

NORTHERN BANK ASSET MANAGEMENT TERMS AND CONDITIONS

(Valid and effective from 1 May 2012)

PLEASE READ THIS DOCUMENT CAREFULLY. IT CONTAINS VERY IMPORTANT INFORMATION ABOUT YOUR RIGHTS AND OBLIGATIONS, AS WELL AS LIMITATIONS AND EXCLUSIONS THAT MAY APPLY TO YOU.

1. THE TERMS AND CONDITIONS

- 1.1 These terms and conditions together with the schedules to these Terms, the Application Form, the Mandate (where you are not an Individual) and the ISA Terms together with the ISA Application Form (where you have opened an ISA Account with us) form the contract between you and us for the provision of your Account and related Services (together the "**Terms**").
- 1.2 We may amend the Terms on thirty days' notice in writing in accordance with clause 29, unless a shorter period is required by law, rule or regulation. Terms and Conditions are available on our website or from any of our branches.. These Terms apply unless other conditions have been expressly agreed in writing between you and us.
- 1.3 These are our standard Terms upon which we intend to rely. These Terms explain our obligations to you and your obligations to us and are the basis of our legal agreement. For your own benefit and protection you should read these carefully before signing, because by signing you consent to the

Terms. If there are any sections or terms within this document that you do not understand, please ask for further information. You should also retain a copy for future reference.

- 1.4 Northern Bank Limited is authorised and regulated by the Financial Services Authority. We are listed on the FSA Register, which is accessible at www.fsa.gov.uk/register, and our FSA firm registration number is 122261. The FSA is located at 25 The North Colonnade, Canary Wharf, London, E14 5HS. The FSA's other contact details can be found at www.fsa.gov.uk.

- 1.5 We have categorised you as a Retail Client (for the purposes of FSA Rules) unless we have formally agreed and confirmed otherwise in writing to you. The type of client category that is applied determines the level of protections afforded to you under the UK regulatory system. As a retail client the regulatory protections available to you determined by this category will be the highest available.

- 1.6 We may record or monitor telephone calls in order to ensure security and to help maintain service quality.

2. DEFINITIONS

- 2.1 In these Terms:

we, us and our means Northern Bank Limited, a company registered in Northern

Ireland with registration number R0000568 and whose registered office is at Donegall Square West, Belfast, BT1 6JS;

you(r)(s) means any person submitting an Application Form and who we accept as a customer for the provision of the Services and, where applicable, their duly authorised representatives, legal personal representatives and successors;

- 2.2 Defined terms are set out below in this clause 2.2 and throughout the Terms.

"Account" means together the Custody Account and the Cash Account and (where appropriate) the ISA Account;

"Affiliate" means any holding company or its subsidiary within the Danske Bank Group of companies and also includes any person whose business relationship with ourselves or a Danske Bank Group company might reasonably be expected to give rise to a community of interest which may involve a conflict of interest in dealings with third parties;

"Advisory Portfolio Management Service" means the advisory portfolio management services described in clause 6;

"Application Form" means the application form signed by you in order to open an Account (other than an ISA Account) and to allow us to provide the Advisory Portfolio Management Service or the Discretionary Portfolio Management Service as applicable;

"Business Day" 'A business day is a Monday, Tuesday, Wednesday, Thursday or Friday (except bank holidays and other holidays in Northern Ireland) on which we are usually open for business.'

"Cash" means the money in your Cash Account and/or ISA Account as appropriate;

"Cash Account" means the record of cash held for you by the Custodian as described in clause 16.3;

"Collective Investment Scheme" is a scheme which consists of arrangements for the management of property of any description the purpose or effect of which is to enable participants in the arrangements to receive income or profits arising on the same, such as open-ended investment companies, unit trusts and investment trust companies;

"Custodian" is defined in clause 13.2;

"Custody Account" means the record of the Securities held for you by the Custodian;

"Custody Agreement" means the agreement described in clause 15.1;

"Discretionary Portfolio Management Service" means the discretionary portfolio management service described in clause 5;

"FSA" means the Financial Services Authority and any successor or successors to it;

"FSA Rules" means the rules of the FSA as amended and/or replaced from time to time;

"Investment Parameters" means your investment objectives and parameters set

out in the suitability letter we shall send to you from time to time, as described in clause 8;

"ISA" means an Individual Savings Account set up and managed under the ISA Regulations;

"ISA Account" means the record of Qualifying Investments and any associated cash held for you by the Custodian in accordance with the ISA Terms set out in Schedule 4;

"ISA Application Form" means the application form or transfer in application form (as appropriate) signed by you in order to open an ISA Account;

"ISA Manager" means us;

"ISA Regulations" means the Individual Savings Accounts Regulations 1998 as amended from time to time;

"Joint Account" means a joint account as defined in clause 33.1;

"Loss" and **"Losses"** means all loss or losses, claims, costs, reasonable expenses, damages and liabilities;

"Mandate" means a mandate provided by an organisation such as an incorporated company, unincorporated club, society, trust, charity or association or such other organisation as we may permit from time to time, appointing person(s) to represent such organisation in connection with the provision of the Services;

"Product Provider" means a provider of an investment product;

"Portfolio" means the assets within your Account in respect of which we provide the

Service which may comprise (without limitation) of cash deposits, subscription warrants, shares, debentures loan and convertible stock, all of which (with the exception of the contents of any existing portfolio taken over by us) are traded on a recognised investment exchange and may comprise shares in Open Ended Investment Companies ("OEICs") and units in regulated and unregulated Collective Investment Schemes;

"Qualifying Investments" means an investment which may be purchased, made or held in an ISA in accordance with the ISA Regulations and which we have agreed may be held within the Managed Portfolio ISA.

"Securities" means the non-cash assets in your Custody Account and/or the Qualifying Investments in your ISA Account, where applicable;

"Securities System" means a securities depository or securities clearing book entry or other similar system;

"Service" means the Advisory Portfolio Management Service or the Discretionary Portfolio Management Service as appropriate;

"Statement" means a periodic statement distributed to you to provide you with information regarding your Account, including the performance of your Account;

"Tax Year" means a year beginning on 6th April in any

year and finishing on 5th April the following year or

as otherwise amended by the relevant tax authorities

"Termination" means termination of the Terms and your Account in accordance with clause 37;

"US" means the United States of America (including the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction;

"US Person" means unless otherwise determined by us:

(i) a citizen or resident of the US;

(ii) a partnership, limited liability company, corporation or other entity organised in or under the laws of the US or any State in the US or any entity taxed as such or required to file a tax return as such under the US Federal income tax laws;

(iii) any estate or trust the executor, administrator, or trustee of which is a US Person as defined above, in the cases of a trust of which any professional fiduciary acting as a trustee is a US Person, a trustee who is not a US Person has sole or shared investment discretion with respect to trust assets and no beneficiary of the trust (and no settler if the trust is revocable) is a US Person and no income or beneficiaries of which are subject to US Federal income tax;

(iv) any agency or branch of a foreign entity located in the US;

(v) certain accounts held by a dealer or other fiduciary where the person exercising discretion over the account is a US Person;

(vi) any partnership, corporation or other entity if (a) organised or incorporated under the laws of any foreign jurisdiction and (b) owned or formed by a US Person or

Persons principally for the purpose of investing in securities not registered under the US Securities Act of 1933; and

(vii) any employee benefit plan unless such employee benefit plan is established and administered in accordance with the laws of a country other than the US and the customary practices and documentation of such country and is maintained primarily for the benefit of persons substantially all of whom are non-resident aliens with respect to the US.

Except that a US Person shall not include corporations, partnerships or other entities which are organised or incorporated under the laws of any non-US Person as described above, unless such corporation, partnership or other entity was formed by such US person principally for the purpose of investing in securities not registered under the US Securities Act of 1933, as amended; and

"Valuation Date" means the date upon which valuation statements will be made up to and will be 31 December and 30 June each year or such other date(s) as we may determine in our absolute discretion.

2.3 In these Terms, unless the context requires otherwise,

2.3.1 headings are for convenience only and do not affect legal interpretations;

2.3.2 any reference to a statute, statutory instrument or regulation should be read as including any re-enactment, replacement or modification; and

2.3.3 words in the singular include the plural and vice versa.

3. EFFECTIVE DATE

3.1 Unless we notify you otherwise, these Terms will come into effect on a date (the "Effective Date") on or after the date we receive your Application Form having been duly signed and returned by you or on your behalf and when we have received:

3.1.1 any information we may require in relation to you and the contents of any existing portfolio that you place with us; and

3.1.2 Securities in your Custody Account and/or ISA Account and/or Cash in the Cash Account to such minimum value as we may specify from time to time.

4. SERVICES

4.1 These Terms apply to the following services:

4.1.1 Discretionary Portfolio Management Service; and

4.1.2 Advisory Portfolio Management Service.

4.2 Where you request us to provide the Discretionary Portfolio Management Service to you, the provisions of clause 5 will specifically apply in respect of that Service and where you request us to provide the Advisory Portfolio Management Service to you, the provisions of clause 6 will specifically apply in respect of that Service. We can also offer our Managed Portfolio ISA

through which Qualifying Investments in your Portfolio may be held subject to the ISA Regulations which will require you to complete the ISA Application Form and to which the ISA Terms will specifically apply.

4.3 The Portfolio will be held in the Custody Account, the Cash Accounts and, where appropriate, the ISA Account and will include all moneys, securities and other property (in the case of the ISA Account, Qualifying Investments and associated cash only) from time to time in respect of which you require us to provide the Service.

4.4 We may feel that it is appropriate to invest or advise you to invest in products which cannot be held without evidence of certificates and therefore cannot be held in the Custody Account, for example Guaranteed Income Bonds and National Savings Certificates. If we believe that any of such products are suitable product for you to invest in, we will require you to sign a separate application form for such products on a case by case basis.

5. **DISCRETIONARY PORTFOLIO MANAGEMENT SERVICE**

5.1 Subject to:

- 5.1.1 our obligation to accept instructions under clause 7 below;
- 5.1.2 the Investment Parameters;
- 5.1.3 these Terms; and
- 5.1.4 where applicable, the ISA Terms, we shall exercise absolute discretion in the management of the Portfolio and in

particular shall be entitled to buy, sell and otherwise deal in investments or assets on your behalf without your instruction.

5.2 We may not commit you to any obligation to underwrite any issue or offer for sale of securities.

5.3 We may, for the Portfolio, acquire or dispose of units in a Collective Investment Scheme either operated or advised by us or an Affiliate.

5.4 If we decide to invest in a Collective Investment Scheme for you, any return which you receive on the units which we invest in will be subject to the costs associated with the managing and operating of the relevant Collective Investment Scheme. We have absolute discretion when choosing the class of units which we invest in for you (which may not be the class of units which incurs the lowest level of charges relative to the overall value of the Collective Investment Scheme).

5.5 Our objective will be to select and maintain a balanced portfolio consistent with your disclosed requirements to achieve the objectives set out in the Investment Parameters. However we do not guarantee the performance of or profitability of the Portfolio.

