

Progeny

Progeny Asset Management

Terms & Conditions

Discretionary Service

Progeny Asset Management Ltd offers clients a wide range of different financial services to suit their needs.

In managing your discretionary investment portfolio, we take into careful account all the personal financial information which you are required to provide us and the more you tell us, the more we can personalise the investment portfolio to reflect your own special circumstances and requirements.

You will notice that this document is made up of three sections. The first section is the Progeny Asset Management Ltd Client Agreement and covers the Service we provide and our relationship with you. The second section includes important information relating to the potential risks of investing in the stock market and important investment policies. The third section is from your custodian who we have appointed to look after your investments and cash. They will also handle the buying and selling of your investments on our behalf.

Please call Progeny Asset Management Ltd on 0113 467 1596 for further information

Section 1 General Terms

These Terms and Conditions, together with the information you provide in your application, form part of the Agreement between you and us for the provision of the Services set out below. These Terms and Conditions contain important information regarding the Services that we will provide to you and for your own protection you should read them carefully before accepting them. If you do not understand anything in these Terms and Conditions, please contact us and ask for further help and information.

Definitions

In these Terms the following definitions apply.

“We” and “us” mean Progeny Asset Management Ltd.

“Account” means the account you open to enable us to provide Services to you.

“Benefit” means any dividend, rights, capitalisation, distribution or other entitlement due to the holder of an investment.

“Business Day” means a day (other than Saturday, Sunday or public holiday) when banks in London are open for business.

“Client Agreement” means any written agreement between us which requires your signature, and in such cases these Terms form part of our Client Agreement with you. Services which require the completion by you of a Client Agreement will not be provided until we receive the relevant signed Client Agreement from you.

“Client Money” means any money held in your account which is not immediately due and payable to us or your adviser.

“Corporate Action” means any event that brings a change to a company and affects its stakeholders, including shareholders, for example a Rights Issue or a Consolidation.

“COBS” means the FCA’s Conduct of Business Sourcebook.

“Custody Assets” means any investments that are held in your account, other than cash.

“Custodian” means a regulated specialised financial institution that holds our client’s securities on our behalf.

“Electronic Communication” is a communication between you and us by email, text or other electronic means.

“FCA” means The Financial Conduct Authority or any succeeding authority.

“Head Office” means 1A Tower Square, Leeds, England or such other office notified to you by us from time to time.

“HMRC” means HM Revenue & Customs.

“Investment” means “Designated Investment” as defined by the Rules of the FCA, and includes securities such as stocks and shares, debentures, loan stocks, warrants and CREST Depository Interests together with Financial Instruments.

“ISA” means a Progeny Asset Management Ltd Individual Savings Account as defined by the Treasury Regulations.

“ISA Plan Manager” means any Custodian we appoint who are an HMRC approved ISA Plan Manager.

“Joint and Several Liability” means that joint and several liability applies, the effect is that both you and the other person(s) separately promise to meet all obligations under these terms of business in respect of the account either (1) jointly with the other person(s); and (2) individually.

“MiFID” means the EU Markets in Financial Instruments Directive (Directive 2004/39/EC).

“Objective” means information you have given us on your client information form, that aids us in determining the optimal portfolio mix for you.

“Portfolio” means all assets that we will manage for you and includes investments and cash.

“Retail Client” as defined under the FCA rules, a client who is not an eligible counterparty or a professional client.

“Rules” means the rules of the FCA or other UK legislation.

“SIPP” means Self Invested Pension Plan.

“Terms” means these Terms and Conditions.

“Website” means that part of any internet site of ours to which we have given you access by means of providing secure login details.

Our Regulatory Status

Progeny is a trading style of Progeny Asset Management Limited. Progeny Asset Management are authorised and regulated by the Financial Conduct Authority (The “FCA”). We are a financial services firm listed on the FCA Register with registration number 740528. The address of the FCA is 12 Endeavour Square, London E20 1JN.

We must adhere to all regulations which apply and will not break any of these regulations. If there is any difference between these Terms and any applicable regulations which may apply, the regulations will overrule the agreement. Nothing in these Terms can exclude or restrict any responsibility we may have to you under any applicable regulations. We may take (or decide not to take) any action we consider necessary to make sure we adhere to any regulations which apply. In addition, the actions that we take or decide not to take for the purposes of adhering to any applicable regulations will not make us or any of our directors, officers, employees or agents legally responsible to you.

You should be aware that we have to co-operate with regulatory authorities in their dealings and if they make any enquiries. This may involve reporting or releasing relevant information about dealing in securities. This may mean we have to give them the names of our clients.

How You Are Protected

Progeny Asset Management do not hold client money. Any cash held in your account will be held in accordance with the FCA client money rules in one or more segregated accounts with an approved bank on behalf of our Custodian.

Any Custody Assets held in your account will be held subject to the FCA rules and will be segregated from any of our, or the Custodian(s), assets.

We take part in the Financial Services Compensation Scheme (FSCS). Under the scheme, individuals and small businesses who have lost money as a result of an investment firm (such as us), not being able to pay out all money that they are due to pay out, may qualify for compensation. Typically for investments related claims, the compensation limit is £85,000 per person, per firm. The scheme cover may be available if you need to claim against us. You can receive more information from the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St. Botolph Street, London EC3A 7QU or at [Financial Services Compensation Scheme | FSCS](#).

Your Responsibility to Us

You confirm that:

You have, and will have during the term of the agreement, all powers, permissions and authority you need to enter into and keep to the Terms of the agreement;

You own all cash and investments transferred to the Custodian which we manage for you and they are free from any restriction on them, (such as a legal charge) other than the restrictions granted under the agreement;

The information given to us on your application form will be deemed correct and not misleading. If you give us information (for example on the application form), we will assume that it is accurate and will have no responsibility if the information changes or becomes inaccurate. You must let us know about any changes to the information supplied;

You are now and will be at all material times in the future in compliance with all applicable law, rules and regulations concerning the detection of financial crime, prevention of terrorism and anti-money laundering and you acknowledge that any transaction dealt with by us on your instructions will be covered by statutory and other requirements relating to anti-money laundering and combating terrorist financing;

You must inform us immediately of any changes to your personal details, including your postal/email address that we may use for correspondence purposes.

