notify us if you are, or become, a non-participating foreign financial institution. If, in our opinion (acting reasonably), you would, or might, be classified as a non-participating foreign financial institution, we reserve the right to immediately sell the assets the income/payments of which give rise (or could give rise) to FATCA withholding. Payments income that could be subject to FATCA withholding includes (without limitation):
- (a) US source interest (including any original issue discount);
- (b) US source periodic payments on swaps/notional principal contracts;
- (c) US source dividends;
- (d) US source dividend equivalent payments;
- (e) US source rents;
- (f) US source salaries, compensation, remuneration, emoluments and wages;
- (g) US source premiums;
- (h) US source annuities;
- (i) other US source fixed or determinable annual or periodic gains, profits and income; and
- (j) payments on grandfathered obligations, on certain short-term obligations, effectively connected income, ordinary course of business payments.
- 21.3 We shall not be liable for any Loss or liability incurred as a result of taking any action under this Clause 21.
- 22 Events of Default**
- 22.1 If at any time:
- (a) you fail to pay any sum when due or fail to take such steps as may be necessary to secure the due and prompt execution and settlement of any transactions entered into under these Terms of Business;
- (b) you fail to observe or perform any obligation or undertakings under these Terms of Business or entered into pursuant to them, or if any of the representations, warranties or undertakings made or given or deemed made or given by you under these Terms of Business prove to be incorrect, false or misleading in any respect;
- (c) you die or become of unsound mind;
- (d) you present or have a petition for a bankruptcy order or interim order presented against you or become bankrupt or insolvent or you stop or suspend any payment or delivery or transfer;
- (e) a person or entity with a legal claim or right against your property or assets takes possession of, or an administrator, administrative receiver, or other receiver, trustee or similar officer is appointed in respect of, the whole or any part of your possessions, property or other assets or a distress or any form of execution, attachment or garnishment is levied or enforced upon or sued out against any such assets and is not discharged within seven days of being levied, enforced upon or sued out, or any mortgage, charge, lien or other security which may for the time being affect any of your assets becomes enforceable or exercisable;
- (f) you become unable to pay your debts as they fall due, or any of your indebtedness or obligation for the repayment of borrowed monies is not paid on the due date, or becomes capable at any time of being declared due and payable under agreements or instruments evidencing such indebtedness before it would otherwise have been due and payable;
- (g) you commence a procedure or a procedure is commenced against you seeking or proposing a reorganisation, arrangement or composition, freeze or moratorium or other similar relief with respect to you or your debts under any bankruptcy, insolvency, regulatory, supervisory or similar law;
- (h) you change the nature or materially reduce the scope of your business, suspend or take any action indicating a positive intention to suspend a substantial part of any present business operation which you now conduct, directly or indirectly, or any event occurs indicating a positive intention by anyone to expropriate all or part of your assets;
- (i) we consider it necessary or desirable to prevent what we consider is or might be a violation of any Applicable Regulation or good standard of market practice; or
- (j) we consider it necessary or desirable for our own protection or any action is taken or event occurs which we consider might have a material adverse effect upon your ability to perform your obligations under these Terms of Business;
- and we serve notice on you (or, where applicable, on your duly appointed personal representatives) to that effect, and Event of Default under these Terms of Business will be regarded as having occurred.
- 23 Responsibility for Losses**
- 23.1 Except as otherwise set out in these Terms of Business, we and our directors, officers, employees or agents shall not be responsible to you for any Losses incurred or suffered by you under these Terms of Business except for any Loss caused directly by our fraud, gross negligence or wilful default. In no circumstances shall we have any liability for consequential or special damage. Nothing in these Terms of Business will limit our responsibility if it is prohibited under Applicable Regulations; in particular, our responsibility for death or personal injury resulting from our negligence will not be limited.
- 23.2 Subject to Applicable Regulations, and except as otherwise set out in these Terms of Business, you will reimburse us and our directors, officers, employees and agents for all Losses which we may incur or be subjected to in connection with our services under these Terms of Business or as a result of any failure by you to comply with your obligations under these Terms of Business, save to

- the extent that such Losses arise as a direct result of our fraud, gross negligence or wilful default.
- 23.3 The terms of this Clause shall survive termination of the services provided under these Terms of Business.

## **24 Rights and Remedies and Invalid Terms**

- 24.1 The rights and remedies provided under these Terms of Business are in addition to those provided by law. We shall be under no obligation to exercise any right or remedy either at all or in a manner or at a time beneficial to you.
- 24.2 We may occasionally allow you extra time to comply with your obligations or decide not to exercise some or all of our rights. However, we can still insist on the strict application of these Terms of Business at a later date or on any other occasion.
- 24.3 If any term or condition contained in these Terms of Business (or any part of them) is unenforceable in any way, the validity of the remaining terms will not be in any way affected. We believe that these Terms of Business are fair and reasonable. If any of them (or any part of them) is invalid because it is unfair or for another reason, we can treat the relevant term or condition as changed so as to make it fair and valid.
- 24.4 If any term or condition contained in these Terms of Business is unenforceable against any party or parties to the Agreement, the enforceability of the relevant term or condition against the other parties will not be in any way affected.

## **25 Termination**

- 25.1 Except where differently specified elsewhere in these Terms of Business or unless otherwise agreed in writing with you:
- (a) we may terminate our relationship with you or terminate all or any part of the services or facilities provided to you under these Terms of Business, by giving at least two months' notice in writing; or immediately upon the occurrence of a Sanctions Event under Clause 16 of these General Terms, or of an Event of Default under Clause 22 of these General Terms; and
- (b) you may terminate your relationship with us or terminate any part of the services or facilities provided to you under these Terms of Business by giving us written notice to take effect on receipt by us. We may require written confirmation from all parties to an Agreement before acting on such instructions.
- 25.2 You shall be liable for all charges (including all fees, costs, expenses, taxes and any other liabilities) incurred in accordance with these Terms of Business up to the date of termination of the services or facilities provided under these Terms of Business.
- 25.3 Where, on termination, we hold any assets belonging to you either in custody or as collateral we shall return such assets to you or to a third party pursuant to your instructions provided that you do not have any further obligations to us.
- 25.4 Terminating the relationship or any part of the services or facilities shall not affect any liability in respect of things done or not done before such termination.

## **26 Complaints**

- 26.1 If you have a complaint about any of our services, please telephone us on (020) 7734 2007. Alternatively, you may write to us at Victoria Private Investment Office Limited, PO Box 877, Haywards Heath RH16 9QR.

- 26.2 We will promptly acknowledge receipt of your complaint by letter and we will endeavour to resolve your complaint as quickly as possible. Our letter will include a full copy of our internal complaints handling procedures. At the end of the process, we will send you a final response letter setting out how we propose to resolve the complaint and any applicable remedy or a summary resolution communication if your complaint is resolved within three Business Days.

- 26.3 If for any reason you are not satisfied with our response to your complaint, you may be able to refer the matter to the Financial Ombudsman Service under which certain disputes may be resolved quickly and with minimum formality by an independent person. A leaflet detailing this procedure will be provided with our final response. For further information about the Financial Ombudsman Service please refer to the Financial Ombudsman Service website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

## **27 Financial Services Compensation Scheme**

- 27.1 We are covered by the UK Financial Services Compensation Scheme ("FSCS"). The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme.
- 27.2 In respect of deposits, an eligible depositor is entitled to claim up to £85,000 per person per bank. 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, the maximum amount that could be claimed would be £85,000 each (making a total of £170,000). The £85,000 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.
- 27.3 In relation to investment services the limit is £50,000 per person per bank. Compensation will be payable, however, only in circumstances where we have been in default of our obligations to you. It will not be available merely because your investments have not performed as well as you had expected unless we are somehow at fault.
- 27.4 For further information about the schemes (including the amounts covered and eligibility to claim) please contact us or refer to the FSCS website: [www.fscs.org.uk](http://www.fscs.org.uk).

## **28 Tax, Accounting and Legal**

- 28.1 Any services and investments referred to may have tax consequences and it is important to bear in mind that neither Victoria Private Investment Office nor any member of the Victoria Capital Group provides tax, legal or accounting advice. In addition, materials and information provided by us are not intended to provide, and should not be relied on for, tax, accounting or legal advice.

