

# HSBC InvestDirect Plus

## Sharedealing and Investment Terms and Conditions

**These terms are effective for all InvestDirect Plus customers on and from 31 January 2019.**

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

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# Introduction

This document sets out the general terms and conditions which govern the HSBC InvestDirect Plus Service (the Service) we provide to you. It may be supplemented by other documents including:

- ◆ the Key Features Document and the Rates and Fees Page;
- ◆ our Online Banking Terms and Conditions;
- ◆ a Trading Reserve Facility Letter; and
- ◆ documents confirming any other additional items and conditions we introduce in accordance with the change provisions set out elsewhere in this document.

If an additional term or condition contradicts a term or condition in this document, the additional term or condition will prevail.

Together, all of the above documents make up the terms and conditions which set out the contractual relationship under which we provide the Service to you (the Terms).

## Q and A format

To help you better understand this document, we've set it out in a "Question and Answer" format. We hope this helps you find the relevant sections of the document you might be looking for. Where relevant, we cross-refer to specific sections and rows of sections in this document. However, please note that only the answers (and not the questions) form part of the Terms for legal purposes.

## Glossary

Some of the words and phrases we use in this document have very specific meanings. In order to make these meanings clear we've set them out in a Glossary at the start of this document.

## Eligibility criteria

To be eligible to access the Service you (and, in the case of joint account holders, both account holders) must:

- ◆ be a resident of the UK;
- ◆ hold an active and personal HSBC current account\*;
- ◆ be at least 18 years of age; and
- ◆ provide us with any Personal Data and information that we may reasonably require in order to provide the Service.

\*Excludes the HSBC Basic Bank Account.

However, even if you satisfy these criteria, we don't have to accept your application.

If you cease to satisfy these criteria and, in particular, if you move and become resident outside the UK, we may end the Service or place restrictions on your use of the Service.

## Service restrictions

Please also note that you must not use the Service for:

- ◆ business purposes; or
- ◆ dealing in Investments on behalf of others.

## How we'll treat you

We'll treat you as a retail client. Retail clients have the highest level of protection under the FCA Rules. If you're acting as agent for someone else, we'll treat you alone as our client for the purposes of FCA Rules and you'll be liable, as well as that person, for any transactions entered into when accessing the Service in that manner.

# Glossary

**Account Fee** means the account fee as set out in the Rates and Fees Page which applies to each Investment Account (other than an Investment Account designated by us as a dormant Investment Account in accordance with Section 4 of Part F);

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

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

**Best Execution Disclosure Statement** means the statement concerning our best execution duties which is set out in Annex C;

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

**BIC** means a bank's SWIFT Bank Identifier Code;

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

**Cash Account(s)** means, as the context requires, any or all of your Sterling Cash Account(s) and (if applicable) any or all of your Foreign Currency Cash Accounts;

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

**Communications** means all communications between us and you by post Secure e-message, including the sending of contract notes, or telephone;

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

(a) Laws or international guidance and internal policies or procedures,

(b) any demand from Authorities or reporting, disclosure or other obligations under Laws, and

(c) Laws requiring us to verify the identity of our customers;

**Connected Person** means any natural person or legal entity (other than you) whose information (including Personal Data or Tax Information) you provide, or which is provided on your behalf, to any member of the HSBC Group or which is otherwise received by any member of the HSBC Group in connection with the provision

of the Service. A Connected Person may include any guarantor or any other persons or entities with whom you've a relationship that is relevant to your relationship with the HSBC Group. A Connected Person may include any guarantor or owner of a legal estate in land over which we're to take security, provider or recipient of a payment or any other persons or entities with whom you've a relationship that is relevant to your relationship with the HSBC Group;

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

**Controlling Person** means individuals who exercise control over an entity. For a trust, these are the settlor, the trustees, the protector, the beneficiaries or class of beneficiaries, and anybody else who exercises ultimate effective control over the trust, and for entities other than a trust, these are persons in equivalent or similar positions of control;

**Corporate Action** means a significant event that is relevant to an Investment in your Investment Account, for example, a rights issue, takeover or merger relevant to your Investment;

**Costs and Charges Disclosure Document** means the document that gives you important information about charges and the breakdown of costs you pay in respect of your Investments and the service we provide to you in respect of Investments including where relevant, the Trading Reserve;

**Costs and Charges Statement** means the document which we'll provide to you annually that gives you important information about charges and the breakdown of costs you pay in respect of your Funds and the related service we provide to you, including where relevant, the Trading Reserve;

**Credit Interest Rate** means the rate of interest, if any, you'll earn on money deposited into your Cash Account;

**Customer Identification Number** means the ten digit unique number to enable you to access the Service through Personal Internal Banking or by calling us;

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

**Debit Interest Rate** means the rate of debit interest we require you to pay for using a Trading Reserve as set out on the Rates and Fees Page if payable;

**Debt Investment** means an Investment available to you to deal in under the Service which has debt characteristics, for example, a UK government bond (gilts) or corporate bond;

**Digital Banking Terms and Conditions** means the terms and conditions which govern the Online Banking service we provide to you and which terms we made available to you when you opened your current account with us;

**Execution Venue** means a venue for transactions in Financial Instruments that HSBC UK Bank plc believes offers the best prospect for us to obtain the Best Possible Result on a consistent basis;

**EEA** means all the countries in the European Union together with Iceland, Norway and Liechtenstein;

**EEA Currency** means the lawful currency of an EEA country;

**Eligibility Criteria** means the criteria set out in the Introduction section of this document which we require you to meet before we'll provide the Service to you and which we expect you to continue to meet in order for us to continue providing the Service to you

**Equity Investment** means an Investment available to you to deal in under the Service which has equity characteristics, for example, a UK or Irish equity listed on the London Stock Exchange, a US Stock listed on the New York Stock Exchange or NASDAQ;

**Euro** means the lawful currency of those member states of the European Union who have adopted the currency known as "the euro" or such currency as may be lawful in those member states, from time to time;

**Facility Letter** means the letter we give to you when we accept your request for a Trading Reserve and which sets out the additional terms and conditions that apply to your Trading Reserve. The Facility Letter forms part of the Terms;

**Failed Trade** means the event that takes place when we go into the market to buy an Investment for you but, because we can't source the Investment in the market (for whatever reason), we're restricted to using our reasonable endeavours to obtain the Investment for you from other sources;

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

**FCA Rules** means the rules and guidance contained within the FCA Handbook and any direction given by the FCA with which we must comply;

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

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

**Financial Instrument(s)** means those financial instruments (e.g. equities, bonds, OEICS and unit trusts) that are subject to a best execution obligation under the FCA Rules;

**Foreign Currency Cash Account** means a Cash Account denominated in Euro and/or US Dollars and/or such other foreign currency as we may let you open;

**Foreign Currency Instrument** means an option, forward, swap, forward rate agreement or any other Derivative relating to currencies;

**FSCS, Financial Services Compensation Scheme** or the “**Scheme**” means the scheme established in the UK to protect the funds of investors and depositors should the financial institution they deal with get into financial difficulty and set out in the FCA Rules;

**Fund Business Day** means a day when banks are open for business in the place in which a Fund is based, or other day as may be specified by the Fund operator;

**Fund Dealing Hours** means the hours on a Fund Business Day during which banks are open for business in the place in which a Fund is based, or other interval of hours as may be specified by the Fund operator;

**Funds** means the range of individual unit trusts, OEICS, collective investment schemes, investment trusts and REITs offered by us from time to time;

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

**General Terms and Conditions** means the document entitled “Personal Banking Terms and Conditions” which set out the contractual terms and conditions upon which we provide your personal current account to you;

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

**HSBC Securities (US) Inc.** means an associate company of HSBC Bank plc;

**IBAN** means a bank’s International Bank Account Number;

**InvestDirect Service** means the service, similar to the InvestDirect Plus Service that we offer but which does not include features such as the Trading Reserve and US Sharedealing, described in the Key Features Document;

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

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

**Investments** means the Equity Investments, the Debt Investments and the Fund Shares that we allow you to buy and sell using the Service;

**Key Features Document** means the document entitled “Key Features of HSBC InvestDirect and HSBC InvestDirect Plus: important information you need to read” which is available on our website;

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

**Limit Order** means an order to buy or sell a specified Investment at a fixed price or better and for a specified size;

**Market Data** means all securities, prices, quotations, news (both financial and non-financial), company information and other information and facilities provided through Online Banking or by calling us;

**Market Data Provider** means various third party sources, who provide Market Data available through Online Banking, including the New York Stock Exchange, Inc., Deutsche Borse, NASDAQ Stock Market, Inc., Dow Jones & Company, Inc, London Stock Exchange, FTSE International Limited, Nikkei, other exchanges and agents, third party Market Data Providers and members of the HSBC Group;

**Multilateral Trading Facility** or **MTF** means a computer system through which multiple parties can buy and sell certain types of Investments which is not a Regulated Market or an Organised Trading Facility;

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

**Organised Trading Facility** or **OTF** means a computer system through which multiple parties can buy or sell certain types of investments which is not a Regulated Market or Multilateral Trading Facility;

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

**Priority Payment** means an international payment or a foreign currency payment to another account in the UK;

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

**Rates and Fees Page** means the document(s) described as such and made available to you with this document when you apply for the Service, as amended and notified to you from time to time. These pages are available through Online Banking or by calling us and display current interest rates which apply to the Service depending on the types of account(s) you maintain with us, messages referring to interest rate changes, and all our current fees for the provision of the Service, including interest rates charged for prearranged and unarranged Trading Reserves;

**Regulated Market** means the computer systems of an authorised market through which multiple parties can buy and sell the types of Investments which are admitted to trading under the rules of the market and which is not a Multilateral Trading Facility or an Organised Trading Facility;

**REIT** means Real Estate Investment Trust;

**Rules** means the FCA rules and the rules of the Prudential Regulation Authority (with its registered address at **20 Moorgate, London EC2R 6DA**) that apply to us;

**Secure e-message** means a secure e-message sent via our Website relating to HSBC InvestDirect Plus

**Security Details** means the information which enables us to authenticate your identity including your Customer Identification Number, Security Number, User ID, passwords or other details including those which allow you to use the Service through Online Banking or by calling us;

**Security Number** means the number adopted by you when you use the Service through Online Banking or by calling us;

**Service** means the HSBC InvestDirect Plus Service we may agree to provide to you under the Terms and can include:

(a) Investment dealing and operation of Cash Accounts and, if requested, additional services such as US Sharedealing and provision of a Trading Reserve,

(b) the opening, maintaining and closing of your accounts with us,

(c) providing you with credit facilities and other banking products and services, processing applications, credit and eligibility assessment, and

(d) maintaining our overall relationship with you, including marketing services or products to you, market research, insurance, audit and administrative purposes.

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

**Sterling** means the lawful currency of the UK;

**Sterling Cash Account** means a Cash Account denominated in Sterling;

**Stocks and Shares ISA** means an Individual Savings Account known as the "HSBC InvestDirect Stocks and Shares ISA" which you can apply for separately within the Service, in which you can hold some of your Investments in a tax-efficient environment and which will be governed by our separate HSBC InvestDirect Stocks and Shares ISA Terms and Conditions which we'll make available to you;

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

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

**Terms** means the rights and obligations contained within this document, the Rates and Fees Page, our Online Banking Terms and Conditions, the Facility Letter and any additional terms and conditions which we tell you apply and which together form the contractual relationship for our provision of the Service to you;

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

**Trading Hours** means the hours during which a relevant market is open for trading on a Trading Day;

**Trading Reserve** means the variable overdraft facility you can apply to add to one of your Cash Accounts, the credit limit of which will be linked to the value of certain qualifying Investments that you hold in your Investment Account and calculated on a daily basis in accordance with the terms set out from time to time on the Trading Reserve application page in Online Banking or as otherwise provided to you in your Facility Letter;

**UK** means the United Kingdom of Great Britain and Northern Ireland;

**US Dollars** means the lawful currency of the United States of America;

**US Sharedealing** means that part of the Service we provide to you enabling you to deal in US Equity Investments;

**User ID** means the 10-digit account number for your account;

**We, us** and **our** mean HSBC UK Bank plc;

**Working Day** means any normal working day when the banks are open for business in London; and

**You** and **your** means the person in whose name the Investment Account is opened and to whom we provide the service.

## Part A – Introducing the Service

### Section 1 – Protecting yourself

#### **What must I do to use the Service safely and securely?**

You must take all reasonable precautions to keep your Security Details safe and to prevent them from being used in connection with Financial Crime. These obligations are set out in the General Terms and Conditions.

#### **What should I do if I think my Security Details have been compromised?**

If your Security Details are lost or stolen, or you suspect that someone has used or tried to use them, you must take the steps set out in the General Terms and Conditions.

### Section 2 – Contacting you

#### **How will you contact me with important information about the Service?**

Subject to any requirement to contact you in a particular manner, we'll use any of the contact details we've for you, for service and operational reasons, for example to tell you about changes to the Terms.

If we need to contact you about any actual or suspected fraud or security threats, we'll use the fastest and most secure way of contacting you (for example, we may try to send a text message rather than telephone).

If you're registered for Online Banking or Mobile Banking, we may also send you secure messages through the 'My Messages' facility. We may also place documents in the 'My documents' facility in Online Banking. If we've got an up to date email address for you, we'll send an email each time we place something new in My documents and won't change or delete them. If your relationship with us ends, you can ask us for copies of everything we put in My documents for the previous six years.

You must tell us as soon as possible if any of the contact details we hold for you change. We may record telephone numbers that you call us from and may use them if we need to contact you urgently.

#### **How will you provide me with other information about the Service?**

We may provide you with information including documentation via our Website **hsbc.co.uk** as permitted by the FCA rules and where you've agreed to this. By signing up for the InvestDirect Plus service you agree to receive information via the website. We'll notify you of the website address electronically when such information is put onto the website where it will be updated from time to time. You agree that we may in particular provide the following to you via a website:

- ◆ our terms in relation to trading;
- ◆ a general description of the nature and risks of Financial Instruments;
- ◆ our published fee tariffs, Costs and Charges Disclosure Document and other information on our costs and charges;

- ◆ details of our Best Execution policies; and
- ◆ Key Information Documents (KIDs) and Key Investor Information Documents (KIIDs) (as required).

**What language will you contact me in?**

All Communications from us to you'll be in English.

KIDs (where available) and KIIDs will be provided where required and may be accessed and viewed, downloaded, saved and printed from our website or from another website that we'll provide to you. We'll provide you with a KID or KIID on paper, or via the website depending on the choice you made when becoming a client or subsequently chose. Where you've chosen to receive KIDs or KIIDs via the website you confirm that you've regular access to the internet and you've provided us with your email address. Where we've provided you with a KID or KIID via a website you've the right to request a paper copy of the KID or KIID free of charge. We'll direct you to the website or websites on which any KIDs or KIIDs are available.

## Part B – Your Investment Account

### Section 1 – Key features of Investment dealing

#### **What Investment dealing service do you provide?**

You can use our Investment dealing Service to buy or sell Investments. Investments include UK equities, US equities, gilts (UK Government bonds) and UK-listed Exchange Traded Funds.