We will not be liable for any loss you may suffer where we have not been informed of any change;

You will check that the information contained in our communications to you is correct, for example on contract notes, statements and on our website. Where this is not the case please contact us immediately. If you do not, this could impact your right to redress;

If you become aware at any time that another party has gained access to your username and/or password, you should cease using the account and contact us immediately;

You must inform us of any investments, type of investment or market which you do not wish us to deal for you;

You remain entirely responsible for the management of your tax affairs, including making applicable returns and payments and complying with any applicable laws and regulations.

Services We Provide

Progeny Asset Management Ltd will provide the following services:

- Discretionary investment management of your account, including placing trades on your behalf;
- Arrange safekeeping and custody of your assets;
- Facilitate payments;
- Provide ISA/SIPP discretionary management services.

We have entered into an agreement with our Custodian, to provide execution and custody services to you on our behalf. You agree to us providing such Instructions to our Custodian.

Before We Can Start

The Agreement will become effective, and we shall begin providing the Services to you, once we have opened your Account and you have provided us with the required anti-money laundering verification information.

This information includes verifying your identity and, in some cases, the identity of certain associated people. We do not have to provide our services to you until we have carried out these checks although we will use reasonable efforts to carry them out promptly. We may freeze your assets or return them to you until we have checked all the information we need, and we will not accept any legal responsibility for these actions.

We may make searches about you at credit reference agencies who will supply us with information, including information from the Electoral Register, for the purpose of verifying your identity. The agencies will record details of the search whether or not this application proceeds. We may also check your details with fraud prevention agencies and if you provide false or inaccurate information and we suspect fraud, we will record this. This information may also be used for debt tracing and recovery, and the prevention of fraud and/or money laundering as well as the management of your account.

Alternatively, we may ask you to provide physical forms of identification. If you wish to receive details of those fraud prevention agencies from whom we obtain and with whom we record information about you, please write to Compliance Oversight at Progeny Asset Management Ltd, 1A Tower Square, Leeds. You have a legal right to these details.

The Services that we will provide in accordance with these Terms are only available to UK residents, partnerships formed under the laws of the UK or bodies incorporated in the UK that may include corporate bodies, charitable foundations and trusts. At our discretion, and in line with our regulatory permissions, we may accept non-UK residents who approach us as a potential client, providing we are able to satisfy certain requirements to confirm the status and identity of such clients. We will not accept those who are US citizens, or were born in the US, or any person resident in Canada.

Joint Clients and Trustees

Unless agreed otherwise, all joint clients and trustees must sign the associated client agreements. If we do not have a client agreement signed by all joint clients and trustees, we may not act on any instructions given to us by any one of them.

Unless we are told otherwise in writing, we assume that all joint clients hold assets as joint tenants. This means that if one of them dies, the assets will pass to the survivor (or survivors).

If you are in a partnership or are otherwise in a joint arrangement with one or more people, you will each be legally responsible jointly and individually.

We must be told if a trustee resigns or dies. When a new trustee is appointed, he or she must sign the relevant documents (unless we agree otherwise in writing) as soon as possible and provide the necessary anti-money laundering verification information.

If trustees have given us an investment policy statement for the purposes of section 15 (2) of the Trustee Act 2000, we agree to keep to that statement and any changes to it or any replacement. The trustees must agree to give us any changes and replacements to the investment policy statement.

Companies or partnerships which want to restrict the number of people who can give us instructions must tell us in writing the identity of the relevant people. An authorised officer or partner must sign this notice. If we are not given notice, we may act on any written instruction given to us by any person we reasonably believe is authorised to give it.

Communications Between Us

We will only accept specific and clear instructions and notifications in relation to investments we manage on your behalf, and we will only accept instruction from you, your agent or from a person you have previously communicated to us has the authority to give instructions on your behalf.

These instructions may be given electronically using our secure portal, by phone, email or in writing. We will not be obliged to act on any instruction and in particular we will not act on any instruction where it is illegal or against any applicable law to do so. Where we do act on an instruction we will do so as soon as reasonably practicable once we have received them. In addition, we may contact you by phone to verify any instructions received.

We may act on any instruction or other notification which we believe in good faith is from you or your agent, without carrying out any further checks or investigations. We will not be liable for following an instruction or notification which is found to be not genuine. We will additionally not be liable for any error of transmission or misunderstanding, or for the fraud of any other party (except in the case of our negligence, wilful default or fraud). We are not obliged to acknowledge receipt of your instructions but will do our best to do so.

If we send out notices, information and other correspondence to you or your agent by email, we will send them to the email address that has been specified.

You may request instead that we send out such items in hard copy. In the event any notice, information or other correspondence is sent via letter, such letter will be sent to the postal address that provided and will be deemed to be delivered in at least three business days after posting. Progeny Asset Management will not be responsible for non-delivery or items missing in the post, where you have chosen this method of delivery.

We may record and monitor telephone conversations that we have with you/your agent. We will store recordings for the period required by law or for as long as we consider appropriate.

We cannot guarantee that electronic communications will be successfully delivered, or that they will be secure and virus free. We will not be liable for any loss, damage, expense, harm or inconvenience caused as a result of an email being lost, delayed, intercepted, corrupted or otherwise altered or for failing to be delivered for any reason beyond our reasonable control.

You must ensure that any email address you provide is valid and that any spam filters you use do not block our communications to you.

All communications in relation to services provided under these Terms will be in English.

If we provide services to you on a Discretionary Basis, we will provide valuation reports to you/your agent electronically (or in hard copy, as requested) on a three-monthly basis. These reports will include details of all transactions during the relevant period, details of the contents of your Account, the current market value and the basis of valuation, income and interest and fees charged.

The valuation of any assets held will be based upon the closing mid-market price on the date of valuation. We will also contact you/your agent if the value of your portfolio, or any leveraged product contained within your portfolio, drops by 10%, from its value at the beginning of the quarter.

Looking After Your Assets

Where non-cash investments (Custody Assets) are held or received, they will be held or received subject to the FCA rules and we will arrange for Custody Assets to be held in custody through the Custodian.

We will exercise all due skill, care and diligence in the selection, appointment and periodic review of any Custodian and the arrangements under which the Custodian holds Custody Assets. Subject to any applicable legal or regulatory requirement we shall not be responsible for the acts or omissions, default or insolvency of any custodian or sub custodian holding Custody Assets which we manage for you.