## **29 Your Obligations and Responsibilities in Relation to Tax Matters**

- 29.1 It is your responsibility to consult your own tax advisors and experts to determine the reporting obligations to which you are subject and to fulfil your tax obligations in relation to your assets.
- 29.2 You undertake to comply with all tax laws and regulations of the jurisdictions to which you are subject.
- 29.3 You confirm that you have been informed by us that any failure on your part to comply with your tax obligations could expose you to financial penalties or criminal proceedings, depending on the laws and regulations to which you are subject.

29.4 We will not be held liable or responsible for any failure on your part to fully or partially honour your tax obligations in your country of residence or towards any country that would consider you as tax resident or subject to tax-related obligations. You will reimburse us for any Loss or harm that we may suffer as a result of your failure to comply with the obligations and guarantees you have given in this Clause or which may result from your failure to comply with your tax obligations, or which may result from any enquiry into such obligations.

29.5 Further, unless expressly agreed between us, you agree that we shall not be required to participate in or be joined to any litigation, disputes or otherwise, on your behalf involving third parties as a result of your failure to comply with the obligations and guarantees you have given in this Clause or which may result from your failure to comply with your tax obligations or which may result from any enquiry into such obligations and that you undertake to reimburse us for any Loss or harm we may suffer as a result of any breach of any of your obligations under this Clause.

29.6 Victoria Private Investment Office expressly draws your attention to the fact that, under the international treaties and agreements which are effective in the UK, as well as under applicable tax regulations, your identity and other information held by us in relation to your Agreement may be transmitted to the UK authorities, who may transmit this to government authorities abroad. Victoria Private Investment Office takes no responsibility for any harm or Loss that you may suffer as a consequence of your legal or tax status, or of any failure on your part to comply with your obligations in this regard or as a consequence of any enquiry into your obligations, or as a consequence of Victoria Private Investment Office fulfilling any reporting obligations.

29.7 In those cases where you are affected by any provisions (including any international treaty or agreement) imposing a withholding tax, it is your responsibility to provide us with all necessary information, which you represent and warrant to be true, accurate and complete. We will apply withholding taxes where required by law. Where applicable, Victoria Private Investment Office will apply withholding taxes at reduced rates based on the information provided by you. If you have not provided us with the appropriate information, we will be obliged to apply the withholding tax at statutory rates on any relevant payments. To determine what amounts are subject to withholding tax, Victoria Private Investment Office relies on information supplied in particular by you, as well as by approved data providers.

29.8 If you are not the beneficial owner of the assets relating to the Agreement, it is your responsibility to inform the beneficial owner of its obligations and responsibilities and of the warnings contained in this Clause.

### **30 Deceased Clients**

30.1 In the event of your death we will require a certified copy of your death certificate and your estate must provide us with such information and/or documents as we may reasonably request to confirm the appointment of your personal representatives.

30.2 You agree that, in the event of your death and subject to any rights of survivorship of a joint Agreement, upon receipt of notice of your death, we will:

- (a) suspend your Agreement and services; and
- (b) cease to manage any discretionary managed portfolios;

which you may hold with us at the date of death until such time as we receive satisfactory evidence of a grant of probate or letters of administration (where required by law) and enter into a new agreement with or are instructed otherwise by your properly appointed executor(s), or similar.

30.3 We may, prior to the grant of probate, in our absolute discretion and subject to such appropriate documentation that provides for the reimbursement of any Losses we may suffer in relation to the below and any other document we may require being provided by your personal representatives, consider any or more of the following:

- (a) applying cash balances and investments in a portfolio towards the settlement of funeral charges, inheritance tax and/or other related expenses; and/or
- (b) a request from your executor(s) to sell specified assets.

### **31 Applicable Law**

31.1 These Terms of Business and the Agreement and any non-contractual obligations arising from or in connection with them and our relationship shall be governed by English law.

31.2 The parties irrevocably agree that the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with these Terms of Business and the Agreement. Each party agrees to waive any objection to the jurisdiction of the English courts, whether on the grounds of venue or that the forum is not appropriate.

31.3 A transaction which is subject to the rules of a stock or investment exchange shall be governed by the law applicable to it under those rules.

### **32 Co-operation for Proceedings**

32.1 If any action or proceeding is brought by or against us in relation to these Terms of Business or arising out of any act or omission by us required or permitted under these Terms of Business, you agree to co-operate with us to the fullest extent possible in the defence or prosecution of such action or proceeding.

### **33 Signing of Documents**

33.1 Your Application and any separate engagement letter together with these Terms of Business may be executed in any number of counterparts, all of which, taken together, will constitute one and the same agreement and any party may enter into that agreement by executing a counterpart.

### **34 Key Words and Expressions**

**Applicable Regulations** means: (a) the FCA Rules or any other rules of a relevant Regulatory Authority; (b) the rules, regulations and codes of practice of any relevant stock or investment exchange, market, clearing house or settlement system; (c) all statutory and other requirements relating to money laundering and terrorist financing, including the Proceeds of Crime Act 2002 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as amended or replaced from time to time; (d) the Joint Money Laundering Steering Group guidance; (e) the Consumer Credit Act 1974 and all secondary legislation made under it or in relation to it (as amended or replaced from time to time); and (f) in relation to each company in the Victoria Capital Group, all and any applicable laws, rules, regulations and codes of practice of government authorities and Regulatory Authorities as are in force from time to time;

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**Application** means the documents submitted by you or on your behalf as part of your application for one or more services or facilities to be provided by us;

**Business Day** means any day except Saturdays, Sundays and public holidays in England and Wales;

**Collateral** means (a) all your investments held in safe custody pursuant to these Terms of Business with us or with a Sub-Custodian or held to their order or under their direction or control or that of a stock or investment exchange or otherwise standing to the credit of your account under these Terms of Business or otherwise held by us or a Sub-Custodian on your behalf; and (b) all your money derived from the investments in (a) (e.g. dividends, disinvestment proceeds, etc.) held by us pursuant to these Terms of Business, but excludes any ISA held by you with us;

**Collective Investment Scheme** means, broadly, any arrangements with respect to property (including cash), the purpose or effect of which is to enable the participants in the arrangements (whether by becoming owners of the property or any part of it or otherwise) to participate in or receive profits or income arising from the acquisition, holding, managements or disposal of the property or sums paid out of such profits or income;

**Common Reporting Standard** means the Standard for Automatic Exchange of Financial Account Information set forth by the Organisation for Economic Co-operation and Development;

**Common Reporting Standard Due Diligence Procedures** means steps we take to meet our obligations under the International Tax Compliance Regulations 2015;

**Confidential Information** means your Personal Data, as well as all other information we hold about you, your Agreement, any Applications, your cash, investments and/or other assets we or others may hold on your behalf from time to time;

**EEA** means European Economic Area;

**Event of Default** means any of the events set out in Clause 22 of these General Terms;

**FATCA** means: (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations; (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or (c) any agreement pursuant to the implementation of any treaty law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

**FCA** means the Financial Conduct Authority or any successor authority;

**FCA Rules** means the FCA's Handbook and such other standards as the FCA may require us to comply with;

**General Terms** means the terms and conditions set out in this document (not including any Schedules);

**Investment Service(s)** means the investment services provided by Victoria Private Investment

Office as set out in Clauses 2 to 5 of the Investment Services Terms;

**Legal Entity or Structure** means, broadly, an entity or structure such as a trust (but not a bare trust), company (public or private), pension fund (but not a self-invested personal pension), charity or unincorporated body which is eligible for an LEI;

**LEI** means "Legal Entity Identifier", being a unique 20-digit alpha-numeric code allocated by an LEI-issuing organisation (such as the LSE) to a Legal Entity or Structure, which serves to identify that entity or structure for transaction reporting purposes under Applicable Regulations;

**Losses or Loss** means losses, claims, liabilities, damages, costs, expenses, taxes, imposts and levies, whether direct or indirect, howsoever arising or caused;

**LSE** means the London Stock Exchange;

**Personal Data** means any information relating to an identified or identifiable natural person ('data subject'); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person;

**Sub-Custodian** means any custodian appointed by us;

**Terms of Business** means these General Terms together with any Schedules (as amended and supplemented from time to time) and any other terms we may provide you;

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## Schedule: Investment Services and Wealth Planning

### 1 These Terms

- 1.1 These Investment Services Terms apply to any investment account that we open or hold for you, and to any investment service that we provide to you. The terms in this Schedule are set out in four parts and cover the following:

Part A: The various services that we provide to you under this Schedule (Clauses 2-21);

Part B: Your assets and money and how we hold them for you (Clauses 22-23);

Part C: Additional product and service terms (Clauses 24 and 25); and

Annex: Risk warnings regarding the different investments that may be traded under this Schedule.