5.6 The Investment Parameters shall not be deemed to have been breached as a result of changes in the price or value of assets in the Portfolio brought about through market forces or movements in the market. If any Investment Parameters are exceeded and/or breached then we shall:

5.6.1 notify you as soon as practicable;

5.6.2 acquire or dispose of, as the case may be, no further assets for your Account which at the date of acquisition/disposal would result in any restrictions being further exceeded or breached; and

5.6.3 consult with you as to the steps to be taken to remedy the situation,

provided that we shall always be entitled to acquire or dispose of assets with a view to remedying any such excess or breach.

6. **ADVISORY PORTFOLIO MANAGEMENT SERVICE**

6.1 Subject to:

- 6.1.1 our obligation to accept instructions under clause 7 below;
- 6.1.2 the Investment Parameters;
- 6.1.3 these Terms; and
- 6.1.4 where applicable, the ISA Terms,

we shall advise you on building and managing the Portfolio. We will recommend that you buy, sell or otherwise deal in certain investments, with a view to building a balanced portfolio that meets your investment objectives. If you accept our recommendations and confirm that you wish us to deal on your behalf, we will buy, sell or otherwise deal according to your instructions. We will not buy, sell or otherwise deal in investments or assets on your behalf without your instruction, subject to clause 16.5. If you do not accept our recommendations, you acknowledge that this may lead to your agreed investment

objectives not being met and our responsibility for achieving those investment objectives will be qualified accordingly. Any imbalance caused to the Portfolio as a result of ignoring our recommendations is entirely at your risk.

6.2 You have a right to cancel any transactions we recommend and undertake for you in units in a regulated Collective Investment Scheme, on or before the 14th calendar day from the date of the conclusion of the contract or from the date on which you receive any contractual terms and any other pre-contractual information required under the FSA Rules, if later than the date of the contract.

6.3 In order to exercise the right of cancellation referred to in clause 6.2, the cancellation notice must be served in writing to Northern Bank Limited, Private Banking and Wealth Management, PO Box 183, Donegall Square West, Belfast, BT1 6JS. If you cancel any transaction which we undertake for you in units in a regulated Collective Investment Scheme, we will treat this as an instruction to sell your securities at the prevailing market price. We will return the proceeds to you as soon as reasonably practicable, and in any event no later than 30 days after the date on which you posted or otherwise sent the notice of cancellation to us. Please note that the amount you will get back may be subject to changes in the value of the securities caused by market movements that may have occurred during the cancellation period.

6.4 If you decide to invest in a Collective Investment Scheme following our

recommendation, any return which you receive on the units which we invest in will be subject to the costs associated with the managing and operating of the relevant Collective Investment Scheme.

6.5 We may recommend that you acquire for the Portfolio, or dispose of units in a Collective Investment Scheme either operated or advised by us or an Affiliate.

6.6 Our objective will be to advise you on the selection and maintenance of a balanced portfolio consistent with your Investment Parameters. However we do not guarantee the performance of or profitability of the Portfolio.

6.7 The Investment Parameters shall not be deemed to have been breached as a result of changes in the price or value of assets in the Portfolio brought about through market forces or movements in the market. If any Investment Parameters are exceeded and/or breached then we shall:

6.7.1 notify you as soon as practicable;

6.7.2 acquire or dispose of, as the case may be, no further assets for your Account which at the date of acquisition/disposal would result in any restrictions being further exceeded or breached; and

6.7.3 consult with you as to the steps to be taken to remedy the situation.

7. INSTRUCTIONS

7.1 We shall accept instructions from you and, where you are not an individual, from any other person to whom you have granted a Mandate which has been

approved by us. Instructions may be given in writing (not by electronic mail) or verbally. We reserve the right to record telephone calls for all instructions given by telephone. We shall acknowledge your instructions by acting on them.

7.2 We reserve the right to refuse to comply with any instructions and we shall notify you promptly in each case. For example we may refuse to comply with any instructions which are unclear or where we suspect fraud.

8. INVESTMENT PARAMETERS

8.1 There are no:

8.1.1 restrictions on the type of investments in which you wish to invest;

8.1.2 limits or restrictions on the length of time for which you wish to hold any particular asset;

8.1.3 particular purpose[s] for your investment activities; or

8.1.4 restrictions on the markets in which you wish transactions in relation to your investments to be effected,

except as are reflected in your investment objectives and parameters set out in the suitability letter we shall send to you from time to time (the "**Investment Parameters**"). In the event that any of the above criteria change, you must advise us as soon as possible and we will agree with you new Investment Parameters.

8.2 There are no restrictions on the amount of any one investment or on the proportion of the Portfolio which any one

12.3.4 periodic disclosure of the facts will be made to you and further details will be disclosed to you on request.

CUSTODY AND CASH ACCOUNTS

13. **OPENING YOUR ACCOUNT**

13.1 To open an Account, you must read and agree formally to these Terms, submit a signed Application Form for the relevant Service and, where you are not an Individual, a Mandate and provide us with proof of your identity and such other supporting documentation that we may require. To open an ISA Account, you must also read and agree formally to the ISA Terms and submit an ISA Application Form.

13.2 By opening the Account (or where your Account is already open) you agree to us appointing Custodians, nominees and other agents including Affiliates on your behalf to act as custodian of the Portfolio (the "Custodian"). We will notify you of the identity of the Custodian from time to time. We will undertake an appropriate risk assessment, and will exercise reasonable skill and care in the selection of any Custodian. However we will not be liable for the default, negligence, fraud,

investment or any particular kind of investment may constitute.

9. **INVESTMENT RESEARCH AND ANALYSIS**

9.1 If we give you information on investments or markets, such as research recommendations, market trends, investment analysis or commentary on the performance of selected companies, this should not be viewed as a personal recommendation or investment advice. This information will not be tailored to your Investment Parameters and we will not have assessed whether the relevant investment is suitable for you based on your personal circumstances in the way that we would if we were providing you with investment advice under these Terms. We will comply with the FSA Rules in relation to the content of information on investments or markets which we may provide to you but otherwise we give no representation, warranty or guarantee as to the accuracy, completeness or suitability of such information. You should seek investment advice from us in relation to any investment mentioned in these materials prior to dealing in that investment.

9.2 We are not obliged to send the information to you before or at the same time as it is made available to our staff, other clients or other people. We are also not obliged to consider this information when giving investment advice or dealing for you.

10. **LENDING AND BORROWING**

10.1 Securities or other property belonging to you will not be lent to, or deposited by way

of collateral with, any third party nor will money be borrowed on your behalf against the security of your Portfolio.

11. **UNSOLICITED CALLS (COLD CALLING)**

11.1 You agree that we have the right, acting by our representatives or employees, to make unsolicited calls on you, either by personal visit or by verbal communication, between the hours of nine a.m. and nine p.m. on weekdays (which will include Saturdays but not bank holidays). Such calls will only be made when deemed by us to be in your interests.

12. **ARRANGEMENTS WITH AGENTS**

12.1 We may arrange to effect transactions on your behalf with or through the agency of another person with whom we have a soft commission agreement.

12.2 A soft commission agreement is one under which we would receive goods or services in return for an assurance that not less than a certain amount of such business will be put through or in the way of that person.

12.3 Should such an agreement be put in place, the FSA Rules provide, and we undertake, that:

12.3.1 such agreements do not impair compliance with our duty to act in your best interest;

12.3.2 all such transactions will secure "best execution" for you in accordance with the provisions in clause 18 of these Terms;

12.3.3 the only benefits to be provided under the agreement are goods

- criminal act or insolvency of any Custodian save where the Custodian is an Affiliate.
- 13.3 We are entitled to assume that information provided to us by you is accurate and to rely on any such information and we will not be liable to you for any adverse consequences of relying on such information where such information has changed or becomes inaccurate unless you have informed us of the relevant change or inaccuracy. We shall be entitled to rely on information in order to assess the suitability or appropriateness of any proposed transaction, where we are required by the FSA Rules to make such assessment.
- 13.4 Where appropriate you may have the opportunity to withdraw your application for a particular investment held through your Account where, under the FSA Rules, cancellation rights apply. In such circumstances, you will either be notified of or will be sent a notice of your right to cancel.
14. **FUNDING YOUR ACCOUNT**
- 14.1 You can fund your Account by:
- 14.1.1 transferring investments to your Account (which in the case of an ISA Account must be Qualifying Investments);
- 14.1.2 selling or surrendering investments (which in the case of an ISA Account must be Qualifying Investments) held by you or with another provider and instructing them to pay the proceeds into your Account; or

14.1.3 by making a deposit into your Account by the Bankers Automated Clearing Services ("Bacs") or the Clearing House Automated Payment System ("CHAPS") or by sending us a cheque made payable to such persons as we shall direct. You will be unable to send cash to us.

14.2 We will only instruct the purchase of investments for your Account where you have sufficient un-invested cleared funds in your Account to enable such purchases to be processed. In-specie transfers and liquidations are handled on a case-by-case basis.

15. **CUSTODY SERVICES**

15.1 We will not hold any Securities. Pursuant to clause 13.2 we shall as your agent, enter into a custodian agreement with the Custodian from time to time (the "**Custody Agreement**"). This means that the Custodian will provide, or will appoint sub-custodians to provide custodial services in respect of the Securities.

15.2 You acknowledge that the Custody Agreement takes effect as a separate agreement and creates direct contractual rights and obligations between the Custodian, us and you. We have separately provided to you a copy of an Important Information document prepared by the Custodian which summarises the main features of your relationship with the Custodian. A copy of the Custody Agreement is also available on request.

15.3 Securities may be registered in the name of the Custodian or their nominee or its

sub-custodians. You will at all times remain beneficially entitled to the Securities held for you by the Custodian. This means that you are the ultimate owner of those Securities and entitled to the benefit of those Securities. Where Securities are held in the name of the Custodian's nominee, Securities are segregated from the Custodian's assets. Such a nominee will usually be a company whose business usually consists solely of acting as a nominee holder of investments. As such the Custodian's nominee will usually have no liabilities and as it is a separate entity from the Custodian, its assets would not be available to an administrator/liquidator of the Custodian, in bankruptcy proceedings should such an event occur.

15.4 The Custodian may appoint third party sub-custodians to administer and hold certain types of assets. In appointing a third party sub-custodian, all Securities may be held in an omnibus position by the third party sub-custodian. This means that certain securities may therefore be registered collectively in the same name for all of the Custodian's clients and therefore your individual entitlements may not be identifiable by separate certificates or other physical documents of title.

15.5 In providing custodial services under the Custody Agreement, the Custodian is responsible for the safekeeping of the Securities (including dealing with any Cash), the settlement on your behalf of any transactions we instruct the Custodian to effect under these Terms, collecting income, interest distributions, dividends and other payments in respect

of your Portfolio, presenting for redemption or payment of any Securities that are redeemed or called, and otherwise administering the Portfolio. In particular, please note the following important provisions which shall form part of the Custody Agreement from time to time, unless otherwise agreed by us and the Custodian:

- 15.5.1 Where there is a corporate event or other matter which involves the exercise of rights (including voting, conversion and subscription rights) that arise in relation to assets within the Portfolio held by the Custodian on your behalf, the Custodian shall deal with these matters in its absolute discretion unless instructed otherwise. We will not be obliged to seek your instructions and where we do seek your instructions, then, if we do not receive your instructions within the time stated by us, we will be entitled (in our reasonable discretion) to instruct the Custodian to deal with these matters when it appears, in our judgment, to be advantageous to you for us to do so.
- 15.5.2 The Custodian may delegate any of its functions under the Custody Agreement to an affiliate of the Custodian or other third party. The Custodian may also, where reasonable, employ agents

including third party sub-custodians to perform any of the services set out in the Custody Agreement or to assist the Custodian to perform its obligations in respect of the Portfolio. The Custodian will act in good faith and with due diligence, care and skill in the selection and monitoring of such agents and/or sub-custodians.