Assets held on your behalf by the Custodian will be registered in the name of its Nominee and held with you as beneficial owner. The Custodian will record and hold all client assets separately from any of its own investments and other assets, and in such a way that it can identify your entitlement at any time.

Assets held on your behalf by the Nominee may be held in an account pooled with the investments of other customers. This means that your investments may not be individually identifiable on the relevant company register by separate certificates or electronic records. However, records in the Custodian's systems make individual entitlements clear. As a result of investments being pooled with those of other customers, in the event of a default which causes an irreconcilable shortfall in the assets held in the pooled account, you may not receive your full entitlement and you may share proportionately in that shortfall with the other customers.

We may, without prior reference to you, appoint a new Custodian at any time. In such instances we will ensure that the Custodian is properly regulated and suitable to provide custody and execution services on our behalf.

When we are providing a discretionary service to you, we will make all necessary decisions regarding any Corporate Actions which may arise on your investments, without prior reference to you.

Looking After Your Cash

You can add funds to your account at any time. The Custodian will automatically arrange for all cleared balances to be placed with one or more leading financial institutions which will typically be a clearing banks and their subsidiaries and the larger building societies.

Once the account has been opened, the Custodian will accept funds using bank transfer, BACS, CHAPS and/or by cheque. The Custodian may also agree to use other methods of payment, such as debit card or direct debit. Payments from credit cards will not be accepted.

Payments into and from the Account must be made to and from a bank account in the name of at least one of the account holder(s).

If we receive an instruction from you/your agent to repay any or all Client Money held in your account, we will immediately transmit that instruction to the Custodian, with the aim of paying your money out within seven (7) Business Days of receiving your instructions, except that where you owe money under these Terms, for example money for the settlement of any orders or for payment of any outstanding fees to us, we will retain sufficient money to cover your obligations. Payments will not generally be made by cheque unless specifically agreed with you, and payments will not be made out to a third party. All payments to your UK bank or building society shall be made in Pounds Sterling and it may take up to three (3) Business Days for the money to clear into your account.

Please note that unless specifically otherwise agreed in writing, interest will not be payable on cash balances in Client Money accounts held on your behalf. In the event that it is agreed that interest will be paid on clients' funds, we will inform you by updating Terms.

Data Protection

In the course of providing our services as a data controller, we receive information from you and about you. In accordance with Data Protection legislation we process this information lawfully and fairly, to which you consent, and we maintain procedures to protect it. Such information may be used by us to notify you of other services which we or other companies in our group of companies provide by post or email, unless you ask us not to. Please see our separate Privacy Policy [Privacy Policy – Progeny \(theprogenygroup.com\)](https://www.theprogenygroup.com/privacy-policy).

We may disclose such information to any individual or firm connected with us, to our agents, to any third party you have appointed to act on your behalf In connection with your account, to HMRC or any governmental or regulatory body where required to do so by law or regulation and in line with our Privacy Policy.

From time to time, in the course of providing our Discretionary Investment Management service to you, it may be necessary for us to process your data electronically outside of the EEA.

Charges

By accepting these Terms, you agree to pay us our charges when they fall due.

We will make a charge for our services in accordance with our published rates.

We will provide details of our current rates on request. Additional charges may be made by mutual agreement.

Transactions and services which we or our agents carry out in accordance with these Terms may be subject to taxes (such as VAT and stamp duty) and charges and levies under the Rules. You will be responsible for paying all taxes, stamp duty and other charges reasonably incurred by us on your behalf, together with any levies or penalties, unless they arise as a direct result of our negligence, fraud or wilful misconduct or that of a Person connected with us.

In the event of termination of these Terms by you or your agent, or on the termination of any of our services to which an annual charge apply, we shall charge for our services on a proportionate basis.

In respect of transactions carried out on your behalf, we may share our charges with third parties or with a company connected with us or offer non-monetary benefits to them. We may also receive remuneration or non-monetary benefits from third parties.

Fees and charges will be payable six months in advance, or a month in arrears, depending on the service being provided. When they fall due, we will take them from your Account. We reserve the right to sell Custody Assets that we manage on your behalf, to meet any fees and charges as they fall due.

Complaints

In the event that you have a complaint, you are requested in the first instance to refer to our representative with whom you normally deal. If this reference fails to lead to a satisfactory resolution of the complaint you are asked to contact our Chief Risk Officer at charlotte.willis@theprogenygroup.com, by contacting us on our website or by writing to our Leeds Office.

Your complaint will be handled in accordance with our internal complaints' procedure, a copy of which is available on request. If you are a Retail Client and you are dissatisfied with the handling of your complaint or our response you may refer your complaint to the Financial Ombudsman Service, at Exchange Tower, London E14 9SR. You can also get more information from the Financial Ombudsman's website at www.financial-ombudsman.org.uk.

Client Designations

For the purpose of the FCA Rules, which require us to categorise our customers into groups so that we can treat them according to their level of knowledge about investments, we will treat you as a Retail Client as defined by the FCA Rules, in accordance with the FCA's client categorisation criteria. This gives you the greatest level of protection under the FCA Rules.

Discretionary Management Services

You will disclose to us personal information about you and your risk profile in addition to your investment objectives.

You will advise us of your investment and risk objectives, and we will use these to manage your account. You may change your objectives at any time by contacting us. We reserve the right to amend and reissue the Agreement following such change.

We will take all reasonable steps to manage your Portfolio with due skill and care.

We will manage your Portfolio in accordance with the information provided by you. Provided that we do so, you grant us full authority, at our sole discretion, to enter into any kind of arrangement or transaction on your behalf, including investing in any type of investments or other assets specified under the following clause. We will provide the services on a discretionary basis in relation to:

- i. Shares in UK or foreign companies;
- ii. Debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments, including government, public agency, municipal and corporate shares;
- iii. Hedge funds;
- iv. Warrants to subscribe for investments falling within (i) and (ii) above; depository receipts or other types of financial product relating to investments falling within (i), (ii), (iii) above or (v);
- v. Unit trusts, open-ended investment companies, mutual funds and similar schemes in the UK or elsewhere; and related or similar investments.

There will be no limit on the amount of your Portfolio that we may invest in any one investment, or on the proportion of your Portfolio that any one investment may make up, and there will be no limit or restriction on any particular type of investment, or currency, or on the markets on which transactions are carried out.