### Part A: The Services

#### 2 Services

- 2.1 Where your application for services is accepted and approved by us, we will provide the services specified in your completed Application, any agreement or engagement letter or as otherwise agreed between us. Depending on which service you select or have selected, the terms in Clauses 3 to 23 below and/or Clauses 24 or 25 will apply. Please see the Annex for details of the types of financial instruments that may be included in a portfolio, and the key risks associated with them and with investing generally.
- 2.2 Please note that we provide or offer restricted (or non-independent) investment advice. Our advice will be based on a limited analysis of different types of investments. For details of the range of financial instruments on which we advise, please speak to your Relationship Manager.

#### 3 Discretionary Portfolio Management Service

- 3.1 Subject to any written instructions from you and the information set out in your Application, including your investment objectives and any restrictions, we shall have full authority at our sole and unfettered discretion, without prior reference to you and at such times as we shall think fit, to manage, buy, sell, convert or otherwise deal in investments of any nature and generally to enter into any kind of transaction or arrangement on your behalf provided it is suitable for you. This may include using derivatives where appropriate, usually only for hedging purposes.
- 3.2 In order to enable you to assess the performance of the portfolio that we manage for you, we will agree with you on an appropriate benchmark for evaluating your portfolio before we provide you with investment management services. We use a range of benchmarks reflecting your investment objectives, different risk levels and types of investments. Where we provide you with a discretionary portfolio management service, we do not advise on the taxation consequences of particular transactions or in general.
- 3.3 If you have indicated in your Application that you are a person who discharges managerial responsibilities within an entity whose securities are admitted to trading on a regulated market, we will not manage, buy, sell, convert or otherwise deal in securities of that entity for your account.
- 3.4 You agree to inform us in writing as soon as possible if you become a person who exercises such managerial responsibilities within this type of an entity, and securities in that entity will be excluded

from the mandate and transferred to a separate non-discretionary managed portfolio to be managed by you. If you do not inform us, you agree that we will not be responsible for any consequences resulting from investment by us in securities of that entity.

- 3.5 You will be discharging managerial responsibilities within an issuer if you are: (a) a member of the administrative, management or supervisory body of that entity; or (b) a senior executive who is not a member of the bodies in (a), but who has regular access to inside information relating directly or indirectly to that entity and who has the power to take managerial decisions affecting the future developments and business prospects of that entity.

#### 4 Investment Advisory Services

- 4.1 The investment advisory service is designed for clients who are seeking a collaborative approach to the management of their investments. A dedicated investment advisor will assist you in making your investment decisions and defining your asset allocation, based on your objectives, financial circumstances, attitude to risk and chosen investment strategy. You will receive regular recommendations from your dedicated advisor, who will have assessed those recommendations as suitable, but the decision to invest will be yours. Your portfolio will be monitored and reviewed on a frequent basis.
- 4.2 Where we provide you with investment advisory services, we do not advise on the taxation consequences of particular transactions or in general.
- 4.3 On each occasion when providing investment advice or a recommendation to you we shall, before any transaction is entered into, provide you (where applicable) with a suitability report outlining the advice given, how our recommendation is suitable for you and how it meets your objectives and personal circumstances with reference to the investment term required, your knowledge and experience as well as your attitude to risk and capacity for loss. Our report will also include information on whether the recommended service or product is likely to require you to seek a periodic review of your arrangements.
- 4.4 Where required by Applicable Regulations, we shall provide you with a KID or KIID, or a web link to access the relevant KID or KIID, when we are advising on or selling a PRIIPs or UCITS product respectively.
- 4.5 In those situations where, following our investment advice or a recommendation, you wish to conclude the purchase of a product with us using a means of distance communication (e.g. telephone or email) and it is not possible to provide the KID or KIID and/or the suitability report to you before entering into the transaction, we may offer you the following:
- (a) the option to conclude the transaction without prior delivery of the relevant document(s) on the basis that we will provide you with, and you consent to receiving, such document(s) without undue delay after the transaction is concluded; or
  - (b) the option to delay the transaction in order to receive the relevant document(s) in advance.

#### 5 Suitability Assessments

- 5.1 Before we make available a portfolio management service or investment advisory services to you, we will conduct a suitability assessment relevant to the specific type of product or service to be provided or requested, your financial situation and your investment objectives where required to do so by the FCA rules. This assessment enables us to act in your best interests by ensuring that the products or

- services we recommend are suitable for you and, in particular, are in accordance with your investment objectives, your attitude to risk and ability to bear losses and are such that you have the necessary experience and knowledge to understand the risks involved in the management of your portfolio (including the types of financial instruments in the portfolio to be managed) or the transaction.
- 5.2 When conducting the assessment, we may ask you for and will take into account certain information, including the following, to the extent appropriate to your client classification, the nature and extent of the service to be provided and the type of product or transaction envisaged:
- (a) the types of service, transaction and financial instrument with which you are familiar;
  - (b) the nature, volume and frequency of your transactions in financial instruments and the period over which they have been carried out;
  - (c) your level of education, and your profession or relevant former profession;
  - (d) your financial situation (including, where relevant, the source and extent of your regular income, your assets and regular financial commitments); and
  - (e) your investment objectives (including, where relevant, information on the length of time for which you wish to hold the investment, your preferences regarding risk taking, your risk profile and the purposes of the investment).
- 5.3 The assessment information will be collected by us through your Application or subsequent reviews and other communications between us.
- 5.4 Where you are a Professional client we will be entitled to assume that you have the necessary experience and knowledge in order to understand the risks involved in relation to the particular investment service, product or transaction, for which you are classified as a Professional client.
- 5.5 As we rely on the information you provide to us, it is important that you ensure such information is accurate, up to date and complete. You must inform us immediately of any change to that information. We may ask you for documentary evidence of any such change. If you do not provide us with the information about your circumstances and investment objectives, the lack of such information may adversely affect the services that we will be able to provide to you.
- 5.6 We will inform you if we assess the service, product or transaction as potentially unsuitable for you or where you have not provided us with sufficient information to enable us to undertake a suitability assessment, in which case we will not make a recommendation to you or take a decision to trade for you. In such event you may still ask us to provide you with another service, and we will decide such request on a case-by-case basis. If we accept your request, it will be with your understanding that we will treat the requested service as separate from the service or advice we previously gave or were asked to give you (if any) and that the transaction may not be suitable for you.
- 5.7 Where we provide you with a portfolio management service or where the recommended service or product involves a periodic review of your arrangements with us, we will review at least annually the suitability of the recommendations given and any changes in your circumstances.
- 5.8 Notwithstanding any of the above clauses, the responsibility to undertake the suitability assessments remains ours.

## **6 Joint Agreements and Nominated Persons**

- 6.1 Subject to Clause 6.2, we will take into account the financial situation, investment objectives, knowledge and experience of the joint client with the lowest level of knowledge and experience when conducting a suitability assessment for the purpose of Clause 5, even where an individual joint client is authorised to represent one or more of those joint clients in his/her or their investment dealings with us.
- 6.2 If agreed between us, a client or one or more joint clients ("underlying client(s)") may nominate an individual ("nominated person") to represent the underlying client(s) in his/her or their investment dealings with us, and we will take into account the financial situation and investment objectives of all underlying clients, and the knowledge and experience of the nominated person, when conducting a suitability assessment for the purpose of Clause 5.