#### **Buying Investments**

You can ask us to buy an Investment and we'll act on your instructions, settle the purchase with money from one of your Cash Accounts and then hold the Investment in your Investment Account.

#### **Earning income on Investments**

Dividends and other income earned on Investments will be credited to one of your Cash Accounts. You can elect to receive Equity Investments (or other shares) instead of cash dividends (also known as scrip) unless we tell you that this is not available for a particular investment.

#### **Selling Investments**

You can also ask us to sell an Investment and we'll act on your instructions, sell and credit the proceeds of the sale to one of your Cash Accounts.

#### **Can you advise me on Investment dealings?**

No, we're not able to advise you on your Investment dealings. Our Investment dealing Service is execution-only. This

means we execute the Investment dealings you ask us to and we don't provide you with any advice or personal recommendations. Our duty to you is achieving the Best Possible Result for your order. You're solely responsible for your own Investment dealings when using the Service. We're not required to assess the suitability of the Service or any investments for you and the protection offered by the FCA on assessing suitability does not apply to the Service.

As a result, before deciding to deal in an Investment, we suggest you consider whether you need to take independent financial advice on the particular Investment dealing and, where you think it is appropriate to do so, seek and act on that advice.

#### **Can you provide me with tax advice?**

We cannot provide tax advice and won't take your individual tax position into account when providing the Service. You may wish to seek independent tax advice before asking us to deal in an Investment.

#### **What Investments can I deal in using this Service?**

You can invest in a range of UK equities, US equities, gilts (UK Government bonds) and UK-listed Exchange Traded Funds. Please be aware that we may not offer the full range of investments available in the Regulated Market.

We reserve the right to remove or suspend any Investment from the Service if there is extreme market volatility or for any other valid reason we may tell you of. However, if you've already asked us to buy an

Investment before we decide to remove or suspend that Investment from the Service, we'll still try to execute that order for you. If you've an Investment in your Investment Account which has been suspended or removed from the Service, we may still allow you to hold or sell that Investment.

We also reserve the right not to make all Investments available to all customers. If we do include or exclude a particular Investment when providing the Service to you, this does not mean we're giving you any advice as to the suitability of that Investment.

### **What do I need to do to begin US Sharedealing?**

Additional documents and identification are required before you can begin US Sharedealing. We require you to complete W series forms A and B. Please see Online Banking or call us for more details.

### **Can I conduct foreign exchange transactions?**

You can't use the Service to deal in Foreign Currency Instruments but we'll exchange (or arrange to exchange) foreign currency on your behalf where it is necessary to do so. For example, when you settle an order to buy an Investment in US Dollars with money from your Sterling Cash Account, we'll send Sterling to the seller who will exchange your Sterling for US Dollars in order to settle the transaction.

### **How can I find out Investment prices? Equity Investments**

For Equity Investments, we'll make available to you either indicative, real time or delayed prices, which you can access through Online Banking or by calling us.

### **Funds**

For Funds, we keep an up-to-date list of indicative Fund Share prices.

The price of a Fund Share will be based on the latest price published by the Fund's operator, but this will only be indicative since Funds deal on a forward pricing basis (in other words, the price is fixed when the Fund is next valued after your order is placed). Fund Share valuations will be as at the last valuation point. When you ask us to buy a Fund Share, your order will be expressed in terms of the cash to be applied to purchase the Fund Share.

### **Debt Investments**

For Debt Investments, you'll be able to access prices through Online Banking or by calling us. All prices provided by us relate to orders of up to the Quoted Market Size. Please be aware that Investment orders above the Quoted Market Size may receive a discount or premium to the price originally quoted to you. The Quoted Market Size will vary from Investment to Investment.

### **When I place a deal is the price quoted guaranteed?**

When entering a buy or sell order in a UK Investment during Trading Hours through Online Banking, you'll usually see a "fixed price quote" on the preview order screen.

However, a fixed price quote is only available on UK Investment orders during Trading Hours and may not be available for large orders (including those above Quoted Market Size). The fixed price quote system automatically contacts a number of market makers to get you the best price offered by these market makers at the time you're trading the Investment. The price will be

shown with the label “fixed price quote” together with a countdown giving you 15 seconds to confirm the order. Fixed price quotes are not guaranteed. This is because the prices are offered by third party market makers who may withdraw the price (for example, if there has been market volatility in the 15 second countdown). However, in most cases you’ll receive the price you accepted.

### **Will I get a fixed price quote on all my deals?**

A fixed price quote will be available on most UK Investments, but only when the market is open. A fixed price quote may not be available for Investment orders in large quantities. If you wish to buy or sell a large quantity of Investments you should not split your order into a number of smaller orders which may then be executed with a “fixed price quote”. This practice is in breach of stock market conduct and may result in your executed orders being cancelled. If we’re unable to offer a “fixed price quote”, the quote will be labelled “@ best” with a message “The price at which your order is executed may differ from the indication price”.

### **Can I short sell Investments?**

No, you’ll not be able to use the Service to ‘short sell’ an Investment. This means that, except in the very limited circumstances set out in Part B Section 3, we’ll not let you sell an Investment that you don’t own or hold in your Investment Account.

### **Can I place Limit Orders?**

Yes, for Equity Investments you can place a Limit Order on your online Sharedealing account via Online Banking, or over the telephone. Your order will expire at the end of the day, if the limit you set hasn’t been achievable. If you would like to place an extended Limit Order, you can call us to place your order, which can last up to 28 days.

After your Limit Order has expired, your order will be cancelled, or where the order has partially executed, the remaining balance of the order will be cancelled.

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

### **Do you offer a Dividend Reinvestment Plan?**

No, we don’t offer a Dividend Reinvestment Plan or DRIP. If you want to reinvest cash dividends you’ll need to create a new dealing instruction, which will be subject to charges as described in the Rates and Fees Page.

## Section 2 – Dealing in Investments

### **How do I buy or sell an Investment?**

You can ask us to buy or sell an Investment:

- ◆ through Online Banking; or
- ◆ by calling us.

Please be aware that we'll not accept instructions by any other methods, which include, by fax, email or Secure e-message.

We've the right to decide whether or not we'll act on your instructions to deal in certain Investments. We reserve the right not to act on your instructions for any valid reason we may tell you of at any time.

### **Are there any differences between dealing through Online Banking and calling us?**

You're free to choose the Investment dealing method which is most convenient for you. However, if you submit your orders by telephone: we'll generally charge you a higher trading fee than for dealing via Online Banking; and during times of exceptional stock market volumes you may experience long call waiting times because of the number of customers calling us.

### **When can I place orders?**

You can generally place an order using Online Banking 24 hours a day but routine maintenance is regularly carried out in the early hours of each Sunday morning (12am to 6am).

You can place an order by calling us between 7.30am to 9.30pm on a Working Day. Please be aware that we'll not be liable

for any losses suffered and/or expenses incurred because you've to wait on the phone.

### **When will you execute my order?**

For good for day orders placed within Trading Hours, we'll use all reasonable endeavours to arrange for your order to be executed during Trading Hours that day. If your order cannot be executed, it will be cancelled. Any orders placed after Trading Hours will be executed as soon as possible on the next Trading Day.

We'll use all reasonable endeavours to advise you of any cancellation, and if you still want to buy or sell the Investment(s), you must place the order again. We'll not be liable for any losses suffered and/or expenses incurred, that arise from such cancellation.

### **Does this apply to Fund Shares too?**

We'll accept instructions received outside of Fund Dealing Hours but if we're unable to carry out such orders on that day they will be placed as soon as possible on the next Fund Business Day.

Instructions for Fund Shares received by us after 11am on a Fund Business Day will be placed on the next Fund Business Day.

### **Can I cancel an order after placing it?**

You're unable to amend or cancel an order, once it has been executed in the market. However, you may be able to prior to execution. Examples would be where you've placed your order outside of Trading Hours, and the order hasn't yet been placed in the market, or if your order hasn't met the limit price set. We'll not be liable for any loss if an order cannot be cancelled at your request.

**Does the same apply for Fund Shares?**

Orders given during Fund Dealing Hours cannot be cancelled. You'll only be able to cancel an order if you placed it outside Fund Dealing Hours and it hasn't already been placed with the Fund operator.

**Can I transfer Equity Investments in my Investment Account to charity?**

Yes, you can ask us to transfer an Equity Investment you hold in your Investment Account to a charity using Sharegift. We'll act on your instructions without charging you any fee.

**Will you tell me if you can't act on my instructions?**

If we can't act on your instructions, we'll use all reasonable endeavours to tell you personally.

If we refuse to place an order from your Investment Account you'll normally be told when you place the order, unless we suspect Financial Crime. In all cases, if you call us, we'll tell you if an order has been refused, the reasons for the refusal (if possible) and the procedure for correcting any factual errors that led to the refusal. This information will be available as soon as we've refused your instruction. We'll not be able to provide you with details if it is unlawful for us to do so.

**Are there any general rules that apply to Fund Shares?**

All dealings in a Fund Share are subject to the dealing arrangements and the terms and conditions of the relevant Fund. You can get information about a Fund, including a Fund's scheme particulars and any relevant documents, through Online Banking. You can also call us and request a copy of these documents.

**How will I receive confirmation of my trades?**

We'll post paper copies of your contract notes (trade confirmations) to you not later than on the Business Day following the successful execution of an order to buy or sell an Investment. You may ask us at any time what the status of your order is.

## Section 3 – Settling orders

**What is settlement?**

Settlement occurs when both the seller and the buyer of an Investment have fulfilled their contractual obligations. For example, when you ask us to buy an Investment for you, settlement will occur when you've paid for the Investment and the seller has made the Investment available to you.

**What are my settlement obligations when I ask you to buy an Investment?**

If you've asked us to buy an Investment you must make sure you're able to pay for the Investment (including any associated transaction costs) on the settlement date. This will be the date that is set out on the contract note you receive for the order.

You'll be able to pay for your order if, on the settlement date, you've either enough:

- ◆ available funds in your Cash Account; or
- ◆ available credit limit on your Trading Reserve.

Please be aware that the available funds in your Cash Account and, if applicable, the available credit limit on your Trading Reserve, will include the proceeds from sell orders due to settle that day and be reduced by any scheduled payments and/or Account Fees payable that day.

Alternatively, we may exercise our discretion to treat your buy order as a request for an unarranged Trading Reserve or to informally extend your Trading Reserve limit (see Part D Section 3 for more details).

We'll debit your Cash Account for the relevant amount and settle the order to buy the Investment on the settlement date.

### **What are my settlement obligations when I ask you to sell an Investment?**

If you've asked us to sell an Investment, you must make sure that, except in the event of a Failed Trade, you hold the Investment in your Investment Account and that it is available to be sold both:

- ◆ on the date you ask us to make the sale; and
- ◆ where applicable, on the settlement date set out on the contract note we make available to you after receiving your order.

Proceeds from the sale of an Investment will be credited to your Cash Account on the settlement date.

### **What happens if I can't settle an order?**

If on a settlement date you don't have enough available funds in your Cash Account or enough available credit limit on your Trading Reserve after any Account Fees payable that day and the proceeds from sell orders due to settle that day have been taken into account, we may treat your buy order as a request for an informal, unarranged Trading Reserve or a temporary increase in your existing pre-arranged Trading Reserve credit limit (if you've one).

If we elect to make the extra amounts available to you to meet your obligations to settle a buy trade, we'll treat you as having breached these Terms and we may take the steps set out in Part F Section 3. We'll have the right to:

- ◆ suspend at once your right to draw upon your Trading Reserve and/or your Cash Account and take such steps as may be necessary for this purpose; and
- ◆ serve you at once with a default notice requiring you to pay us the amount by which settlement of the transaction has caused you to exceed your Trading Reserve limit within the period specified in the default notice, which won't be less than 30 working days, failing which we may stop providing the Service to you and/or exercise any or all of our rights under the Terms.

### **When will I get my money from the sale of an Investment?**

Sales of Equity Investments normally settle two Trading Days after the date of the trade (T+2). Your settlement date will be set out on your contract note and the money from the sale should be automatically transferred into your Cash Account.

Sales of Debt Investments normally settle one Trading Day after the date of the trade (T+1). Your settlement date will be set out on your contract note and the money from the sale should be automatically transferred into your Cash Account.

Sales of Fund Shares normally settle three Trading Days after the date of the trade (T+3). Your settlement date will be set out on your contract note and the money from the sale should automatically be transferred into your Cash Account.

### **What happens if the trades you make when executing my orders fail for reasons you can't control?**

As set out in the Glossary, a Failed Trade may occur when we go into the market to buy an Investment to execute your order but, because we can't source the Investment in the market (for whatever reason), we're restricted to using our reasonable endeavours to obtain the Investment for you from other sources. As we might aggregate your orders, a Failed Trade might apply to one or more orders you place to buy an Investment. In the event of a Failed Trade, we'll:

- ◆ move the money we took from your Cash Account to effect settlement into an appropriate bank account until we're able to source the Investment in the market;
- ◆ send you a letter telling you about the Failed Trade within two Business Days of the settlement date; and
- ◆ inform you once the trade has settled in the market.

Importantly, you'll pay the same price in the event of a Failed Trade as you would have paid had the trade been settled in accordance with the contract note.

Please be aware that while you won't be able to transfer an Investment that is the subject of a Failed Trade, you'll be able to sell the Investment.

The delay in obtaining the stock won't affect your ability to sell the shares, nor will it affect your rights to any entitlements associated with the ownership of shares, such as dividends, which are due to you.

We'll settle your Trades contractually. This means that on the expected settlement date our records of your holdings will be updated to reflect the Trade as settled even where there is a Failed Trade.

## Section 4 – Best Execution

### **What standard of care will you take when acting on my instructions?**

As set out above, the Investment dealing part of the Service is an execution-only service. This means:

- ◆ we'll not provide you with discretionary or advisory management services;
- ◆ we'll not make any Investment dealing decisions on your behalf;
- ◆ you're solely responsible for the Investment dealing instructions you give to us;
- ◆ we're not required to assess the suitability of the Service or any Investments for you; and
- ◆ the protection provided by the FCA on assessing suitability does not apply to the Service or any Investments.

The only duty we owe you when acting on your Investment dealing instructions is to take all sufficient steps to achieve the Best Possible Result.

We'll not be liable to you for any losses suffered and/or expenses incurred where, despite taking all sufficient steps, we're not able to achieve the Best Possible Result for you. This might happen in the event of:

- ◆ a systems failure;

- ◆ a delay or change in market conditions before settlement; or
- ◆ other circumstances we may tell you about from time to time.

If you ask us to buy or sell an Investment and we can only execute part of your order, we'll take all sufficient steps to achieve the Best Possible Result and, in doing so, execute it to the extent possible.

The balance of the order will be cancelled either:

- ◆ at market close; or
- ◆ if you've provided us with a Limit Order, on the expiry date of the order.

We'll not be liable for any losses suffered and/or expenses incurred because, despite using our reasonable endeavours, we had to cancel part of your order.

