



Abbey Sharedealing

A. General conditions

1 Introduction

- 1.1 The Abbey Sharedealing service ('Abbey Sharedealing') is an execution-only sharedealing service provided by Abbey Stockbrokers Limited ('ASL') allowing you to buy and sell shares and other securities. This document details the general terms and conditions (the 'General Conditions' as detailed in Section A) and the additional specific terms and conditions (the 'Specific Conditions' as detailed in Section B) that apply to your Abbey Sharedealing Account, whether it be the Share Organiser or Certificate Trader Account (referred to throughout as your 'Account'). Where reference is made to 'Conditions', we mean both the General Conditions and Specific Conditions.
- 1.2 ASL has appointed Pershing Securities Limited ('PSL') as its agent to provide the custody, nominee, settlement and associated services. These Conditions set out the contract between the Account holder ('Account Holder', 'you' or 'your') and ASL and/or PSL, as appropriate ('we', 'us' or 'our') and acceptance of these Conditions shall constitute the formation of the contract. They are in addition to any other conditions, which are implied or included by law, such as your statutory rights as a consumer, even if they do not appear in these Conditions. These Conditions apply to your Account and use of the Abbey Sharedealing service accessed either by the Abbey Sharedealing Website ('the Website'), by telephone or by post, whichever is appropriate to the facilities you use.
- 1.3 These Conditions may refer to information which we may also give you separately, for example in the Abbey Sharedealing literature ('Brochure') and Abbey Sharedealing scale of charges ('Scale of Charges'), which may change from time to time. Any reference to the Scale of Charges is a reference to the one that is prevailing at the time. A copy of the Scale of Charges is available from us. These details also form part of the contract between you and us. If you use your Account in respect of Foreign Dealing, in relation to your Abbey Sharedealing ISA, or your James Hay SIPP, the Specific Conditions in Section B will also apply. If a Specific Condition differs from the General Conditions, the Specific Condition will apply.
- 1.4 These Conditions and all transactions on your Account are subject to the rules of the Financial Services Authority ('FSA') and will be entered into in accordance with the rules and regulations of the London Stock Exchange ('LSE') or other recognised exchanges. If you ask, we may also deal for you in circumstances in which the relevant deal is not regulated by the rules of any exchange, but if so, you should be aware that you forego the protections of exchange regulations.
- 1.5 We have a conflict of interest policy to prevent us making a financial gain or avoiding a financial loss at the expense of a client or from favouring one client at the expense of another. This policy covers such potential risks as might arise in: The aggregation of orders from more than one client.

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- The matching of one or more client's orders with those of another client or clients (agency crossing).
 - The executing of our staff trades.
 - The receipt of any inducements other than from the client, or
 - The recognition and management of any actual conflicts that may arise and their resolution.

We will take every possible step to eliminate any conflicts of interest, and will ensure at all times that the interest of the client is given precedence. A copy of our Conflict of Interest Policy is available on request.

2 The services

- 2.1 If you choose to open a Certificate Trader Account, you will need to complete the relevant sections, sign and return the application form ('Application Form'). This will enable you to buy and sell UK shares in certificated form only.
- 2.2 If you choose to open a Share Organiser Account, you will need to complete the relevant sections, sign and return the application form. This will enable you to buy and sell UK and foreign shares using our Nominee Facility (a 'Nominee Facility' is where your shares are registered in the name of our nominee company (and usually held in electronic form) but you remain the beneficial owner (see Conditions 12 and 13) and you may also use your Account in respect of your ISA or SIPP. You may also deal in certificated form where permitted.

2.3 The Abbey Sharedealing service is generally only available to UK (England, Scotland, Wales and Northern Ireland) residents that are aged 18 years or over and hold a sterling bank account. If we agree that you may operate your Account from elsewhere in Europe we will require additional details from you. If you receive any savings income from us, your details and the details of the income will be reported to Her Majesty's Revenue & Customs ('HMRC') as required under the EU Savings Tax Directive.

2.4 As the Abbey Sharedealing service is an execution-only service we will not provide stockmarket, tax or any other investment advice. The decision to buy, sell or hold shares will be your responsibility. You should not ask for advice from our staff, as they will not be able to assist you. If you need advice or are in any doubt about the merits of any transaction, or whether the use of the Abbey Sharedealing service by you is suitable for your needs, please contact an Independent Financial Adviser.

2.5 Information on the features of your Account and the facilities available can be found in the brochure or on our website. If you are unclear as to what facilities are available on your Account please contact us.

3 Varying these Conditions and the Scale of Charges

3.1 We may remove, change or add to these Conditions, the Scale of Charges, or to any details forming part of the contract between you and us by giving you at least 30 days prior personal notice in writing:

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- To conform with or anticipate any changes in the law, or regulatory requirements, Codes of Practice or recommendations of the FSA, or a decision or recommendation by a court or Ombudsman
 - To maintain the competitiveness of our business as a whole, taking account of actual or anticipated changes in market conditions, or to ensure that our business is run prudently, or to reflect our exposure to risk
 - To provide for the introduction of new or improved products, systems, changes in technology, methods of operation, services or facilities
 - To enable us to harmonise or change our charging arrangements
 - To reflect changes in the direct costs that we are required to pay others, or take account of inflation
 - To make them clearer or more favourable to you, or
 - To rectify any mistakes that might be discovered in due course
- 3.2 We may also remove, change or add to these Conditions or the Scale of Charges by giving you at least 30 days prior personal notice in writing, for any other reason which is valid provided you are then free to close your Account immediately, subject to Condition 19.
- 3.3 However, if the change to these Conditions or the Scale of Charges is to your advantage we will give you notice within the 30 days following the change.

3.4 Any amendment which is made to comply with a change of applicable law or regulation shall take effect immediately unless we specify otherwise.

4 Opening an Account

4.1 You can only apply to open an Account by completing, signing and returning the Application Form.

4.2 Once your application has been accepted by us, we will open your Account with the telephone password supplied by you and give you a Client Reference Number. You are personally responsible for maintaining the security of your Account details and must not reveal these details to any person unless they have a joint Account with you or are authorised by you to have access to such information.

4.3 We reserve the right to refuse any application to open an Account and shall not be obliged to provide any reason for our decision.

4.4 As a private individual you may benefit from the Financial Services Compensation Scheme (FSCS) (see Condition 21 for details). We will categorise you as a retail client which means that you will be afforded the highest level of regulatory protection. However, you may not have access to the Financial Ombudsman Service (FOS) or the FSCS unless you are a private individual.

5 Joint Accounts

- 5.1 If your Account allows for a joint Account with another person and you apply for one, you agree that we may accept instructions to operate the joint Account from either party. You are responsible individually and together for complying with these Conditions and for activities occurring on your joint Account, which includes being jointly and severally liable for any outstanding amounts owed on your Account. You must notify us immediately in writing if you no longer wish transactions to be undertaken for the joint Account. We will then send you the relevant forms to be signed by all parties to the Account to transfer over the title of the shares held in your joint Account.
- 5.2 If a joint Account Holder should die, ownership of all assets held in the joint Account shall pass to the surviving joint Account Holder(s), who must provide ASL with a certified copy of the death certificate.
- 5.3 We will not be liable in the event of any loss to any party unless we have acted with negligence, fraud or wilful default in accepting instructions from any party to the Account.
- 5.4 Customers opening joint Accounts can only deal in the names of all Account Holders. If you wish to deal at any time in a single name, you will need to open a separate dealing account.