## **7 Incidental Information and Investment Research**

- 7.1 Where we do provide general trading recommendations, market commentary, published research reports, advertisements or other information, such information does not amount to the provision of investment advice, and we give no representation, warranty or guarantee as to their suitability or completeness or as to the tax consequences of any transaction.
- 7.2 Advice provided to other clients may be different from advice given to you due to individual analysis of fundamental and technical factors by different personnel and such advice may not be consistent with our proprietary investments, or those of our associates, directors, employees or agents.
- 7.3 We make no representations as to the time of receipt by you of such information and cannot guarantee that you will receive it at the same time as other clients although we shall always seek to minimise any timing difference in accordance with our Conflicts of Interest Policy.
- 7.4 When providing portfolio management or other investment or ancillary services to clients, we may receive investment research from third parties in return for payment from our own resources or where permitted as a minor non-monetary benefit under FCA rules.

## **8 Intermediate Brokers and Other Agents**

- 8.1 You agree that, subject to the Applicable Regulations, we may appoint any person, as agent or otherwise, to perform or exercise any of the rights, powers or obligations from time to time vested in us or to provide, on our behalf, execution, settlement, safe custody, nominee or associated services and to undertake, as your agent or otherwise, anything in connection with your affairs, on such written terms as we think fit in compliance with Applicable Regulations and the FCA Rules. We may at our entire discretion arrange for any transaction to be effected with or through the agency of an intermediate broker, who may be an associate of ours, and may not be in the UK. We will exercise reasonable care in the selection of intermediate brokers employed by us. We will only be responsible for Losses arising from the fraud, wilful default or negligence of our intermediate broker or agent. No responsibility will be accepted for intermediate brokers or agents selected by you.

## **9 Legal Entities and Structures**

- 9.1 Where you are a Legal Entity or Structure and are eligible for an LEI, we will only be able to execute a trade in financial instruments for you after you have

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obtained and supplied us with full details of your LEI. Please contact us for more information.

## **10 Charges and Payments**

- 10.1 We will charge for our investment advisory and discretionary portfolio management services in accordance with our published rates in effect at the time the costs and associated services are incurred.
- 10.2 Details of the costs and associated charges which apply to investment and ancillary services are contained in our Tariff Document. We shall provide information about the aggregate costs and charges associated with such services, with third-party services that we direct you to and with the products envisaged before we make available such services or recommend or market a financial instrument to you, typically as part of a suitability report.
- 10.3 You should be aware of the possibility that other taxes or costs may exist that are not paid through or imposed by us. All payments to us shall be made within the time period specified by us in such currency as we may from time to time specify to the bank account designated by us for such purpose. All such payments shall be made by you without any deduction or withholding. All charges including commissions and interest payments will be debited to your account and deducted from any monies held on your behalf and any interest payable to you.
- 10.4 To assist you in understanding the overall cost and cumulative effect on return of the investment, the information we provide will be based on expected costs and associated charges, or alternatively, on reasonable estimations of those costs and associated charges to be applied by us (or another firm which is involved in the processing of your investment and where we have directed you to such a firm).
- 10.5 Where we have or have had an ongoing relationship with you following our decision to recommend or market investment or ancillary services or products to you, or following our provision to you of a KID or KIID in relation to PRIIPs or UCITs product, we will send you information periodically by way of post-sale disclosure of the costs and associated charges incurred in relation to such services or products.
- 10.6 Copies of our Tariff Document are available on request from Victoria Capital (UK) Limited, PO Box 877, Haywards Heath RH16 9QR. You can also obtain further details of costs and charges by contacting us.
- 10.7 If you fail to pay us any amount when it is due, we reserve the right to charge you interest (both before and after any judgement) on any such unpaid amount. Interest will accrue on a daily basis and will be due and payable by you as a separate debt. The rate of interest applicable before any judgement is variable and is set out in our Tariff Document.
- 10.8 Unless we expressly agree with you in writing (or give you written notice) to the contrary, all payments and deliveries between us shall be made on a net basis and we shall not be obliged to deliver or make payment to you unless and until we have received from you the appropriate documents or cleared funds.

## **11 Inducements**

- 11.1 Save as provided below or where permitted by exception under Applicable Regulations, we will not accept and retain fees, commissions or any other monetary or non-monetary benefits paid or provided to us by any third party or person acting on behalf of that third party in relation to our provision of a service to you. However, we may accept and retain minor non-monetary benefits that in our reasonable opinion are capable of enhancing the quality of the portfolio management service to

you and which are not likely to impair compliance with our duty to act in your best interests.

## **12 Execution of Orders**

- 12.1 Our Order Handling Policy sets out how we handle and place your deals. By placing an order with us, you agree to us acting in accordance with this Order Handling Policy.
- 12.2 When we deal for you we rely on the services of third parties to execute your trade. The third parties we use have in place execution policies that enable us to comply with our obligations to achieve the best possible result for you. When placing an order on your behalf, we will use the Custodian of your assets to execute the trade. We will provide the Order Handling Policy of your Custodian upon request.
- 12.3 If you choose to give us specific instructions regarding the way you would like us to place your order, for example by directing us to a specific broker, we will proceed in line with that instruction, where possible. Please note that a specific instruction may prevent us from achieving the best results for you. You may be able to settle a trade, that is being arranged by a Third Party, into your Account with your Custodian. If you wish to do so, you must notify us and obtain confirmation from us that this is possible prior to placing the trade.
- 12.4 You agree that we may execute an order on your behalf outside a regulated market or a multilateral trading facility if we believe that this is necessary to achieve best execution. By agreeing to these Terms of Business, you expressly agree that we may execute transactions in this way.
- 12.5 We will consider the continued placement of orders by you to constitute your continued consent to our Order Handling Policy.

## **13 Client Limit and Stop-Loss Orders**

- 13.1 We will endeavour to meet the requirements of client limit and stop-loss orders; however, where we are unable to fill the total order you will be required to accept any partial orders we have entered into on your behalf. We do not accept any liability for any Loss, including loss of opportunity, suffered by you resulting from any failure on our part to meet the requirements of the order. Where your client limit order is in respect of shares admitted to trading on a regulated market and we are unable to execute it immediately under prevailing market conditions you confirm that we should not disclose such order into the market.
- 13.2 You should be aware that placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

## **14 Aggregating Orders**

- 14.1 We may aggregate your order with orders of other clients of ours and with orders of clients of other companies in the Victoria Capital Group. We will allocate such transactions on a fair and reasonable basis in accordance with the requirements of FCA Rules and our relevant policy. We will only combine your orders with those of other clients where it is unlikely that the aggregation will work overall to the disadvantage of any client. In individual cases, aggregation may result in you obtaining a less favourable price in relation to a particular order.

## **15 Exchange Required Terms**

- 15.1 If a stock or investment exchange (or intermediate broker or agent, acting at the direction of, or as a result of action taken by, an exchange) takes any action which affects a transaction, then we may take any action which we, at our reasonable discretion,