The meaning of the term "Best Possible Result" is set out in our Best Execution Disclosure Statement in Annex C. This is the Best Execution Disclosure Statement we ask you to agree to when you apply for the Service. We'll review and update this statement on a regular basis (at least annually) and suggest you review it carefully. This is important because by accepting these Terms you agree to, and each time you use the Investment dealing part of the Service, we'll treat you as having agreed, confirmed and consented to:

- ◆ us taking all sufficient steps to achieve the Best Possible Result for you; and
- ◆ where relevant, us executing your orders outside a Regulated Market, Multilateral Trading Facility, or Organised Trading Facility.

## Section 5 – Operating your Investment Account

### **How will my Investments be held in my Investment Account?**

Unless we tell you otherwise, we'll arrange for registration of the legal title to your Investments in the name of a nominee company.

The nominee company who will usually hold the legal interest in your Equity Investments and Debt Investments is HSBC Client Holdings Nominee (UK) Ltd.

The nominee company who will usually hold the legal interest in your Fund Shares and collective investment schemes is HSBC Stockbroker (Client Assets) Nominees Limited.

We'll tell you if the legal title to one of your Investments will be registered in the name of another nominee company.

While the nominee company will hold the legal title to your Investments by virtue of registration, you'll hold the beneficial title to these Investments in your Investment Account. Your Investments will be segregated from our own property in order to protect your own interests in the event that we or a nominee company fail and such investments will be held in accordance with the FCA Rules. We've policies and procedures in place to undertake checks and reconciliations of the records and accounts of your Investments to resolve any discrepancies which are identified and to deal with any shortfalls in your

Investments. Where we're responsible for any such shortfall, we shall purchase or borrow assets immediately at our cost to correct your position. We've established a trust account for the purpose of holding any such assets on trust for your benefit. Subject to the terms of the relevant trust account, and where we're permitted to do so under applicable Laws, we may use or apply any income arising out of such assets for our own account or otherwise at our own discretion.

Your Investments which are subject to the law of a non-EEA member state may be held overseas. There may be different settlement, legal and regulatory requirements and different practices for the separate identification of Investments from those applying in the EEA. See answer to "Will you pool my Investments with other assets and what are the associated risks?" below.

We're authorised to hold your Investments with such sub-custodians and/or Clearing Systems as we may think fit, including sub-custodians who may be members of the HSBC Group. Where we do so, your Investments may be held in the name of that sub-custodian or a nominee of that sub-custodian. We remain responsible for your Investments to the full extent required by the FCA Rules.

### **Why do you use a nominee company to hold my Investments?**

Nominee companies help to make Investment dealing easy because the responsibility for looking after all the administration associated with registering your Investments generally falls upon

us through our control of the nominee company. This means we'll make sure that your dividends are collected and dealt with according to your instructions. You'll not have to receive any correspondence directly from the entity in which you hold an Investment, however, in most circumstances, we'll still tell you about Corporate Actions (see Part B Section 6 for more details).

### **Are there any disadvantages associated with using nominee companies?**

When a nominee company holds an Investment for you, you'll not be able to receive the discounts or benefits that a company might have offered to you if you held the Equity Investment directly. Nor will you receive direct communications from companies such as annual reports or invitations to annual general meetings.

### **What does it mean to own the beneficial title in an Investment and how will it benefit me?**

Owning the beneficial title to an Investment means you'll receive the benefits of your Investments, including any income produced and capital gains.

The nominee company who will own the legal title to your Investment will hold its legal title on trust for your benefit. That means the nominee company is not able to take any action on your Investments without your instructions or consent to do so. You can provide instructions to us to deal with your Investments through Online Banking, by calling us or by sending us a letter. Where you provide ongoing instructions to us by telephone, we'll confirm these in writing to you.

### **Can I hold Investments in a Stocks and Shares ISA?**

Yes, you can hold your Investments in a tax-efficient Stocks and Shares ISA, instead of in your Investment Account. In order to hold your Investments in this way, you'll need to sign up to our separate HSBC InvestDirect Stocks and Shares ISA Terms and Conditions. For further information please refer to our Stocks and Shares ISA Key Features document, which can be found in the 'Apply for ISA' section of the 'Products and Services' page accessible through Online Banking.

Please be aware that you can't open and operate a Stocks and Shares ISA jointly with another.

### **Will you pool my Investments with other assets and what are the associated risks?**

Yes, we'll pool your Investments with other customers in a single account (including accounts which we hold with a sub-custodian or Clearing System).

We're authorised to hold your Investments with such sub-custodians and/or Clearing Systems as we may think fit, including sub-custodians who may be members of the HSBC Group. We remain responsible at all times for your Investments to the full extent required by the FCA Rules, notwithstanding any such delegation.

**Pooling means that your ownership of any of the Investments held in the pooled account may not be identifiable as being owned by you by separate certificates or electronic records (other than in our records, where your ownership will be identifiable) and,**

### **if there is an unreconciled shortfall on the default of a sub-custodian or Clearing System, you may share proportionately in that shortfall.**

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

- ◆ A security interest, lien, right of set-off or right of sale may arise to permit us, any sub-custodian or Clearing System the right to retain, transfer into our or their name, or sell (acting as agent or as principal) your Investments and apply the proceeds to discharge any monies properly owing to us or them for the provision of custody services.
- ◆ A security interest, lien or right of set-off may arise where it is required by the applicable law in a non-EEA country where your Investment is held. This may be a general mandatory requirement or a requirement of the custody or Clearing System of that jurisdiction.

We'll only allow your Investments to be held in this way by a sub-custodian and/ or Clearing System in accordance with the Rules and when we've taken reasonable steps to determine that this is in the best interests of our clients. The periodic statement that we send you as noted in Part E Section 2 will contain additional information regarding Investments held in non-EEA jurisdictions.

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

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

then share in that shortfall. The amount of the shortfall will be calculated in proportion to their original share of the assets in the pooled account.

Please be aware that the Investments held in any such pooled account are segregated from the rest of HSBC's own funds.

### **How do I transfer an Investment into my Investment Account and will it be treated differently to an Investment purchased through the Service?**

You can transfer an Investment into your Investment Account by completing, signing and returning the relevant transfer form available in the 'Share Transfer' section accessible through Online Banking. You'll also need to send us the relevant share certificate. We'll then arrange to transfer your paper certificate into your Investment Account where it will be held on your behalf in the name of our nominee company. This process can take up to six weeks to complete but may take longer.

If you want to transfer an Investment that is held on your behalf by a third party, for example, a nominee company appointed by another service provider, you can also do so by completing, signing and returning the relevant transfer form found in the 'Share Transfer' section of our website. We'll then instruct your current provider to transfer your shares to us. This type of transfer may take up to six weeks, depending on how quickly your current provider is able to act.

You'll not be able to sell an Investment until the transfer process is complete, in other words the Investment is registered in our nominee company's name and held in your Investment Account on your behalf.

We'll not be liable for any losses suffered and/or expenses incurred as a result of you selling an Investment that is not in your Investment Account, including an Investment you've ordered but which hasn't settled.

If you don't have Online Banking, you can call us to request copies of the forms referred to above.

Please be aware that we're unable to transfer joint holdings from other providers, or joint holdings held in certificated form, into a sole account with us.

### **What happens if I transfer Investments in my sole name to a joint Investment Account?**

When you transfer Investments in your sole name to a joint Investment Account you may have to pay a tax charge and lose certain loyalty or other benefits offered by the company in which you had invested. You should seek tax advice if you're worried about the consequences of doing this.

### **How will dividends be paid?**

We'll be responsible for claiming and receiving dividends and interest payments accruing to your Investments. We'll convert all money received from dividends, interest payments or any other income from your Investments into Sterling and credit it to your Cash Account unless you ask us and we agree to direct payments to another account.

We'll not tell you of the dividend payments attaching to your Investments, which will be credited to your Investment Account in Investments or to your Cash Account in cash depending on the standing instruction that you give us or gave to us on opening

your Investment Account. You can check or amend the status of your standing instruction by calling us.

You've the option to receive dividends in cash or, where appropriate, as shares or other non-cash assets (in other words, scrip). Dividends paid in cash will be credited to your Cash Account or your Stocks and Shares ISA.

Any dividends paid into a Stocks and Shares ISA or relating to a US equity will only be paid as cash.

Dividends and other income earned on Investments will be credited to one of your Cash Accounts. Shares received instead of cash dividends will be credited to, and held in, your Investment Account. However, please note all dividends generated from REIT(s) will be paid in cash into your Cash Account, even if you've elected to receive scrip dividends. We reserve the right to also treat income from other types of Investments in this way, but only where we've a valid reason for doing so, for example, where changes to tax laws and regulations require us to treat income from an Investment in this way.

### **How can I check the value of my portfolio?**

Your portfolio of Investments (and cash, where applicable) can be viewed through Online Banking at any time. Please note the portfolio balance displayed through Online Banking may differ from that displayed on the general account balances page. This is because the balance displayed on Online Banking is a snapshot and is updated overnight, whereas the balances in the portfolio page will be more reflective of current activity.

If you don't have access to Online Banking, you can call us and ask for the value of your portfolio.

### **How will you execute deals for me?**

When you give Instructions, we may execute deals for you by entering into the deal on your behalf (acting as your agent).

Where we act for you as your agent, it is the other party to the transaction and not us who is responsible for settling the trade with you. This means ensuring timely delivery or payment (as the case may be) will be at your entire risk. Our obligations are restricted to:

- ◆ passing on to you;
- ◆ passing on to a third party as you direct; or
- ◆ crediting to your Investment Account,

such deliverable documents or sale proceeds (as the case may be) as we actually receive.

### **Can I charge my beneficial interest in an Investment?**

We'll not let you charge or otherwise assign to another your beneficial interest in an Investment our nominee holds on your behalf in an Investment Account.

### **Can I appoint a third party to operate my accounts?**

Yes. You'll need to complete and sign a third party mandate. Please see Online Banking or call us for more details. For joint accounts all parties must sign to provide such authority. You may also do this by signing a Power of Attorney but you should take legal advice before doing so.

## Section 6 – Corporate Actions

### **Will you let me know about Corporate Actions?**

We'll use reasonable endeavours to let you know by post about relevant Corporate Actions effecting your account, although there may be some situations where this is not possible. In these scenarios, we'll act on your behalf and in the best interests we see fit. Any notification will be posted as soon as possible after we've been advised by our relevant sub-custodian or Market Data Provider. We'll have no liability for any losses suffered and/or expenses incurred, if after using reasonable endeavours to contact you by post, we're not able to tell you about a Corporate Action.

### **Can I ask you to exercise rights on my behalf for Corporate Actions?**

If, within the timeframe we specify, you let us know that you wish us to exercise a right, we'll use all reasonable endeavours to help you do so, but only on such terms as we may agree separately to this document.

If you don't let us know that you want us to exercise any of your rights, we'll take such action, or refrain from taking any action, for any Corporate Action, as we in our absolute discretion decide (including, but not limited to, arranging the disposal of any subscription rights on your behalf in such manner as we think fit).

We don't offer any tax reclaim service for investors to reclaim tax from other Tax Authorities. This means, for example, that when tax is withheld on dividends received

from foreign companies you may need to make any claim for a repayment of that tax yourself [or through your tax adviser].

### **Does it matter what assets I receive out of a Corporate Action?**

If, as a result of a Corporate Action, you're due to receive an asset that is not an Investment that we offer using the Service, we may only let you hold the asset in your Investment Account for the purpose of transferring it out of the service or selling it. The asset may not be registered in a nominee company's name like other Investments. In some circumstances we may be required to sell the assets on your behalf. In all scenarios we'll collectively act in the best interest of all customers as a whole.

### **How will you deal with entitlements received on my Investments?**

Entitlements received by us or a sub-custodian on your Investments will be calculated by reference to our (or the sub-custodian's) aggregate holding of a particular Investment, on behalf of all customers, us or Associates. The procedure adopted for calculating entitlements may mean we receive an aggregate entitlement greater or less than the entitlements we would have received for each individual customer, if each such person's entitlement had been held separately.

### **What happens if I receive an aggregate entitlement which is greater than the sum of customers' individual entitlements?**

Where you receive an entitlement greater than what you would expect if your entitlement had been held separately from our other customers' entitlements, we'll credit your Cash Account with an amount

at least equal to the amount you would have received if your entitlement had been held separately. If you're entitled to a fraction of one share, this will be aggregated with the fractional entitlements of other customers and sold. You'll receive the net proceeds from the sale on a pro-rata basis. We'll be entitled to any remaining balance (which will be a fraction of one penny) for our own account. Fractional share holdings will be rounded down to the nearest whole number.

### **What happens if I receive an aggregate entitlement which is smaller than the sum of customers' individual entitlements?**

Where you receive an entitlement which is smaller than what you would expect if your entitlement had been held separately from our other customers' entitlements, we'll credit your Cash Account with an amount calculated on a pro-rata basis, which will be less (by a fraction of one pence) than the amount that you would have received if your entitlement had been held separately.

### **What happens if my entitlement results in my allocation being in fractions?**

When an entitlement results in your allocation being in fractions of Investments or units of currency then we may credit the equivalent value in cash to your Cash Account instead of the Investment or unit of currency. If we're not able to credit your Cash Account with cash instead of the fractional entitlement then you agree to relinquish your interest in the fractional entitlement to us or our sub-custodian then we or the sub-custodian may donate the amount to a charity of our or the sub-custodian's choice, or pay it to an Authority or as permitted by applicable law.

### **How will you deal with demands on my Investments?**

If we're told of any demand on an Investment in your Investment Account for unpaid monies, we'll use all reasonable endeavours to tell you of such demand. We'll satisfy such demand on such terms as you advise and which are reasonably acceptable to us. Otherwise, we'll not be required to take any action on your behalf and we'll not have any liability for the consequences of a failure to satisfy demands made. However, where we're legally liable to meet such demand, we may do so and you'll reimburse us at once, upon demand.

### **Will I still get my shareholder communications and benefits?**

We'll not arrange for you to receive shareholder communications or benefits.

### **Will I be able to exercise my voting rights?**

You'll not be entitled to exercise any voting rights attaching to the Investments in your Investments Account yourself, but you can ask us to make arrangements for your voting rights to be exercised on your behalf.

## Section 7 – Tax and reporting of income

### **Do I owe any specific tax obligations?**

You're solely responsible for understanding and complying with your tax obligations (including but not limited to, tax payment and filing of returns or other required documentation relating to the payment of all relevant taxes) in all jurisdictions in which those obligations arise and relating

to the opening and use of account(s) and/or Services provided by us and/or members of the HSBC Group. Each Connected Person (acting in their capacity as a Connected Person and not in their personal capacity) also makes the same acknowledgement in their own regard. Certain countries may have tax legislation with extra-territorial effect regardless of your or any Connected Person's place of domicile, residence, citizenship or incorporation. Neither we nor any member of the HSBC Group provide tax advice. You're advised to seek independent legal and/or tax advice. Neither we nor any member of the HSBC Group have responsibility for your tax obligations in any jurisdiction in which they may arise including any that may relate specifically to the opening and use of account(s) and/or Services provided by us and/or members of the HSBC Group.

If you or certain Connected Persons appear to be tax resident outside the UK, then regulations on international tax transparency require us to report certain information about you and such Connected Persons to the Tax Authorities where your account is held (such as HM Revenue & Customs for UK accounts). Under international agreements to exchange account information, the Tax Authorities may transfer this information to the Tax Authorities of other jurisdictions in which you or a Connected Person may be tax resident. If you don't give us Tax Information about you or a connected person when we request it, we'll have to make our own decision about your tax status. This may result in us or any member to the HSBC Group reporting you to Tax Authorities, withholding any amounts from products or Services you've with us and paying those to the appropriate Tax Authority.