6 Contents and use of the Abbey Sharedealing Website

- 6.1 Online access is only available to nominee Share Organiser Accounts, and will only be permitted once you have read the Conditions displayed on the Website and select 'I accept/I agree' as appropriate.
- 6.2 The Website is intended for viewing and use by Account Holders who reside in the UK, who are aged 18 years or over and hold a sterling bank account. We shall not be liable if the content of the Website or any viewing of it by you is contrary to the laws applying in the jurisdiction where you access the Website.
- 6.3 You should be aware that the Website is not a completely reliable or secure means of communication and we make no warranties as to the availability of the Website or that it is error free. The use of the Website is at your own risk. We shall not be liable in respect of your ability to use or access the Website due to circumstances such as, but not limited to, downtime or lack of capacity.
- 6.4 The contents of the Website are protected under copyright, trademark and other laws and unauthorised use may infringe these protections. You must not modify, contaminate, violate or attempt to violate the security of the Website. Improper use of the Website may constitute an offence under the Computer Misuse Act 1990.
- 6.5 Any price information, news, or other information on the Website or linked to the Website is obtained from independent data providers. We cannot guarantee the accuracy,

completeness, timeliness or correct sequencing of data. The information is not personal investment recommendations. We do not accept liability for loss or damage (including loss of profit) which may arise directly or indirectly from your use or reliance on such information.

7 Your responsibilities

- 7.1 You are responsible for any instructions you give to us. We will not be liable for any loss incurred as a result of carrying out your instructions provided we have not acted fraudulently, negligently or with wilful default.
- 7.2 You must notify us immediately if you become aware of any of the following:
- Unauthorised access to or use of passcodes
 - If you receive a contract note with the wrong details on it
 - If you fail to receive a contract note within 3 days of making an order
 - If you receive a contract note for an order that you did not place, or
 - If you receive any other inaccurate or conflicting information
- If you fail to notify us immediately of any of the above, we will not accept liability for the costs of correcting any discrepancy.
- 7.3 Should any of your details change, or you wish to make any amendments, you must advise us in writing as soon as possible at the address in Condition 22.1.

7.4 Once we have accepted and dealt on your instructions, legally binding obligations are created and cannot be revoked. Instructions can only be given in the Account Holder's name(s) and cannot be accepted from a third party, unless an Authority to Deal form (which has been signed by the Account Holder and the designated third party) has been accepted by us. Where a third party has been appointed you should be aware that this does not confer upon the third party the right to any other information on your financial position.

7.5 When giving instructions you must not exceed any Dealing Limit that may apply on your Account (please see Condition 8). Please note that if you exceed your Dealing Limit you remain liable for transactions on your Account.

7.6 If you lose any share certificates or other documents you will have to pay for duplicates. Please keep a note of the serial numbers of certificates and the date you post them. We are not responsible for any documents until we have received them.

8 Amount you can deal

8.1 Upon opening your Account you may be given a sharedealing limit ('Dealing Limit'). This will be available for normal market conditions and on the basis of the normal settlement date as detailed in Condition 10. You must still pay in full, before the settlement date, for shares purchased using your Dealing Limit.

8.2 We reserve the right to review and vary, at our discretion, your Dealing Limit at any time.

8.3 When buying shares, the amount you can deal is:

- The value of any cleared cash in your Account (to the extent that it has not already been committed), plus
- Your Dealing Limit to the extent that it is not currently being used

For telephone dealing only we may add (in normal market conditions) up to 50% of the value of the settled stock held in our Nominee Facility.

Once your Dealing Limit has been reached further dealing will not be permitted until settlement has been completed on outstanding transactions.

8.4 When selling shares using our Nominee Facility, you can only sell shares that you already hold in it and which you have an unconditional right to sell. If you breach this Condition you agree to compensate us for any losses that we may incur.

8.5 You can only sell Certificated shares to the extent that your Dealing Limit is not currently being used for either buying or selling shares.

You may only give instructions to sell securities that you own or have the right to sell. Each time that you instruct us to sell securities you represent and guarantee to us that you own or have the right to sell securities and agree to compensate us for any losses that we may incur if you do not own or have the right to sell the securities.

8.6 Please call us if you wish to increase your Dealing Limit. You must have an established dealing history, and we may require further information to allow a more detailed assessment to be made. We may also carry out further credit checks. Our decision will be final. Your new Dealing Limit will usually be confirmed by telephone and in writing.

9 Dealing

9.1 If you open a Certificate Trader Account you can only deal by telephone, in UK shares, and only in certificated form. If you open a Share Organiser Account you can deal in UK and foreign shares by telephone and UK shares online.

9.2 When dealing by telephone or online we will give you an indication of the price, but that price may differ from the price at which we deal for you, reflecting price movements or because of the size of your order.

We do not generally accept dealing instructions by facsimile, telex or email.

9.3 The price at which your order is fulfilled will be notified to you at the time of dealing where possible or appropriate, and on the relevant contract note. We will dispatch a contract note no later than the business day following any transaction. Please also refer to Condition 7.2.

9.4 When placing an order we reserve the right to ask for advance payment for all or part of the purchase stock value. This may be required as either funds on your Account or cleared funds to be deposited prior to dealing. This may be required even if you are within your Dealing Limit.

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- 9.5 We reserve the right to refuse to accept any order, carry out or allow any transaction. This may be for events such as rights issues or capital reorganisations; where we do not have the documentation to enable us to proceed (including share certificates); have incomplete instructions that do not comply with these Conditions or the Account in question (including joint Account instructions and instructions on behalf of other persons); or if we are not reasonably satisfied that a transaction is legal, is allowed by relevant laws or regulations, or it is you who has asked for it. We will advise you promptly if we decline to deal, but are not obliged to provide any reason for our decision or to reimburse you for any loss you may suffer as a result.
- 9.6 The rules of the FSA require us to have a policy for achieving best execution when we execute transactions for your account, and for acting in your best interests when we pass transactions to third parties for execution. Under this policy we will seek to achieve the best terms we can for your deal through the market we deal in. A copy of our Best Execution policy is attached at the end of these Terms and Conditions. By accepting these Conditions you consent to our execution policy and give express consent to us to execute your orders outside of a EU regulated market or multilateral trading facility if appropriate.
- 9.7 You may give us specific instructions as to how we are to deal, in particular you may give us a Limit Order (an order to buy or sell at a specified price limit or better and for a specified size) or an 'At Best' Order.
- Limit Orders: can only be accepted if you have a Share Organiser Account and they are placed by telephone. These are filled on a 'best endeavours' basis. If a Limit Order is not immediately executed under prevailing market conditions, you instruct us not to make it public immediately unless we consider that it is in your best interests to do so. Such Limit Orders are 'good for the day', and cease to exist at close of market trading on the day taken, without further reference to you.
 - At Best Orders: Transactions will be carried out by us as soon as practicable at the best price that can reasonably be obtained in the market at the time of dealing. You should note, however, that share prices could change materially between the time you give instructions to buy or sell and the time we are able to deal for you.
- 9.8 Your transactions may be aggregated with those of other customers, which may operate on some occasions to your disadvantage.
- 9.9 Instructions to deal in more than one company or class of shares will be transacted separately, and commission will be charged on each transaction.
- 9.10 If you wish to trade in complex instruments you must first complete an Appropriateness Form, which is available on request from us and read the relevant risk warnings enclosed with it. If we consider you have appropriate experience, you may then be allowed to trade in these instruments.