We may make common investment decisions which apply to a number of client portfolios including your Portfolio.

Details of the nature and risks of the investments in which you may invest are set out in the Risk Disclosures in Section 2 of these Terms. Please note that we are unable to provide any guarantee as to the performance of any particular investments or a portfolio as a whole. It is important that you read and are aware of the risks associated with investing in the stock market.

We will comply with all relevant laws, including the FCA rules relating to suitability.

We will undertake to review your Portfolio on a regular basis to ensure that it is still suitable for you, based on your current Objectives.

We use appropriate benchmarks, such as MSCI and BoA ICE to evaluate our performance.

Suitability

Where we provide you with a discretionary portfolio service, we will assess the suitability of the transaction for you based on:

- a. The information you have provided to us about your knowledge and experience of the investment field relevant to the particular kind of investment, including, where appropriate:
 - i. the types of transaction with which you are familiar;
 - ii. the nature, volume, frequency of your transactions;
 - iii. the period over which they have been carried out;
 - iv. your level of education, profession or relevant former profession.
- b. Your financial situation and your Objectives.

We may ask you to provide further information upon request in connection with the provision of Services, for the purpose of ensuring that we have a reasonable basis for believing that:

1. the Services being provided meet, and will continue to meet, your Objectives;
2. you are able financially to bear any related investment risks consistent with the Objectives; and
3. you have necessary experience and knowledge to understand the risks involved in the operation of the Account.

If you fail to provide us with this information within a reasonable timeframe, we reserve the right to cease making investments on your behalf.

You understand that the value of Investments, and the income arising from them, can go down as well as up, and it is impossible to predict future performance with any certainty.

Dealing

We may pool (aggregate) your transactions with those of other customers without seeking prior agreement from you. We will only do so where we believe that this is unlikely to disadvantage your overall position.

Amending These Terms

We may amend these Terms by giving you/your agent 20 business days' notice. However, if we are required to amend these Terms in order to comply with any applicable laws and regulations, we may do so with immediate effect. We will notify you or your agent of any changes by email, unless you have requested a hard copy be sent to you in the post.

Termination

You may terminate this agreement at any time without penalty. Notice of termination must be given in writing and will take effect from the date of receipt. Any transactions already initiated will be completed according to this agreement unless otherwise agreed in writing. You will be liable to pay any charges incurred before cancellation and any outstanding fees, if applicable. Termination will take effect upon completion of the transfer or withdraw of funds. Charges will apply up to this point.

We may terminate these Terms by giving not less than 20 days notice, subject to settlement of outstanding transactions. However, if there has been a change in the law or Rules requiring us to terminate these Terms, or your account is being (or has been) used for illegal purposes, or for a purpose which we reasonably consider to be inappropriate, or you have been in serious and/or persistent breach of these Terms, then we may give you less notice or no notice at all.

Where the account is in the names of more than one person, your liabilities are joint and several.

In the event of death, the surviving joint holder(s) must notify us immediately of the death of a party to the account and provide us with a certified copy of the death certificate. The account will continue in all respects in the name(s) of the survivor(s).

Where the account is in sole name, should the account holder die whilst a client, then immediately on notification your account will be suspended, and we may in our absolute discretion close any open positions on your account.

After we have suspended your account, and until such time as the title of your Personal Representatives to the accounts has been satisfactorily established by sending to us a certified copy of the grant of probate or letters of administration (as the case may be) we shall not accept any instructions over any account in your name or take any other action in respect of it. However, in respect of any Investments to which you are entitled, over which you had given us a discretionary mandate, and which are under our control, we may (but are not obliged to) exercise voting rights or take action in respect of subscription to any offer, take-over offer, redemption, scheme of arrangement or any other entitlement (or exercise conversions, warrants or any other right).

Once a certified copy of the grant of probate or letters of administration (as the case may be) has been received by us, your Personal Representatives may thereafter instruct us (as appropriate) to sell, transfer or re-materialise your investments.

The account will continue to incur our usual charges until it is closed.

If requested to do so, we may use money within your account to meet HMRC and/or funeral costs, by payment directly to HMRC (on receipt of a valid IHT reference) or a funeral director (on receipt of a copy of their invoice).

Other Conditions

We may employ agents on such terms as we think fit and shall exercise all reasonable skill and care in the selection, monitoring and appointment of any such agents.

We may assign or transfer our rights or obligations under these Terms to another Person in the United Kingdom regulated by the FCA in accordance with the Rules (or to the FCA), on written notice to you. You shall not assign or transfer all or any of your rights, benefits or obligations under these Terms.

We shall take reasonable care in performing our duties and obligations to you under these Terms. Subject to these Terms, if you suffer loss, expense or liability as a direct result of our negligence, fraud or wilful misconduct (or that of a Person connected with us) we shall be liable to you, although our liability will be limited to the replacement of securities or monies (including interest) lost as a direct result of our action or failure to act.

Nothing in these Terms purports to exclude or restrict liability for any fraudulent statement or act, for any duty or liability we have under the Rules, or for death or personal injury.

Jurisdiction - These Terms are governed by the laws of England and Wales. You agree that the courts of the United Kingdom shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes (including non-contractual disputes or claims), which may arise in connection with the legal relationships established by these Terms or otherwise arising in connection with these Terms.

If we cannot perform any of our obligations under these Terms due to circumstances beyond our reasonable control, then we will take all reasonable steps to bring those circumstances to an end and to minimise its effect on our ability to perform our obligations, but we will not be liable for our non-performance except to the extent required by the Rules or under these Terms.

We may also transfer (i) our rights under the Agreement or (ii) where we propose to transfer a group or class of clients' accounts or a material part of our assets, our rights, powers, obligations and liabilities under, or in connection with the Agreement, to a third party outside of the group without your specific consent, provided that: a) We reasonably consider that the transfer will not materially prejudice your rights under the Agreement; and b) We have given you no less than 30 days' notice.

Online Access

Unless you require hard copies be sent to you in the post, you agree that we may communicate with you/your agent by making the relevant information available on our website at www.progenyassetmanagement.com and where appropriate, may provide you with online access and communicate with you by email.

If we give you online access, you will keep your user IDs and passwords confidential, and you agree that you are responsible for protecting them from unauthorised use or access to this service.

We will not be legally responsible for any unauthorised use of a password resulting from negligence or fraud on your part.