**Do I pay tax on any interest I earn?**

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

**Do I pay tax on income and gains from my Investments?**

Dividends from UK shares are paid gross (but there may be some withholding tax in respect of non-UK shares) and will contribute towards your dividend nil rate band ("Dividend Allowance"). If you exceed your allowances, it's your responsibility to declare this to HMRC, as you may be required to pay some tax on the dividends received via your own tax return (please check your personal allowances). For further information on your allowances and responsibilities please visit [gov.uk](http://gov.uk).

Please be aware, that any growth in the value of an Investment may be subject to capital gains tax if your total capital gains (less allowable losses) from all sources exceeds your annual exemption limit. The sale of shares or units in certain Funds which are designated "non-reporting funds" by HMRC may have a different treatment – you may wish to seek independent tax advice on the treatment of such Investments.

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

**Will you give me a Consolidated Tax Certificate?**

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

**Is there a financial transaction tax?**

A financial transaction tax might apply to dealings in certain European Equity Investments, please see the Rates and Fees page for further details.

**How is US source income reported?**

Please note that US source income you receive in the form of dividends on US Equity Investments, is reported on a pool based approach, and we'll not issue you with an individual 1042 form.

## Part C – Your Cash Account

### Section 1 – Key features of your Cash Accounts

#### **What is my Cash Account for?**

When we accept your application to access the Service, we'll open a Sterling Cash Account for you so you can do things like:

- ◆ settle orders you've placed to buy Investments; and
- ◆ receive cash income from your Investments.

You'll also enjoy limited rights to:

- ◆ make other type payments and transfers from your Cash Account; and
- ◆ receive money into your Cash Account.

Any applicable Account Fees will also be deducted from your Cash Account. These limited rights are set out in full below.

#### **How can I open extra Cash Accounts?**

After we've opened your Sterling Cash Account, you can ask us to open one extra Foreign Currency Cash Account in each of the following currencies: Euros, US Dollars and/or such other currencies we may permit and which can be used for trade settlement only. You're unable to move money between these accounts. You can apply for each extra Cash Account by calling us or using Online Banking.

We reserve the right to decline your request but we'll only exercise this discretion if we've a valid reason for doing so.

#### **Will you act as my banker or my trustee?**

Where we hold money for you in a Cash Account, we hold it as banker and not as trustee (nor agent, if you're in Scotland). As a result, money held in the Cash Account won't be held in accordance with the client money rules contained in FCA Rules. If HSBC UK Bank plc were to fail, the FCA client money distribution and transfer rules would not apply to your money and so you would not be entitled to share in any distribution made under those rules. In the event we were to fail, you may have the right, subject to eligibility, to claim compensation under the Financial Services Compensation Scheme, as set out in the General Information section of these Terms.

### Section 2 – Making payments from your Cash Account

#### **What steps will you take to detect, investigate and prevent Financial Crime?**

To carry out our Financial Crime Risk Management Activities in relation to payments from your Cash Account and Investment dealing, we may have to speak to you to re-confirm some types of payments/transactions, for example those of high value, or take some more security information from you. You must contact us as soon as possible if we've left a message for you to contact us. If you don't do so we'll assume you've not authorised

instructions and won't act on them. We'll not be responsible for any loss to you should you not complete a transaction re-confirmation to our satisfaction.

Our Financial Crime Risk Management Activities may lead to your payment being delayed or not sent at all, and we may not be allowed to tell you why a payment has been delayed or not sent.

We, and members of the HSBC Group, are required, and may take any action to meet Compliance Obligations relating to or in connection with the detection, investigation and prevention of Financial Crime (Financial Crime Risk Management Activity).

Such action may include, but is not limited to:

- ◆ screening, intercepting and investigating any instruction, Communication, drawdown request, application for Services, or any payment sent to or by you, or on your behalf;
- ◆ investigating the source of or intended recipient of funds;
- ◆ combining Customer Information with other related information in the possession of any member of the HSBC Group; and/or
- ◆ making further enquiries as to the status of a person or entity, whether they're subject to a sanctions regime, or confirming their identity and status.

Exceptionally, our Financial Crime Risk Management Activity may lead to us delaying, blocking or refusing the making or clearing of any payment, the processing of your instructions or application for Services or the provision of all or part of the Services.

To the extent permissible by law, neither we nor any other member of the HSBC Group shall be liable to you or any third party for any loss (however it arose) that was suffered or owed by you or a third party, caused in whole or in part in connection with the undertaking of Financial Crime Risk Management Activity.

### **Information we need from you and when we can disclose information about you**

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

- ◆ you might not be able to carry on doing some or all of your banking with us anymore;
- ◆ we might try to get it from another source, ourselves; or
- ◆ we could block or close your account(s).

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

We'll use your information as explained in Part E Sections 8 to 12 below. In addition, we'll give it to others if we're compelled to do so by law, we've a public duty to disclose it, we need to disclose to protect our own interests (for example in any legal proceedings) or if we've your specific agreement.

For example, if we believe you may have tax obligations in other countries, we may have to disclose information about you directly to HM Revenue & Customs (HMRC) or other local tax authorities.

## How can I ask you to make a payment from my Cash Account?

You can ask us to make an electronic payment from your Cash Account in the following ways:

- ◆ using Online Banking: by going to the ‘Move my Money’ section (accessible through Online Banking) and entering the Security Details we ask you for as well as information about the payment you want to make. You’ll then need to confirm that the information you’ve entered is correct and we’ll treat this as your agreement for us to make the payment; or
- ◆ by calling us: you’ll need to provide the Security Details that we ask for and information about the payment. We’ll repeat the payment information to you and you’ll need to confirm it is correct. This confirmation is your agreement for us to make the payment.

## Can I use a Third Party Provider?

A Third Party Provider (a “TPP”) is a third party service provider that is authorised by or registered with the FCA or another EEA regulator or otherwise permitted by law to access information and make payments on online payment accounts operated by other providers (such as banks, building societies and credit card issuers) and has your permission to do this.

An EEA regulator is a regulator in a member state of the European Union, Iceland, Liechtenstein or Norway.

If you choose to use a TPP, the terms of this agreement will still apply. We’ll give the TPP access to account information and you’ll be able to make the same payments through the TPP that you would be able to make if you were dealing with us online. Account

information will include details about who you make payments to and receive payments from. This might contain some sensitive personal information, for example, if you pay a Trade Union or Church membership subscription from your account.

Although you must not, generally, give your security details to anyone else, you may give them to a TPP if it’s necessary to allow them to provide their services to you. We may refuse to allow a TPP to access your account if we’re concerned that the TPP is acting on an unauthorised or fraudulent basis. We’ll tell you if we do this (unless doing so would compromise our reasonable security measures or would otherwise be unlawful).

You must check from the information provided to you by the TPP that they’re authorised. If you give your security details to an unauthorised third party, we’ll assume it’s you that is authorising us to give access to information about your accounts and you’ll be responsible for any payments made as a result. If we’re aware that an unauthorised third party is using your security details, we’ll block access to your accounts.

If you think a payment made through a TPP was unauthorised or incorrect you must call us as soon as you can.

## When will you make payments from my Cash Account?

With the exception of Account Fee payments, we’ll only make a payment from your Cash Account if there are enough available funds in your Cash Account to cover the payment. If we’ve granted you a Trading Reserve, you can’t use it to cover

payments you want to make from your Cash Account, as the Trading Reserve can only be used to cover orders that you've placed to buy Investments (including associated fees) and/or the Account Fee.

### **Future payments**

If you ask us to make a payment in the future you must have enough available funds in your Cash Account at the start of the day the payment is due to be made (i.e., 12.01am).

We'll take all payments due to be made from your Cash Account that day into consideration when we decide whether to make a particular payment. We'll decide which payments to make if it is not possible to make all of your payments.

### **Are there any general conditions for making payments?**

Please be aware of the following general conditions which might apply to payments you ask us to make from your Cash Account:

- ◆ we may have to delay executing your instructions to make a payment from your Cash Account while we carry out our Financial Crime Risk Management Activities; and
- ◆ some banks only use the Bank Identifier Code BIC address, sort code or national bank code and the account number or International Bank Account Number IBAN when they apply payments to the account of the person you've sent the money to. We'll only process payments into your Cash Account using these details.

If a payment is made into your Cash Account as a result of Financial Crime or a mistake, we can later deduct it from your Cash Account, as you'll be deemed to be holding such funds on trust for the party to whom they're properly owed.

### **When won't you make payments from my Cash Account or when may a payment be delayed?**

We'll not make a payment if:

- ◆ any of the conditions set out in this section have not been met;
- ◆ the payment would exceed the cash you've in your Cash Account;
- ◆ there has been, or we suspect, a breach of security or misuse of your Cash Account or security details;
- ◆ you'ven't given us the account or reference details or we know the details you've given us are incorrect;
- ◆ you've asked us to make the payment in a particular way (for example by Faster Payments) and the recipient's bank does not accept them;
- ◆ you've not provided any extra identification or information about the payment that we've reasonably asked for;
- ◆ there has been, or we suspect, fraudulent or criminal activity of any kind whether or not linked to your account or your relationship with us and it is reasonable for us not to make a payment as a result; or
- ◆ we reasonably believe that doing so would cause us to breach a law, regulation, code, court order or other duty, requirement or obligation or expose us to action or censure from any government, regulator or law enforcement agency.

### **How will I know if you've not made one of my payments?**

You'll know we've refused to make a payment if you're making it Online or using Telephone Banking because the payment won't be accepted.

In all cases where we've refused to make a payment, you can call us immediately to find out why and what you need to do to correct any errors that made us refuse it. You'll also be able to get transaction information through Online and Telephone Banking. We'll let you know this information unless the law or any regulation prevents us from doing so or for fraud prevention or security reasons.

### **What happens if you send a payment late?**

If a payment you make to an account in the EEA doesn't arrive when it should have (normally the Working Day after we send the payment from your Cash Account), you can ask us to contact the receiving bank to ask them to treat the payment as if it had been made on time.

### **What happens if a payment is made into my Cash Account by mistake or fraud?**

If we make a payment into your account by mistake or as a result of an HSBC systems error, we'll take the amount out of your account.

If we're told that a payment from within the EEA was made into your account by someone else's mistake (for example if the payer gave the wrong account number), but, when we contact you, you tell us the payment was intended for you, we're legally required to share all relevant information

including your name and address and transaction information with the bank the payment came from if they ask us so that the payer may contact you.

In all other cases, the steps we'll take will depend on how the payment was made and where it came from.

### **For UK payments (other than payments made by CHAPS)**

- ◆ If the payment was made into your account up to two months before we find out about the mistake, we'll tell you about it and won't return it to the bank it came from for 15 working days so you've time to show us that it was intended for you. During this period we'll make sure you can't use the payment (we might do this by taking the amount out of your account or by limiting access to the amount on the account).
- ◆ If the payment was made more than two months before we find out about the mistake, we'll contact you before limiting access to the amount on the account and before we return it to the paying bank.

### **For CHAPS, international and non-sterling payments**

- ◆ We'll ask your permission before we take the payment out of your account and will only return it to the payer with your consent.

If we suspect that any type of payment that has been made into your account was the result of fraud, we can remove it without your permission.

### **What happens if the person I want to pay switches their current account using the Current Account Switch Service?**

If we're notified by the Current Account Switch Service that a person you're making a payment to has switched their account to another provider, we'll update your instruction with the new sort code and account number.

### **Will my ability to make a payment from my Cash Account ever be suspended?**

We may suspend your use of telephone or Online Banking. We'll do this if we think it is reasonably necessary because:

- ◆ we've concerns about the security of your Online Banking or telephone banking; or
- ◆ we suspect that your accounts have been accessed through the internet or by calling us in connection with Financial Crime or otherwise in an unauthorised way; or
- ◆ there are legal obligations we've to meet.

We'll usually give you advance notice of any suspension and tell you why. However, we'll not do so if this would compromise our reasonable security measures or it is unlawful for us to do so. Occasionally we may not be able to contact you to give you advance notice.

You can ask us to lift any suspension by calling us but we reserve a discretion not to agree to your request for the reasons set out above.

Please also note our separate right to suspend your Service more generally as set out in Part F, Section 2.

## Section 3 – Domestic payments

### **What types of payments can I make from my Cash Account to other accounts in the UK?**

You can make electronic transfers from your Cash Account to other accounts in the UK. You can do so through the 'Move my Money' section of our website accessible through Online Banking or by calling us but please be aware that when you use Online Banking you've a limit for each transaction.

### **What information do I have to provide for you to make a payment from my Cash Account?**

You must provide us with the following information for us to be able to make a payment from your Cash Account:

- ◆ the sort code and account number of the account you're making a payment to (or the equivalent information for payments outside the UK);
- ◆ the date you want us to make the payment;
- ◆ the name of the person/organisation you're paying;
- ◆ any reference; and
- ◆ the amount of the payment.

It's your responsibility to check that the details are correct before asking us to make a payment. We'll make the payment using only these details but we'll also ask you for the name of the person on the account.

### **How long does it take for electronic payments from my Cash Account to reach the bank of the person/organisation I am paying?**

If we receive your Faster Payment instruction via Online Banking before 11.45pm the payment should reach the bank account of the person you're paying within two hours.

If we receive your CHAPS payment instruction via Online Banking by 4.45pm the payment should reach the bank account of the person you're paying on the same Working Day.

If we receive your payment instruction by telephone on a Working Day the payment should reach the bank of the person you're paying by the end of the next Working Day.

### **Can I change my mind after I have asked you to make a payment?**

You can't change or cancel a payment that you've asked us to make immediately.

You can cancel a payment you've asked us to make in the future as long as you contact us on the Working Day before the payment is due to be made.

## Section 4 – International payments

### **What types of electronic international payments can I make from my Cash Account?**

You can use Priority Payments to send money to bank accounts in the UK and abroad which are denominated in US Dollars, Euros or any other currency we may allow you to, from time to time.

### **What information do I have to provide for you to make a Priority Payment from my Cash Account?**

You must call us and provide us with the following information for us to be able to make a Priority Payment:

- ◆ details of the recipient's bank, including their SWIFT Bank Identifier Code address, sort code or national bank code;
- ◆ the recipient's bank account number or IBAN;
- ◆ the name and address of the person you're paying;
- ◆ any reference name you want to give for the payment; and
- ◆ the amount of the payment.

### **How long does it take for a Priority Payment made from my Cash Account to reach the bank of the person/organisation I am paying?**

If the Priority Payment is to be made in Sterling or Euro to an account within the EEA and we receive your instructions by 3pm on a Working Day, the payment should reach the bank of the person you're paying the next Working Day. If the same circumstances apply but we receive your instructions after 3pm on a Working Day or not on a Working Day at all, the payment should reach the bank of the person you're paying the Working Day after the next Working Day.

For all other Priority Payments, please check with us, depending on the country the money is sent to the payment will usually reach the bank of the person you're paying within four Working Days but it could take longer.