We are not required to ensure that transactions in non-complex instruments are an appropriate investment for you. Examples of non-complex

instruments are shares admitted to trading on a regulated market, money market instruments and bonds (except those incorporating a derivative element) and units in a UCITS (Undertakings for Collective Investment in Transferable Securities) scheme.

9.11 The purchase price for unit trusts and OEICs (Open Ended Investment Companies) may include a charge from the fund manager.

10 Settlement

10.1 Settlement in general

- The normal settlement period for UK shares held in certificated form is 10 business days. For UK shares held in our Nominee Facility the normal settlement period is 5 business days. However, you may request any other period up to 20 days, although this may affect the price obtained. Your Dealing Limit may not apply in such circumstances and you may be requested to provide an advance payment for part or all of the purchase stock value.
- Each sale or purchase will be treated separately for settlement purposes, with the exception of undertaking closing bargains using our Nominee Facility.

10.2 Paying for shares you have bought

- a. Unless sufficient funds are held on Account, payment must be received by us for the full amount shown on the contract note no later than 3 business days before the settlement date. The only methods of payment are:

- By Direct Debit from your bank account – a mandate is contained within the brochure
 - By Switch/Delta – available for deals placed over the telephone providing we have bank details relating to the card you wish to use on file
 - By cheque made payable to Pershing Securities Limited. This must be a sterling cheque drawn on a UK Bank or Building Society account in the same name as the Account Holder, or
 - By banker's draft or counter cheque issued by a Building Society or Bank with the name and address of the Account Holder formally confirmed by the institution on the cheque
- b. We reserve the right to charge you a handling fee to cover the costs of administration involved in processing any dishonoured payment. Please see our Scale of Charges.
 - c. If we receive funds on or after the settlement date you may be charged extra in the form of administration fees, and interest in accordance with the Scale of Charges. You will also be liable for any fines or additional charges levied by the relevant exchange, clearing, depository or settlement service. If money owed is overdue we may keep any of your securities under our control until the money is paid. If we have not received the funds required by the settlement date we may re-sell or buy back any outstanding deal. We will not be responsible to you for doing or not doing so, and you will be responsible for all costs incurred.

10.3 Settlement for Shares you have sold

- Your entitlement to a dividend or other benefit is determined by the date you buy or sell. In general the right to a dividend or other benefit moves with a security unless it is quoted ex-benefit on the date of dealing. For shares sold cum-dividend (with benefit), we may retain the amount of dividends (or benefits) due and pay you the value of the sale less this amount (and our commission on the sale). If you receive dividends or other benefits that you are not entitled to, you must return them to us. We will send these amounts on to the person that is entitled to them. We may take these amounts from your Account or claim them from you.
- Where a transaction is carried out on an exchange it will be settled in accordance with the rules of that exchange. The date of settlement is on the contract note.
- For the sale of certificated shares, you agree to provide us with all the necessary certificates, transfers and other appropriately completed documents for the purpose of settlement. If we are required to provide evidence of your authority to sell shares (for example Grant of Probate or Power of Attorney), we may apply an additional charge, details of which are in our Scale of Charges.

We will need to receive the necessary documents at least three business days before settlement date if you are to be paid on time. If we receive documents on or after the settlement date you may be charged extra in accordance with our Scale of Charges. You will also be liable for any fines or additional charges levied by the relevant exchange, clearing, depository or settlement

service as a result of your failure to deliver stock. If we have not received complete and valid documents by the settlement date we may buy back or re-sell any outstanding deal. We will not be responsible to you for doing or not doing so, and you will be responsible for all costs incurred.

- We can only settle your transaction when we receive settlement from the market. The available net proceeds will be sent to you by cheque unless you have opted to have them retained on your Account, or transferred electronically to your bank account (which can take approximately 3 business days to clear).
- We may retain the proceeds of your sales to the extent necessary to pay purchase costs due within one business day following the sold settlement date or otherwise to the extent that you owe us any money.
- Your preferred method of payment will be that agreed at the time you opened your Account, or as subsequently agreed with us in writing.
- No payments to a third party will be made.

11 Your money

- 11.1 Should we hold money on your behalf, we will deal with this in accordance with the FSA's Client Money Rules. These rules, amongst other things, require us to hold your money in a client bank account, established with statutory trust status, segregating this money from our own money at a EU regulated credit institution or a bank authorised in a non EU country. The approved bank may hold such money with other clients' money in a pooled account in the name of PSL a/c client or ASL a/c client. This means that

client money is held as part of a common pool of money, so you do not have a claim against a specific sum in a specific account; your claim is against the client money pool in general. Client money may be held with a bank that is a member of the Santander group. PSL is part of the Bank of New York group of companies, and may use a group bank to hold client money on your behalf. In particular, you should note that your money may be held at any branch of the Bank of New York.

- 11.2 Money not immediately required to settle a purchase will attract interest at the rate prevailing at that time, as described in our Scale of Charges. Interest calculated on a daily basis will be credited every six months subject to any minimum amounts as described in our Scale of Charges.
- 11.3 Provided that we have complied with the rules of the FSA, you agree that we can cease to treat as client money any unclaimed cash balance that we hold for you where there has been no movement in the balance for a period of at least 6 years and we can demonstrate that we have taken reasonable steps to trace you and to return the balance. However, once we have ceased to treat any unclaimed cash balance as client money, we would still make good any subsequent valid claim.
- 11.4 We may allow another person, such as an exchange, clearing house or an intermediate broker to hold or control client money for the purpose of a transaction for you through or with that person or to meet any obligation you have to provide collateral for a transaction. The remaining provisions of this clause 11 apply

when we hold your money in a client bank account. If you deal in non-UK shares you should also read condition 25.

12 Custody services: shares held in our Nominee Facility

- 12.1 UK registered securities which we are holding for you will be registered in the name of PSL's nominee company, or Abbey Stockbrokers (Nominees) Limited ('AS(N)L') or any other nominee we decide to use and held either in uncertificated form in the UK central securities depository (CREST), or in certificated form, and in accordance with the rules of the FSA.
- 12.2 We accept the same level of responsibility for our nominee companies (including with respect to the requirements of FSA custody rules) as we do for ourselves.
- 12.3 Investments registered or recorded in the name of a nominee will be pooled with those of other investors. Your individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register. We take reasonable care in the selection, appointment and periodic review of nominees and eligible custodians. When your investments are registered or recorded in the name of a third party and we or one of them becomes insolvent, the consequences will depend upon the applicable law (which may not be English law). The insolvency may result in delays in settling or transferring securities held. In the event of an irreconcilable shortfall following any default by the custodian or nominee responsible for pooled investments, the manner in which such a shortfall will be dealt

with may vary according to the applicable law and you may not receive your full entitlement and may share in that shortfall pro-rata.

- 12.4 Should you instruct us in writing that investments purchased through us be registered in the name of some other person (which is not us or an affiliate of ours) whom you specify, the consequences of registration carried out in accordance with your instructions are entirely your risk. The legitimacy of such registrations remain your responsibility.
- 12.5 You may lose your rights to some shareholder privileges offered by some companies if you use the nominee service. Such registration does not affect your rights to dividends or capital issues, but we may charge you for sending reports from the companies. Please see our Scale of Charges.
- 12.6 If you ask us to apply on your behalf for a new issue arising from a nominee holding, we may register any resulting security in the name of our nominee company.
- 12.7 You must inform us if you wish to attend and vote at any meeting of companies or other entities, whose shares, securities or units are held by you or to receive copies of any annual reports and accounts or any other information issued to shareholders by such companies or entities subject to any charges made for these services.