In relation to our website and email communications, the following will apply:

- i. the internet may be interrupted or fail through no fault of our own;
- ii. you are responsible for providing and maintaining the communications equipment (including personal computers and modems) to access our website and to receive email;
- iii. we do not guarantee that our website will support all types of browser or be fully compatible with your communications equipment; and
- iv. you must keep an active email address to receive ongoing communications.

We may change the content, presentation, performance, user facilities and availability of any part of this service.

You cannot transfer or license any rights of access to services provided to you and any adviser to any other person without our written permission.

We take the security of your personal data very seriously, and to this end we have in place appropriate Data Security Policies and practices. We will do our best to take all reasonable steps to protect your personal information but cannot guarantee the security of any information you provide online.

You and your adviser (if any) accept the security implications of passing information over the internet and you agree to this service at your own risk. You and your adviser also agree that we will have no legal responsibility for any mistakes, missing information or breaks in security beyond our reasonable control.

You must make sure that your adviser knows about, and agrees to keep to, these Terms.

Section 2 Additional Information and Policies

Material Interests and Potential Conflicts of Interest

We are required by the Rules of the FCA to maintain a conflicts of interest policy identifying the circumstances that constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients, and specifying the procedures that we follow and measures that we adopt in order to manage such conflicts. All financial services firms will face areas of potential conflicts of interest, the nature of these depending upon the nature of a firm's business model. This section contains a description, in summary form, of our conflicts of interest policy. Clients requiring further information should contact compliance@theprogenygroup.com.

Existing Conflicts

Progeny Asset Management has identified the following situations which currently the conflict cannot be mitigated fully:

- One of the Directors of the Company also perform the role of Investment Manager. As such, there is a conflict, as there is a correlation between sales revenue, generated by investment management fees and the profitability of the business and therefore the ability of the Directors to receive a dividend. Whilst this conflict cannot be mitigated entirely, the Company has in place strict rules regarding the monitoring of portfolios. Furthermore, the Company also has independent Compliance oversight to further assist in mitigation.
- The board of Progeny Asset Management currently only employs executive Directors. As a result, there is no independent Non-Executive Director in place to challenge the board. However, the position remains under review and at such time as it is deemed to be proportionate and appropriate, a suitable person will be recruited into that role.
- Three of the Directors of the Company are also Directors of and Advisers of, Progeny Wealth, part of the Group. This includes Neil Moles, the MD of the Progeny Group. Progeny Wealth may, in the course of normal business, refer clients to an appropriate Discretionary Fund Manager. As such there is a conflict as there is a risk of a preference for referrals to the Company. This is mitigated by Progeny Wealth having an approved panel of DFMs upon which rigorous due diligence is carried out, of which the Company is only one, and the independent oversight of the Compliance Director of the suitability of such referrals.

- The Finance Director of the Company is also the Finance Director of each Group company, which is a resource risk. As he is adequately supported by the Finance Team, it is considered that the risk that he has insufficient time to devote to the Company is mitigated. The Finance Director is an FCA approved senior manager.
- The Chief Risk Officer represents all Progeny Companies. Having a dedicated Head of Compliance and compliance team supporting her in each of the companies mitigates the risk of having insufficient resource to perform her role.
- The potential conflict presented by the Chief Risk Officer lacking independence is addressed by the challenge of the Board and the FCA requirement holding the senior management function of SMF16 to act with integrity at all times.
- The Chief Human Resource Officer and Chief Operations Officer also represents each Group company, which is a resource risk. As they are adequately supported by their respective teams, it is considered that the risk that they have insufficient time to devote to the Company is mitigated. Both hold FCA senior management approval.
- The CEO, Managing Director, Directors of Finance are Group Board Directors and the Chief Risk Officer, Chief Human Resource Officer and Chief Operations Officer all sit on the Senior Leadership Team. This presents a potential conflict between the interests of the Group and the business. This is mitigated by the fact each role has a fiduciary duty to serve the best interests of each business.

Risk Disclosures

Progeny Asset Management Ltd wants to ensure you understand the potential risks of investing and the types of investments we may use to help us meet your investment objectives. We hope that this document helps to draw out the concept of risk and how it affects the value of investments as it is one of the most important things any potential investor needs to understand.

The value of your investments can go down as well as up. Investments and income arising from them can fall in value and you may get back less than you originally invested.

If you save cash in an account with a reputable bank or building society, your savings are normally guaranteed by the UK government up to the value of £85,000 per institution.

This means that if the bank were to fail, you will get back up to £85,000 of your money; if the bank remains solvent, it is unlikely that you will get back less than you put in.

Although this seems a relatively 'safe' option, there is the risk that the real value of your savings is reduced by the effects of inflation. The interest rate you earn on your savings account must at least equal the prevailing rate of inflation, or you will lose money in real terms.

When investing in things that are not cash, there are no guarantees. Share prices fall as well as rise. Companies can run into financial difficulty. Even governments sometimes struggle to repay their loans. Property can also be subject to large fluctuations in value. Everyone looking to make an investment does so for the opportunity to make positive returns but in doing so, they must accept the possibility that they may end up with less money than they originally put in.

Risk vs. Return

The potential returns from an investment are, to some degree, linked to the risk an individual investor is willing to accept. In general, the higher the risk, the higher the potential return you (as investor) could potentially receive, but this is not always the case. Unfortunately, by taking on more risk in the hope of achieving a greater return, the chance of losing money increases as well.

What are the Risks?

There are many risks affecting investments. They range from high level socio-economic concerns such as war or political turmoil to more company specific risks like bankruptcy, or effects caused by the actions of a rogue trader.

Social/Political Risk

Government policy and wider political, social and environmental issues have the potential to significantly affect the value of investments. For example, regulation can constrict industry, just as favourable tax breaks can benefit it. Political decisions, instability and changes to public sentiment create uncertainties for business and therefore represent a risk to the profitability of investments.

Interest Rate Risk

This is the risk that the prevailing interest rates can harm the value of your investments. Rising interest rates can cause the value of fixed interest investments to fall as the fixed interest rate they offer is no longer competitive compared to, for example, bank deposits.

Currency risk

This is the risk that the value of an investment held in a foreign currency falls as a result of a change in the exchange rate. For example, the value of shares in an American company held by a UK investor may grow in dollar terms but if the Dollar/Sterling exchange rate moves adversely, the value of that investment in Sterling could fall overall. If your investments' underlying holdings are in a currency which is different to the denominated currency of your account, you will face currency risk.