- 15.5.3 Where assets within the Portfolio are held by a nominee company or a sub-custodian outside the United Kingdom, different settlement, legal and regulatory requirements, and different practices relating to the segregation and identification of those investments, may apply.
- 15.5.4 Where non-UK assets within the Portfolio are held by any sub-custodian they may not be segregated from the investments of that sub-custodian and, in the event of default by that sub-custodian, may not be as well protected from claims on behalf of general creditors of that sub-custodian.
- 15.5.5 The Custodian will settle transactions on your behalf subject to it holding or receiving all necessary documents and cleared funds and will do so on such basis as

is good market practice for the type of investment and market concerned and normally on the basis of “delivery versus payment” (i.e. the change in the ownership of the securities is done at the same time as payment for those securities). Delivery or payment by any other party to any such transaction will be at your risk and the Custodian's obligation to account for any investment or the proceeds of sale of any investment will be conditional upon receipt by the Custodian of the relevant documents or sale proceeds from the other party.

- 15.5.6 You shall bear the currency risk of holding or transacting in any currency. This means that if an asset is denominated in a foreign currency, or if a liability in one currency is matched by an asset in another currency, you should be aware that a movement of exchange rates may have a separate effect, unfavourable or favourable, on the gain or loss otherwise experienced on the asset. The Custodian (and its sub-custodians) shall not be liable for any loss or damage arising from the application of any law or regulation or from the occurrence of any event, which may delay or affect the transferability, convertibility or

- availability of any currency in the country:
- (a) in which such assets within the Portfolio are maintained; or
- (b) in which such currency is issued, and in no event shall the Custodian or any sub-custodian be obligated to make payment of a deposit denominated in a currency during the period during which transferability, convertibility or availability has been affected by any such law, regulation or event.
- 15.5.7 The Custodian shall have a security interest in and lien over the assets within your Portfolio which are held by the Custodian and its sub-custodians to secure all amounts of properly incurred charges and liabilities which are now owing or become owing in the future to the Custodian from you. This means the Custodian can hold on to your assets pending payment of any debt which you owe to the Custodian in respect of the provision of custodial services to you by the Custodian.
- 15.5.8 If a deduction, withdrawal or transfer from your Account results (or will result) in an overdraft, then the Custodian may, in its discretion:
- (a) reject the settlement in whole or in part;
- (b) reverse the payments, deduction, withdrawal or transfer made to your Account; and/or
- (c) if sufficient funds are not transferred to your Account to cover the overdraft promptly after notice of such overdraft is received, the Custodian may sell or redeem an amount of assets in your Account sufficient to cover the overdraft.
- 15.5.9 Except insofar as the same may result from the negligence, wilful default, breach of contract, criminal act or fraud of the Custodian, or any sub-custodians which are affiliates of the Custodian, you agree to reimburse to the Custodian all costs, losses, claims and expenses which may be made against or incurred by the Custodian arising out of or in connection with its role as custodian of the assets within the Portfolio either:
- (a) as a result of any party claiming to be entitled to investments which form part of the Portfolio at the time when the Custodian first assumes custodial responsibility for the Portfolio; or
- (b) arising out of any action properly taken by the Custodian pursuant to the Custody Agreement.
- 15.5.10 You shall reimburse to the Custodian and its agents, nominees, partners, employees, officers and directors all claims and liabilities and reasonable costs, including reasonable legal fees and taxes, properly incurred by or assessed against any of them in connection with the performance of the Custody Agreement and any instruction given to the Custodian in accordance with the Custody Agreement except insofar as the same may result from the negligence, wilful default, breach of contract, criminal act or fraud of any of them.
- 15.5.11 The Custodian's liability to you in respect of the services which it provides under the Custody Agreement shall under no circumstances include damages whether under contract, tort (including negligence), breach of statutory duty or otherwise that are not directly associated with any incident which causes any claim against the Custodian.
- 15.5.12 The Custodian shall not be required to take any legal

- action on your behalf unless you undertake, to the Custodian's reasonable satisfaction, to reimburse any costs and liabilities reasonably and properly incurred by the Custodian in doing so. If the Custodian is required to take any action in its capacity as Custodian which in the reasonable opinion of the Custodian may incur costs and liabilities in doing so you undertake to reimburse any costs and liabilities reasonably and properly incurred by the Custodian as a pre-requisite to taking such action.
- 15.6 The Custodian is under no duty to enquire as to the validity of any instruction received from us in relation to the Services we provide to you under these Terms.
- 15.7 You cannot use Securities and/or Cash which are held with the Custodian as security for a loan without our prior written consent.
- 15.8 In the event of the failure of the Custodian or any of its sub-custodians, where it is unable to meet any of its liabilities, compensation may be available under the Financial Services Compensation Scheme. Full details of the arrangements under the FSCS are available on their website at <http://www.fscs.org.uk>.
16. **HOW WE DEAL WITH YOUR CASH**
- 16.1 We will not hold your Cash. Cash will be held by the Custodian under the Custody

- Agreement in accordance with the client money requirements of the FSA Rules.
- 16.2 The Custodian may open cash accounts in Pounds Sterling and such other currencies deemed reasonable and appropriate by the Custodian. Any risk of Losses resulting from fluctuations in exchange rates will be borne by you.
- 16.3 The Custodian will open one or more cash accounts with a bank in accordance with the client money requirements of the FSA Rules (the "Cash Account") in your name to which will be credited:
- 16.3.1 any monies provided by you which are to be invested on your behalf; and
- 16.3.2 any uninvested or realised balances held for the time being for you; and
- 16.3.3 any interest paid, dividends received or other income from the Portfolio.
- In the event of the failure of a bank referred to in clause 16.3 where it is unable to meet any of its liabilities, compensation may be available under the Financial Services Compensation Scheme. Full details of the arrangements under the FSCS are available on their website at <http://www.fscs.org.uk>.
- 16.4 You agree that the Custodian can make payments from or deposits to the Cash Account in the course of carrying out its administration duties such as collecting income arising from your investments.
- 16.5 Amounts which become due under these Terms, the ISA Terms and/or the Custody

- Agreement such as annual management fees will be deducted from the Cash Account or cash held in your ISA Account as appropriate. If there is not sufficient cash in the Cash Account or your ISA Account, we will have the right to sell Securities in your Portfolio to pay such amounts.
- 16.6 Interest on un-invested money held in your Account will be paid as notified to you from time to time. It should be understood that the un-invested money held in your Account is intended to be for the short term rather than for investment purposes, it is not intended to hold funds for the longer term and in most instances more favourable returns will often be available in other interest bearing accounts elsewhere. The current interest rates applying to your Account are available on request.
17. **TRANSFER AND WITHDRAWALS FROM YOUR ACCOUNT**
- 17.1 If you wish to make a withdrawal of cash from your Account you can instruct us to do so in accordance with clause 7. Please refer to clause 18 for details of how we place orders on your behalf. In circumstances where this would result in your Account becoming overdrawn, i.e. there is insufficient Cash or Securities which could be sold to fund a withdrawal request, a withdrawal will not be possible. Withdrawal proceeds will be paid to you by cheque. Alternatively, you can request that the withdrawal proceeds are paid to a bank account nominated by you by Bacs or CHAPS.
- 17.2 Withdrawal proceeds will normally be paid to you within five Business Days of us

receiving your sale instructions given in accordance with clause 7 or where appropriate upon us receiving payment from the relevant Product Provider, whichever is the later. However, we can provide no guarantee that these timescales will always be met.

- 17.3 You may at any time instruct a transfer of all or any Securities. Such requests must be made by letter. On transfer, delivery of the Securities or documents of title held by the Custodian will be made without undue delay and at your expense to such person or at such location as you may specify with our agreement. Alternatively you may specify to which custodian or banker any Securities should be transferred. We shall, on such a request transfer Securities into your name, or as you may direct, and we shall account to you accordingly. Upon the transfer of all the Securities, your Custody Account and Cash Account will be closed (subject to receipt of all outstanding income payments).

- 17.4 If you change your mind about a withdrawal you have requested, you should tell us as soon as possible. We will use our reasonable endeavours to cancel the payment or transfer. However, it may not always be possible to cancel a transfer or withdrawal that has been processed or is in the course of being processed.

18. PLACING ORDERS ON YOUR BEHALF

- 18.1 In accordance with clause 21 we may delegate the execution of orders on your behalf to third party agents, which may include the Custodian or any of their sub-custodians ("**Dealing Agents**"). We have a

duty to act in accordance with your best interests when we place an order with or transmit an order to any Dealing Agent to buy or sell securities on your behalf. When passing orders for execution to a broker outside the European Economic Area ("**EEA**"), you should note that brokerage standards in such markets may not be equivalent to those in the EEA. In markets outside the EEA, we will take reasonable care to identify that the brokers used provide an appropriate quality of execution in the context of the arrangements available in the market in question.

- 18.2 When we place orders relating to investments with Dealing Agents, we shall (except to the extent that we are following a specific instruction from you) owe you a duty to take all reasonable steps to obtain the best possible result for you.
- 18.3 When we make a decision to trade or when we place orders on your behalf, we will act in accordance with our Order Execution Policy as amended from time to time. We will transmit your order to the Dealing Agent for execution. We shall satisfy ourselves that any Dealing Agent we engage has policies and procedures in place which enable it to deliver the best possible result for you upon execution.
- 18.4 We will monitor the effectiveness of our Order Execution Policy and we will notify you of any material changes to our Order Execution Policy or order execution arrangements. Our current Order Execution Policy is set out in Schedule 2 to these Terms and is also available on our website.

- 18.5 Any Dealing Agent may combine your orders with orders of other customers. Combining your orders with those of other Customers may result in you obtaining on some occasions a more favourable price and, on others, a less favourable price than if your order had been executed separately.

- 18.6 We will not be liable to you for any loss or expense you suffer if we or any Dealing Agent are unable to carry out any instructions for whatever reason (other than as a result of our or any Dealing Agent's negligence, fraud or wilful default) or where there is a delay (including a delay caused by differences in time zones and other factors particular to a given market, exchange or issuer) or change in market conditions before the relevant transaction is completed.

- 18.7 As part of these Terms coming into effect you consent to our Order Execution Policy as set out in Schedule 2 and, where applicable, authorise us to execute deals on your behalf outside of a regulated market or Multilateral Trading Facility (MTF).