13 Nominee Facility: entitlement to dividends and other benefits

13.1 We will be responsible for claiming and receiving dividends, interest payments and other rights accruing. We will only accept dividends in the form of cash.

13.2 We will endeavour to notify you promptly of impending corporate actions and will seek your instructions to:

- Exercise conversion and subscription rights
- Deal with takeovers or other offers or capital changes, or
- Exercise voting rights

All instructions regarding the administration of investments held by us should be made to us in accordance with Condition 9. We do not accept from, or send instructions to, third parties unless a valid Power of Attorney has been established for this purpose or you have completed a valid Authority to Deal form and this has been accepted by us. Corporate action advice (notification) letters will only be sent to the correspondence address, which may not be the address of the Attorney. If there is a compulsory acquisition notice issued in respect of a take over we will accept the basic offer.

13.3 We will not be responsible for taking action if your instructions:

- Are not received by us by the stated time
- Are received too late for processing, or
- You have insufficient funds in your Account

In this case we will allow the event to lapse. We shall have no liability if any corporate action advice fails to reach you or if we are unable to contact you.

- 13.4 If a company has a bonus or similar issue, we will automatically credit your Account with the new investment. The proceeds of any redemption will be credited to your Account and we will let you know this has been done.
- 13.5 You may take up rights outside your Account, in which case we will do this for you and arrange for the shares to be re-registered in your name. We may charge for doing this. If you do not give us enough time to act on your instructions, we will not act on the rights issue and will credit any proceeds to your Account.
- 13.6 Where a company or registrar issues offer documents in respect of an optional corporate action, we are not obliged to forward such documents to you. To obtain offer documents you should contact the registrar of the company concerned.
- 13.7 If you have accepted a takeover in respect of an investment you should not sell such investment or accept any further takeover offer unless the original offer lapses. Where investments have been sold in these circumstances it may be necessary to repurchase the relevant investment on your behalf. You will be liable for any charges, costs and/or expenses we incur as a result.

13.8 Fractional benefits:

- As your investments are held in the name of a nominee company on a pooled basis, additional benefits may arise that would not otherwise have occurred had your investments been registered in your own name. In such circumstances the value of these additional benefits will be used to reduce the administration costs of the custody service.
- Any investment you receive as a result of a takeover, conversion or other offer will be rounded down to the nearest whole unit. We will keep any amount remaining.
- A further effect of pooling can be that following an allocation or share issue that favours the small investor, your allocation may be less than it otherwise would have been.

14 Charges, commission and other fees

- 14.1 Commission, charges and fees etc. are charged in accordance with the prevailing Scale of Charges as updated from time to time in accordance with Condition 3. You may incur costs or taxes that are not paid via us or imposed by us. Your tax position depends on your individual circumstances and may be subject to change in the future.
- 14.2 You agree to pay all duties, taxes or other charges levied by the United Kingdom Government, LSE, Irish Stock Exchange or other authorities, arising from dealing instructions given by you. In the event of fees due remaining unpaid we may apply any cash or sell or realise any securities in payment of taxes, fees, commissions and/or expenses payable by you.

14.3 We may share with, or receive from, third parties, fees or commissions. On certain funds held in our nominee facility over a qualifying period we may receive a renewal or 'trail' commission. This differs depending on the fund provider and the particular fund and is retained by us to reduce administrative costs. Further details are available upon request.

14.4 In the event that a service is required which the current Scale of Charges does not provide for, we reserve the right to charge the Account Holder for that service at a rate which will be notified to the Account Holder before the service is undertaken.

14.5 Should you fail to settle any outstanding fees, duties, taxes or other charges in a timely manner, we may apply cash from your Account, or sell any securities from your Account, to cover the outstanding amount. We will not be responsible to you for doing or not doing so, and you will be responsible for all costs incurred, including commission.

14.6 If you have completed a Direct Debit Instruction form for your Sharedealing Account, any outstanding fees, duties, taxes or other charges will be collected by direct debit, unless there are sufficient funds to cover the fee on your Sharedealing Account.

15 Default

15.1 If you fail to settle by the date shown on your contract note, or a valid certificate and stock transfer (CREST) form are not received by us by the settlement date, you are in breach of these

Conditions and we will take a general lien or security interest over your investments held in safe custody. We may (without prejudice to any other right or remedy and without liability for any loss or loss of profit or gain you may incur):

- Cancel, close out, terminate or reverse all or any contracts, and/or
- Sell, charge, pledge or otherwise dispose of or deal with any investment or other asset held for you, and/or
- 'Buy In' stock from the market to close an outstanding sale where we have not received a valid certificate or CREST transfer by the settlement date

Note: if closing out or a 'Buy In' results in a profit, you will not be entitled to receipt of the proceeds.

15.2 In the event of the above we (or our agent) are entitled to:

- Full reimbursement of any costs or expenses which we incur
- Retain or offset monies due to you against monies due to us
- Do or not do anything (including the application of client money held for you) which would or could have in our opinion the effect of reducing or eliminating liability under any transaction, position or commitment undertaken for you
- Pass any outstanding debt to a third party to pursue

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- Charge you extra in the form of administration fees or interest, in accordance with the Scale of Charges and pass on any stock exchange, clearing, depository or settlement service fines or levies if:
 - You fail to pay any money or provide shares due;
 - Your bank refuses to pay on your behalf

15.3 In exercising our rights under this Condition 15, we shall not be liable to you in respect of any choice made by us in selecting the investment sold. The proceeds of sale (net of costs) will be applied in or towards discharge of your liabilities and we will account to you for any balance. In the event that such proceeds are insufficient to cover the whole of your liabilities, you remain liable for the balance.

16 Liability

16.1 We do not accept liability for any losses suffered by you or any other person for whom you are acting arising from any action, error or omission on our part or from any breach of our obligations to you under these Conditions or otherwise except where such losses are a result of fraud, wilful default or negligence by us or our nominees. We will not be liable for any indirect, consequential, market or dealing losses. Nothing in these Conditions shall exclude or restrict any obligation owed to you under the regulatory system (as defined in the rules of the FSA). Your rights under the regulatory system or any other statutory rights you may have are not affected in any way by these Conditions.

For further information about these rights you can contact your local authority Trading Standards Department or Citizens Advice Bureau. The FSA website www.fsa.gov.uk also has a consumer section.

16.2 You agree to indemnify us on demand (whether before or after termination of your contract with us) against any claims, liabilities or expenses incurred by us as a direct result of us acting under these Conditions. This indemnity shall not apply to any loss to the extent it arises or results from our negligence, fraud, or wilful default or any contravention by us of any applicable rules of the FSA or of the FSMA.

16.3 Our liability will be limited to the replacement of securities or monies (including interest) lost as a direct result of our act or failure to act.

16.4 We will not accept responsibility for postal delays or responsibility for documents before we receive them or after they have been sent to you. Any charges relating to the recovery or replacement of lost documents will be your responsibility.

16.5 Our liability for death or personal injury by our negligence (or that of our employees) or for fraudulent misrepresentation shall not be limited.