Liquidity risk

This is the risk that the value of an investment cannot be realised quickly because there are insufficient buyers in the market. This can be caused by a number of factors, including but not limited to insolvency, market conditions or selling restrictions. Losses may be substantial in a falling market, as an investor is unable to sell quickly without accepting a much reduced price. Although relevant to all investments, liquidity risk may typically be higher with investments in property or in shares of unlisted companies, because these assets do not have the high volumes of trading activity that, for example, FTSE 100 companies might have.

Investment Manager Risks

This is the risk of insolvency or poor performance of Progeny Asset Management Ltd in the management of your portfolio (Discretionary Portfolio Service). In an insolvency situation, your investments may be liquidated without your consent, and potentially at a loss. It is worth bearing in mind, however, the protections detailed in the sections above, 'How You Are Protected and Looking After Your Assets'.

Other risks - Investment

This section contains information about Investments, including guidance on and warnings of the risks associated with those Investments, so that you are able to understand the nature and risks of the service and of the specific types of available Investments and, consequently, take investment decisions on an informed basis. This section is primarily for your reference, given that the individual investment decisions will be taken by your Investment Manager with reference to your attitude to risk, objectives, and personal circumstances.

It is intended to assist you in deciding whether you are comfortable with certain types of assets being held within your portfolio, which your Investment Manager will discuss with you.

This section cannot disclose all the risks and other significant aspects of Investments and you should not deal in them unless you understand their nature and the extent of your exposure to risk and potential loss, having satisfied yourself that they are suitable for you in the light of your circumstances and financial position. If in doubt, you should always seek professional advice.

Investments should only be made on the basis of the underlying investment case and with a proper appreciation of the risks specific to the Investments. Investments involve different levels of exposure to risk and in deciding whether to transact in such Investments you should be aware of the following points.

Investments put your capital at risk

This includes shares and other securities, as well as products, which can offer attractive returns but put you at risk of losing some or all of your capital. You should be aware that even where an investment is labelled as 'capital protected', this does not necessarily mean that the return of your initial investment is guaranteed at maturity, or when you decide to sell, as any such protection is likely to require you to hold to maturity and for certain other conditions to be met. Investments that put your capital at risk include but are not limited to:

- i. exchange-traded Investments, shares in companies, investment trusts, covered warrants and other products;
- ii. collective investment schemes, such as open-ended investment companies (OEICs) and unit trusts;
- iii. government and corporate bonds, as well as funds that invest in debt securities, such as corporate bond funds;
- iv. structured products issued by a product provider (usually a banking, insurance or investment management);
- v. derivatives such as traded and traditional options, futures and contracts for difference; and
- vi. Investments linked to the performance of a stock market index, or some other factor such as a collection of shares or a basket of commodities, usually for a fixed number of years.

Shares

A share is an instrument representing a shareholder's rights in a company. Shares may be issued in bearer or registered form and may be certificated or non-certificated. One share represents a fraction of a company's share capital. Dividend payments and an increase in the value of the security are both possible, although not guaranteed. The shareholder has financial and ownership rights that are determined by law and the issuing company's articles of association.

Unless otherwise provided, transfers of bearer shares do not entail any formalities. However, transfers of registered shares are often subject to limitations. Dealing in shares may involve risks including but not limited to the following:

Company risk: a share purchaser does not lend funds to the company but becomes a co-owner of the company. He or she thus participates in its development as well as in chances for profits and losses, which makes it difficult to forecast the precise yield on such an investment. An extreme case would be if the company went bankrupt, thereby wiping out the total sums invested.

Price risk: share prices may undergo unforeseeable price fluctuations causing risks of loss. Price increases and decreases in the short-, medium- and long-term alternate without it being possible to determine the duration of those cycles. General market risk must be distinguished from the specific risk attached to the company itself. Both risks, jointly or in aggregate, influence share prices.

Dividend risk: the dividend per share mainly depends on the issuing company's earnings and on its dividend policy. In case of low profits or losses, dividend payments may be reduced or not made at all.

Investment Products

Investment trusts, unit trusts and other investment products often invest in a variety of exchange-traded Investments such as shares, debt securities, or other Investments that put your capital at risk. The value of an investment linked directly or indirectly to the stock market may have a varying degree of risk, depending on its features and (if it is a product) its particular terms and conditions. The main risks involved with such Investments are:

- i. the return of initial capital invested by you is not guaranteed at the end of the investment period and you may lose some or all of your initial capital invested;
- ii. even where an investment is labelled as 'capital protected' at maturity, this does not guarantee the return of initial capital invested by you, as the level of capital protection may be contingent on the ongoing ability of the product provider or issuer to honour its contractual obligations to protect the capital of the product at maturity;
- iii. any losses may significantly increase if an investment's structure involves gearing, in which case falls in any index to which an Investment is linked can result in an even greater reduction in the capital you invested (see the clauses on geared Investments below);
- iv. any rate of return advertised might be achieved only after a set period and you may not know until that date how well your investments have performed, while taking your money out early could result in redemption penalties and a poor return;
- v. the initial capital invested may be placed into high-risk Investments.

Bonds

Bonds are negotiable debt instruments issued in bearer or registered form by a company or a government body to creditors and whose par value at issuance represents a fraction of the total amount of the debt. The duration of the debt as well as the terms and conditions of repayment are determined in advance. Unless stipulated otherwise, the bond is repaid either at the maturity date, or by means of annual payments, or at different rates determined by drawing lots. The interest payments on bonds may be either fixed or variable. The purchaser of a bond (the creditor) has a claim against the issuer (the debtor). Dealing in bonds may involve risks including but not limited to the following:

Insolvency risk: the issuer may become temporarily or permanently insolvent, resulting in its incapacity to repay the interest or redeem the bond. The solvency of an issuer may change due to one or more of a range of factors including the issuing company, the issuer's economic sector and/or the political and economic status of the countries concerned. The deterioration of the issuer's solvency will influence the price of the securities that it issues.

Interest rate risk: uncertainty concerning interest rate movements means that purchasers of fixed-rate securities carry the risk of a fall in the prices of the securities if interest rates rise. The longer the duration of the loan and the lower the interest rate, the higher a bond's sensitivity to a rise in the market interest rates.