- consider desirable to correspond with such action or to mitigate any Loss incurred as a result of such action. Any such action shall be binding on you.
- 15.2 You will accept all normal practices of the London market and/or the market concerned regarding clearances, including, where it is the accepted practice, for partial deliveries.
- 15.3 You understand that exchanges have established exercise cut-off times for the tender of exercise instructions in relation to options and that options will become worthless in the event that you do not deliver instructions by such expiration time. You also acknowledge that we may establish exercise cut-off times which may be earlier than the exercise cut-off times established by the relevant exchange, and you shall have no claims against us arising out of the fact that an option was not exercised, save in circumstances where the option was not exercised as a direct result of our negligent failure to inform you of our own exercise cut-off time in respect of the particular option.
- 16 Records**
- 16.1 We will record and retain all telephone conversations and electronic communications as well as all other communications regardless of their form (e.g. letters or face-to-face conversations) that take place between you and us and which result or may result in the provision by us of client order services relating to the reception, transmission or execution of your orders. We shall also record information relating to our face-to-face conversations with you where relevant to client order services.
- 16.2 We will retain the recordings of such telephone conversations as well as records of such electronic and other communications for a period of five years or, where requested by the FCA, for a period of up to seven years from the date of their creation. A copy of those recordings or records will be available to the FCA and to you on request during the relevant retention period.
- 17 Reporting**
- Investment Advisory Service
- 17.1 Unless otherwise agreed between us and except in relation to discretionary portfolio management services, we will account to you in respect of transactions executed by us on your behalf and in respect of your portfolio. In respect of every transaction executed by us on your behalf, we will despatch to you, no later than the Business Day following the day the transaction was executed or, if provided to us by a third party, no later than the Business Day following receipt, a contract note confirming, among other things, the name of the investment purchased or sold, the date of execution and settlement, contract price, commission charges and expenses and the total transaction cost.
- 17.2 Such confirmation shall, in the absence of manifest error, be conclusive and binding on you unless we receive from you objection in writing within five Business Days of dispatch to you or we notify you or we notify you of an error in the confirmation within the same period.
- 17.3 If requested, we shall provide you with information about the status of your transaction.
- 17.4 If your portfolio with us includes positions in leveraged financial instruments or contingent liability transactions and the initial value of each instrument depreciates by 10% (or more) and thereafter at multiples of 10% (or more), we will, unless otherwise agreed, report this to you no later than the end of the Business Day in which the threshold is exceeded or, if the threshold is exceeded on a day which is not a Business Day, then no later than the end of the next Business Day.
- Portfolio Management Service
- 17.5 Where we provide you with a discretionary or non-discretionary portfolio management service, periodic statements setting out the portfolio management activities, value and composition of your portfolio as well as other required information will be provided to you on a quarterly basis or on such other basis as may be agreed between us.
- 17.6 If, during the course of providing you with a portfolio management service:
- (a) the overall value of your portfolio (as evaluated at the beginning of each quarterly reporting period) depreciates by 10% (or more) and thereafter at multiples of 10% (or more); or
- (b) unless otherwise agreed, your portfolio with us includes positions in leveraged financial instruments or contingent liability transactions and the initial value of each instrument depreciates by 10% (or more) and thereafter at multiples of 10% (or more);
- we will report this to you no later than the end of the Business Day in which the threshold is exceeded or, if the threshold is exceeded on a day which is not a Business Day, then no later than the end of the next Business Day.
- Valuations
- 17.7 Valuations are performed on the basis of closing prices in the market appropriate to the holding and the exchange rates at the close, either for the day of valuation or for the latest preceding dealing day. Where we provide you with other services (including those where we hold investments or cash balances for you), valuations will be provided as agreed between us. Unless you request such information more frequently, on a quarterly basis, we will provide you with:
- (a) a statement detailing the free cash balance on your portfolio; and
- (b) a statement detailing all investments held on your behalf in safe keeping;
- and these statements may be consolidated into a single statement and sent to you. If requested (subject to payment of our commercial costs) or if so required under Applicable Regulations, we will provide you with the above information more frequently (for example, on a monthly basis).
- 17.8 The value of any stock held as Collateral, as identified on the quarterly statement, is calculated using the mid-market closing price at the close of business on the date of the valuation. Holdings are reported on a trade date basis.
- Disclosures
- 17.9 Under Applicable Regulations, we may be obliged to make information about certain transactions public. You agree and acknowledge that any and all proprietary rights in such transaction information are owned by us and you waive any duty of confidentiality attaching to the information which we reasonably disclose.
- 17.10 Where we are obliged under Applicable Regulations to retain certain data relating to orders and other reportable transactions in financial instruments which we have carried out on your behalf and report them to the FCA. Such reporting is conducted through intermediaries who provide us with transaction reporting services. This means that some of your information (including Confidential Information and Personal Data such as your national insurance number (for example, if you are a British citizen) or other national identifier (for example, if

you are a citizen of another country), or your name and date of birth, together with information relating to the order or transaction) will be disclosed to the FCA and our intermediaries. Please refer to Clauses 10 and 11 of our General Terms for more details of when we may disclose your information in respect of the Agreement.

## **18 Our Capacity**

- 18.1 Where we execute any transaction on your behalf we will normally execute the order with you as agent (in that we buy from or sell to a third party on your behalf).
- 18.2 Where we act as your agent, it is the other party to a transaction and not us who is responsible for settling a trade with you and delivery or payment (as the case may be) will be at your entire risk.

## **19 Your Capacity**

19.1 Unless we otherwise agree in writing with you we will treat you as a retail client for the purposes of the FCA Rules and this provides you with the highest level of client protection. You may request a different client categorisation at any time. You agree that, unless and until you notify us to the contrary in writing, you will be acting as principal and will not be acting as an agent or trustee for any other person or entity and you will accordingly be liable to us for all obligations hereunder. Where we permit you to act as agent (whether for disclosed or undisclosed principal(s)), then you agree (for your own account) that:

- (a) to the extent permitted by, and the for the purposes of, the FCA Rules, only you will be our client;
- (b) you will be jointly and severally liable with your principal(s) to us for the performance of every transaction entered into pursuant to these Terms of Business;
- (c) you have the full authority of each of your principals to enter into these Terms of Business on their behalf; and
- (d) we may require that your principal(s) become(s) our direct client(s) and enter(s) into appropriate client documentation with us.

## **20 Representations, Warranties and Undertakings**

20.1 In addition to Clause 7 of the General Terms, you represent and warrant to us as of the date these Terms of Business come into effect and as of the date of each transaction that:

- (a) investments delivered to us or to a Sub-Custodian by you or on your behalf will be free from any mortgage, charge, lien or other encumbrance whatsoever;
- (b) you will make such payments and take all such other steps as may be necessary to secure the due and prompt execution and settlement of all transactions entered into on your behalf;
- (c) you agree to be bound by the terms of any agreement or any variations thereto made by us on your behalf with any agent to perform all or any of the services set out in Clauses 3 to 4 or Clauses 24 to 25 of this Schedule;
- (d) you will give any order, information or instruction in respect of investment transactions to us and not to any agent or other third party;
- (e) you shall observe the standard of behaviour reasonably expected of persons in your position and not take any step which would cause us to fail to observe the standard of behaviour reasonably expected of persons in our position;

- (f) no Event of Default has occurred and is continuing with respect to you and you will promptly notify us of the occurrence of any Event of Default with respect to yourself;
- (g) except as otherwise agreed by us, you are the sole beneficial owner of all Collateral you transfer under these Terms of Business, free and clear of any security interest whatsoever other than a lien routinely imposed on all securities in a clearing system in which such securities may be held;
- (h) you will at times obtain and comply with, and do all that is necessary to maintain in full force and effect, all authority, powers, consents, licences and authorisations referred to in Clause 7 of the General Terms;
- (i) you will use all reasonable steps to comply with all Applicable Regulations in relation to these Terms of Business and any transaction, in so far as they are applicable to you or us;
- (j) you will use all reasonable steps to ensure that no business you conduct with us will conflict with any insider dealing, market abuse, money laundering or other similar legislation; and
- (k) upon demand, you will provide us with such information as we may reasonably require to evidence the matters referred to in this Clause or to comply with any Applicable Regulations.

## **21 Conflicts of Interest**

21.1 The diverse nature of our business and the overall size of our client base mean that we periodically face actual and potential conflicts of interest. Our Conflicts of Interest Policy sets out how we identify and aim to prevent or manage conflicts that may arise whilst conducting business. We require our employees to comply with regulatory obligations and policy in relation to conflicts of interest and they should act honestly, fairly and professionally and in accordance with the best interests of our clients.

21.2 In addition, we will take all reasonable steps to maintain and operate effective organisational and administrative arrangements to identify and deal with conflicts of interest. As part of your investment advisory or discretionary investment allocation we will consider structured products, funds and exchange traded products ("ETPs") from select providers.

21.3 A summary of our Conflicts of Interest Policy is available on our website at <https://www.victoriaprivateinvestment.com/conflict-of-interest-policy/>. Further details of that policy are available from us on request. New clients will be provided with a summary of our Conflicts of Interest Policy when applying to enter into an investment Agreement with us.

## **Part B: Your Assets**

### **22 Settlement**

22.1 All investments sold must be your legal property (or you must be legally authorised to deal with such property), free from any pledge, lien, charge or encumbrance and must be held in our safe custody unless we have agreed to use your nominated custodian.