**Do you charge for making international payments?**

We may charge you for making Priority Payments.

If we need to use an agent, correspondent or intermediary bank to make a payment, you may have to pay their charges too (except for currency conversions carried out by intermediaries).

If you ask us to, we'll deduct our charges from your account. If the payment is to a recipient outside the EEA any intermediary, we route it through and the recipient's bank may deduct their charges from your payment instead.

If you're making a payment to another person in the EEA, you'll only pay our charges. You can't pay charges for the other person.

**Can I change my mind after I have asked you to make a Priority Payment?**

You can't change or cancel a Priority Payment that you've asked us to make immediately.

You can cancel a Priority Payment you've asked us to make in the future if you tell us on the Working Day before the Priority Payment is due to be made.

## Section 5 – Receiving money into your Cash Account

**How can I receive money into my Cash Account?**

Other than income from Investments that we credit to your Cash Account, the only way you can receive money into your Cash Account is by electronic funds transfer from another UK bank account.

If we receive an electronic funds transfer in Sterling from another UK bank account the payment will be available for you to use immediately.

## Part D – Borrowing from us

### Section 1 – Key features of borrowing

#### **What is a Trading Reserve?**

A Trading Reserve is a credit facility you can ask us to add to the Service to allow you to settle buy orders in Investments when you don't have enough available funds in a Cash Account to do so. A Trading Reserve can be connected to one of your Cash Accounts and is similar to a pre-arranged overdraft facility you might have on a current account.

#### **What's the difference between a pre-arranged and an unarranged Trading Reserve?**

A pre-arranged Trading Reserve needs to be formally arranged with us before you need to use it to settle buy orders in Investments.

On the other hand, an unarranged Trading Reserve is informal in the sense you don't have to ask for it in advance but rather, when we come to settle a buy order in an Investment and you don't have enough available funds in your Cash Account, we may treat your instruction to buy the Investment as a request for a one-off, ad hoc Trading Reserve to cover settlement.

#### **Are there any restrictions on what I can use my Trading Reserve for?**

If we grant you a Trading Reserve, you can only use it to settle buy orders in Investments and the costs associated with your trading activity and/or

Account Fee. You can't use your Trading Reserve for any other purpose and we'll automatically refuse any instructions you give us to extend your credit in any other circumstances. This includes where you ask us to make an Electronic Funds Transfer or a Priority Payment when you don't have enough available funds in the Cash Account to which your Trading Reserve is connected.

You can only have one Trading Reserve on one Cash Account at a time. So, if you've a Sterling Cash Account and Foreign Currency Cash Accounts in Euros and US Dollars, you can only ask us for a Trading Reserve on one of these accounts at a time and we'll only grant you a Trading Reserve on one of these accounts. However, you can always ask us to change the account.

### Section 2 – Pre-arranged Trading Reserve

#### **How can I arrange a Trading Reserve?**

If you think you may need to settle buy trades in Investments at a time that would take one of your Cash Accounts overdrawn then you can apply for a Trading Reserve on that Cash Account by completing and returning the application form accessible through Online Banking or by calling us.

Before we accept your request, we'll assess whether we feel you'll be able to repay it. We reserve the right to decline your application for a Trading Reserve. If we accept your application we'll send you a Facility Letter setting out the terms and conditions that will apply to your Trading Reserve, including how your credit limit is calculated.

If you're applying for a Trading Reserve on a joint Cash Account, both joint Cash Account holders will be required to sign and return a copy of the joint Trading Reserve Letter confirming the terms upon which the Trading Reserve is granted. The Trading Reserve won't be available to you until you've satisfied the terms upon which the Trading Reserve is granted and, in the case of a joint Cash Account, we receive the joint Trading Reserve Letter signed by both joint Cash Account holders.

We'll then send you a Facility Letter setting out the terms and conditions that will apply to your Trading Reserve including how your credit limit is calculated.

### **Is there a credit limit on my Trading Reserve?**

If we arrange a Trading Reserve for you it will come with a variable credit limit linked to the value of certain qualifying Investments held in your Investment Account.

This credit limit will be calculated on a daily basis in accordance with the additional terms that will be notified to you at the time that you apply for the Trading Reserve and confirmed to you in the Facility Letter, if your application for a Trading Reserve is successful.

Your Trading Reserve Facility Letter will set out everything you need to know about your credit limit. Your credit limit will generally be 50 per cent of the value of your qualifying Investments. You can always ask us to increase your ceiling limit and, again, we'll consider your application in the same way as we consider your application for your initial Trading Reserve.

Please be aware that the value of the Investments in your Investment Account, and therefore your credit limit, may vary on a daily basis and you acknowledge that if there is a change in market conditions, the value of your Investments may fall, which may reduce your credit limit and may result in you exceeding your credit limit. It is your responsibility to make sure that you don't at any time exceed your credit limit, unless we've expressly authorised you to do so.

### **Will I pay interest on my Trading Reserve?**

Yes, if you use a Trading Reserve you'll pay us debit interest. The initial Debit Interest Rate will be set out in the Facility Letter and will also be set out in the Rates and Fees Page accessible through Online Banking. If you don't have access to Online Banking, please call us and we'll provide you with the current Debit Interest Rate.

### **Do I need to make regular repayments?**

No, you don't have to make any regular capital repayments. We'll only ask you to repay your Trading Reserve if you exceed your credit limit or the Service is terminated.

### **What if you can't grant me an unarranged Reserve?**

If you place an order and/or you're charged an Account Fee which, on the settlement date, would result in you exceeding the credit limit on your pre-arranged Trading Reserve and/or we can't grant you an unarranged Trading Reserve we may still settle the order and/or take the Account Fee, but we'll have the right to:

- ◆ suspend at once, your right to draw upon your Trading Reserve and/or your Cash Account and take such steps as may be necessary for this purpose;
- ◆ serve you at once with a default notice requiring you to pay us the amount by which settlement of the transaction has caused you to exceed your Trading Reserve limit within the period specified in the default notice, failing which we may stop providing the Service to you and/or exercise any or all of our rights under the Terms including our right of set-off described in Part F – Section 3; and
- ◆ charge you interest at the unauthorised overdraft interest rate for the overdrawn amount, or the amount more than the credit limit on your Trading Reserve, until such time as the balance on your Cash Account is paid in full or brought back within the credit limit on your Trading Reserve.

You may also be liable to pay any other default charges for exceeding the credit limit on your Trading Reserve. We'll give you at least 14 days' notice of the amount you owe for your default charges and if you don't repay in full and on time or make proposals within 14 days of the original notice for repayment within 28 days of the notice which is acceptable to us and

the amount owed is not in dispute, we may tell credit reference agencies of this fact. Such credit reference agencies may record the outstanding debt on your credit file. If details of your default are given to credit reference agencies, this may make it difficult for you to get credit elsewhere in the future. Please see Part E – Section 8 for more detail on how we share information with, and use information provided by, credit reference agencies.

Failure by us to exercise any of our rights described above won't constitute a waiver by us of such rights and, unless and until you've paid off the Trading Reserve or reduced the balance of your Trading Reserve, we reserve the right to exercise such rights at any time.

## **Section 3 – Unarranged Trading Reserve**

### **How do I get an unarranged Reserve?**

You can't request an unarranged Trading Reserve. We may treat a buy order instruction as an implied request for a Trading Reserve when you don't have enough available funds in your Cash Account to settle the buy order.

### **Will I pay interest on my unarranged Trading Reserve?**

We'll charge you interest at the unauthorised debit interest rate for the overdrawn amount, or the amount that exceeds the credit limit on your Trading Reserve, until such time as the balance on your Cash Account is paid in full or brought back within the credit limit on your Trading Reserve.

**Are there any charges for an unarranged Trading Reserve?**

If we agree to provide an unarranged Trading Reserve to cover a particular buy order we'll provide this to you for 31 days. We may charge an arrangement fee for arranging each unarranged Trading Reserve.

If your Cash Account returns to a credit position or the Trading Reserve balance reduces and we then agree to provide you with another unarranged Trading Reserve to cover an order you've placed, we may charge you another arrangement fee.

You may also be liable to pay any other default charges for exceeding the credit limit on your Trading Reserve. We'll give you at least 14 days' notice of the amount you owe for your default charges and if you don't repay in full and on time or make proposals within 14 days of the original notice for repayment within 28 days of the notice which is acceptable to us and the amount owed is not in dispute, we may tell credit reference agencies of this fact. Such credit reference agencies may record the outstanding debt on your credit file. If details of your default are given to credit reference agencies, this may make it difficult for you to get credit elsewhere in the future. Please see Part E – Section 8 for more detail on how we share information with, and use information provided by, credit reference agencies.

Failure by us to exercise any of our rights described above won't constitute a waiver by us of such rights and, unless and until you've paid off the Trading Reserve or reduced the balance of your Trading Reserve, we reserve the right to exercise such rights at any time.

## Section 4 – Financial difficulties

**How will you treat me if I experience financial difficulty?**

Despite our rights set out above, it is our policy to consider cases of financial difficulty sympathetically and positively. If you find yourself in financial difficulties you should let us know as soon as possible. We'll try to develop a plan for you dealing with your financial obligations and will let you know in writing what we've agreed. The sooner we discuss your problems, the easier it will be for us to find a solution. The more you tell us about your financial circumstances, the more we may be able to help. If you're in difficulties, you can also get help and advice from debt counselling organisations. We'll tell you where you can get free money advice. If you ask us to, we'll work with debt counselling organisations, such as Citizens Advice Bureaux, money advice centres or the Consumer Credit Counselling Service.

## Part E – General

### Section 1 – What happens if things go wrong

#### What happens if there are incorrect or unauthorised payments on an account?

What is an incorrect payment?	What is an unauthorised payment?
<p><b>A payment that hasn't been sent to the person or account you specified when you asked us to make the payment.</b></p>	<p>A payment made from your account which was not authorised by you or someone you've authorised to make payments on your account.</p> <p>If you give someone your security details and they use them to make a payment, we may treat the payment as if you'd authorised it depending on what happened. This is why you mustn't tell anyone your security details.</p>

You need to know the position on incorrect and unauthorised payments. This is explained in the Questions and Answers below.

Question	Answer
<b>General position on refunds</b>	
<p><b>What should you do if you notice an incorrect or unauthorised payment?</b></p>	<p>You must call us as soon as you can.</p>
<p><b>What will we do when you tell us about:</b></p> <ul style="list-style-type: none"> <li>◆ <b>an incorrect payment made to another bank; or</b></li> <li>◆ <b>unauthorised payment?</b></li> </ul>	<p>We'll refund the amount of the payment before the end of the Working Day after you tell us or sooner if we're able to.</p>
<p><b>Will we always make a refund?</b></p>	<p>No. We'll not make a refund:</p> <ul style="list-style-type: none"> <li>◆ for an incorrect payment, if we can prove that the payee's bank received the payment;</li> <li>◆ for an unauthorised payment, if we know you've been grossly negligent (acted with a very significant degree of carelessness) or we reasonably suspect fraud on your part;</li> <li>◆ for an incorrect or unauthorised payment if you don't tell us within 13 months after it was made (but this time limit doesn't apply to unauthorised payments if you were overdrawn at that time).</li> </ul>

Question	Answer
<b>Can we take back a refund we've made?</b>	<p>Yes. We can take back refunds (after giving you reasonable notice) in these cases:</p> <p>For incorrect payments:</p> <ul style="list-style-type: none"><li>◆ we can show that the payment was received by the other person's bank.</li></ul> <p>For unauthorised payments:</p> <ul style="list-style-type: none"><li>◆ we can prove that you acted fraudulently; or</li><li>◆ we can prove that an unauthorised payment was made because you intentionally or with gross negligence (a very significant degree of carelessness) failed to keep your Security Details safe (for example, you knowingly gave your Security Details to someone else).</li></ul>
<b>Can I get a refund if I have authorised a payment in advance but the payment amount was not available at that time?</b>	<p>If you authorise a payment and:</p> <ul style="list-style-type: none"><li>◆ the authorisation did not set out the exact amount of the payment; and</li><li>◆ the amount of the payment exceeds the amount you could reasonably be expected to pay taking into account your earlier spending pattern, this document and all other circumstances,</li><li>◆ you can ask us for a refund within eight weeks of the payment being deducted from your Cash Account. We'll not make a refund if you've agreed with us for the payment in question to be made and, where appropriate, details of the payment are provided or made available to you at least four weeks before the payment is deducted from your Cash Account.</li></ul> <p>You must provide us with any further appropriate information we ask for so we can decide whether we should make a refund. We'll make any refund within 10 Working Days of receiving all the information we require.</p>

Question	Answer
<b>Unauthorised payments</b>	
<b>What happens if we can prove you acted fraudulently?</b>	You're responsible for all payments from your account.
<b>What happens if we can prove you've been grossly negligent (acted with a very significant degree of carelessness)?</b>	You're responsible for all payments from your account until you've told us that your Security Details have been lost, stolen or that you suspect misuse.
<b>What happens if you made the payment remotely, for example by telephone or online?</b>	We're responsible (unless you've acted fraudulently) for any purchase of goods or services (other than financial services).
<b>Are there any other cases where we're responsible for unauthorised payments or fraud on your account?</b>	<p>We're responsible (unless you've acted fraudulently):</p> <ul style="list-style-type: none"> <li>◆ after you've told us that your Security Details have been lost or stolen;</li> <li>◆ if we've not provided a number for you to tell us that your Security Details have been lost or stolen; or</li> <li>◆ if we've not applied procedures that we're legally required to use to check that a payment has been authorised by you.</li> </ul>
<b>Incorrect payments</b>	
<p><b>What happens if you:</b></p> <ul style="list-style-type: none"> <li>◆ <b>tell us about an incorrect payment more than 13 months after it was made; or</b></li> <li>◆ <b>gave us the wrong payment details?</b></li> </ul>	<p>We'll not give a refund but, if you ask us, we'll contact the bank that's received your payment, usually within two Working Days, to try to recover the money (this may take longer for international payments). We may charge our reasonable costs for doing this but we'll tell you the maximum amount you'll pay first.</p> <p>If the payment was to another bank in the EEA and we're unable to recover your money, you can ask us in writing to give you all the information we've been given by the bank that received the funds so you can try to recover the funds yourself.</p>

**Can you trace the destination of payments made from my Cash Account?**

If you request us to do so, we'll make reasonable efforts to trace the destination of payments made from your Cash Account. We'll provide you with any results but we cannot guarantee that we'll be able to successfully trace any payment. Regardless of whether we're successful in tracing a payment, there may be a charge for this service.

**Will you make sure you comply with the Terms set out in this document about making payments?**

We'll try to make sure that we make payments in the way we say we'll in this document.

However, there may be occasions where this may not be possible and we're not responsible if we don't comply with anything set out in this document:

- ◆ due to abnormal or unforeseen circumstances beyond our control, the consequences of which would have been unavoidable despite all efforts to the contrary; or
- ◆ where our failure to comply is due to our obligations under any applicable law or regulatory requirement.