Credit risk: the value of a bond will fall in the event of a default or reduced credit rating of the issuer. Generally, the higher the relative rate of interest (that is, relative to the interest rate on a risk-free security of similar maturity and interest rate structure), the higher the perceived credit risk of the issuer.

Early redemption risk: the issuer of a bond may include a provision allowing early redemption of the bond if market interest rates fall. Such early redemption may result in a change to the expected yield.

Risks specific to bonds redeemable by drawing: bonds redeemable by drawing have a maturity that is difficult to determine, so unexpected changes in the yield on these bonds may occur. **Risks specific to certain types of bond:** additional risks may be associated with certain types of bond, for example floating rate notes, reverse floating rate notes, zero coupon bonds, foreign currency bonds, convertible bonds, reverse convertible notes, indexed bonds and subordinated bonds.

For such bonds, you are advised to make enquiries about the risks referred to in the issuance prospectus and not to purchase such securities before being certain that all risks are fully understood. In the case of subordinated bonds, you are advised to enquire about the ranking of the debenture compared to the issuer's other debentures. Indeed, if the issuer becomes bankrupt, those bonds will only be redeemed after repayment of all higher ranked creditors and as such there is a risk that you will not be reimbursed. In the case of reverse convertible notes, there is a risk that you will not be entirely reimbursed but you will receive only an amount equivalent to the underlying securities at maturity.

Geared Investments

“Gearing” means a strategy with a view to enhancing the return from or the value of an investment without increasing the amount invested by the holders of the investment, involving one or more of the following:

- i. borrowing money;
- ii. investing in one or more investments, such as (but not limited to) warrants or derivatives, for which a relatively small movement in the value or price of the underlying rights or assets to which the instrument relates results in a larger movement in the value or price of the Investment; and
- iii. structuring the rights of holders of an investment so that a relatively small movement in the price or value of the underlying rights or assets results in a larger movement in the price or value of the Investment.

The strategy that the issuer of geared investments uses or proposes to use may result in:

- i. movements in the price of the Investments being more volatile than the movements in the price of the underlying investments;
- ii. the investment being subject to sudden and large falls in value; and
- iii. you getting back nothing at all, if there is a sufficiently large fall in value in the investment.

Borrowing to invest allows an investor to achieve the same effects of gearing for an individual portfolio. That is to say, it increases the likelihood of sudden and large falls in the value of the investment or portfolio, such that you may lose the value of your entire initial investment, or even be liable for further losses in the event that insufficient funds remain to repay the borrowings.

Investment Trusts

An investment trust is essentially a stock-exchange listed company that holds a collective portfolio of stocks and shares, and whose performance therefore broadly reflects the performance of this “underlying” portfolio. Investment trusts are an example of Investments that may use gearing. An investment trust “gears up” its underlying portfolio when (to an extent that varies from one investment trust to another) it finances the purchase of securities in this portfolio by borrowing money. Nearly all investment trusts rely on a degree of gearing or may do so in the future. The ability of investment trusts to gear up their portfolios has traditionally been viewed as an advantage that allows them to out-perform the stock market. However, the effect can work the other way in falling markets and in the case of particularly highly geared investment trusts there is a risk of total loss of your initial investment. The effect of this gearing is that, when there is a rise in the price of the underlying securities, the value of the net assets attributable to each investment trust security rises by a greater percentage and when the value of the underlying portfolio falls, the net assets attributable to each investment trust security fall by a greater percentage.

As an alternative or additional strategy, the investment trust may pursue a policy of “cross-investing” in other investment trusts, some or all of which may themselves use, or propose to use, gearing. Accordingly, where the investment trust employs a higher degree of direct or indirect gearing, its securities are likely to be subject to fluctuations in value which are significant compared with the likely fluctuations in value of the underlying investments. Consequently, your holding in the investment trust could be subject to sudden and large falls in value, and indeed you may get nothing back at all if there is a sufficiently large fall in value of this holding. The risk will vary from one investment trust to another and some are deemed “Complex Instruments”.

Complex Instruments

Complex Instruments, as defined by the Rules of the FCA, include warrants, covered warrants, futures, traded options, contracts for difference, financial spread betting as well as other Investments from time to time, including some investment trusts, exchange-traded funds, exchange-traded commodities and structured products. The complexity of such investments increases the likelihood that you may suffer losses and you must be aware of the risks involved before you invest.

Exchange Traded Funds and Commodity-linked Investments

- i. Exchange-traded commodities (ETCs), and other commodity-linked Investments, can sometimes underperform due to, in most (but not all) instances, being based on an underlying commodity future. This future will normally be the near month future and will thus have a finite life. At expiry the future will need to be sold and a new one bought, a process called “rolling”, and if the futures are in “contango” (the far month future being more expensive than the near month future), there will be an extra cost, which may cause the ETC (or other Investment) to underperform relative to the commodity in question. The opposite of this is “backwardation”, which would normally cancel this imbalance over time or cause slight outperformance, but it cannot be guaranteed that this will happen.
- ii. Exchange-Traded Funds (“ETFs”) are typically open-ended investment companies whose shares represent an interest in a portfolio of securities that track an underlying benchmark or index. ETFs include Exchange-Traded Commodities, though some that invest in commodities, currencies, or commodity- or currency- based instruments may be structured differently, for example as listed debt in the form of Exchange- Traded Notes (ETNs). Unlike traditional open-ended investment companies, shares of ETFs typically trade throughout the day on a securities exchange at prices established by the market. ETFs are subject to ‘tracking error’ risks, since factors such as expenses, imperfect correlation between an ETF’s stocks and those in its underlying index, together with rebalancing of the portfolio from time to time, may cause an ETF’s return to deviate from its underlying index. Where ETFs are structured through the use of underlying derivatives, there may also be counterparty risk, in that the provider of the derivatives within the ETF may not be able to honour its commitments. ETFs have evolved over the years, becoming more complex, and investors considering ETFs should evaluate each investment closely and not assume all ETFs are like. You are recommended to review the product literature and seek professional advice if in any doubt as to whether a specific ETF is suitable for your requirements.

Penny Shares

The nature of penny shares may mean that in percentage terms a penny share may have a wide bid to offer spread. This means if you bought and sold immediately there is a chance you are at extra risk of losing money simply because the spread is so wide, even though the fundamentals of the business remain the same.