### **23 Dividends, Interest Payments and Corporate Actions**

23.1 In respect of your investments over which a Sub-Custodian has control, the Sub-Custodian will be responsible for claiming and receiving and paying dividends, interest payments and other rights accruing on your investments. Any payments will be made net of any applicable taxes. Dividends, and any other payments due to you from the seller of any investments, will be claimed and forwarded, on

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- receipt, together with the relevant tax voucher (if any) either to the bank or building society branch specified in your Application or direct to a destination agreed in advance with us.
- 23.2 Dividends and other payments that are due to the subsequent purchaser of investments may be debited from the sale proceeds or, subsequent to settlement of the transaction, you will be requested to supply the required funds.
- 23.3 Where investments are purchased including rights, you will be notified of the details of such rights. Unless instructions to the contrary are received, together with all necessary funds being available, such rights will be allowed to lapse and, if able to do so, we will claim any proceeds for the sale of such rights made by the issuing company, from the seller of the investments.
- 23.4 Where investments are sold including rights, you will be required to renounce in favour of the buyer any entitlements which are due to the buyer.
- 23.5 Where we provide a portfolio management service, we will be responsible for:
- (a) the exercise of voting rights;
  - (b) the exercise of subscription and conversion rights; and
  - (c) dealing with take-overs or other offers or capital changes.
- 23.6 If you are an execution-only client or an investment advisory client, you are responsible for providing us with instructions following our notification to you of any corporate action relating to your investments. The consequences of a failure on your part to provide instructions to us by the stated time and/or date in such notification once it has been given are entirely your own responsibility.

### **Part C: Additional Product and Service Terms**

#### **24 Wealth Planning Service**

- 24.1 We will provide you with financial advice covering investment structuring, investments suitable to your profile after undertaking a full review of your current situation based on your stated objectives, acceptable level of risk and the information you have provided to us in your Application. We will advise and make a recommendation to you after we have assessed your needs, and will provide written confirmation setting out the basis on which we have made our recommendation. We offer advice on a restricted basis from a limited number of companies which have been selected based on the quality and pricing offered, with a view to the needs of our particular client base. Where you wish to focus on a single objective or issue we will provide advice on a limited basis only.
- 24.2 Any advice given or products that we have arranged for you in respect of the Wealth Planning Service will not be kept under review by us, even if there is a change in your financial circumstances.
- 24.3 We will charge for our Wealth Planning Service in accordance with our Tariff Document or on such basis, frequency and method as may be agreed between us in an engagement letter. Costs and charges may change from time to time by notice in accordance with Clause 2 of the General Terms.

#### **25 Non-Managed Advisory Service**

- 25.1 We may from time to time, at our discretion, provide information, advice and recommendations, but you will make your own investment decisions. Your portfolio will not be actively managed and will not be allocated an investment strategy. Recommendations will be made based on our views, but without regard to the composition of your

portfolio other than to ensure it is within your risk profile.

- 25.2 We will not take any responsibility for the ongoing management of your portfolio under this service or be obliged to provide ongoing advice. We will contact you in relation to your portfolio where there is a change in our recommendation in respect of one or more of your holdings. We will give investment advice to you based on the information you have provided to us in the client services questionnaire and may deal for you upon receipt of your instructions.
- 25.3 If we advise you that your proposed course of action is not suitable for you but you nevertheless wish to proceed with the transaction, we will only accept your order on an execution-only basis. In such circumstances, we will inform you at the time that we will execute your order on that basis and require you to provide written confirmation of your instructions. We may proceed with the transaction even when you are acting contrary to our advice.

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## Annex: Risk Warnings

### 1 Introduction

- 1.1 We are obliged to provide appropriate guidance on and warnings of the risks associated with the financial instruments which we may trade in from time to time. This notice provides general information only. It cannot disclose all the risks and other significant aspects of financial instruments. You should not deal in these products unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is suitable for you in the light of your circumstances and financial position.
- 1.2 The provision of this information to you does not constitute investment advice to you nor a recommendation that any of the financial instruments listed are suitable or appropriate for you.

### 2 General Risks

#### Volatility

- 2.1 The value of investments and the amount of income derived from them may go down as well as up. All investments can be affected by a variety of factors, including macro-economic market conditions such as the interest rate or exchange rate environment, or other general political factors in addition to more company or investment specific factors.

#### Complex and non-complex financial instruments

- 2.2 Applicable Regulations distinguish between "complex" and "non-complex" financial instruments for the purposes of their investor protection rules. Non-complex financial instruments include shares admitted to trading on a regulated market, bonds and units in an Undertaking for Collective Investment in Transferable Securities ("UCITS") provided that they do not embed a derivative or have similar features. Derivatives and warrants will always be complex financial instruments. Structured products and units in some Collective Investment Schemes may also be deemed complex financial instruments.
- 2.3 Any investment carries risk, but the risks associated with complex financial instruments are usually significantly greater than those associated with non-complex financial instruments and the risk of loss can be substantial. We will assess the suitability of any complex instrument for you when managing your portfolio or making investment recommendations and, for execution-only clients, we will conduct an appropriateness assessment of whether you have the necessary experience and knowledge to understand the risks involved.

#### Foreign markets

- 2.4 Foreign markets will involve different risks from the market(s) in our jurisdiction(s). In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

#### Currency risk

- 2.5 The investment currency of an investment may be different from your home currency, in which case you would bear a currency risk in addition to the underlying risk of the investment. Movements in exchange rates may cause the value of an investment to fluctuate either in a favourable or unfavourable manner.

#### Gearing

- 2.6 The use of borrowing to invest (also known as "gearing" or "leverage") increases both the volatility and the risk of an investment. This applies if a

company has significant borrowings, or if an investment vehicle otherwise allows an investor to gain much greater economic exposure to an asset than is paid for at the point of sale. This can be done, for example, by borrowing, by investing in warrants or derivatives or by structuring the rights of holders of an investment. If an investment is "geared" or "leveraged", a relatively small movement in the price of the underlying instrument, whether favourable or adverse, could result in a larger movement in the price of the investment.

- 2.7 The use of gearing or leverage may result in (a) movements in the price of the investments being more volatile than the movements in the price of the underlying investments; (b) the investment being subject to sudden and large falls in value; and (c) an investor getting back nothing at all if there is a sufficiently large fall in value in the investment. In addition, the impact of interest costs could lead to an increase in any rate of return required to break even.

#### Liquidity and non-readily realisable securities

- 2.8 Some investments may be illiquid, meaning they do not have a readily available market on which they can be bought and sold. Consequently it may be difficult for an investor to obtain reliable information about these investments and the risks associated with them. It may be difficult for an investor to sell these investments at a reasonable price and within preferred time frames. In extreme circumstances, it may be difficult to sell such investments at any price.

- 2.9 You should not invest in such an investment unless you have carefully thought about whether you can afford it and whether it is right for you. Examples of investments that are usually regarded as liquid or readily realisable are government or public securities and any other security admitted to listing on a regulated market in an EEA State.

#### Stabilisation

- 2.10 We may, from time to time, recommend transactions in securities to you, or carry out such transactions on your behalf, where the price may have been influenced by measures taken to stabilise it.

- 2.11 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. This process is used 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.

- 2.12 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.

- 2.13 The stabilisation rules:

- (a) limit the period when a stabilising manager may stabilise a new issue;
- (b) fix the price at which he may stabilise (in the case of shares and warrants but not bonds); and
- (c) require him to disclose that he may be stabilising but not that he is actually doing so.

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2.14 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 the securities.

#### Suspensions of trading

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

#### Taxation

2.16 The tax treatment of an investment for individual clients is relevant only to the specific circumstances of each client. There can be no guarantee that the nature, basis or incidence of taxation may not change during the lifetime of an investment. This may cause potential current or future tax liabilities, and you should be aware of the tax treatment of any investment product before you decide to invest.

2.17 If your circumstances are changing, or if you are uncertain about any aspect of how an investment might relate to your own tax position, we would recommend that you seek professional tax advice. We do not provide tax advice.

### **3 Investment Specific Risks**

#### Shares

3.1 A share is an instrument representing a share of ownership in a corporate entity, such as a company.

#### Common risks

3.2 A shareholder becomes a co-owner of the company and thus the outcome of his investment will depend on the success or otherwise of the company. Should the company fail, an investor may lose all of his original investment.