19. SETTLEMENT OF TRANSACTIONS

- 19.1 You are responsible for settlement of each transaction executed on your behalf by us or a Dealing Agent, whether by payment of the purchase price, delivery of the relevant assets, or otherwise as the relevant market requires. The Custodian will do this on your behalf in accordance with the Custody Agreement.
- 19.2 Except as agreed with us, you must pay for any investments that we or any Dealing Agent purchase on your behalf on

or before the settlement time. All payments must be made in immediately available funds to the bank account designated by us or the Dealing Agent. Your payment must be made without set-off, counterclaim or deduction. If you make any withholding or deduction, you must pay additional amounts to ensure that the Dealing Agent (as appropriate) receives the full amount due without any withholding or deduction. If you fail to pay for your transaction in the manner described above, you will be responsible for all the losses, expenses or other costs incurred by us and/or the Dealing Agent in relation to that transaction as a result of your failure.

19.3 Where we or any Dealing Agent settle a transaction or transactions without receiving the required amounts necessary for settlement from you as contemplated by clauses 19.1 and 19.2 (each an “**Unfunded Transaction**”), we or the Dealing Agent shall be entitled to close out the Unfunded Transaction at the earliest time practicable. If the Unfunded Transaction results in a Loss to us or the Dealing Agent, you shall promptly pay such amount to us or any Dealing Agent, and you will be required to reimburse us or the Dealing Agent for such Loss.

19.4 Delivery or payment by the other party to any transaction placed or executed will be your responsibility and at your risk. The Custodian's obligation to deliver assets to you or to account to you or any other person on your behalf for the proceeds of sale of any assets is conditional on the Custodian's receipt of the relevant assets or sale proceeds from the other party to the transaction. You must make any

payment and/or deliver any cash or other assets on or before the due date:

19.4.1 to maintain or supplement any deposit or margin in respect of any transaction entered into between us or by us for you (or by any Dealing Agent on our behalf) under the Terms; and

19.4.2 to meet any other call for further funds made under the terms of any investment made for you or agreed between us against foreign exchange fluctuations.

19.5 Please note neither we, the Custodian nor any Dealing Agent will be responsible, and will not compensate you, in the event that a counterparty fails to settle a transaction.

19.6 Where we properly instruct the Custodian to effect a transaction, and the Custodian fails to effect the transaction in a timely manner, the Custodian shall, subject to the limitations of its liability under the Custody Agreement, return the Account to the same position as if the trade had been effected at the correct time and the Custodian shall be entitled to retain any profit as a result of such correction.

19.7 There may be circumstances beyond the Custodian or a Dealing Agent's control which means that it is not possible to settle transactions into which you have entered or which have been entered into on your behalf. This may occur, for example, where the counterparty to the transaction defaults on its obligations e.g. because it has become insolvent. If this occurs we will use our reasonable

endeavours to request the relevant Dealing Agent to settle the trade for you. However, there may be circumstances in which settlement will be impossible. For example, if the trade is subject to the rules of an exchange or market then both the Dealing Agent and ourselves will have to act in compliance with those rules. Where the trade has to be settled through a settlement system this may also mean that there is a significant delay in settlement or that settlement does not occur. You will remain liable for your obligations in relation to the transaction until settlement or other conclusion of the transaction occurs.

19.8 Where the circumstances described in clause 19.7 arise, we will notify you of the problem as soon as reasonably practicable and we will discuss with you the options (if any) available to you for settlement.

19.9 We, the Custodian and/or any Dealing Agent may arrange for the deduction of any amount required to discharge your obligations under clauses 19.1 to 19.4 or to compensate us, the Custodian or the Dealing Agent for any Losses incurred when acting in accordance with clause 19.5 from your Account.

19.10 The securities settlement conventions in certain markets which apply to the holding of assets or settlement of transactions for you may result in a delay before proceeds of sale are received for you, or title to a security passes to you.

GENERAL TERMS

20. COMMUNICATIONS

20.1 Our address for correspondence is:
Northern Bank Limited
Private Banking and Wealth Management
PO Box 183
Donegall Square West

Belfast

BT1 6JS

20.2 Communications may be sent by any of the following methods:

20.2.1 telephone;

20.2.2 by post, which will be deemed delivered on receipt; or

20.2.3 personal delivery, courier or registered mail. Evidence of delivery to the correct address will be proof of delivery.

20.3 All communications between you and the Bank should (unless stated otherwise in the Terms) be conducted in the English Language and in writing (unless otherwise permitted in these Terms) and directed to the address stated in clause 20.1 or any other address as we may notify you from time to time.

20.4 Delivery to your agent will be deemed good delivery to you and, in respect of a Joint Account delivery to any one of you will be deemed good delivery to both or all of you.

20.5 Where we ask you to respond to a communication within a certain time

frame we shall not be responsible for the consequences of our acts or omissions that result from your failure to respond in a timely manner.

20.6 All notices to us, including changes to your name and/or home address (which must be notified promptly) (not by electronic mail) and sent or delivered to the address stated in clause 20.1 or any other address as we may notify you from time to time. All notices that we send or deliver to you in physical form will be sent or delivered to the latest address that we are advised of by you.

20.7 You must also provide us with any information concerning your identity and your affairs, including any supporting documentation, which we may reasonably request from you from time to time and which we believe are necessary for us to meet our legal and regulatory obligations.

20.8 You expressly authorise us to rely on any communication that we reasonably believe to have been made by you or given on your behalf. We will not be liable to you for any Loss arising from us relying on any such communication if it subsequently becomes clear that any such communication was not made by you or given on your behalf.

20.9 We may at our discretion decline to act upon any communication from you or given on your behalf and we will not be responsible to you for any loss as a result from any act or omission. We shall notify you promptly of any such decision. For example we may exercise this discretion where a communication is unclear or where we suspect fraud.

20.10 Where you have provided in writing, and we have accepted, authority for us to receive and act upon instructions from your agent, we may continue to receive and act upon such instructions until we receive written notice from you to the contrary. Delivery to your agent will be deemed good delivery to you and, in respect of a Joint Account, delivery to any one of you will be deemed good delivery to both or all of you.

20.11 If we have agreed to provide you with the Advisory Portfolio Management Service, we will use all reasonable endeavours to contact you when we are going to make an investment recommendation. We will make such number of attempts to contact you by telephone as we consider reasonable in the circumstances and if we are unable to contact you by telephone, we will forward to you a written recommendation. We are not liable to you for any missed investment opportunity as a result of being unable to contact you via any one of the means specified above.

21. DELEGATION

21.1 We may delegate any critical or important operational functions or investment services under these Terms to third parties (including Affiliates) and may provide information about you to any person to whom we have delegated such activities, but our liability to you for all matters so delegated shall not be affected by the delegation.

21.2 We will give you written notice of such delegation of a function which involves the exercise of our discretionary investment management powers and, subject to clause 21.3, will not, without your written

DECLARATIONS AND AUTHORISATIONS

- consent, delegate the whole or substantially the whole of such powers.
- 21.3 You consent to the delegation of all of part of our discretionary investment management powers to Affiliates.
- 21.4 We may, where reasonable, employ agents (including Affiliates) to perform any administrative, dealing or ancillary services (not covered by clause 21.1 above) required to enable us to perform the Services. We will act in good faith and with reasonable skill and care in the selection, use and monitoring of such agents.
22. **RISK WARNINGS**
- 22.1 Most investment decisions and procedures involve risks or other factors of which you should be aware. Your attention is drawn to the specific and general risk warnings which are set out in Schedule 3 of these Terms. Please ensure that you take time to read and understand this information. Further information about the products that are relevant to the Service you receive from us will be provided by us once we have agreed the Investment Parameters. If you wish to discuss any aspect of these risk disclosures in further detail, please contact us for further details.
23. **FEES, FEE SHARING AND WITHHOLDING TAXES**
- 23.1 You will pay to us a fee for the Services together with any transactional charges and other charges calculated in accordance with the provisions set out in Schedule 1 of these Terms. We will provide you with further details upon request.
- 23.2 You are also required to reimburse us upon demand all our out of pocket, outlay and expenses reasonably incurred by us from time to time in connection with the provision of the Services which may include, but are not limited to:
- 23.2.1 charges for overseas agents;
- 23.2.2 Dealing Agents' charges reasonably and properly incurred by us;
- 23.2.3 reasonable travel expenses if you require our representatives to travel outside Northern Ireland, which will be discussed and agreed with you on a case-by-case basis; and
- 23.2.4 exceptional accounting or reporting expenses where additional services or reporting are requested by you.
- 23.3 We may reduce fees without giving notice. We may also introduce and raise fees for one-off services and new contractual services without giving notice. Subject to clause 29, in respect of existing contractual services, we may introduce a fee, or increase the fees that you pay on a current basis, on 30 days' notice.
- 23.4 We shall not be under any obligation to reclaim any withholding taxes (i.e. any taxes which are withheld or deducted by the payer as required by the applicable law and regulations) or other levies or duties in respect of income from and gains on foreign stock held on your behalf.
- 23.5 There is the possibility that other costs, including taxes, may arise for you that are not paid via us or imposed by us.
- 24.1 You confirm and undertake the following:
- 24.1.1 We have not made and, in accepting these Terms you are not relying upon any statement, representation, promise or undertaking that is not contained in these Terms.
- 24.1.2 Unless otherwise agreed in writing between us, you are acting as principal (i.e. for your own account and not on behalf of or as agent for another) in our relationship and own the Securities and Cash free and clear of any encumbrance except as we may have consented to in writing or may arise by law. Accordingly, you undertake that you will be deemed to be liable as principal for all obligations and transactions under these Terms.
- 24.1.3 No information that we may give you may be regarded as tax advice or legal advice, which are the sole responsibility of your independent tax or legal adviser, and you are solely responsible for:
- (a) managing your complete personal affairs to your best advantage for tax or estate planning purposes and neither we, nor any Affiliate, accept any responsibility for the tax consequences of actions taken by us within the scope of our authority; and

or liability) resulting from your failure to comply with these Terms or arising in connection with any action properly taken by us or by our agents under these Terms.

25. OUR LIABILITY TO YOU

25.1 We accept responsibility for Loss you suffer arising out of our Services under these Terms that is due to our, any Affiliates or our nominees' negligence, breach of contract, wilful default or fraud. In addition, we shall use reasonable care in the selection, monitoring and continued use of the Custodian and any agent or sub-custodian we appoint to perform services on our behalf. Nevertheless, and notwithstanding any other provision of these Terms, under no circumstances shall we be liable for the acts or omission of third parties (except Affiliates) appointed under clause 21 or for any Losses incurred in the event of insolvency of any such third parties including but not limited to the Custodian.

25.2 Our liability to you will be limited to any Loss directly associated with the incident which causes you to make a claim against us. We shall not be liable for any loss of profit.

25.3 Under no circumstances shall we be liable for any Losses incurred in connection with the acts, omissions or default of any Securities System.

25.4 If the parties so agree, we will on your behalf pursue all appropriate legal remedies against any third party to recover Cash or Securities or any sums due or compensation in lieu thereof. Costs and expenses properly incurred by us in connection with the pursuit of such

(b) ensuring that all applicable legal, tax or regulatory requirements for disclosure or reporting as to holding, control or beneficial ownership are met in respect of any Securities or Cash.

24.1.4 That you are not a US Person.

24.2 You will provide us promptly with a copy of all such documents as we may reasonably require from time to time for the purposes of providing the Services.