16.6 We will not be responsible for any delay in settlement or issuance of share certificates resulting from circumstances beyond our control; or the failure of any other party to complete all necessary steps to enable settlement to take place on settlement date or the certificates to be issued.

This includes the failure of any counterparty to the transaction to settle on settlement date, and the share registrar or CREST from processing the transaction promptly.

17 Inability to provide services

- 17.1 If we are unable to provide the Abbey Sharedealing service generally or any particular element of the Abbey Sharedealing service because of any causes beyond our control, including, but not limited to, failure of communication, computer systems, equipment, power supplies, industrial action, or the suspension of trading or service by any exchange, clearing house or depository, or if there is a delay or change in market conditions and any indicative price available to you before the transaction was effected, we will not be liable to you for any loss or expense you may suffer.
- 17.2 Our telephone or internet lines may be engaged or otherwise unavailable. We accept no responsibility for any adverse price movements that may occur during such delays or our inability to communicate with you or any difficulties in accessing or using the Website.

18 Assignment

- 18.1 Future developments in the structure or organisation of ASL or its parent company (Santander UK plc) or any other companies within the Santander group may necessitate us changing the provider of all or part of the Sharedealing service from ASL or PSL to another company in the Santander group or Santander UK plc. In the event of this happening we will

give you advance notice of such a change. Once you have received such notice your use of the Sharedealing service will be deemed acceptance of the change. You may however terminate your agreement with us at any time after the notice is served if you are unhappy with any of the arrangements put in place.

- 18.2 Future developments in the structure or organisation of ASL or its parent company (Santander UK plc) or any other companies within the Santander group or agents appointed by it may necessitate us changing the provider of all or part of the Sharedealing service from ASL or PSL to a third party outside the Santander Group. ASL will however remain responsible for the performance of any services so delegated in accordance with these Conditions but this will not affect the agreement you have entered into with us. In the event of this happening we will give you advance notice of such a change. Once you have received such notice your use of the Sharedealing service will be deemed acceptance of the change. You may however terminate your agreement with us at any time after the notice is served if you are unhappy with any of the arrangements put in place.
- 18.3 You may not assign your obligations under these Conditions to a third party.

19 Termination

- 19.1 You may terminate your contract with us at any time by giving us notice in writing, which shall take effect from the date we receive the notification from you. If you have a joint Account, both Account Holders must sign the notice.

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- 19.2 We may terminate your contract by sending you notice in writing to the last known postal address we hold for you. We may terminate the contract for any valid reason. We will, wherever possible, give you 30 days' notice unless there are exceptional circumstances e.g. fraud. You may be prohibited from dealing during this notice period.
- 19.3 Termination will not affect the completion of any transaction at the date of termination, nor will it affect your liability for any charges properly incurred in the completion of such transactions or monies otherwise owed to us.
- 19.4 Termination will not affect any of our rights or remedies in existence at the time of termination.
- 19.5 We may close your account without writing to you or giving you notice if it remains unused and is due for closure under our prevailing dormancy policy (which as at 1 March 2009 is one year of inactivity). If at some time after that date you would like to know the prevailing timescale of our dormancy policy, please contact us.
- 19.6 You have the right to cancel your contract with us if you are a natural person and you are entering into it without having had face-to-face contact with us or our representative and you are not entering into it for the purposes of your business, trade or profession. You can cancel your contract with us within 14 calendar days from the date on which we notified you that we have accepted you as a client (the 'Cancellation Period'). English Law forms the basis for the establishment of our relationship before the date on which we notify you that we have accepted your application.
- 19.7 We will only provide services during the Cancellation Period at your request. You make this request by instructing us to act on your behalf in relation to an order. You may cancel your contract with us at any time during the Cancellation Period, unless the performance of our services under these Conditions has been fully completed at your request before we receive notice of cancellation, but you will be obliged to pay our fees and charges for services provided during the relevant period and will be liable for any transactions entered into prior to cancellation (whether or not settled or completed) and any related costs we have incurred at your request.
- 19.8 To exercise your right to cancel your contract with us you must write to the Customer Service Manager at the address in Condition 22 within the Cancellation Period and notify us of your cancellation. If you have entered into more than one contract to which cancellation rights apply please specify whether your cancellation applies to one or all of the contracts. If you do not exercise your right to cancel we will provide the agreed services until our relationship is terminated by you or us in accordance with this Condition 19.
- 20 Complaints**
- 20.1 If you wish to make a complaint about Abbey Sharedealing please send this in writing to:
- Customer Service Manager
Abbey Stockbrokers Limited
Kingfisher House
Radford Way
Billericay
Essex CM12 0GZ

20.2 If you are still not satisfied with our response you may write to:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR

Any such action will not affect your right to take legal action.

21 Financial Services Compensation Scheme

21.1 We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the Scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. The maximum level of compensation you can receive from the Scheme for a claim against an investment firm is £50,000. You can get more details from us, directly from the Financial Services Compensation Scheme online at www.fscs.org.uk or by contacting them at: Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portsoken Street, London, E1 8BN. 020 7892 7000.

22 Notices

22.1 Any notice under these Conditions or other documents must be given in writing as follows:

- to us, at
Abbey Stockbrokers Limited
Kingfisher House
Radford Way
Billericay
Essex CM12 0GZ

- to you, at the last known postal address we hold for you

23 Governing law/regulation

23.1 These Conditions shall be governed by English Law and both parties submit to the exclusive jurisdiction of the English Courts. Any contract made between you and us pursuant to these Terms and Conditions will be in the English language and communications from us will be in English.

B. Specific Conditions

These Specific Conditions apply to Foreign Dealing, James Hay SIPP Accounts and Abbey Sharedealing ISA Account. These Specific Conditions are in addition to the General Conditions (numbers 1 to 23) above. If a Specific Condition conflicts with a General Condition then the Specific Condition will apply.

Foreign Dealing conditions

If you carry out Foreign Dealing the following Specific Conditions (24–29) will apply:

24 Settlement and safe custody

- 24.1 Where you deal in overseas investments, your money may be held by us in an account outside the UK and you should be aware that your non-UK securities might also be held overseas.
- 24.2 We do not accept Limit Orders for foreign shares, nor do we deal in foreign share certificates.

25 Foreign Dealing: your money and investments

25.1 If your investments or money are subject to the law of other jurisdictions, including non-EEA

jurisdictions, your rights may be different from those that would apply were English Law to be applicable. In particular, if your securities or money are held with a third party which becomes insolvent, the consequences will depend upon the applicable law (which may not be English Law). The insolvency may result in delays in settling or transferring securities or cash held. The effect of any applicable law is outside our control and could, for example, mean that your interests are not recognised as separate from those of the third party.

25.2 Overseas custodians may take a lien over investments held by them or may be entitled to other security rights over investments or money including rights of set-off, retention or sale.

25.3 Foreign currency may be held in the country of origin or the sterling equivalent protected as client money in a EU regulated credit institution. Money held in the country of origin may be held by a bank or depository of a kind permitted under the rules of the FSA even though, in a small number of countries, that bank or depository has failed to acknowledge that clients' funds will be afforded trust status and has not accepted that it has no right of set-off or counterclaim against money held in that client account in respect of any sum owed on any other account of ours. Where your money is held in accounts outside the UK, the legal and regulatory regime will be different to that of the UK and your rights in relation to the money may differ accordingly. We take reasonable care in the selection, appointment and periodic review of any institution with whom such accounts are held but, for example, if they became insolvent

your money may be treated differently from the position which would apply if the money was held in a client bank account in the UK and it may therefore be less secure. We will not be liable for any liabilities you incur as a result of the application of such laws and regulation.