3.3 Share prices may undergo unforeseeable price fluctuations causing risks of loss; these fluctuations may derive from general market conditions or specific issues affecting the company. Furthermore, the company may choose not to pay out to investors significant dividends or any dividends at all. Any concentration of share investments on a specific sector will expose an investor to more volatility in the market than if the investor had a more balanced share portfolio.

3.4 The risks involved in equity investment can often be managed through investment via diversified investment vehicles, or by investing directly in a wide range of different companies, industries, countries and currencies.

#### Quoted shares

3.5 Quoted shares are bought and sold on stock exchanges and their value will increase or decrease depending on market conditions. These shares are subject to a high degree of regulation. Information about companies whose shares are traded will be publicly available to investors. Shares listed on a regulated market (such as the London Stock Exchange) will be subject to greater regulation than those on a multilateral trading facility/alternative trading system. Shares in emerging markets may be more difficult to buy and sell than those in more developed markets.

#### Unlisted shares

3.6 Shares in unlisted companies generally pose greater risks for investors as they are less liquid than quoted shares and their price is potentially more volatile. Such companies are likely to be high risk ventures and may have an unproven trading history or management team. If you need to sell shares in unlisted companies at short notice, it may be difficult to find a buyer and you may sell the shares for a considerably lower price than you bought them.

#### Penny shares

3.7 There is an extra risk of losing money when shares are bought in some smaller companies including penny shares. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them. The price may change quickly and it may go down as well as up.

#### Bonds

3.8 A bond is a debt security, usually issued by a company. The issuer owes the bondholder a debt and is obliged to repay the capital at a later date, known as maturity. Interest is payable on the bond, usually at a fixed rate. The more secure the company, the greater the likelihood that it will repay the bond. Companies issuing bonds will be rated by credit rating agencies, reflecting the agency's assessment of the chance of the company defaulting on paying the interest or the capital.

3.9 Investing in government bonds (known as gilts in the UK) is generally considered to be less risky than investing in company bonds as the bonds are backed by a government.

3.10 The value of bonds issued by a company will usually be less affected by the company's profits than the value of its shares, as the return on the bond is less affected by the company's performance. However, bond values will be affected by interest rates as the attractiveness of interest payments on a bond will vary depending on comparison with the interest rates currently available and the market's expectations about how interest rates will move in the future. Another risk is that the issuer of the bond may become insolvent and so be unable to pay interest on the bond or repay the bond so the length of time until the bond matures will be another factor in assessing its risk.

#### Life assurance products

3.11 Life assurance bonds are a form of insurance contract which provide an element of insurance in the case of the death of the covered person(s) in addition to having an ongoing value as an investment (as opposed to expiring worthless at the end of a defined period or term).

3.12 Life bonds are issued by insurance companies, and an investment will be subject to the ability of the insurance company to repay the sums owing to an investor when they fall due for payment. This means that the creditworthiness of the insurance company is important in much the same way as for any other bond.

3.13 In some cases the returns available from a life bond are linked directly to a specific pool of assets held by the insurance company. In other cases the returns could be linked more generally to the profits of the company in general, which reduces the overall transparency of returns.

3.14 If you wish to invest in a life bond, you will be presented with specific information about the type of contract, its terms and more general information about the insurer and its financial strength. Please refer to this documentation for specific details about the policy and a more detailed description of the investment risks.

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### Regulated Funds

- 3.15 Regulated collective investment products (known as funds) include Unit Trusts, Investment Trusts and Open-Ended Investment Companies ("OEICs", also known as "ICVCs" – Investment Companies with Variable Capital). Investment Trusts are listed companies, with shares traded on the London Stock Exchange; Unit Trusts and OEICs are traded through the scheme's operator or manager.
- 3.16 Funds allow individual investors to pool their money with those of other investors. This enables them to participate in a wider range of investments than would be feasible for an individual investor through direct investment.
- 3.17 The value of the units or shares in a collective investment product will vary depending on the value of the underlying investments of the fund. Consequently the risks relating to collective investment products will depend on the risks involved in the underlying investments made by the scheme in question. The more specialist the investment, the more volatile the price of the investment. Furthermore, the value of any income (in the form of dividends or interest) and the original investment itself may fall as well as rise. There is no guarantee that the investor will receive all or any of his original investment.
- 3.18 The liquidity of funds varies enormously. An investor may not be able to realise his investment when he chooses because the underlying assets may not be readily saleable. Some funds may be illiquid because opportunities to withdraw from the fund during the investment period are rare. Some funds may also impose penalties on investors who redeem their investment before a specific date.
- 3.19 Some funds may also have portfolios that are highly geared (see "gearing" above) and so incur a greater risk that the investor may make significant losses.
- 3.20 Regulated funds are either UCITS or Alternative Investment Funds (AIFs) that are regulated in the EEA. AIFs are subject to different restrictions, and investors in AIFs have different protections compared to UCITS. Every regulated fund has its own set of risks which are summarised, along with other key information, in either a KIID (for UCITS) or a KID (for other funds). Some funds are not currently regulated in the EEA or not intended for promotion to the general public and carry greater risk – see "non-mainstream pooled investments" below.
- adversely affected by very specific market or industry circumstances. It is therefore important to understand the type of strategy and investment to be used in any NMPI fund prior to investment.
- 3.24 NMPIs typically carry the following risks:
- (a) Manager risk: In many cases performance is reliant upon small teams or just one or two individuals.
  - (b) Concentration of investments: NMPIs usually hold fewer investments than regulated funds and concentrate their investments in particular areas. As a result they become more susceptible to fluctuations in value affecting particular regions or sectors.
  - (c) Gearing or Leverage: NMPIs often involve a degree of gearing or leverage, so that a relatively small movement in the price of the underlying investment results in a much larger movement, unfavourable or favourable, in the price of the instrument.
  - (d) Derivatives: Managers will often use derivatives to hedge against risks. On occasions during severe market conditions, the fund may experience unanticipated losses that can be much greater than that associated with the underlying investment.
  - (e) Short selling: Short selling involves the sale of securities that the manager does not own. The running of a short position normally gives rise to unlimited exposure.
  - (f) Valuation: NMPI managers may often invest in less liquid instruments where valuations become more subjective and less frequent.
  - (g) Liquidity: Many of the investment techniques used in the NMPI industry involve illiquid financial instruments. The market prices, if any, for such instruments may be volatile, and a manager may not be able to sell at fair value when desired.
  - (h) Currency risk: The investment currency of an NMPI may be different from an investor's home currency, in which case the investor bears a currency risk in addition to the underlying risk of the investment.
  - (i) Legal, tax and regulatory: NMPIs may be affected by legal, tax and regulatory changes that may be introduced with little or no warning. A change in regulations may affect the ability of a manager to continue trading, and could potentially prevent them from exiting existing investments, thus giving rise to losses.

### Non-Mainstream Pooled Investments (NMPIs)

- 3.21 NMPIs use techniques to extract returns from the markets other than the purchase of listed securities. This often involves the use of derivatives and leverage. These investments are unregulated in the UK because they are not authorised, or otherwise approved, for general promotion in the UK by the FCA. They do not carry with them the normal investor protection rights afforded to regulated funds.
- 3.22 Every investment has its own set of risks, which are laid out in the associated prospectus or offering memorandum or, if applicable, KID. The type of strategies and the investments envisaged by a particular fund will be a key determinant of how risky the investment will be. Strategies may range from lower risk absolute return funds up to high risk or speculative funds which make use of extensive leverage in an attempt to make maximum gain from their investment strategy.
- 3.23 Investments undertaken by NMPIs, such as hedge funds, may be narrowly based around a specific type of asset or trading strategy, and the returns experienced by investors in these funds may be

### Commodities

- 3.25 Commodities (such as precious metals, other minerals and agricultural products) have historically been a highly volatile asset class and different market conditions affect their value and the value of different types of commodities to a greater or lesser degree.