24.3 You will notify us promptly if there is any change to any of the matters you have told us about or if any of the matters you have told us about are or become inaccurate. You recognise that if you fail to do this then this may adversely affect the Services.

24.4 Where you are not an individual, the person(s) signing and agreeing to be bound by these Terms is duly authorised to do so and to bind you accordingly.

24.5 You must ensure:

24.5.1 that you have full power and authority to enter into and perform these Terms and the transactions it contemplates and, where you have appointed us to provide our Advisory Portfolio Management Service to give us instructions in relation to the assets in your Portfolio;

24.5.2 as at the date transferred to the Custodian, that the assets in your Portfolio are free from all liens

and charges except those which we have given our written consent to;

24.5.3 where you have appointed us to provide our Discretionary Portfolio Management Service, that you will not deal in the assets in your Portfolio or authorise any other person to do so, and will not take or omit to take any step that will result in any lien or charge arising over the assets in your Portfolio except with our prior written consent;

24.5.4 that any information you have provided to us for the purposes of establishing the arrangements contemplated by these Terms (including as to your status, residence and domicile for tax purposes) is complete and correct in all material respects; and

24.5.5 that you are not a US person.

24.6 You will notify us promptly if there is any material change to any information referred to in clause 24.5 and will provide any further information we reasonably request in order to enable us to perform these Terms or comply with any applicable law or regulation. Failure to do so may adversely affect the quality of the Service we are able to provide.

24.7 Except to the extent it results from our negligence, wilful default or fraud, you will be liable to compensate us in full for any Losses (including reasonable legal costs or other reasonable costs in connection with investigating and defending any claim

remedies will be payable by you upon demand and you will make available to us such security in respect of costs and expenses as we may reasonably require.

25.5 We will not be liable to you if we fail to take any action which in our opinion is, or is likely to be, in breach of any applicable law or regulation.

25.6 No exclusion of liability set out in these Terms shall remove any obligation or liability that we may owe to you under the UK Regulatory System as defined in the FSA Rules.

25.7 Nothing in these Terms will reduce your statutory rights relating to faulty or misdescribed services. For further information about your statutory rights contact your local authority trading standards department or Citizens Advice Bureau.

26. YOUR LIABILITY TO US

26.1 You agree to reimburse us, our agents, nominees, employees, officers and directors, and in respect of all claims and liabilities and reasonable costs including reasonable legal fees and taxes, properly incurred or assessed against any of us and/or them in connection with the performance of the Service except insofar as the same may result from the negligence, wilful default, breach of contract or fraud of us or any such person who you are required to reimburse under this clause 26.1 either:

26.1.1 as a result of any party claiming to be entitled to Securities that form part of the Portfolio at the

time when we first commence provision of the Services;

26.1.2 as a result of any breach by you of these Terms; or

26.1.3 arising out of any action properly taken by us in accordance with our rights or obligations as investment manager.

26.2 You grant us a security interest in, and right to retain the assets within your Portfolio to secure all amounts of properly incurred charges and liabilities which are now owing or become owing in the future to us from you in respect of the provision of the Services. The Account and any asset in an Account may also be subject to a right of retention in favour of the Custodian in respect of charges relating to the custody of such assets. This means we can hold on to your assets pending payment of any debt which you owe to us in respect of the provision of the Service.

26.3 Where you are a trustee, your liability under these Terms shall be limited, in the absence of fraud, to the assets of the trust from time to time.

27. CLIENT REPORTING

27.1 Periodic valuation reports

27.2 We shall send you Statements of the contents and valuation of the Portfolio in accordance with clause 20 of these Terms.

27.3 Statements showing the value and composition of your Account will be sent to you within 25 Business Days of each Valuation Date unless otherwise notified by us to you in writing. Where appropriate

this will constitute the initial valuation. At each Valuation Date, the Securities in your Custody Account will be valued on the following basis:

27.3.1 bonds and equities will be valued by reference to the previous day's (mean) price where available. In the case of bonds the value will include any accrued interest;

27.3.2 collective investments by reference to their closing bid price or single closing bid price as at the valuation date;

27.3.3 if we can ascertain no current market value it will be stated that we do not have a value.

27.4 Where we are providing you with the Discretionary Portfolio Management Service, you may request that you are provided with the statement referred to in clause 27.3 every three months.

Advisory Portfolio Management Service: Transaction confirmation (contract note)

27.5 You will be provided with confirmation statements on a transaction-by-transaction basis detailing each order dealt on your behalf. Each statement will be sent to you no later than:

27.5.1 the first Business Day after execution; or

27.5.2 the first Business Day after we receive confirmation from the Dealing Agent who has executed the order.

27.6 We can also provide information about the status of any pending order, on request.

*Discretionary Portfolio Management Service:
Trade Confirmation (contract note)*

27.7 You will not be provided with confirmation statements on a transaction-by-transaction basis detailing each order dealt on your behalf. However you may write to us to elect to receive such confirmation statements.

27.8 We can also provide information about the status of any pending order, on request.

Tax Reporting

27.9 In addition, after 5 April each year we shall send to you, (or as you direct,) a consolidated tax certificate or a Schedule of Income(s), whichever is appropriate, detailing all dividend and interest payments received during the preceding Tax Year.

Accuracy of statements

27.10 The Statements sent to you under this clause will show the dates on which we expect funds to be available to you. The clearing systems of some countries may cause a different value date or credit date to be used in practice. Your Statements may show transactions that have not been settled, but neither we nor the Custodian are required to include unsettled transactions in your statements.

27.11 We recommend that you check the Statements and valuations regularly. If there is an entry which you believe may be an error, we advise that you contact us as soon as possible to enable us to investigate the matter.

28. **TRANSFER AND ASSIGNMENT**

28.1 These Terms may not be assigned or transferred by either you or us except as set out in clause 28.2.

28.2 We may assign and/or transfer the benefit and/or burden of all or part of the agreement evidenced by these Terms to any suitably qualified Affiliate or third party and we will notify you promptly of any such assignment or transfer and in any event within 14 days. You will cooperate reasonably and enter into such further documentation as may reasonably be required or desirable in order to give effect to such an assignment or transfer.

29. **VARIATION OF THESE TERMS**

29.1 We may, for any reason set out in clause 29.6 below:

29.1.1 introduce a fee or service charge relating to the Account or Service and/or vary the amount, frequency or time for payment of any fees or service charges relating to the Account or Service;

29.1.2 add to, remove, change or impose restrictions on the benefits of the Account or Service;

29.1.3 make any change to these Terms for your Account or any Service.

29.2 We may alter these Terms at any time having given you 30 days written notice of any changes.

29.3 We may communicate such changes by sending a summary of the proposed changes to you. If you so request, we will

send you a copy of the revised terms and conditions.

29.4 Once we have given you notice of the proposed changes, if you do not tell us that you object to the changes, before the date on which they are due to come into effect, then they will take effect on the date indicated. If you do object to the changes, then you have the right to end this agreement.

29.5 In the event of any change in applicable law or regulation, or in other circumstances outside our control, we may give a shorter period of notice as we consider, on reasonable grounds, to be justified.

29.6 The changes referred to in clause 29.1 will be made for one or more of the following reasons:

29.6.1 by agreement with you;

29.6.2 to reflect the introduction or development of new systems, methods of operation, services or facilities;

29.6.3 to reflect a change in the Custodian's operating processes;

29.6.4 to maintain or improve operating conditions or service levels;

29.6.5 to reflect legitimate increases or reductions in the cost of providing the Service to you;

29.6.6 to reflect a change or an expected change in market conditions, general banking practice or the cost of

- providing services to customers;
 - 29.6.7 to conform with or anticipate changes in the law or taxation, or codes of practice or recommendations of the FSA or other regulatory body;
 - 29.6.8 to ensure that our business is run prudently and remains competitive;
 - 29.6.9 to take account of a ruling by a court, ombudsman, regulator or similar body;
 - 29.6.10 to make these Terms fairer or clearer for you;
 - 29.6.11 to enable us to harmonise our banking, interest (whether debit or credit) or other charging arrangements;
 - 29.6.12 to rectify any mistake that might be discovered in due course; or
 - 29.6.13 for any other valid reason.
 - 29.7 If we make any changes under clause 29.6.13, then we will tell you that the change is made under this specific provision, and the reason we are making the change, in the notice we send to you; we will give you personal written notice before or as soon as reasonably practicable after such change is to take effect. You may end these Terms within 30 days of the date of the notice.
 - 29.8 If we have made a major change or a lot of minor changes in any one year, we will provide you with a copy of the new terms
- and conditions or a summary of the changes.
- 30. **CONFIDENTIALITY**
 - 30.1 We are wholly committed to protecting client privacy and will take all reasonable steps in accordance with this clause 30 to ensure that your personal and/or business data and other confidential information, which for the purposes of the Agreement includes any sensitive personal and/or business data, is kept secure against unauthorised access, loss, disclosure or destruction.
 - 30.2 We are not obliged to disclose to you or, in making any decision or taking any step in connection with the Services, to take into consideration information either:
 - 30.2.1 the disclosure of which by it to you would or might be a breach of duty or confidence to any other person; or
 - 30.2.2 which came to the notice of an employee, officer or agent of ours or of an Affiliate, but does not come to the actual notice of the individual making the decision
 - 31. **DATA PROTECTION**
 - 31.1 We will act as a data controller (and in certain circumstances, a data processor) within the meaning of the Data Protection Act 1998 (the **Data Protection Act**). You hereby consent to the processing and use by us, any of our agents and the Custodian, of personal data (as defined in the Data Protection Act) given by you under these Terms for the purposes of:
 - 31.1.1 confirming your identity, which may include the use of third parties who will record that an enquiry has been made about you. We are required to confirm your identity to meet the requirements of money laundering legislation and regulations. We may also check electronic databases or request other information from you. This may prevent or delay the provision of the Service to you;
 - 31.1.2 administering your Account;
 - 31.1.3 operational purposes, risk profiling and statistical analysis (including behaviour analysis);
 - 31.1.4 providing you with information concerning investment products and services (including those supplied by third parties) which we feel may be appropriate for you to consider in connection with the provision of the Service;
 - 31.1.5 conducting investigations into, and preventing crime and fraud;
 - 31.1.6 meeting legal and regulatory requirements; and
 - 31.1.7 identifying you when you contact us.
 - 31.2 You personal and/or business data or other confidential information may be disclosed:
 - 31.2.1 to any of our Affiliates, agents or information providers for the purpose of providing you with the Service; or