**What happens if someone gets a court order against me or my Cash Account or Investment Account?**

If we receive a Court Order or an order from any Authority we've to comply with that Order. This may mean we've to make deductions from your Cash Account which will take precedence over any payments you've instructed us to make, and accordingly these other payments may

not be processed or may have to be reversed. We may refuse to act on any instructions given by you or anyone else to make payments out of your Cash Account, unless you've already got an appropriate Order from the Court.

## Section 2 – Balance information, statements and records

**When will I get a statement for my Cash Account?**

Whenever we make a payment into or out of your Cash Account, take our charges or charge or pay interest we'll give you details by updating the information we provide through Online Banking. This information will also be available if you ask for it using telephone banking.

We'll also provide you with paper monthly statements.

Statements will show details of the transactions that have passed through your Cash Account and the amount of Investments in your Investment Account. Trades may be shown as settled, even if the Investments or proceeds have not yet been delivered to you.

Statements are subject to any future adjustments that may need to be made for any failed deliveries. The basis on which Investments shown on statements are valued by us, will be their estimated value on the statement, based on information we receive from reputable published sources.

You can ask us for a copy of your statement.

We'll also send you a summary of any charges on your accounts every 12 months and a closing statement.

### **When will I get a statement for my Investment Account?**

We'll send you a paper statement by post every three months. Statements will be dated in March, June, September and December.

You'll also be able to view your transactions for the last 12 months through Online Banking. You're able to request additional paper statements.

There may be a charge for these additional requests. Details are set out in the Rates and Fees Page. Statements will show details of the transactions that have passed through your Cash Account and the amount of Investments in your Investment Account. Trades may be shown as settled, even if the Investments or proceeds have not yet been delivered to you. Statements are subject to any future adjustments that may need to be made for any failed deliveries. The basis on which Investments shown on statements are valued by us, will be their estimated value on the statement, based on information we receive from reputable published sources.

### **What is the difference between the balance and available balance on my Cash Account?**

The balance on your Cash Account may include transactions that are still being processed and so may be subject to change. It may not include the amount of any Trading Reserve limit we've granted to you.

The available balance on your Cash Account includes the amount of cleared funds in your Cash Account together with the amount of any Trading Reserve limit we've granted to you.

### **Do you keep records of my dealings with you?**

To make sure that we carry out your instructions accurately, to help us to improve our service and in the interests of security, we may monitor and/or record your Communications with us including telephone calls and conversations we've with you in our branches. All telephone calls that lead or may lead to a transaction in Investments will be recorded and kept for seven years. We'll also keep records of all electronic communications relating to transactions in Investments for seven years. You may ask us for a copy of any such recording or record during the applicable seven year period. Recordings remain our sole property.

### **What is the Costs and Charges Statement?**

If you've investments in Funds then each year, around the anniversary of your InvestDirect Plus Service we'll send you a Costs and Charges Statement. This statement shows the total actual costs that we've charged you for your investment in the Funds and the services we've provided in connection with those investments. The Costs and Charges Statement will also include an illustration of the cumulative effect of those costs on the return on your investment in the Funds.

## Section 3 – Joint accounts

### **If I have a joint account do we've to give you joint instructions to make payments?**

We'll accept instructions from either joint account holder to make payments from a joint account. Either joint account holder can stop any payments being made from a joint account.

### **Do both of us have to apply for a Trading Reserve on the Cash Account?**

Either joint account holder can apply for a Trading Reserve on the joint Cash Account. Joint applications need to be in writing.

### **What happens with information that is sent to joint account holders?**

If you're a joint account holder you authorise us to make information about the joint account available to the other joint account holder.

### **What happens if I have a dispute with my joint account holder?**

If you've a joint account, you can tell us at any time that we must only accept instructions from both you and your joint account holder going forward.

If we become aware of a dispute between you and your joint account holder, then we'll require all instructions on the joint account to come from both of you going forward. This includes all payment instructions, including withdrawals from the account, and an instruction to close the account.

We may also suspend your use of Online Banking.

### **What happens if the person I hold a joint account with dies?**

If one joint account holder dies, the Investments will be moved to an existing sole account or, if one is not held, a sole account will be created to hold the Investments and the joint account closed.

### **What happens if a joint account holder loses mental capacity?**

If we receive notice that any one of you has become mentally incapable we'll treat this as notice of cancellation of the authority. This means that we'll only act on Investment dealing instructions and/or make payments out of your Cash Account that were authorised before we received notice until either an attorney or receiver is appointed to act for the person who is mentally incapable.

## Section 4 – Charges for accessing the Service

### **What will you charge me for using the Service?**

We'll charge you for some of the Services we provide you. The applicable charges, including the frequency, rates and basis of the fees are set out on the Rates and Fees Page.

By opening and maintaining an InvestDirect Plus Account you authorise us to deduct any applicable charges for Services from your Cash Account. By giving us Instructions, you authorise us to deduct all charges relating to placing orders when you place an order and to deduct all charges relating to payments you receive when we receive such a payment into your Cash Account.

We may make a charge for any enquiries we receive for each payment instruction, whether made by you or another person.

We'll not charge you if we've made an error of any kind.

We'll advise you of the charge before we start any investigation on your behalf regarding a payment transaction where something has gone wrong.

You must also pay any applicable VAT, stamp duty, stamp duty reserve tax, other taxes and levies relevant to orders you place.

We may share fees with our Associates and other third parties where they're fees which allow, or are necessary for the provision of carrying out transactions on your behalf and where they're permitted by the FCA Rules. Details of any such remuneration or charging arrangements won't be set out in the relevant contract note or confirmation note, but will be made available to you if you call us.

We don't receive any remuneration from anyone except you. We do on occasion accept minor non-monetary benefits provided that we believe the benefits are capable of enhancing the quality of service we provide to you in relation to your Investments and are not likely to impair our ability to act honestly, fairly and professionally in your best interest in doing so.

Certain additional fees will apply from time to time in the event that you fail to comply with your obligations under these Terms.

We'll send to you as appropriate illustrations showing the cumulative effect of costs on return of your Investments. We'll also provide you with our Costs and Charges Disclosure Document containing important information about charges and the breakdown of costs you pay in respect of your Investments and the service we provide to you in relation to your Investments.

## Section 5 – Changes to the Service

### **Can you change the interest rates?**

Yes, we can change the interest rates that apply to your Cash Accounts and we'll tell you about changes as follows:

#### **Favourable changes**

If we increase the Credit Interest Rate or decrease the Debit Interest Rate (in other words, a change which is favourable to you), we'll either tell you personally within 31 days or, within three Working Days, provide the details in a notice in the national press and on our updated Rates and Fees Page.

#### **Unfavourable changes**

If we increase the Debit Interest Rate or decrease the Credit Interest Rate, we'll only ever do so where the change is needed for the reasons which are set out below (in our response to "In what circumstances will you make changes?") and we'll give you at least two months' personal notice in advance.

Any change in an interest rate will be implemented and calculated in a neutral manner which does not discriminate against you.

### **Can you change charges for the Service?**

Yes, we can change the charges we ask you to pay to access the Service.

- ◆ If we increase the Account Fee, we'll give you reasonable personal notice of at least two months in advance.
- ◆ If we reduce the Account Fee we'll tell you personally within 30 days of the change being made.

### **Trading Reserve charges**

- ◆ If we increase Trading Reserve charges, we'll give you reasonable personal notice of at least two months in advance.
- ◆ If we reduce Trading Reserve charges we'll give you reasonable personal notice of this within 30 days of the change being made.

We can change all other charges set out in these Terms (including introducing new charges) and will tell you personally at least two months beforehand.

### **Can you change part of this document?**

Yes, we can change the provisions of this document and any other document that makes up the Terms, whether the change is to your advantage or disadvantage. This could include changing the nature or features of the Service, including by removing any part of or restricting the scope of the Service. If we do so we'll tell you personally at least two months beforehand.

### **In what circumstances will you make changes?**

We'll only make changes for valid reasons, for example:

- ◆ if the change is favourable to you;
- ◆ following, or in anticipation of, and to reflect a change in relevant law or regulation or to reflect a change in industry guidance or code of practice or good banking practice;
- ◆ to reflect the making of a relevant recommendation, requirement or decision of any court, ombudsman, regulator or similar body;
- ◆ to reflect the costs or consequences of any event beyond our control that may impact our provision of accounts, services or facilities to you;
- ◆ to make the Terms clearer;
- ◆ to reflect any change in our systems and procedures, including any change arising from any reorganisation of our business as a result of it being acquired by, or by our acquiring, another bank or organisation;
- ◆ to reflect any change in the base rate, or any rate that replaces it, as set by the Bank of England or by any Bank that takes over responsibility for setting such a rate (or the equivalent rate set by the relevant country's central bank when dealing with foreign currency);
- ◆ to reflect changes or expected changes in costs associated with relevant technology, the costs we pay to others for the product in question, inflation and/or in our costs of providing accounts, services or facilities;
- ◆ to reflect any changes or expected changes in money market interest rates or the cost to us of money we lend;

- ◆ to respond to our internal policies on competitiveness, market share and/or the profitability of our business as a whole, where we're not acting dishonestly, for an improper purpose, in a manner which inappropriately discriminates against a particular customer or as an unreasonable financial institution would;
- ◆ to improve the services we provide; or
- ◆ other valid reasons for making changes which we tell you about from time to time.

Where we make a change, the change will be proportionate to the underlying reasons for the change and in accordance with Laws.

We can also make changes without giving you a reason but we'll always explain the impact of the change when we tell you and you'll be able to close your account, or end a service that relates to an account, before the change takes effect without charge.

### **What can I do if I don't like a change you've made?**

If we provide you with notice that we're going to make a change to Terms (including a change to Charges or to the nature and/or the features of the Service such as by removing any part of or restricting the scope of the Service), you can ask to end the Service and close your accounts before that change takes effect, without charge.

If you don't tell us that you want to close your account, then we'll assume you've accepted the change and it will take effect automatically.

## Section 6 – Your general responsibilities

### **Do I owe you any other general responsibilities when accessing the Service?**

You agree and confirm to us each time you use the Service, that:

- ◆ you're not in any way legally or otherwise restricted or prohibited from making a transaction or otherwise using the Service;
- ◆ these Terms contain your valid and legally binding obligations (and/or the obligations of the person(s) on whose behalf you're acting);
- ◆ as far as you're aware your entering into and performance of your obligations under these Terms and each transaction under these Terms does not violate, contravene, conflict with or constitute a default under any law, regulation, rule, judgment, contract or other instrument binding on you or any of your assets (and/or of the person(s) on whose behalf you're acting);
- ◆ in using the Service you agree to be bound by the Terms;
- ◆ in accepting the Terms, we've not made, and you're not relying upon, any statements, presentations, promises or undertakings that are not contained within the terms; and
- ◆ you and any other joint account holders remain resident in the UK.

You accept responsibility for monitoring your accounts. You should tell us as soon as possible in writing if you become aware of:

your failure to receive a message from us indicating that an order was received, rejected and/or executed or any such message becoming distorted or wrongly transmitted due to defects in the network where you use our internet service; or

any inaccurate information in your accounts, payments, balances, records or assets or money held or transaction history.

### **Could I owe obligations to anyone else when using this Service?**

If you buy or sell Investments during an offer period in either a target or bidder company involved in a takeover, you may be required to report details of your dealings to the Panel on Takeovers and Mergers if you own or control 1 per cent or more of the company's securities.

It is your responsibility to make any such report or any similar report in analogous circumstances concerning a US company and we've no responsibility for ensuring you meet your obligations to any third party.

## **Section 7 – Limits of liability**

### **To what extent will you be liable if things go wrong?**

We'll not be liable to you for any loss you suffer if you don't provide us with the Personal Data and any other necessary information we reasonably request to carry out your instructions. In such cases we may refuse to accept your instructions. We may terminate our agreement to

provide the Service or any part of the Service to you in accordance with Section 2 – Part F, if you persistently fail to provide us with the information we reasonably require to carry out your instructions.

Subject to Part E – Section 1 neither we nor any of our Associates, agents or licensors or their directors, officers or employees will be responsible to you for losses you suffer unless they're caused by our (or their) breach of the Terms or our (or their) negligence, fraud or wilful default in providing the Service. No such person will be liable for any losses they could not reasonably have expected to occur.

We'll not be liable to you if we don't act on your instructions for any reason set out in these Terms or if we cannot carry out our responsibilities to you because of any cause that we or our agents or subcontractors cannot reasonably control. This exclusion includes any losses arising from the unavailability of the relevant network to users of our internet services, data, or data becoming scrambled, lost or wrongly communicated in transmission. This may be due to defects in the network, direct or indirect failure of power supplies, equipment, data processing and communication systems or transmission links. This exclusion also includes any losses arising because of strike or other industrial action to the extent that such matters are outside our or our agents' or subcontractors' reasonable control.

From time to time we may have to shut down our website to allow us to perform essential work on, or major upgrades to, the Service. We'll make every effort to keep disruption to a minimum and to tell web users before, if such shut down becomes necessary.

Nothing in these Terms:

- ◆ excludes or restricts any obligation we've to you under FCA Rules and/or the Financial Services and Markets Act 2000 or any other Laws that apply to the provision of this Service;
- ◆ excludes or restricts any liability we've to you under FCA Rules and/or the Financial Services and Markets Act 2000 or any other Laws that apply to the provision of this Service which we're not permitted to exclude or restrict; or
- ◆ requires you to exempt or make good any loss to us against any breach by us of any such obligation.

If any provision of these Terms is found to be invalid or ineffective, such finding won't affect any other provisions.

Any part of the service may be provided using the services of third parties, including our affiliates, who may act as agent for us on such Terms as we may agree.

We may do whatever we reasonably consider necessary, or desirable for, or incidental, to the provision of our Services.

We'll not be deemed to have accepted any changes to these Terms unless we agree to them in writing.

We accept liability for any sub-custodian or nominee company that is a member of the HSBC Group. We'll remain responsible for the acts or omissions of other sub-custodians to the extent of our own negligence, fraud and wilful default and as required by the FCA Rules. We'll not otherwise be liable for any losses suffered and/or expenses incurred as a result of Investments or cash being held with a Clearing System.

If there is an insolvency of a Clearing System or of a sub-custodian or nominee company that is not a member of the HSBC Group, we'll not be liable except to the extent of our own negligence, fraud or default.

## Section 8 – Collecting, processing and sharing Customer Information

### Privacy

Your privacy is important to HSBC.

Our Privacy Notice explains how we collect, use, disclose, transfer and store your information and sets your rights in relation to your information. A copy of our Privacy Notice is available separately and we'll inform you when we make any changes to it. You can find a copy at **hsbc.co.uk** or you can ask for a copy in branch or by telephone.

### Your responsibilities

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

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

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

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

## Section 9 – Website and email personalisation

### **What do I need to know about using my computer or other devices to access the Service?**

When you use a computer or other device to access websites operated by or on behalf of the HSBC Group and associated third parties, information may be stored and accessed on that device:

- ◆ to improve your experience;
- ◆ to improve the functionality, security and performance of those websites;
- ◆ to provide you with promotional content; and/or
- ◆ to provide us with information about how those websites are used and how users arrive at those websites.

In the event that you receive emails sent by or on behalf of the HSBC Group, such emails may contain technologies to track for market research purposes whether you opened those emails and whether you accessed internet links contained within

those emails. You agree to information being stored, accessed and used in this way.