If we undertake a transaction that involves your money being passed to an intermediate broker, settlement agent or over the counter counterparty outside the UK, the legal and regulatory regime may be different from that in the UK and, in the event of their failure, your money may be treated in a different manner from that which would apply in the UK.

25.4 You consent to the fact that overseas investments may be registered or recorded in the name of an eligible custodian or our name in one or more jurisdictions outside of the UK, where, due to legal requirements or the nature of market practice in the jurisdictions concerned, it is in your best interests, or it is not feasible to do otherwise. As a consequence of this, your investments will not be segregated from investments belonging to us or the eligible custodian and therefore, your protection may be less should a default occur on the part of the person in whose name the investments belonging to you are so recorded as your investments will not necessarily be separately identifiable and may be subject to third party claims made against us or the eligible custodian. In the event of an irreconcilable shortfall following any default by us or the eligible custodian holding pooled investments, you may not receive your full entitlement and may share in that shortfall pro-rata. Investments belonging

to you which are held overseas may be subject to different settlement, legal and regulatory requirements than those that apply in the UK. We will not be held liable in the event of a default by a custodian. However, we do not disclaim responsibility for losses arising directly from our own fraud, wilful default or negligence.

25.5 Securities held by ASL, its affiliates, agents or licensors in nominee form may be held in either a designated or non-designated basis.

25.6 As for UK shares held in our Nominee Facility, we will process corporate actions for you, but you should note that the response times available for you to give us your instructions on overseas investments' corporate actions may be very much shorter than those for UK shares. Also UK residents may not be eligible to participate in certain international corporate actions. In these instances the company's/registrar's default option will be accepted.

25.7 In order to trade in overseas investments, or to hold them on your Account, we require that you correctly complete any relevant documentation from us, and applicable tax authorities. You must do this prior to trading, or the investments transferring/settling onto your Account. In addition to this, periodically we will require you to submit up-to-date documentation. Failure to correctly and timely complete the relevant paperwork may result in the loss of any beneficial status (where applicable), the ability to deal, and ultimately the closure of your Account.

25.8 Transactions on your Account including, but not limited to, distribution of income (e.g. Dividends) may be subject to various tax deductions at source. The tax treatment of your investments may depend on the tax domicile of each investment. The tax domicile of an investment may not be assumed from its description or type. The domicile of collective type products may be particularly unclear. Our staff are not responsible for advising you of the tax domicile. Any transactions, including non-UK, may also be subject to further UK taxation, depending on your circumstances. It is your responsibility to arrange tax advice, and you may wish to do this before making any investment decision. In line with Condition 2.4, our staff are not able to offer tax advice, and you should not ask them to do so.

25.9 In relation to US investments, we offer no guarantee of beneficial status. Notably, any US investments held in CREST will be subject to full US withholding tax, as no beneficial status is offered. In order to benefit from a lower rate of US withholding tax on non-CREST investments, you must qualify under US tax law, and supply an up-to-date and correctly completed W-8BEN form or current equivalent upon request.

25.10 You consent to us sharing information about your Account with overseas tax authorities as and when necessary.

26 Your citizenship and use of your Account

26.1 By accepting these Conditions you confirm that you are not a US person for the purposes of US federal income tax, and that you are not acting for, or on behalf of, a US person. The definition

of a US person includes, but is not limited to, US citizens, US residents, US tax payers or those who hold US dual nationality. A false statement or misrepresentation of tax status by a US person could lead to penalties under US law. In the future, should you become a US person, you agree to inform us immediately, to instigate the closure of your Account.

- 26.2 Should information come to our attention which gives us reasonable cause to believe you are a US person, we will give you notice and close your Account.
- 26.3 You agree that you will not place orders for the Account from the United States, nor allow anyone else to do so.

27 Liability and indemnity

By accepting these Conditions you agree to indemnify ASL, its affiliates, agents, PSL and licensors against all losses, costs, liabilities or expenses incurred in connection with overseas dealing and these terms unless caused by the negligence, wilful default or fraud of the person who seeks to rely on this indemnity.

28 Foreign currency conversion

- 28.1 Foreign exchange rates may affect the potential for profit or loss from transactions on foreign markets. Transactions in foreign currency denominated contracts (whether they are dealt in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency of denomination of the contract to another currency. If placing an order after 17.15 UK

time for US/Canadian stock whilst not holding US/Canadian dollar cleared funds, it may be necessary to transact the appropriate currency conversion the following morning, at the rate determined in the morning. This will be done as soon as possible after 8.00am UK time on a best endeavours basis.

29 Dealing procedures

- 29.1 Dealing in overseas investments may not be available through all communication channels; you should contact us for further information if required.
- 29.2 At times it may not be possible to deal direct with the market, and we may need to deal via an overseas securities agent. Such an agent may adjust the price to cover its charge for the currency conversion and local fees. When we deal on this basis you will be informed prior to accepting the dealing price.
- 29.3 If you are unsure as to the suitability of foreign investments and associated tax treatments you should seek independent financial advice.

James Hay SIPP Specific Conditions

If you have an Abbey Sharedealing James Hay SIPP Account the following Specific Conditions (30 to 37) will apply:

30 The James Hay SIPP service

30.1 These Specific Conditions apply, in addition to the General Conditions and Foreign Dealing Conditions (1 to 29), if you have successfully applied for a James Hay Self Invested Personal Pension Plan (a 'James Hay SIPP') provided by James Hay Insurance Company Limited. James Hay Pension Trustees Limited ('JHPT') is the Trustee (the 'Trustee') of the James Hay SIPP. We are authorised to act on any instructions we receive from the Trustee on your behalf, the beneficiary of the James Hay SIPP and on any instructions you give, in accordance with these Conditions. Please note that where these Specific Conditions refer to 'you' this is the beneficial owner of the assets of the James Hay SIPP and where these Conditions refer to the 'Trustee' this is JHPT, the legal owner of the assets.

30.2 The Trustee and you warrant and agree that any such instructions will be given in accordance with and subject to these Conditions. You and the Trustee will indemnify and hold ASL harmless from all losses and liabilities as set out in Conditions 33 and 37. We are entitled to assume that the Trustee and you are authorised to do everything that each of them holds themselves out as having authority to do and that any information provided by the Trustee or you to ASL about either of them is complete and accurate.

This authority will remain in full force and effect until such time as the Trustee or you notify us otherwise. We have no obligation to ensure that the Trustee and/or you are complying with the Financial Services and Markets Act 2000.

30.3 Acceptance of these Conditions shall constitute the formation of a contract between you, us and the Trustee.

30.4 These Conditions can be varied in accordance with Condition 3. Any notice under these Conditions must also be given to the Trustee.

31 Opening and operating a James Hay SIPP Account

31.1 You must not reveal any Account details to any person except the Trustee. Should any of your Account details change, or you wish to make any amendments, you must advise the Trustee, who will advise us.

32 James Hay SIPP dealing

32.1 You or the Trustee may only give instructions to purchase shares and other securities that are investments permitted by the relevant Personal Pension Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 and the SIPP plan rules ('Permitted Investments') (both as may be amended from time to time) providing there are sufficient funds within your James Hay SIPP to meet any obligations arising from the purchase. If there are insufficient funds available in your James Hay SIPP to meet any purchase obligations you, and not the Trustee, will be liable for any shortfall

and costs arising from the shortfall. Please refer to Condition 33.