- 31.2.2 if we have a right or duty to disclose the date, or other confidential information, or are permitted or compelled by law, rule or regulation to do so; or
- 31.2.3 to third parties including the Custodian, where required to provide the Service.
- 31.3 We operate globally and to provide the Service your data may be transmitted to, and processed in, any country in which we conduct business or where services for the purposes of this Agreement are performed. Some countries to which your data might be transferred do not have privacy laws. However, we will take all reasonable steps to ensure that the same level of protection is always applied to your data.
- 31.4 If you wish you may have a copy of the personal and/or business data held in relation to you. We may, as allowed by law, charge you a fee for this.
- 31.5 Except as outlined in clauses 31.1 and 31.2 or otherwise required by law, your personal information will not be passed to anyone without your permission.
32. **FORCE MAJEURE**
- 32.1 Neither party will be liable to the other for failure to comply with the provisions of these Terms (other than an obligation to pay amounts owed) and such failure shall not constitute an event of default or breach of this Agreement, to the extent such failure arises out of a cause that is beyond the reasonable control of such party, including: flood; war; riot; act of terrorism; failure of a third party data and related vendors, including prospectus
- suppliers, marketing materials, mailing and delivery services, and/or securities market information, corporate action information, securities rating, data and pricing information services, and other similar products or services; act of a military body or a government or local authority; disruption or outage of any third party communications, power or utility; earthquake; act of God or natural disaster.
- 32.2 We shall not be liable for Losses arising from market circumstances, breakdown of or lack of access to IT systems or damage to data in these systems, regardless of whether or not we or a third-party supplier may be responsible for the operation of these systems, power failure or a breakdown of our telecommunications, legislative or administrative intervention, acts of God, war, revolution, civil unrest, sabotage, terrorism or vandalism (including computer virus attacks or hacking), strikes, lockouts, boycotts or picketing, regardless of whether we or an Affiliate may be a party to or may have started such conflict and regardless of its cause, or from any other circumstances beyond our control.
33. **JOINT ACCOUNTS**
- 33.1 Where there is more than one holder of a Custody Account and Cash Account (a "**Joint Account**"), the liability of each of you to us will be joint and several, without restriction and notwithstanding any other provision in these Terms. This means that each of the Joint Account holders is responsible for himself/herself and for the other joint account holder(s). We may
- take action against one or more of the Joint Account holders for breach of these Terms irrespective of which of the joint account holders caused the breach.
- 33.2 If you have a Joint Account, we will accept clear instructions from any one of you without reference to the other, except that we shall require the written instructions of both Joint Account holders in the event of a change of address or the termination of the Service. If you give us conflicting or unclear instructions, we will not have to act on them. Where instructions can be given to us by any of you, you will be bound by the instructions given by another Joint Account holder.
- 33.3 You agree that the rights of any one Joint Account holder will pass upon his or her death by right of survivorship to the surviving Joint Account holder, and in equal shares if more than one. We do not recognise tenancies in common for the Service.
- 33.4 If you as a Joint Account holder consider that you do not want either now or in the future any payments to be attributable to you jointly you should consider very carefully whether you should have Custody and Cash Accounts in your sole name rather than in joint names.
- 33.5 On the death of a joint holder, we will not act upon the instruction of the remaining holder(s) until we receive a copy of the relevant death certificate. Upon the death of the only or surviving Joint Account holder, on receipt of the death certificate we shall cease any action other than of an administrative nature until we receive instructions from the person or persons who have been granted probate or letters

of administration or other appropriate documentation that we may require in respect of your estate. We will not convert the Securities to Cash or otherwise deal in any way with the Securities in the Custody Account on behalf of your estate without those instructions.

34. MATERIAL INTERESTS AND CONFLICTS

34.1 You agree that nothing in these Terms will prevent us or any company or person associated with us doing similar business with or for other clients.

34.2 We have adopted a conflicts policy which identifies and sets out how we manage material conflicts of interest that may arise in relation to the services offered by us to you to ensure our clients are treated fairly. We maintain and operate organisational and administrative arrangements in accordance with this policy with a view to taking all reasonable steps to prevent such conflicts from adversely affecting your interests and may take certain action to mitigate the potential impact of the conflict. Organisational and administrative arrangements may include information barriers to control or prevent the exchange of information and supervision and appropriate management of staff activities. Where such arrangements would be insufficient to eliminate the potential material risk of damage to your interests, we will disclose the general nature and/or source of those conflicts of interest. Some potential conflicts of interest are disclosed in clause 34.4.

Further details on our conflicts of interest policy are available on request.

34.3 Subject to clause 34.1, we and our Affiliates may, without prior reference to you, act in circumstances in which we, one of our Affiliates or another client has a material interest or a relationship of any description with another party which may involve an actual or potential conflict with our duty to you. We will ensure that such transactions are effected on terms which are not materially less favourable to you than if the potential conflict had not existed. You should be aware that in some circumstances the appropriate management of any conflict of interest arising and the fair treatment of the parties under such circumstances may only be achieved by us deciding not to enter into transactions with you. In such circumstances we shall not be obliged to inform you of the reason why or give you any other information in relation to the potential conflict of interest.

34.4 In particular, we and/or our Affiliate may have directly or indirectly, a material interest or relationship with another party which may involve an actual or potential conflict of interest with our duty to you and which may arise because:

34.4.1 we may be dealing with an Affiliate or in securities issued or placed by an Affiliate or in which an Affiliate plays a role (notably, manager, trustee or custodian) or in the issuance of which an Affiliate may have an interest;

34.4.2 we are dealing with or using resources (notably, pricing, valuation, placement of deposits,

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execution and clearing of transactions, securities lending, research) provided by an Affiliate or in the use of which an Affiliate has a business interest;

34.4.3 we are acting for other clients and may conduct conflicting trading strategies for different clients;

34.4.4 we may aggregate orders for you with an order from another person which may be an Affiliate;

34.4.5 a director or employee of us or an Affiliate or we or an Affiliate is a director of, holds or deals in securities of or is otherwise interested in any company whose securities are held or dealt in on your behalf;

34.4.6 we may be prevented from dealing in certain securities which are on a banned list. Securities may be recorded on such a list notably because we or an Affiliate may be holding non public sensitive information on such securities or for regulatory reasons.

34.5 You agree that neither we nor any Affiliate is obliged to make any prior notification to you of any material interests of the kind disclosed in this clause 34, nor are we, nor any other Affiliate under any duty to account to you for any resulting profits, commissions, remuneration or other benefits nor will any part of our fees be repaid to you.

34.6 We will ordinarily act as your agent. This means that you will be bound by our

actions under these Terms. However we may in some circumstances act as principal and in such circumstances you will not be bound by our actions under these Terms but this does not mean that any of the Services will give rise to any fiduciary or equitable duties which would prevent or hinder us or any Affiliate, in transactions with or for you, including programme trades, acting as both market-maker and broker, principal and agent, dealing with other Affiliates and other customers, and generally effecting transactions as provided above to which you consent accordingly.

35. COMPLAINTS – PUTTING THINGS RIGHT FOR YOU

- 35.1 If you are not happy with any part of our service, please ask your branch for a copy of our leaflet 'Putting Things Right for You' or visit our website. We aim to deal with complaints in a way our customers are satisfied with.
- 35.2 If you have followed our published complaint procedures and you disagree with the final response we have given, you can refer the matter to the Financial Ombudsman Service. Details are available from us or from www.financial-ombudsman.org.uk.

36. FINANCIAL SERVICES COMPENSATION SCHEME

- 36.1 We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation if we are unable to meet our financial obligations. Most types of investment business are covered up to a maximum limit of £50,000.

36.2 For further information about the scheme (including the amounts covered and eligibility to claim) please ask at your local branch, refer to the FSCS website www.FSCS.org.uk or call 0800 6781100 or 020 7741 4100.

37. TERMINATION

- 37.1 You may terminate these Terms by providing us with at least 30 days' written notice of termination (not by electronic mail). We may terminate these Terms by providing you with at least 30 days written notice of termination (not by electronic mail) unless circumstances require us to provide you with a shorter notice period. Such circumstances would include where you become or threaten to become bankrupt or enter into a composition with your creditors or otherwise indicate that you may be unable to pay your debts or where there may be a legal or regulatory reason for us to terminate these Terms prior to expiry of a 30 day notice period.
- 37.2 Notwithstanding the provisions of clause 37.1 above, these Terms will be terminated automatically if we cease to be authorised by FSA or you become a US Person.
- 37.3 Termination of these Terms will not affect clauses in these Terms intended to survive the termination including but not limited to clauses 24, 25, 26, 30, 31, 32, 33, 35, 37, 38, 37, 38 and 41 and any other provisions of these Terms necessary for its interpretation or enforcement.

38. CONSEQUENCES OF TERMINATION

- 38.1 Termination will be without prejudice to the completion of transactions already initiated, which will be completed according to the Terms, as soon as reasonably practicable, unless otherwise agreed in writing. You will be liable to pay for any transactions made or carried out prior to Termination and any fees which may be outstanding.
- 38.2 Termination will not affect accrued rights, payment obligations, existing commitments or any other contractual provision intended to survive Termination.
- 38.3 In order to secure your obligations to us pursuant to these Terms, we shall have a first general lien on the Securities and Cash and, upon Termination, we may without prior notice to you retain and/or realise any Securities that may be required to settle transactions already initiated, to pay any outstanding Losses attributable to you and/or any fees due under these Terms.
- 38.4 On Termination of these Terms, the Custody Agreement in relation to your Account will immediately terminate and your Account will be closed. The Custodian will promptly account to you for the Securities held by it (and direct any nominee or sub-custodian to do the same). You can choose to realise your assets and receive the cash proceeds. Alternatively, you can ask us to transfer your Securities to you or to another provider.
- 38.5 The Custodian may retain and/or realise such assets as may be required to settle transactions already initiated and to pay

41. GOVERNING LAW AND JURISDICTION

- 41.1 The law that will apply to these Terms will be the law in the part of the United Kingdom of Great Britain and Northern Ireland in which you are ordinarily resident.
- 41.2 If your branch is in Northern Ireland, the courts of Northern Ireland will have non-exclusive jurisdiction in relation to any dispute. If your branch is in Great Britain, the courts of England and Wales will have non-exclusive jurisdiction in relation to any dispute.

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any outstanding liabilities relating to these Terms owing to any counterparty or the Custodian for services provided pursuant to the Custody Agreement.

38.6 You will be provided with a final valuation report on closure of your Account. Your final consolidated tax statement will be provided to you after the end of the Tax Year.

38.7 Any residual payments which accrue to you and which we or the Custodian receive after your Account has been closed will be passed on to you as soon as practicable on receipt.

38.8 Any annual management fee in respect of the Service will be calculated on a pro rata basis and be deducted from your Cash Account or cash held within your ISA Account as appropriate.

39. LEGAL AND TAX

39.1 You are responsible for the management of your legal and tax affairs, including making any applicable filings and payments and complying with any applicable laws and regulations.

39.2 We may ask you questions about your personal tax position and we may explain the generic legal or tax position relating to our products or services. We do this to provide you with information on those products or services and to assist us in selecting which products or services may be appropriate for you.

39.3 We are not legal or tax advisers and we do not provide legal or tax advice. We recommend that you obtain your own independent legal or tax advice, tailored to

your particular circumstances. You should not rely on any information provided by us as a substitute for taking your own independent legal or tax advice.

39.4 There may be other taxes or costs that are not paid through us or imposed by us that you have to pay in connection with your Account.

39.5 You must tell us without delay of any change to your residency or citizenship status. You must also provide any information concerning your identity or affairs that we may from time to time reasonably request.

40. FURTHER PROVISIONS

40.1 By acting on your instructions we are to be regarded as having accepted them.

40.2 Our rights and powers under these Terms are additional to our rights and powers under general law and will not be affected or impaired by any delay or omission by us in exercising (or any previous or partial exercise by us of) any particular rights or powers.