### Private equity

- 3.26 Private equity commonly involves investing in unlisted companies, for example in venture capital, buyouts and special situations. The companies concerned will therefore raise finance privately and not be subject to stringent listing rules or filing requirements as a result. Private equity funds may invest in a wide range of unlisted companies; they may be small start-up companies with little or no proven track record, and range up to firms which are of a significant size with a long and established trading history.
- 3.27 Private equity investments typically carry the following risks:
- (a) Capital: Investors in private equity investments must be prepared to accept that they may not

- recoup their investment in full, and may stand to lose their investment in its entirety.
- (b) **Gearing or Leverage:** Private equity firms typically use high levels of gearing to bolster their returns but this also amplifies the risk.
  - (c) **Liquidity:** Private equity investment funds in the form of limited partnerships typically have an investment period of over five years. There is no recognised secondary market in such private equity investments and many impose long "lock up" periods during which the investment cannot be sold.
  - (d) **Drawdown:** Once the commitment has been made to invest in a private equity investment, the penalty for failure to honour the commitment can be extreme, up to and including complete forfeiture of any rights already invested in a private equity investment. Investors should be mindful of the notice period required for drawdowns, which may be as short as seven days and which will usually require payments over a number of years.
  - (e) **Legal, tax and regulatory:** Private equity investments may be affected by legal, tax and regulatory changes that may be introduced with little or no warning. A change in regulations may affect the ability to divest portfolio companies and could give rise to losses.

#### Structured products

- 3.28 The market value of structured products can be volatile and such investments can carry a high risk of loss. A relatively small adverse market movement in the underlying assets or index may result in loss of the original investment together with any commission or other transaction charges and also, in the case of margined transactions, in an unquantifiable further loss exceeding any margin deposited.
- 3.29 Similar to bonds, structured products are exposed to the credit of the product issuer, meaning that repayment could be at risk if the issuer is not able to repay the sums due under the terms of the product. Some products may include a guarantee to mitigate these potential credit risks, though the guarantee may be given by a company in the same group as the issuer. Investors should be aware that the return of capital invested at the end of the investment period is not guaranteed and therefore investors may get back less than was originally invested.
- 3.30 Investors should understand both the nature of the underlying assets and the extent of their economic exposure to those assets. In some cases structured products may offer high income or a high level of participation in the capital growth experienced by the underlying assets. These products generally do not incorporate capital protection, and any that is provided may be dependent on a financial index or basket of indices meeting certain conditions during the product life (such as a minimum value). Such products generally include leverage, and their value can be subject to sudden and large falls if the conditions which disapply capital protection arise.
- 3.31 Investors should be aware that the product terms described are only indicative, and only apply to investors who invest at launch and who hold the product until final maturity. Investors should be aware that early redemption or secondary market purchase could result in a capital loss, even where the product terms protect or guarantee return of the nominal amount purchased. These products may also not be readily realisable which means that it may be difficult to liquidate or sell a product of this type.
- 3.32 Investors in products which have either conditional or no capital protection should only invest in them if

they are prepared to sustain a total or substantial loss of the money that they have invested, plus any commission or other transaction charges.

#### Warrants and Derivatives

- 3.33 Although warrants and/or derivatives can be utilised for the management of investment risk, some of these products are unsuitable for many investors. This category of investments covers a very broad range of financial instruments which can be used either for low cost risk management purposes, or for achieving speculative exposure to specific economic risks. Before investing or authorising another to invest in derivatives on your behalf, you should take care to understand the following important aspects of those derivatives:
  - (a) The characteristics and risks/volatility of the asset(s) to which a contract is linked (the "underlying");
  - (b) any relevant market quote conventions, such as the lot size of a contract and the value attributed to movements in the value of the underlying;
  - (c) the "leveraged" exposure to price movements in the underlying, which significantly increases volatility;
  - (d) the sums you are able to afford to lose before you may wish to close out;
  - (e) how different investments in derivatives might interact with one another;
  - (f) any ongoing responsibilities you may have during the life of the contract, such as any requirements to post cash amounts as "margin", and the potential consequences of failure to do so;
  - (g) any action you may need to take in order to exercise or opt for settlement at or before expiry; and
  - (h) the person that will be responsible for paying any sums owing to you either during the course of the contract or at maturity or expiry, and the possibility that this person will be unable to repay these sums when they fall due.
- 3.34 If you are unsure of any of these or other aspects of a derivatives contract you are considering entering into, please consider your actions carefully and consult a professional financial advisor as necessary.

#### Warrants

- 3.35 A warrant is a time-limited right to subscribe for shares, bonds or government securities and is exercisable against the original issuer of the underlying securities. 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. The prices of warrants can therefore be volatile. It is essential for anyone who is considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time. This means that if you fail to exercise this right within the predetermined timescale, the investment becomes worthless. You should not buy a warrant unless you are prepared to lose all of the money you have invested, plus any commission or other transaction charges.

#### Off-exchange warrants

- 3.36 Transactions in off-exchange warrants may involve greater risk than dealing in exchange traded warrants because there is no exchange market through which to liquidate your position or assess the value of the warrant or your exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments. Consequently it may be difficult to establish what is a fair price.

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## Futures

- 3.37 Transactions in futures involved the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The gearing, or leverage, often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements, as described under the section headed "Contingent liability transactions".

## Buying options

- 3.38 Buying options involves less risk than selling (or "writing") options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you will acquire the future. This will expose you to the risks described under "Futures" above and "Contingent liability transactions" below.

## Writing options

- 3.39 If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (when the options will be known as "covered call options") the risk is reduced. If you do not own the underlying asset ("uncovered call options") the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

## Contracts for differences

- 3.40 Futures and options contracts can also be referred to as "contracts for differences". These can be options and futures on the FTSE 100 index or any other index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for difference carries the same risks as investing in a future or an option. Transactions in contracts for differences may also have a contingent liability.

## Contingent liability transactions

- 3.41 Contingent liability transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.
- 3.42 If you trade in futures and contracts for differences or sell options, you may sustain a total loss of the margin you deposit with your firm to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit. Even if a transaction is not margined, it may still

carry an obligation to make further payments in certain circumstances.

## Off-exchange derivatives

- 3.43 While some off-exchange markets are highly liquid, transactions in off-exchange or non-transferable derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position; to assess the value of the position; or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

## Securitised derivatives

- 3.44 Securitised derivatives are derivative products such as covered warrants and certificates that are freely traded and are listed on stock exchanges. They enable investors to have exposure to a wide range of investments such as shares, indices, commodities and interest rates without investing directly in the underlying instrument itself. Securitised derivatives may give you a time-limited right to acquire or sell one or more types of investment, which is normally exercisable against someone other than the issuer of that investment. They may give you rights under a contract for differences, which allow for speculation on fluctuations in the value of the property of any description or an index, such as the FTSE 100 Index. These instruments often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investment results in a much larger movement, unfavourable or favourable, in the price of the instrument. The price of these instruments can therefore be volatile. These instruments have a limited life, and may (unless there is some form of guaranteed return to the amount you are investing in the product) expire worthless if the underlying instrument does not perform as expected. You should only agree to the use of securitised derivatives if you are prepared to sustain a total loss of the money invested in them plus any commission or other transaction charges.

## Collateral

- 3.45 If you deposit Collateral as security with your Sub-Custodian, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your Collateral depending on whether you are trading on a recognised or designated investment exchange, with the rules of that exchange (and the associated clearing house) applying, or trading off exchange. Deposited Collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited and may have to accept payment in cash.

- 3.46 Certificates of deposit

3.47 A certificate of deposit ("CD") is a debt security, issued by financial institutions. The issuer owes the CD holder a debt and is obliged to repay the capital at a later date, known as maturity. Interest is payable on the CD at a fixed rate. The more secure the financial institution, the greater the likelihood that it will repay the CD. Financial institutions issuing CDs will be rated by credit rating agencies, reflecting the agency's assessment of the chance of the company defaulting on paying the interest or the capital.

- 3.48 CD values will be affected by interest rates as the attractiveness of interest payments on a CD will vary depending on comparison with the interest rates

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currently available and the market's expectations about how interest rates will move in the future. Another risk is that the issuer of the CD may become insolvent and so be unable to pay interest on the CD or repay the CD so the length of time until the CD matures will be another factor in assessing its risk.

3.49 CDs are transferable securities and as such may be bought and sold in the secondary market. However, the secondary market for CDs is limited, and as such it may be difficult for an investor to sell these investments at a reasonable price and within preferred time frames. In extreme circumstances, it may be difficult to sell such investments at any price.