- 32.2 You must ensure that orders are only placed for Permitted Investments. No liability will be accepted by us for direct or consequential loss in the event of an investment not being a Permitted Investment.
- 32.3 Contract notes will be sent to you and the Trustee.

33 James Hay SIPP settlement

- 33.1 The net available proceeds from sales will be sent by electronic transfer (which will take approximately 3 working days after settlement to clear) to the designated Trustee Bank account held in your name.
- 33.2 Liability for all settlement obligations arising from instructions passed to us either by the Trustee or you normally rests with the Trustee. In the event of breach of these Conditions, or in the event of fraud, wilful default or negligence on your part or the part of the Trustee, the Trustee agrees to reimburse us for any loss incurred, limited to the full value of your James Hay SIPP fund. In the event that you have breached these Conditions or acted fraudulently, with wilful default or negligence and there are insufficient funds in your James Hay SIPP to meet commitments arising from settlement obligations, we reserve the right to pursue you for any costs or liabilities which exceed the funds in your James Hay SIPP. You will have sole responsibility for redressing any breach of the terms of the James Hay SIPP, as may have been set by HMRC.

34 James Hay SIPP dividends and other bonuses

- 34.1 We will account to the Trustee for all dividends, interest payments and other rights accruing.
- 34.2 We will endeavour to notify you promptly of impending corporate actions and will only act on your or your representative's instructions through the Trustee.
- 34.3 The proceeds of any redemption will be credited to your Account for onward payment to your designated Trustee Bank account, and we will inform you and the Trustee that this has been done.

35 James Hay SIPP default

- 35.1 If you or the Trustee fail to send money by the settlement date shown on the contract note or to take the necessary steps to secure due and prompt execution and settlement on any such transaction, you and the Trustee are in breach of these Conditions. We may pursue you for any shortfall in accordance with Condition 33.
- 35.2 The proceeds of sale (net of costs) will be applied in or towards the discharge of your liabilities and we will account to you or the Trustee for any balance. In the event that such proceeds are insufficient to cover the whole of your liabilities, you and the Trustee will remain liable for the balance up to the full value of your James Hay SIPP fund. You may remain liable for any shortfall in excess of your James Hay SIPP fund, in accordance with Condition 33.

36 James Hay SIPP termination

- 36.1 You or the Trustee may terminate your contract with us in accordance with Condition 19. We may terminate this contract in accordance with Condition 19, by giving you or the Trustee notice.
- 36.2 The Trustee agrees to indemnify us on demand (whether before or after termination) against any claims, liabilities or expenses incurred by us as a direct result of our acting in accordance with these Specific Conditions.
- 36.3 Termination will not affect your or the Trustee's liability for any charges properly incurred in the completion of transactions or money owed to us.

37 James Hay SIPP Foreign Dealing

- 37.1 You and the Trustee agree to indemnify ASL, its affiliates, its agents PSL and licensors against all losses, costs, liabilities or expenses incurred in connection with overseas dealing, limited to the full value of your SIPP fund, unless caused by the negligence, wilful default or fraud of the person or company who seeks to rely on this indemnity. In the event that there are insufficient funds in the SIPP to meet any obligations arising from settlement of trades, you, and not the Trustee, will be liable for any shortfall and related costs. You will also have sole responsibility for redressing any breach of the terms of the SIPP, as may have been set by HMRC.

ISA Specific Conditions

If you have an Abbey Sharedealing ISA Account the following Specific Conditions (38–52) will apply:

38 Introduction

- 38.1 These Specific Conditions apply, in addition to the General Conditions and Foreign Dealing Conditions (1 to 29), to the Abbey Sharedealing Individual Savings Account ('ISA') hereinafter referred to as 'ISA' unless otherwise specified and are subject to the Individual Savings Account Regulations 1998 (SI 1998 No.1870 as may be amended) (the 'Regulations'). These Specific Conditions set out the basis on which ASL, HMRC approved ISA Manager and execution-only stockbroker will manage the ISA investments. The ISA is a self-select stocks and shares ISA.

39 Eligibility

- 39.1 You must satisfy the following criteria to be eligible for an ISA and you must notify ASL without delay, in the event of any change. You must:
- Be 18 years of age or over
 - Be resident and ordinarily resident in the UK or perform duties which, by virtue of section 132(4)(a) of the Income and Corporation Taxes Act 1988, are treated as being performed in the UK, or are married to a person who performs such duties, and

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- Have not and will not subscribe to another stocks and shares ISA in the same tax year if you are applying for the ISA.

39.2 We will not knowingly continue to act for any person who no longer satisfies the above eligibility criteria. We will not act for any person who has defaulted on payment to any other manager or sharedealing service, and reserves the right to terminate the ISA and return investments net of charges upon discovery of such an instance.

39.3 You authorise us to provide HMRC with all necessary information that they may require concerning the ISA or their respective investments. We will maintain all such records required by the Regulations, including share certificates or other documents evidencing title to ISA investments.

39.4 Joint Accounts are not permitted for the ISA.

40 ISA subscriptions

40.1 Subscriptions to the ISA must be made out of your own money by way of cheque, banker's draft, transfer from another Abbey Sharedealing Account where money is already held on your behalf, sale and reinvestment of sale proceeds, or by means of share transfer as permitted by the Regulations in force at the time.

40.2 In the case of profit sharing or savings-related share options schemes, a direct transfer of shares can be made into an ISA. Otherwise subscriptions to an ISA may only be made in cash. No further subscriptions will be accepted if you cease to be entitled in accordance with the Regulations to invest in an ISA.

40.3 You will need to submit a new application for each tax year in which you make a subscription.

40.4 You may buy and sell investments held in your ISA, and transfer in ISA investments held with other ISA Managers.

40.5 For the purposes of sale and reinvestment as subscription to an ISA, trades must take place in this tax year; however, they can settle in the following tax year. This will count as a valid subscription for the current tax year.

41 ISA investments

41.1 We will consolidate an ISA with other ISAs taken out by you in previous and future years.

41.2 You will ensure that orders are only placed for investments that qualify under the Regulations ('Qualifying Investments'). No liability will be accepted by us for direct or consequential loss in the event of an investment not being a Qualifying Investment. Non-Qualifying Investments must be either:

- Withdrawn from the ISA and transferred in certificate form to you, in which case such transfer will be subject to our Scale of Charges and those of the relevant Registrar for re-registration of a share holding; or
- Sold in accordance with these Specific Conditions and the proceeds transferred to you outside of the ISA.

41.3 Cash may be held in an ISA for the purpose of purchasing Qualifying Investments. Cash is not a Qualifying Investment in its own right and an ISA may not be used for the express purpose of sheltering interest from tax.

41.4 We will not undertake a transaction for you that results in a short position in respect of cash or stock within an ISA.

41.5 We are unable to buy US investments in your ISA. If you receive US investments as a result of a corporate action, we are able to sell these on your instruction.

42 Custody of money and investments in the ISA

42.1 Title to the ISA investment will be registered in the name of PSL's nominee or Abbey Stockbrokers (Nominees) Limited (AS(N)L) or any other nominee we decide to use, Share Certificates and other documents evidencing title to the investments will also be held in the name of PSL's nominee, AS(N)L or any other nominee we use. However, investments held within the ISA shall at all times be beneficially owned by you and shall not be used as security for a loan.