40.3 Each of the provisions of these Terms is severable and if at any time any one or more of those provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected.

40.4 The provisions of these Terms will not be enforceable under the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to them.

**SCHEDULE 1
FEES AND CHARGES**

1.1 ANNUAL MANAGEMENT FEE:

i) DISCRETIONARY PORTFOLIO MANAGEMENT SERVICE

Value of Investment[s]	Fee Scale
Up to £1m	1%
Balance in excess of £1m	0.5%

ii) ADVISORY PORTFOLIO MANAGEMENT SERVICE

Value of Investment[s]	Fee Scale
Up to £1m	1%
Balance in excess of £1m	0.5%

iii) MANAGED PORTFOLIO ISA

Value of Qualifying Investments	Fee Scale
Up to £1m	1%
Balance in excess of £1m	0.5%

1.2 The annual management fee that we shall apply for the above services provided under these Terms shall be equal to a percentage per annum of the value of the investments held in your Account as identified in the table above, or such lesser amount as we may determine, at our discretion, from time to time subject to a £250 per annum minimum annual management fee.

1.3 We shall calculate the annual management fee quarterly on the 31st December, 31st March, 30th June and 30th September based on the average market value of the investments within your Account over the charging period. The fee will be deducted, together with any applicable VAT on a quarterly basis on the 15th business day following the end of the above charging quarter. The amount will be deducted from cash held in your Account.

1.4 If there is no available credit balance in your Account, we will realise Securities in order to deduct our fees as described above.

2. OTHER FEES AND CHARGES

The following transactional charges will also apply to your Account. The current prices are shown in the list of trading charges below and we will provide you with further details upon request.

2.1 TRADING/BROKERAGE FEES:

Size of Trade for all Security Types	Charges
£0 to £20,000	£15
>£20,000 to £50,000	£25
>£50,000	£50

All trades of £100,000 and above will be charged at a rate of 5 basis points (0.05%) per trade.

2.2 OTHER FEES AND CHARGES:

Other Fees	Charges
Account Closing Fee	£25
Asset Transfer Out Fee (in specie transfers)	Equities, Fixed Income and Exchange Traded Funds: £5 per re-registration for UK registered or domiciled securities. Fees for other traditional assets (global) shall vary by country of security origin, such charges shall be disclosed to Clients upon request.
	Collective Investment Schemes: £25
Telegraphic transfers (CHAPS) / SWIFT transfers to and from your Account *	Please enquire
Probate Valuations	£40 plus VAT for up to 8 holdings with £3.50 plus VAT for each subsequent holding. If two valuations are required there will be an additional 50% charge which is also vatable.

* Note: there is no fee for other payment transfer methods

- 2.3 Any investments made in Collective Investments Schemes such as OEICs and Unit Trusts may also be subject to an initial charge and annual charges as published by the relevant fund manager.
- 2.4 There is the possibility that other costs or charges including taxes may arise for you that are not paid via us or imposed by us.
- 2.5 HMRC charges a Stamp Duty Reserve Tax (**SDRT**) of 0.5% on the purchase of shares in UK incorporated companies. The Office of Revenue Commissioners charges a Stamp Duty Reserve Tax (**SDRT**) of 1% on the purchase of shares in Irish incorporated companies. Stamp Duty is not charged on the sale of shares.
- 2.6 A Panel on Takeovers and Mergers (**PTM**) Levy of £1 is charged for all contracts over £10,000 in value. The Government uses this as a contribution towards the cost of the Panel on Takeovers and Mergers.
- 2.7 Any other fees will be agreed with you on a case by case basis.

SCHEDULE 2 NORTHERN BANK LTD - ORDER EXECUTION POLICY

This Order Execution Policy is provided to you as a Retail client of Northern Bank, Private Banking & Wealth Management and is applicable to investment business provided to you through its discretionary and advisory portfolio management services including the Managed Portfolio ISA.

We are required by the Financial Services Authority ("FSA") to act in accordance with your best interests when we place or transmit an order to another entity to buy or sell securities on your behalf. We have therefore put in place arrangements which will enable Northern Bank (the "Bank", "us", "we") to ensure that we take all reasonable steps to obtain the best possible result for you, taking into account a number of factors.

These factors will include price, costs, speed, likelihood of execution or settlement, size and nature of the order and any other relevant considerations. The importance attached to each of these factors is determined by reference to the characteristics of the client, the client order, the particular financial instrument that is the subject of the order and the execution venue to which the order can be directed.

Normally, we deem total consideration (price and costs) to be the most important factor for you. However, other execution factors may be taken into account where relevant. Please note that we will have satisfied our obligation to act in accordance with your best interests and will not be required to take the above factors into account, if you give us specific instructions on how you would like your order to be dealt with.

We transmit orders for all classes of financial instrument to WBS a division of Winterflood Securities Ltd for execution.

We have reviewed and assessed the WBS Order Execution Policy and are satisfied that the necessary arrangements are in place which enable it to deliver the best possible result for you upon execution.

Unless there are exceptional circumstances, WBS will place orders transmitted by Northern Bank with specified Execution Venues. We are satisfied, that, WBS has taken great care to select Execution Venues which enable it to obtain on a consistent basis the best possible results for you upon execution.

Orders in shares or units of Collective Investment Schemes are executed through a funds supermarket [a broker that provides access to a variety of fund operators] or directly with the fund operator. This means the execution factors outlined above do not extend to collective trading. We do not consider that these circumstances prevent the best possible result being obtained for you. We are required by the FSA to obtain your prior consent to our Order Execution Policy. Such consent will be deemed to have been received when the first order is placed after receipt of this Policy.

We will monitor and review the effectiveness of this Order Execution Policy and related arrangements. We will notify you of any required changes. In addition, we will review the WBS Order Execution Policy at least annually to ensure that we continue to obtain the best possible result for our retail clients.

SCHEDULE 3 RISK WARNINGS

Important Information and Risks

This notice is provided to you as a Retail customer in compliance with the rules of the FSA. Retail customers are afforded greater protections under these rules than other customers. This notice cannot disclose all the risks and other significant aspects. Different instruments involve different levels of exposure to risk and you should be aware of the following points.

1. GENERAL & SHARES

The price of shares and other traded assets and any income from them can go down as well as up. It is possible that the value may fall below the original investment and you may not receive back the amount you invested. Dividends are not guaranteed and may vary from year to year. Young or small companies seeking growth or those in financial difficulty may not pay a dividend at all.

Shares have greater potential than bonds or cash to cause your capital to lose value.

Past performance is not necessarily a guide to future performance. There can be no certainty concerning the future performance of your investment return.

Please note that references to estimated gross yield are not a reliable indicator of future performance.

Changes in legal, tax and regulatory regimes, including the bases and reliefs available may occur which may have an adverse effect on the price or value of your assets, or the tax treatment of ISAs.

Fixed interest investments may be purchased above or below their nominal value. For such

investments purchased above their nominal value, a capital loss will be incurred on maturity.

The Portfolio may contain (or we may recommend) securities which are not traded on a recognised investment exchange and units in collective investment schemes which are not authorised unit trust schemes or OEICs.

Some investments are not readily realisable, market-makers may not always be prepared to deal in them and proper information for determining their current value may not be available.

Most investment decisions and procedures involve risks, or other factors, of which you should be aware. Consequently, we have detailed certain risk warnings that relate to particular types of investment.

2. SMALL COMPANIES

Smaller companies can be heavily affected by changes in the economy, short term changes in investor preferences and a number of other factors. As a result, they can be more volatile than larger companies.

3. BONDS

All bonds carry risk, their market value can fluctuate and the issuer may default on either income payments or the return of capital. The security of any bond is dependent upon the financial standing of the provider. Regardless of the bond's pedigree, absolute guarantees of security cannot be given.

4. FOREIGN MARKETS

Foreign markets will involve different risks from the UK markets. In some cases the risks will be greater. On request, we must provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets,

including the extent to which we will accept liability for any default of a foreign firm through whom we deal. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

5. EMERGING MARKETS

Emerging markets can be much more volatile than mature economies like the UK. Political risk, currency risk and less rigorous stock market regulation may cause your investments to go down or up. Investment in emerging markets may involve a higher than average risk. In addition, companies in emerging markets may not be subject:

- (i) to accounting, auditing or financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets
- (ii) to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

6. FOREIGN CURRENCY RISK

Investing overseas introduces currency risk (the risk that your returns may reduce when converted back into sterling). Changes in the rates of exchange between currencies may cause your investments to go down or up. Should there be a change of currency in any country in which any securities are denominated (for example a move into or out of the Euro), this may impact negatively on your investment return.

7. SUSPENSIONS OF TRADING

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price

movements if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

8. STRUCTURED CAPITAL AT RISK PRODUCTS

We may also offer you "capital at risk products". These products are not derivatives, but provide a level of income, or growth, over a specified investment period that display the following characteristics:

You may be exposed to a wide range of negative or positive outcomes in respect of the likelihood of the return of your capital or any part of it; the return of capital at the end of the investment period is linked by a pre-set formula to the performance of an index, a combination of indices or other factor or combination of factors; and if the investment performance is outside specified limits you may lose some or all of the initial capital invested.

9. STABILISATION

This statement complies with the rules of the FSA. We or our representatives may, from time to time recommend transactions in investments to you, or carry out such transaction on your behalf, where the price may have been influenced by measures taken to stabilise it.

You should read the explanation below carefully. This is designed to help you understand whether you wish your funds to be invested at all in such investments and, if you do, whether you wish:

to be consulted before we carry out any such transaction on your behalf; or

to authorise us to carry out any such transaction on your behalf without first having to consult you.

What is stabilisation?

Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it.

The FSA allows stabilisation in order to help counter the fact that, when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found.

Stabilisation is being carried out by a "stabilisation manager" (normally the firm chiefly responsible for bringing a new issue to market). As long as the stabilising manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

The Stabilisation Rules:

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

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

THEREFORE:

The return of the initial capital invested at the end of the investment period is not guaranteed and you may receive back less than you originally invested.

A small percentage fall in an index can result in a larger percentage reduction in the amount repaid to you.

Early redemption can result in redemption penalties and a poor return.

Initial capital invested can be placed into high risk investments, such as a non investment grade bond.

The rate of income or growth may depend on specified conditions being met.

These transactions should not be entered into unless it has been determined that you are prepared to lose some or all of the money you have invested.

**SCHEDULE 4
MANAGED PORTFOLIO ISA TERMS AND
CONDITIONS**

1. Introduction

- 1.1 These ISA terms and conditions (the "ISA Terms") only apply where you have opened an ISA Account with us by signing an ISA Application Form.
- 1.2 These ISA Terms together with the ISA Application Form and the Terms form the contract between you and us for the management of your ISA Account. Please read all these documents carefully and retain a copy for future reference.
- 1.3 If any clause of these ISA Terms is inconsistent with any clause in the Terms, the relevant clause of these ISA Terms will apply.
- 1.4 Words and phrases used in this Schedule 4 shall have the same meaning as set out in the clause 2 of the Terms.