Members of the HSBC Group may also exchange, analyse and use relevant information about you in the ways described above to make sure that promotional content displayed to you on screen when you use HSBC Group websites is more likely to be relevant and of interest. Further information is available on our cookie policy, and site terms and privacy statement at our website [hsbc.co.uk](https://www.hsbc.co.uk).

## Section 10 – Further information and marketing

### **Is there anything else I need to know about how you'll use my information?**

To make sure that we carry out your instructions accurately, to help us to improve our service and in the interests of security, we may monitor and/or record your Communications with us including telephone calls and conversations we've with you in our branches. All calls that lead or may lead to a transaction in Investments will be recorded and kept for a period of seven years. You may ask us for a copy of any telephone record within the applicable seven year period. In the interests of security and for preventing and investigating crime, we may use closed-circuit television in and around our premises for the monitoring and collection of sound and/or visual images. Any recordings remain our sole property.

We may make and retain copies of passports, driving licences or other identification evidence that you provide.

We'll get your written consent before providing a banker's reference about you, however, if we receive a request from another financial services institution we'll provide information required to verify your identity for money laundering prevention purposes.

If you change your mind at any time about receiving marketing information via post, telephone, or any other method or about participating in market research, then please let us know by contacting us using the contact details set out on the final page of this document.

## Section 11 – Market Data and Research

### **Do I owe any responsibilities for using Market Data?**

The Market Data provided to you is provided by various third party sources referred to as Market Data Providers. By using the Market Data, you acknowledge and agree that:

- ◆ Market Data is provided solely for your individual use and may not be used in connection with the issuance, trading, marketing or promotion of investment products without a separate written agreement between you and the Market Data Provider who owns it. You may not copy, distribute or redistribute the Market Data, including by caching, framing or similar means, or sell, resell, re-transmit or otherwise make the Market Data available in any manner to any third party. You may not store the Market Data for the purposes of creating a historical database or historical data product; and

- ◆ Market Data is and will remain the property of the respective Market Data Providers. At any time, the Market Data Providers may discontinue disseminating any category of Market Data, may change or eliminate any transmission method and transmission speed and you'll not hold the Market Data Providers or us liable for any resulting liability, loss or damage.

This section is for the express benefit of the Market Data Providers and they may enforce these provisions against you.

This section will remain in effect for as long as you've the ability to receive Market Data and will survive termination of the Service.

The Market Data is provided 'as is' and there may be delays, omissions or inaccuracies in it.

We, the Market Data Providers and our and their respective employees, affiliates and agents cannot and don't guarantee the accuracy, completeness, timeliness, merchantability, fitness for a particular purpose, title or non-infringement of the Market Data and disclaim any such express or implied warranties, to the fullest extent permitted by law.

Neither we nor the Market Data Providers, and our respective and their affiliates and agents, will be responsible for any delays, losses, costs, damages or expenses you suffer if they're caused by events outside our reasonable control. These might, for example include such things like strikes or natural disaster. We'll however wherever possible remedy such a situation as soon as we reasonably can.

You acknowledge and agree that we're not an agent of NASDAQ Stock Market, Inc.

**Do I owe any responsibilities for using Research?**

Research may be provided by us or by a third party. You owe similar responsibilities regarding research as you do for using Market Data.

**Does using research cost me anything?**

We charge you for research and this charge forms part of your Account Fee.

## Section 12 – Transfers

**Can you transfer your rights under these Terms to another firm?**

We can transfer all of our rights in your accounts to someone else.

We can transfer all of our obligations in your accounts but only to someone we reasonably consider capable of performing them equally as well as us and who is authorised or recognised by our regulators as being able to accept deposits and provide the Service.

**Can I transfer my accounts to someone else?**

You can't transfer any of your rights and obligations in your accounts, or your accounts themselves, to anyone else.

## Part F – Ending the Service

### Section 1 – How you end the Service

#### **Does a cooling-off period apply to the Service?**

Yes, you've a right to cancel your agreement to receive the Service without penalty and without giving any reason, within 14 days, beginning on the later of: (i) the day when you receive this document; and (ii) the day when we've opened your Investment Account and your Sterling Cash Account (either way, this is the cooling-off period). You may exercise your right to cancel by writing to us at **HSBC InvestDirect, PO Box 716, Forum 1, The Forum, Parkway, Whiteley, Fareham PO14 9QD**.

#### **What will happen if I ask to cancel?**

You won't be able to cool off from any transactions you've entered into where the price depends on fluctuations in the financial market place. For example, we won't let you cancel any buy orders you've placed but which haven't yet settled. If we let you do this, you could benefit from price fluctuations. For example, if you ask us to cancel the Service in the interval between placing a buy order for an Equity Investment and settlement of that order, you could make a profit in circumstances where the price of the Equity Investment decreased.

If you ask us to cancel the Service, we'll, subject to the exceptions set out in this section, give you all your money back together with any interest it has earned less any money due to us at the time you

cancel the Service. We'll do this by using our reasonable endeavours to arrange for the Investments in your Investment Account to be transferred from the relevant nominee company's name to your name (or someone else's if you ask us to). Where we can't transfer the Investments into your name, we'll sell the Investments in the market with a view to achieving the Best Possible Result. With the sale proceeds, we'll then:

- ◆ deduct any costs incurred in selling the Investments;
- ◆ combine the balance of the proceeds with the credit or debit balance of your Cash Accounts; and
- ◆ if there is any money left, credit it to the bank account you hold with us; or
- ◆ if the above steps result in a negative amount, debit that amount against the balance of the bank account you hold with us.

#### **How can I end the Service after the cooling-off period?**

After the cooling-off period has ended, you can ask to end the Service at any time by calling us. For joint accounts this needs to be in writing.

#### **What will happen when the Service ends?**

When the Service ends, provided we've sufficient information from you, we'll transfer the Investments held in your Investment Account to you (or, in the event of your death, your personal representatives), or to other brokers or charity institutions in accordance with any written Instructions you give. In the case

of a joint account, we'll only transfer the Investments held in the Investment Account on the written Instructions of both joint account holders.

When you exercise your rights to end the Service we'll treat any outstanding order as having been cancelled and terminated.

You must repay any money owed to us including, without limitation, any charges arising from carrying out the transactions required to transfer your Investments as you direct as detailed in the Rates and Fees Page. If, after ending the Service: your Trading Reserve is negative; any Account Fee(s) are owed; and/or we pay for any outstanding Investment transactions you've made or incur any charges relating to these, you agree to repay us these amounts in full. If you don't, we may without notice:

- ◆ arrange the sale of Investments to realise funds to cover any outstanding amount owed to us;
- ◆ take any action necessary to cover your liabilities under any trade. This may include but is not limited to:
- ◆ (i) closing out, replacing or reversing any transaction; or
- ◆ (ii) taking or refrain from taking, such other action as we consider necessary or appropriate to cover liability for any positions or commitments you may have through our Service;
- ◆ combine, consolidate or merge all or any of your accounts with us (and, where relevant, the HSBC Group) and set off any sum outstanding in any such account towards the satisfaction of any liabilities you owe to us in accordance with Part F – Section 3 below; and

- ◆ convert any relevant foreign currencies at our prevailing rates of exchange, in which case this section will apply to any such converted amounts.

If the Service ends for any reason and you don't tell us what you want to do with your Investments, we'll contact you to obtain your instructions. If you don't tell us what you want to do with your Investments within a reasonable time, we may take necessary reasonable steps to return your Investments to you and (if we've haven't heard from you) we may sell your Investments and deposit the proceeds of sale in a personal HSBC bank account in your name (or if you're a joint account holder, in the names of all the joint account holders for your account) or send the proceeds of sale to you. This may mean that we'll send a cheque to the last address we hold on record for you where it is reasonable for us to do so.

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

## Section 2 – How we end the Service

### **When will you end the Service immediately?**

We can stop providing the Service or any part of the Service to you and close any of your accounts at once and without incurring any liability for any loss you may suffer as a result, in any of the following situations:

- ◆ if you've seriously and persistently breached any of your obligations under the Terms;
- ◆ you default on your obligations to make repayments in connection with your Trading Reserve and you fail to rectify your default after a period of reasonable notice or as otherwise provided in the Trading Reserve section;
- ◆ there has been, or we suspect there has been, Financial Crime involving any of your accounts with us or any transactions on any of your accounts;
- ◆ if there has been, or we suspect there has been, suspicious activity on your accounts;
- ◆ if there is behaviour on your accounts which we believe to be inappropriate for a retail customer;
- ◆ if we've reasonable grounds for believing you've committed or are about to commit a crime in connection with the Service;
- ◆ if you've not satisfied any anti-money laundering requirements;
- ◆ there is a change in law or regulation that requires us to do so;
- ◆ you no longer meet the Eligibility Criteria;
- ◆ you've given us false information in connection with your accounts (for example, in your application);
- ◆ you or any joint account holder is not, or is no longer, resident in the UK;
- ◆ you close the personal current account you hold with us or you choose to switch to another bank using the current account switch service and don't retain another eligible account with us; or
- ◆ your account(s) are being or have been used illegally or if we reasonably believe that your conduct will adversely affect the ability of our other customers to trade or the terms on which they trade (for example, if you were to deal repeatedly in many small lots, rather than one large lot so the market maker refuses to deal, or will only deal, at a less favourable price in the future).

We'll give you notice in writing as soon as your accounts have been closed.

If the Service or any part of the Service ends for any reason and you don't tell us what you want to do with your Investments, we'll contact you to obtain your instructions. If you don't tell us what you want to do with your Investments within a reasonable time, we may take necessary reasonable steps to return your Investments to you and (if we've not heard from you) we may sell your Investments and deposit the proceeds of sale in a personal HSBC bank account in your name (or if you're a joint account holder, in the names of all the joint account holders for your account) or send the proceeds of sale to you. This may mean that we'll send a cheque to the last address we hold on record for you where it is reasonable for us to do so.

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

### **When will you end the Service on notice?**

We may stop providing the Service or any part of the Service and close any of your accounts for any reason by giving you at least two months' written notice.

### **What will happen when the Service ends?**

When we exercise our rights to end the Service or any part of the Service, we may without notice:

- ◆ treat any outstanding order as having been cancelled and terminated;
- ◆ arrange the sale of Investments to realise funds to cover any outstanding amount owed to us;
- ◆ take any action necessary to cover your liabilities under any trade. This may include but is not limited to:
- ◆ (i) closing out, replacing or reversing any transaction; or (ii) taking or refrain from taking, such other action as we consider necessary or appropriate to cover liability for any positions or commitments you may have through our Service;
- ◆ combine, consolidate or merge all or any of your accounts with us (and, where relevant, the HSBC Group) and set off any sum outstanding in any such account towards the satisfaction of any liabilities you owe to us in accordance with Part F – Section 3 below; and
- ◆ convert any relevant foreign currencies at our prevailing rates of exchange, in which case this section will apply to any such converted amounts.

### **Will I have to pay you anything else if I default?**

If you default in paying any amount due when using the Service, including any Account Fees, interest and associated administrative and recovery costs will be payable by you on demand.

### **What happens if I can no longer meet the Eligibility Criteria?**

If you no longer meet the eligibility criteria, you must tell us within five Working Days. If you don't we'll consider that a breach of the Terms and we may exercise our rights to end the Service set out in Part F – Section 3.

### **What happens if I can no longer meet the Eligibility Criteria because I used the Current Account Switch Service?**

If you switch your personal current account you hold with us using the current account switch service we may take steps set out in Part F – Section 3.

### **Can you suspend my Service?**

In addition to more specific rights that we've to suspend your Service in other parts of these Terms, we can suspend your Service or any part of your Service temporarily for any of the reasons listed in "When will you end the Service immediately?" set out above in Part F – Section 2.

We may also suspend your Service or any part of your Service where we've another good reason to do so, and where suspending the Service is proportionate to the underlying reason for the suspension. Where we do so, we'll give you at least two months' prior written notice of our intention to do so. Where we do so, you may end your Service (as set out in "How can I end the Service after the cooling-off period?" in Part F – Section 2) and/or transfer your Investments to a different provider at any time up to the point at which the suspended service is reinstated.

Where we take steps to suspend your Service or any part of the Service under this section, we generally won't apply any fees for the Service (or any suspended part of the Service, where only part of the Service is suspended) during the period of suspension nor will we charge you to end your Service and/or transfer your Investments to a different provider during the period of suspension, unless the reason we've suspended your Service is because:

- ◆ you've seriously or persistently breached the Terms;
- ◆ we reasonably suspect you or your account may be involved in financial crime or other illegal activity; or
- ◆ you've failed to satisfy anti-money laundering requirements.

We'll notify you as soon as practicable of the suspension being lifted.

We'll not use the suspension rights in this section in relation to the operation of your Cash Account.

## Section 3 – Set-off (using money or Investments in one account to meet a debt on another account)

### What does “set-off” mean?

If you:

- ◆ have money in a sole or joint account with us or Investments in your Investment Account and default in paying any amounts due when using the Service, including the Trading Reserve; and
- ◆ default in paying any amount due when using the Service or otherwise owe us money on another sole or joint account (this could be an overdraft, loan, credit card or any other credit product),

we can use the money and/or Investments you've with us through one service we provide to reduce or repay the amount you owe us under the same service or a different service. Where we use your Investments to do this, this will require us to sell your Investments and use the proceeds of sale to reduce or repay the amount you owe us.

This is our right of set-off.

## How can you use your right of set-off?

We can use our right of set-off in the following way:

Account in credit held in the name of:	Right of set-off can be applied against amounts owed on accounts held by:
You	You
You	You and another
You and another	You and another
You and another	You
You and another	The other joint party

## Can you use your right of set-off on accounts in the UK only?

Unless prevented by law, we can use our right of set-off for any sole or joint accounts that you hold with any HSBC Group company anywhere in the world.

**This means if you hold both a sole account and a joint account with us, we may use any money or Investments held in your sole account to reduce any monies owed to us on your joint account or use any money or Investments held in a joint account to reduce any monies owed on your sole account.**

Where we execute an order on your behalf in another country the rules of that country regarding clearing and settlement may require the granting of a right of set-off against your accounts.

## Are there any situations when you can't use your right of set-off?

We'll not use our right of set-off:

- ◆ against any money in an account in your name which you've told us is not yours;
- ◆ against any money which we're required to hold by law in an account in your name for someone else; or
- ◆ in a way that does not comply with any law, regulation, code of conduct or industry guidance.

## Will you tell me before you use your right of set-off?

If we're considering using our right of set-off or executing an order in a jurisdiction which requires set-off in relation to any transaction, we'll provide you with general information about our rights and the circumstances when we may use our right of set-off in advance, and we may (and if you authorise us to), convert to Sterling any balance that is in a currency other than Sterling at the HSBC exchange rate that applies at the time.