42.2 Interest arising on cash held in your ISA will be credited to the Account net of a HMRC flat rate charge of 20%.

43 ISA charges

43.1 You will pay all appropriate taxes, duties, fees and charges from cash available in the ISA. The management charge may however be paid by a separate cheque or Direct Debit, if agreed by us, outside the ISA (which shall not count towards the annual ISA subscription limit). Management charges in relation to the ISA will be in accordance with the prevailing Scale of Charges. The Scale of Charges can be amended in accordance with Condition 3.

43.2 You acknowledge that charges levied and deducted from the ISA may diminish the tax benefits available.

43.3 Charges are levied on an annual basis and will not be subject to pro-rata should you choose to close the Account or transfer to another plan manager between paying the charge and the end of the tax year.

44 Dividends in respect of the ISA

44.1 Dividends will only be accepted in the form of cash. Offers of shares in lieu of cash dividends will be declined.

44.2 You authorise us to reclaim from HMRC all UK tax credits on dividends, for credit to the ISA account. Tax deducted by governments outside the UK will not be reclaimed.

44.3 Dividends (together with any tax credit payments) may be retained within the Account for the purpose of reinvestment into Qualifying Investments.

45 Corporate actions in respect of the ISA

45.1 Securities arising from rights issues and takeovers may be incorporated in the ISA, provided they are Qualifying Investments and in the case of rights issues, do not breach the prescribed annual ISA subscription limits. There must be sufficient cleared funds available within the ISA to fund the purchases (either as cash or through the sale of other investments held within the ISA), and instructions must be given in time for us to act. If the issue or offer relates to Non-Qualifying Investments, the offer can be taken up

but the resulting shares must be held outside of the ISA. If sufficient cash is not available within the ISA to fund the purchase, or if you wish to fund the purchase with cash held outside the ISA, you must pay us the appropriate sum. However, any shares acquired using funds not already held within the ISA must, in accordance with the Regulations, be held outside the ISA. In any event, if we do not receive instructions in time to act, the rights will lapse.

45.2 We reserve the right to levy a charge for the acceptance and transfer of securities into your own name outside the ISA as a result of any rights takeover or other offer to which you become entitled. We will inform you of such a charge at the time instructions are requested. Please refer to our Scale of Charges.

46 Calls in respect of monies unpaid on shares in the ISA

If partly paid shares are held in an ISA you will be responsible for ensuring that sufficient money is available within the ISA to pay for each call when it becomes due and payable, and in respect of the ISA, without exceeding annual subscription limits. You will also be responsible for instructing us in sufficient time for us to act, to pay calls due.

47 Transfers, withdrawals and terminations of the ISA

47.1 For the following requests, and subject to payment of any charges including, but not limited to, outstanding transaction and management fees and deduction of any tax liabilities, we will normally process your instructions within 7 days of receiving your

request; however you may request a date after this period if you wish. Under the ISA regulations, we can take up to 30 days to process your request.

- Upon written request, the transfer of an ISA held with another ISA manager to us, however we reserve the right not to undertake any transactions for the ISA until the transfer is complete or to refuse to accept part or whole of a plan from another ISA manager without giving any reason.
- Upon written request, the transfer of your entire ISA, together with all your rights and obligations, to another approved ISA manager. The transfer may depend on the other ISA manager agreeing. No further transactions will be processed after transfer instructions have been received.
- Upon request, the withdrawal of funds from the ISA and payment to you of the funds by the appropriate date for payment.
- Upon written request, the termination of an ISA by transferring to you the cash and/or investments or proceeds from the disposals of investments as specified.

47.2 We may terminate the ISA by giving you 30 days' written notice provided that before such notice takes effect you are offered the facility to transfer the ISA to another ISA manager.

47.3 We will give you 3 months' notice if we plan to stop managing your ISA because:

- We decide in good faith that it is no longer reasonably practical for us to keep to the Regulations, or

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- We decide that managing the type of ISA that you hold has stopped being commercially worthwhile for us.

47.4 We will not be liable to you for any loss, liability or damage that you suffer as a result of closing the ISA. We will give you all relevant information and certificates that relate to tax you need under the Regulations. Except for any amount we keep under Condition 47.5 below, we will pay the proceeds of the ISA to you.

47.5 We may decline to accept instructions for transfer, withdrawal or termination where monies are due to the Account, plan or ASL from you.

48 Statements and valuations of the ISA

48.1 We will send you a half-yearly statement showing purchases, sales, charges (if paid from within the ISA), dividends and tax credits received. A valuation of the ISA, based on mid-prices of the investments at the specified date, will be sent to you every six months. Statements can be sent on an ad hoc basis upon request, subject to availability of cleared funds within the ISA to cover any charge that may be stated in our Scale of Charges.

49 Failure to qualify for the ISA

49.1 If we discover or HMRC tell us that your ISA has or will become 'void', we will notify you in writing as soon as reasonably practical. Under such circumstance, the ISA will be declared 'void' from the date of the relevant offence, the ISA may have to be closed and all details will be forwarded to HMRC. Tax credits claimed from that date will have to be repaid to us, and you

may be liable to pay HMRC interest and penalties in addition to any tax liability. You hereby indemnify us against any claims and liabilities arising as a result of the ISA becoming 'void' and/or being closed due to your action. A charge for 'voiding' the ISA may be levied according to the prevailing scale of charges.

49.2 If you cease to qualify under Condition 39, the ISA may remain valid and you may continue to enjoy the associated benefits and be subject to the relevant obligations, however, no further subscriptions to the ISA may be accepted by us.

49.3 If you die, the ISA (and any tax exemptions associated with the ISA) will cease from the date of death, and any tax credits reclaimed on dividends after the date of death must be repaid. We will need to see the original death certificate or a certified copy. We will inform your personal representatives of the market value of investments and cash held within the ISA at the date of death. Your personal representatives shall be bound by these Conditions until such time as the assets of the ISA are transferred to them or alternatively when the investments have been sold the proceeds have been transferred to them (less any money owed or charges levied as per the prevailing Scale of Charges).

50 Varying these ISA Conditions

50.1 These Conditions and any ISA charges can be varied in accordance with Condition 3; however we will not make any change to these Specific Conditions that result in an ISA becoming void under the Regulations.

51 Assignment of duties within the ISA

- 51.1 If we rely on Condition 18 and use any other party/company to carry out any administrative duties under these Conditions or the Regulations we remain responsible for the way those duties are carried out. We will ensure that any entity to which we delegate is competent to carry out that function.
- 51.2 We may also appoint an associate company as Manager of your ISA, as long as that manager is approved by HMRC and we write to you in advance to enable you to transfer to another ISA manager if you wish.

- 51.3 In the event of a third party agent being used to process all or any part of the instructions you have given to ASL this would not have any effect on the contractual arrangement you have entered into with ASL. Anything said, done or omitted by an agent of ASL within the scope of his authority, actual or apparent, shall be taken as having been said, done or omitted by ASL. ASL is responsible for assessing the competence of any agent employed.

52 ISA cancellation rights

- 52.1 You may cancel your ISA within 14 days of your Account being opened. However, any dealing orders already accepted and executed will still proceed and be settled and dealing charges will not be reimbursed. We will return any subscriptions made, plus any dealing profits, less any dealing losses and dealing commissions, charges or fees due. Please note that if you cancel an ISA all future tax advantages associated with it will be lost.

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