2. Regulation

- 2.1 We are approved by HM Revenue & Customs as an ISA manager under the ISA Regulations. An ISA Account must comply with the requirements laid down by HM Revenue & Customs which may vary from time to time and which are currently set out in the ISA Regulations.

3. Qualifying Investments

- 3.1 You may hold any Qualifying Investments in an ISA Account. Cash may only be held in the ISA Account for the purpose of investing in Qualifying Investments.

4. Qualifying for an ISA and ISA Applications

- 4.1 The Managed Portfolio ISA is a stocks and shares ISA.
- 4.2 To be eligible to invest via the Managed Portfolio ISA you must be:
 - 4.2.1 be an individual;
 - 4.2.2 be aged 18 or over;
 - 4.2.3 be resident and ordinarily resident in the United Kingdom or, if not so resident, be performing duties as a Crown employee serving overseas and paid out of the public revenue of the United Kingdom (typically a serving member of the armed forces, or a diplomat), or be married to, or in a civil partnership with, such a person;
 - 4.2.4 not have subscribed to another ISA of the same type in that Tax Year; and
 - 4.2.5 not have exceeded the overall subscription limit in that Tax Year
- 4.3 To apply for an ISA Account you must complete and sign an ISA Application Form (and return it to us. Please refer to clause 9 of this Schedule 4 where the ISA Account is being opened for the purpose of a transfer in from an existing ISA)
- 4.4 Your ISA Account will be opened once we accept your signed ISA Application Form, we have received or are authorised to draw on your funds and the Cooling-off

- 4.5 period (defined in clause 6.1 below) has expired.
- 4.5 Your ISA Account must be in your name alone. You cannot have a joint ISA Account.
- 4.6 Where the Account Holder is incapable of completing the ISA Application Form by reason of mental disorder or incapacity, or physical disability, illness or old age, the ISA Manager may also accept applications made through a Power of Attorney provided the ISA Manager has seen the Power of Attorney prior to the acceptance of the application and is satisfied that the Power of Attorney is valid.
- 4.7 We reserve the right to refuse an ISA Application Form or accept a transfer in without stating any reason.
- 5. Subscriptions**
- 5.1 You must be investing your own money.
- 5.2 Each Tax Year you can pay into both a cash ISA and a stocks and shares ISA. If you pay into a cash ISA with one provider, you can also invest, within the overall subscription limit, in a stocks and shares ISA with either the same or a different provider. Each Tax Year the ISA Regulations set limits on the maximum amount that you can invest in an ISA.
- 5.3 Any amounts received by the ISA Manager in excess of either, or both, of these subscription limits will be returned to you.
- 5.4 If you continue to subscribe to your ISA Account in each subsequent Tax Year after you have opened it, you do not need

- to make a new application for a new ISA Account. However, if you do not subscribe in a particular Tax Year you will need to make a new application to subscribe to your ISA Account in the next Tax Year.
- 5.5 You must tell us immediately in writing if you are no longer eligible to invest in an ISA.
- 5.6 We will not accept any further payments if the ISA Regulations no longer give you the right to invest in an ISA.
- 5.7 If you no longer meet the residency requirements under the ISA Regulations, your ISA will continue to be exempt from tax in accordance with the ISA Regulations. However, no further subscriptions can be made to the ISA until you are again eligible for an ISA.
- 5.8 There is a minimum subscription amount of £1,000
6. **Cooling off period – New ISA Subscriptions**
- 6.1 The appointment of the ISA Manager shall become effective on acceptance by the ISA Manager. The ISA Manager shall not however accept appointment until the end of the cooling off period, being a period of 7 calendar days from receipt of your ISA Application Form (the "**Cooling off period**") during which you have the right to withdraw your ISA Application Form. No interest will accrue to you in respect of subscriptions received, if any, during the Cooling off period.
- 6.2 During the Cooling off period, your application moneys, if any, will be credited to an account which the ISA Manager maintains or holds at the time, whether

with the ISA Manager itself or another approved bank, for ISA Account holders and applicants generally. During the Cooling off period the ISA Manager shall hold the application moneys, if any, in accordance with the FSA Rules on holding client money. On acceptance by the ISA Manager of its appointment as manager of your ISA, your application moneys will be credited to your ISA Account. Your ISA Account will come into effect only at the end of the Cooling off period.

7. **Ownership of Investments**

- 7.1 The investments held through your ISA Account will be registered in the name of our nominee (the "**Nominee**"). We will notify you of the identity of the Nominee from time to time. This means that, although the Nominee holds them in its name, they really belong to you and they are held so that it is readily apparent that they don't belong to the Nominee.
- 7.2 You will be and must remain the beneficial owner of all the investments in your ISA Account. You must not use any investments in your ISA Account as security for a loan.
- 7.3 You will not be given certificates for any investments held within your ISA. Certificates or other documents evidencing ownership of the investments in your ISA Account will be held by the Nominee.
8. **Your Rights**

- 8.1 If you ask us in writing, we will send you the report and accounts issued by every company or other concern (including Collective Investment Schemes) in respect of shares, securities or units

which are held directly in your ISA Account.

- 8.2 If you ask us in writing, we will arrange for you to:
- 8.2.1 attend and vote at shareholders', securities holders' or unit holders' meetings; and
- 8.2.2 receive any other information which is sent to investors.
- 8.3 If you do not give us specific instructions on how you would like to vote on any issue on which your holding gives you voting rights, voting will be carried out in accordance with clause 15.5.1 of the Terms.
9. **Transfer of an ISA**
- Transferring an existing ISA to us*
- 9.1 If you have a stocks and shares ISA or a cash ISA with us or another ISA manager, you can transfer it to us. You may transfer the whole or part of your existing ISA to us. We will arrange this with your existing ISA manager. We will invest any sum transferred in your chosen investments as determined by your Investment Parameters or as directed by you after we receive the assets from the previous ISA manager for the full amount transferred. Once your existing ISA account has been transferred you will be subject the Terms including these ISA Terms.
- 9.2 If you are transferring in an ISA from us or another ISA manager, then we will hold your authority to undertake the transfer until the expiry of the Cooling off period

- after which we will forward it to the old ISA manager. The ISA Account will only come into effect once you have completed the relevant ISA Application form and the funds and/or assets (as appropriate) have been received from the old ISA manager.
- Transferring your ISA Account to *another* ISA manager
- 9.3 You may instruct us to transfer your ISA Account to another ISA manager. You may transfer the whole or part of your ISA Account to another ISA manager provided that in the case of the transfer of part of your ISA Account:
- 9.3.1 the transfer is to a value of a minimum of £1,000; and
- 9.3.2 the value of the Qualifying Investments remaining within your ISA Account does not as a consequence fall below £1,000 (subject to payment for any outstanding transactions, accrued fees and expenses).
- 9.4 Transfers will be processed by us within such time as you may stipulate (not being less than 10 Business Days) and in any event within 30 calendar days of receipt of your instructions in accordance with the ISA Regulations relating to transfers. We may deduct from the transfer any sums due to us and any liabilities for tax. Please contact us for more details.
10. **Management and administration of your ISA Account**
- 10.1 We act as ISA manager of your ISA Account and have been approved to do so
- 10.2 We may delegate some or all of our functions and responsibilities in relation to your ISA Account to a third party, but we must first satisfy ourselves that the proposed party is competent and authorised to carry out those functions and responsibilities in accordance with the ISA Regulations.
- 10.3 We may also transfer, assign or pass our rights or obligations under this agreement or arrange for any other person or organisation (a "Transferee") to carry out our rights or obligations under this agreement. We will only do this if:
- 10.3.1 the Transferee is approved to act as an ISA manager under the ISA Regulations; and
- 10.3.2 the Transferee agrees to exercise the transferred rights and perform the transferred obligations in such manner as we reasonably think will ensure that you are no less favourably treated after the transfer than you were beforehand.
11. **Closing your ISA Account and Voiding**
- 11.1 You can close your ISA Account at any time by giving notice to us. We will carry out your instructions within such time as you may stipulate (not being less than 10 Business Days) and in any event within 30 calendar days of receipt of your instruction.
- 11.2 We have the right to give you reasonable written notice (at least 30 calendar days) to close your ISA Account if you are in
- 11.3 If the Terms are terminated in accordance with clause 37 of the Terms your ISA Account shall automatically close on the relevant date of Termination.
- 11.4 We may also close your ISA Account at any time on giving you 30 days' written notice.
- 11.5 On the closure of your ISA Account, unless otherwise requested, the assets comprised in the ISA Account shall be held with your other assets, if any, comprised in the Account, by the Custodian on the terms set out in the Custody Agreement. You may request that the assets in your ISA Account be transferred to you or be realised and the proceeds paid to you. We will carry out your instructions within such time as is stipulated by you (not being less than 10 Business Days) and, in any event, within 30 calendar days of receipt of your written instructions.
- 11.6 Closure will not affect the completion of any transactions already begun and any outstanding fees will remain payable. We will promptly account to you for all the assets in your ISA Account held, but we may deduct any sums we need to settle transactions already initiated and/or amounts outstanding under the Terms.
- 11.7 The tax benefits of your ISA Account will cease immediately upon your death. Your ISA Account will be closed upon receipt of written notice of your death. The assets in your Portfolio will be transferred to your legal personal representative(s) subject
- material breach of these provisions or if you fail to pay any sums due to us under these Terms.

to completion of such formalities as we specify and payment of any of our costs associated with the closing of your ISA Account.

- 11.8 Your ISA Account will come to an end if it becomes void under the ISA Regulations. We will notify you if, by reason of any failure to satisfy the provisions of the ISA Regulations, your ISA Account has or will become void or will no longer be exempt from tax.

Under such circumstances the investments held in the void ISA will be sold and the proceeds, including any cash held in the ISA Account, repaid to you subject to the completion of any outstanding transactions, repayment of tax/tax credits and payment of all accrued fees and expenses).

12. Withdrawal

- 12.1 You can withdraw part or all of your investment from your ISA Account at any time by having the investments transferred to you or realised and the proceeds paid to you provided that:
- 12.1.1 any partial withdrawal is to a minimum value of £1,000; and
- 12.1.2 the value of the Qualifying Investments remaining within your ISA Account does not as a consequence fall below £1,000 (subject to payment for any outstanding transactions, accrued fees and expenses).
- 12.2 You must make your request for withdrawal in accordance with clause 7 of the Terms. You should specify whether the assets in your ISA Account and the

rights attaching to them should be transferred to your Account if applicable, another account or be realised and the proceeds paid to you. We will comply with your instructions within such time as is stipulated by you (not being less than 10 Business Days) and, in any event, within 30 calendar days of receipt of your instructions.

13. Taxation

- 13.1 You do not currently have to pay any UK income or capital gains tax on income or growth within your ISA Account. However, you cannot reclaim the tax credit on dividend distributions.
- 13.2 The value to you of the tax benefits of an ISA will depend on your individual circumstances which may be subject to change in the future. Tax rules can change.
- 13.3 You authorise us to give HM Revenue & Customs information it reasonably requests and to make claims, conduct appeals and agree the tax position in respect of your ISA Account.

This publication is also available in Braille, in large print, on tape and on disk. Speak to a member of staff for details.