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## Section 4 – Dormancy

### **What will you do if I stop using my account without telling you?**

If for a 24-month period you hold no Investments, have not given us any Investment dealing instructions and have a cash balance below £10 and you've no other sharedealing accounts in the same name we'll mark your account as dormant. If there is no activity for a further 12 months we may close your account. We'll take this action to protect both you and us. If you ask us we'll tell you how you can access your accounts either directly or via the British Bankers' Association, the Building Societies Association or National Savings and Investments' dormant account scheme. If you've money in a dormant account, it will remain your property (or if you die it will form part of your estate). Dormant accounts won't be charged an Account Fee. If you've an Investment Account which ceases to be dormant we'll write to you to confirm that your account is no longer dormant and giving you one month's advance notice that you'll be charged an Account Fee.

# General Information

## How do I make a complaint?

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

A written copy of our complaint procedures is available on request.

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

**Financial Ombudsman Service**  
**Exchange Tower**  
**London**  
**E14 9SR**

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

Email: **complaint.info@financial-ombudsman.org.uk**

Website: **financial-ombudsman.org.uk/contact/**

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

**Complaining to the ombudsman won't affect your legal rights.**

## Contacting us

We offer many services for our disabled customers. For more information call us on **03457 404 404** (textphone **03457 125 563**).

Lines are open 8am to 10pm every day (except Christmas Day, Boxing Day and New Year's Day) in the UK on **03456 006 161** (textphone **03457 125 563**).

To make sure that we carry out your instructions accurately, to help us to improve our service and in the interests of security, we may monitor and/or record your Communications with us including telephone calls and conversations we've with you in our branches. Recordings remain our sole property.

We take part in the unclaimed assets scheme. If there has been no activity from you on your Cash Account for at least the last 15 years, we may transfer any money in your Cash Account to the unclaimed assets scheme at Reclaim Fund Limited. We'll tell you at least 30 days before we do this. We'll then close your Cash Account. You'll still have the right to your money after it has been transferred to the unclaimed assets scheme – you should ask us for information about how to get your money back.

If we allow you some extra time to meet your obligations in these Terms or don't use some of our rights, this does not mean that we'll do so again.

If there is any conflict or inconsistency between any of these Terms and those in any other service, product, business relationship, account or agreement between you and us, these Terms shall prevail. Any consents, authorisations, waivers requested by us or any member of the HSBC Group, and permissions that already exist from you in relation to Customer Information shall continue to apply in full force and effect, to the extent permissible by applicable local law.

If all or any part of the provisions of these Terms become illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability of such provision in any other jurisdictions or the remainder of these Terms in that jurisdiction.

These Terms shall continue to apply notwithstanding their termination, any termination by us or a member of the HSBC Group of the provision of any Services to you or the closure of any account.

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

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

These Terms are in English and any Communications we send to you'll be in English.

Nothing in these Terms will reduce your statutory rights including your rights relating to misdescribed accounts, the fairness of terms on which they're provided to you, any rights you may have to close your Account and/or claim compensation. For more information about your statutory rights contact your local Trading Standards Department, the Office of Fair Trading or the Citizen's Advice Bureau.

### **Is HSBC a member of any compensation schemes?**

HSBC UK Bank plc is covered by the Financial Services Compensation Scheme (FSCS). You may be eligible to compensation from the scheme if you've a valid claim against us in respect of investment business and we cannot meet our obligations. Most types of investment business are covered.

Your eligible deposits (including cash balances in your settlement account) are covered separately by the FSCS. The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations. Most depositors are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to the current FSCS limit for deposits. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, each depositor would have a separate claim up to the FSCS deposit limit and so the maximum amount that could be

claimed in total would be twice the current FSCS deposit limit. The FSCS deposit limit relates to the combined amount in all the eligible depositors' accounts with the bank, including their share of any joint account, and not to each separate account.

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

Please note only compensation related queries should be directed to the FSCS.

### **How are we authorised and regulated?**

HSBC UK Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Further information and contact details for the Financial Conduct Authority can be found on its website at **[fca.org.uk/](https://www.fca.org.uk/)** and for the Prudential Regulation Authority on its website at **[bankofengland.co.uk/prudential-regulation](https://www.bankofengland.co.uk/prudential-regulation)**.

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

### **Are there any particular risks I should be aware of?**

Yes, Investment dealing is risky and we've set out key risk factors in Annex A to this document. Please consider these risk factors carefully.

# Annex A: Important information about Investment dealing

## **Nature of shareholding**

When you buy a share (defined in this document as an Equity Investment), please be aware that the share is an instrument representing your rights as a shareholder in the relevant company. When purchasing a share, you're, through our nominee company, becoming a co-owner of the company.

This means that you participate in the company's development as well as in chances for profits and losses. This makes it difficult to forecast the precise yield on such an Equity Investment. In an extreme case, the company could become insolvent, eroding your total sums invested.

## **Key risks associated with Equity Investments**

The value of your Investments and the income from them can go down as well as up and you may not get back the amount you originally invested. This may also happen as a result of changes in the rate of exchange where overseas securities or securities denominated in a currency other than Sterling are held. Any Investment should be considered as a medium to long term investment (in other words, at least five years). Past performance is not an indication of future performance.

There is an extra risk of losing money when Investments are bought in some Alternative Investment Market (AIM) 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.

## **Key risks associated with Debt Investments**

You should also specifically bear in mind the following risk factors which are relevant to investing in fixed interest securities such as gilts (defined as Debt Investments in this document). Like all investments available including those available through the Service, the value of your gilts and the income from them can go down as well as up and you may not get back the amount you originally invested. If you purchase gilts above par value and hold them to redemption, you'll receive less than you paid for them.

## **Key risks associated with Fund Shares**

You should also specifically bear in mind the following risk factors which are relevant to investing in regulated collective investment schemes such as Funds. By holding Fund Shares, you're indirectly investing in a wide range of different companies. Although this should spread risk, any investment in the stock market involves risk and you should view your investment as medium to long term.

Typically this means five to 10 years for medium term and over 10 years for long term Investments.

**Your Tax Status**

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

**Corporate Actions**

Where a corporate action takes place which we believe will affect the price of Equity Investments, we'll use reasonable endeavours to contact you to advise you that corporate actions may trigger any market or Limit Order you may have placed with us.

**Fund operators**

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

## Annex B: Important information about using our website

### **Using our website: disclaimer of warranty and limitation of liability**

Our website is intended for use by retail customers and not for professional purposes. By accessing our website, you represent that you're using it for such purposes. We reserve the right to terminate your access if this is not the case. Nothing in our website constitutes a solicitation or recommendation by us or any other person to buy, sell or hold any security, financial product or financial service or otherwise for the purpose of making a public offer of the same. The information on our website is provided as-is. The information on our website is obtained or compiled by third parties and provided by us in good faith. Although it is provided by us in good faith, we cannot be responsible for its accuracy; however, if we become aware that such information is incorrect, we'll change it as soon as we're able to. The information available on our website is subject to change without notice. We expressly disclaim any obligation to keep the information on our website up to date, free of errors or viruses or to maintain uninterrupted access. We may stop producing or updating any part of our website without notice. Access to and use of our website is at your own risk. We don't warrant that the use of our website or any material downloaded from it won't cause damage to any property, including but not limited to loss of data or computer virus infection.

### **Execution-only**

The Service is an execution-only service. This means that we're not required to assess the suitability of the Service for you or any Investment and the protection offered by the FCA on assessing suitability does not apply to the Service. Nothing on our website or in other documentation provided to you constitutes investment, legal, accounting or tax advice, nor a representation that any investment or strategy is suitable or appropriate to your individual circumstances. Before entering into a transaction in respect of an Investment referred to on our website or otherwise, you should consult your own investment advisors as to its suitability for you. We bear no responsibility or liability for your use of any third party vendor's software, products, services or equipment in connection with your access and use of our website.

### **Access**

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

### **Liability**

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

**Reservation of rights**

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

**Using links**

Should you leave our website via a link contained in our website and view content that is not provided by us, you'll do so at your own risk. We provide links only as a convenience and without liability. The ability to link to another website and the fact that a link exists does not mean that we endorse or guarantee such site, the site sponsor or the site contents. In addition, be aware that when you leave our website you'll be subject to the Terms of use and privacy policies of the new website which you're visiting.

**Cookies**

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

# Annex C: Best Execution Disclosure Statement

## **Purpose and scope**

This Best Execution Disclosure Statement provides a summary of the steps we'll take to achieve the Best Possible Result for your orders in Financial Instruments, taking into account the factors set out below, under our Execution Policy. In this Annex references to an order or orders and to a transaction or transactions are to such order/s and transaction/s in Financial Instruments.

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

## **Best execution factors**

When executing your orders, we'll take all sufficient steps to achieve the Best Possible Result on a consistent basis, including, where possible, in situations of market stress, taking into account a range of factors which include: price; cost; speed; likelihood of execution and settlement; size; nature; or any other consideration relevant to the execution of your orders. Price and execution costs will be paramount although other factors such as the type of order, the type of Financial Instrument and the choice of Execution Venue will also be considered, where necessary, to achieve the Best Possible Result. If applicable, any Execution Venue costs will be disclosed to you.

## **Execution Venue**

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

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

## **Execution Venues**

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

## **US equities**

HSBC Securities (US) Inc. will execute as agent on AMEX, NASDAQ, NYSE and any selected Multilateral Trading Facilities.

## **Bonds**

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

## **Unit Trusts and Open-Ended Investment Companies**

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

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

Information regarding execution and the top five Execution Venues for each class of Financial Instrument can be accessed via our website **[investments.hsbc.co.uk/best-execution](https://investments.hsbc.co.uk/best-execution)**.

For unit trusts and open-ended investment companies, the fund manager is the relevant Execution Venue.

## **Limit Orders**

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

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

## **Specific instruction warning**

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

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

**Effective date, review, amendments and monitoring**

Our Best Execution Disclosure Statement is reviewed at least annually. Where necessary we may amend it, in the event a material change has occurred, which will include changes to the list of Execution Venues on which we place significant reliance. We'll inform you of any changes either in writing or by publishing the amended Best Execution Disclosure Statement on our website. We'll also monitor our effectiveness in achieving Best Possible Result in executing your orders on a regular basis.

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

## Annex D: Our Conflicts of interest policy in relation to our Investment services

The HSBC Group is a global organisation which provides a wide range of financial services. As such, it, or a company with whom it has an association (HSBC), may from time to time have interests which conflict with its clients' interests or with the duties that it owes to its clients.

These include conflicts arising between the interests of HSBC, its associates and employees on the one hand and the interests of its clients on the other and also conflicts between clients themselves.

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

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

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

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

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

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

## Annex E: Your rights and responsibilities

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

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

- ◆ The Terms of Business is a legally binding contract between us (acting as your agent and on your behalf) and HSBC Bank plc.
- ◆ Under that contract, HSBC Bank plc will be entitled to treat us (and not you) as its client for certain regulatory purposes. But because we're entering into the contract as your agent and acting on your behalf, you'll still be a party to the contract as a matter of law.
- ◆ As a result, you'll be bound by the terms of the contract, and you'll also be entitled to enforce the contract if it is breached by HSBC Bank plc. In other words, you'll have the right to make a legal claim against HSBC Bank plc directly, rather than having to go through us.
- ◆ If you want more information about what the Terms of Business say, please let us know and we'll send you a copy of the Terms of Business in force as at that time.

- ◆ Applicable laws and regulatory requirements prevent us from conducting certain activities or taking on certain liabilities. As a result, we're not able to accept responsibility for the acts and omissions of HSBC Bank plc when it provides execution and dealing services under the Terms of Business. But if you've any concerns or complaints on this front at any time, please let us know straight away and we'll explain how these can be dealt with.
- ◆ You should also be aware that, if you're ever dissatisfied with HSBC Bank plc's services, you always have the right to submit a complaint to it directly. Further details regarding its complaints procedures are available from us on request.
- ◆ If you're not satisfied with the way in which HSBC UK Bank plc deals with a complaint you've made, then you may be able to refer it to the Financial Ombudsman Service. Further information is available from us on request or from the Financial Ombudsman Service itself at  
**Exchange Tower**  
**Harbour Exchange**  
**London**  
**E14 9SR**  
**[financial-ombudsman.org.uk](http://financial-ombudsman.org.uk)**.

- ◆ HSBC Bank plc is also covered by the Financial Services Compensation Scheme (FSCS). You may be eligible to compensation from the scheme if you've a valid claim against HSBC Bank plc in respect of investment business and it cannot meet its obligations, due to insolvency. Most types of investment business will be covered.
- ◆ Under the Terms of Business, HSBC Bank plc may ask us to obtain from you certain information, documents or materials (for example, where these are requested to enable HSBC Bank plc to comply with applicable laws or regulatory requirements, or its internal policies and procedures). If we ask you to give us something for this reason, you'll need to provide it to us as quickly as possible, and make sure it is complete, correct and up to date.
- ◆ Please note that nothing in the Agreement or the Terms of Business is intended to or shall limit or exclude any rights or remedies you've under the general law or any regulatory regime. To be clear, this includes any rights you may have against HSBC Bank plc under the Consumer Rights Act 2015 or section 138D of the Financial Services and Markets Act 2000 (in each case, as in force from time to time).

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

- ◆ We are under a regulatory duty to take all sufficient steps to obtain the best possible result for you when executing orders on your behalf. This is known as "best execution". This is in addition to any contractual obligations we may owe you.

We will categorise you as a retail client for the purposes of the FCA rules. This means we will have a regulatory duty to provide you with "retail quality" best execution – i.e. in general terms, when executing orders for you, we have to determine what the best possible result is in terms of price and cost.

If this duty is breached, you may have a right to take action against us under section 138D of the Financial Services and Markets Act. In general terms, section 138D can give private persons a right to take action if they suffer loss because a relevant firm has breached certain rules made by the FCA.

Over and above this, HSBC Bank plc will also have obligations under the Terms of Business. For example, it will be subject to a contractual obligation to provide you with "retail quality" best execution. Accordingly, depending on the circumstances, if there is a breach on this front, you may also have a right to take action against HSBC Bank plc for this breach, although this will be under the law of contract, rather than under section 138D as explained above.

If you've any questions about the information set out in this Annex, please don't hesitate to let us know and we'll do our best to help.

## Need to contact us?

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

### Phone

Call us on **03456 08 08 48**  
(or **+44 1226 261090** from abroad)

Textphone: **03456 08 88 77**

Our opening hours are:

Monday to Friday: 7.30am to 9.30pm

(excluding bank holidays)

Saturday: Closed

Sunday: Closed

### Post

You can post Investment transfer requests, queries, comments and suggestions to us at:

**HSBC InvestDirect**

**PO Box 716**

**Forum 1**

**The Forum**

**Parkway**

**Whiteley**

**Fareham**

**PO14 9QD**

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

### Online Banking

If you're registered for Online Banking, you can also contact us by sending us a Secure e-message.

To make sure we carry out your instructions accurately, to help us to continually improve our service and in the interest of security, we may monitor and/or record, and keep records of all Communications we've with you.

# Accessibility

To find out more about our accessible services please visit [hsbc.co.uk/accessibility](https://www.hsbc.co.uk/accessibility) or ask at any of our branches.

**If you'd like this in another format such as large print, Braille or audio, please contact us.** A textphone service is also available for customers with hearing and/or speech impairments.

If you use your own textphone you can call us on **03457 125 563** (+44 207 088 2077 from overseas).

**hsbc.co.uk**

**Issued by HSBC UK Bank plc.**

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