Non-Readily Realisable Investments

These are investments in which the market is limited or could become so which may result in the inability to sell the asset or may result in inadequate information for determining the current value of such investments. We may enter into transactions on your behalf in Non- Readily Realisable Investments, or other investments that may lack liquidity or where liquidity may change, and we may deal for you in circumstances in which the relevant transaction is not regulated by the rules of any Stock Exchange or recognised investment exchange. Please inform us if you do not wish us to enter into such transactions for you.

Alternative investments

'Alternative investments' is a loose term that includes a wide range of investment categories falling outside the traditional categories of investments such as stocks or bonds. Managers of these products use investment strategies to produce returns that may be largely uncorrelated to traditional stock and bond market movements. Alternative investments include (but are not limited to) hedge funds, real estate funds, private equity and commodity funds. When considering alternative investments you should consider various risks including the fact that some products use gearing and other speculative investment practices that may increase the risk of investment loss, can be illiquid, may not be required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, may not be subject to the same regulatory requirements as regulated collectives, may charge high fees, and in many cases the underlying investments are not transparent and are known only to the investment manager. Alternative investment products are not for everyone and entail risks that are different from more traditional investments. You should obtain investment and tax advice from your advisers before deciding to invest. With respect to alternative investments in general, you should be aware that:

- i. returns from some alternative investments can be volatile. You may lose all or a portion of your investment;
- ii. the use of a single manager could mean a lack of diversification and higher risk;
- iii. many alternative investments are subject to substantial expenses that must be offset by trading profits and other income;
- iv. trading may take place on foreign exchanges that may not offer the same regulatory protection as UK Stock Exchanges; and v. past performance of any investment is not necessarily indicative of future results.

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 movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.

Tax

Where any publications, communications or research refers to a particular tax treatment, the tax treatment depends on your individual circumstances, as well as on the ongoing availability of the tax reliefs, and may be subject to change in future. We do not provide tax advice, nor accept liability for it, and you should always consider seeking professional taxation advice.

Investments should be made on the basis of the underlying investment case and should not be solely driven by tax considerations. Despite Investments such as venture capital trusts (VCTs) having the ability to diversify their portfolios, the nature of the underlying portfolios may be high risk such that the Investment itself should be treated as a high-risk investment. Such Investments may require long holding periods to be eligible for the tax reliefs and for any profits to be realised. Consequently, such Investments are not to be considered as short-term investments. They may also have poor liquidity in secondary markets, meaning that it will not always be easy to sell one's shares. You should also consider the charges that a manager of such products will levy, in particular any performance fees, as these will impact on the performance of your investment. The FCA publishes guidance on the risks of VCTs, which can be found on its website.

Securities that may be subject to stabilisation

We may from time to time recommend transactions in securities to you, or carry out such transactions on your behalf, where the price may have been influenced by measures taken to stabilise it. You should read the explanation below carefully. This is designed to help you judge whether you wish your funds to be invested at all in such securities and, if you do, whether you wish:

- i. to be consulted before we carry out any such transaction on your behalf; or
- ii. to authorise us to carry out any such transaction on your behalf without first having to consult you.

Stabilisation enables the market price of a security to be maintained artificially during the period in which a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. The FCA allows stabilisation in order to help counter the fact that, when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found. Stabilisation is carried out by a “stabilisation manager” (normally the firm chiefly responsible for bringing a new issue to market). As long as the stabilising manager follows a strict set of rules he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them.

The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

The Stabilisation Rules:

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

The fact that a new issue or 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.

Money market funds

A money market fund is a type of collective investment scheme (fund) that is required to invest in lower-risk securities. Money market funds typically invest in government securities, Certificates of deposit, commercial paper of companies, or other highly liquid and lower-risk securities. They attempt to keep their net asset values (NAV) and therefore their price constant, with only the yield (income) going up and down. These funds have relatively low risks compared to other funds and pay dividends that generally reflect short-term interest rates, but a money market fund’s NAV may fall below \$1.00 or £1.00 (or equivalent) per share if the underlying investments perform poorly, with the result that losses to your initial capital are possible.

Unlike bank deposits, money market funds do not benefit from the protection provided to bank deposits by the Financial Services Compensation Scheme. Investors should also be aware that although money market funds are required to be highly liquid, offering same day or next day settlement, in certain circumstances redemptions may be suspended

Section 3 Pershing Terms & Conditions

1 Relationship between you, us and Pershing Securities Limited

- 1.1 To help us provide our services to you we have entered into an agreement with Pershing Securities Limited (“PSL”) under which PSL provides **clearing and settlement, safe custody** and other associated services to our clients (“the PSL Agreement”) in order to carry out the investment transactions we execute or arrange for our clients and to hold the related investments and cash. When we consider it necessary or desirable in connection with our services to you, we may agree with PSL that it will also provide other services, such as investment dealing services, under the PSL Agreement. The PSL agreement covers both us and you as one of our clients. Please note that any terms set out in bold in these terms of business are described further in the Glossary which is set out in Annex 1 to these terms of business.
- 1.2 PSL is a company registered in England, company number 2474912. Its registered office is at Royal Liver Building, Pier Head, Liverpool, Merseyside L3 1LL. PSL is authorised and regulated by the Financial Conduct Authority (“FCA”) which is located at 12 Endeavour Square, London E20 1JN. PSL is also a member of the London Stock Exchange (“LSE”).
- 1.3 So that you can understand your rights and obligations in relation to the PSL Agreement, the main terms of the PSL Agreement which affect you are summarised below. If you have any questions about the PSL Agreement or these terms of business you should contact us to discuss this as soon as possible, and before you accept the terms of business or instruct us to act for you. As with any agreement or contract, you should also take any independent legal, financial or other advice which you think you need before accepting these terms.
- 1.4 By accepting these terms of business, you agree that:
- (a) we are authorised to enter into the PSL Agreement on your behalf, acting as your agent;
 - (b) accepting these terms means that there is a contract between you and us and also between you and PSL. As a result of that contract, you will be bound by both our terms of business and the PSL Agreement (as set out or summarised below);
 - (c) we may give instructions to PSL on your behalf as allowed by our terms of business and the PSL Agreement and may provide information about you to PSL. When PSL receives such instructions or information from us, PSL is entitled to rely on them without making any further checks or enquiries; and
 - (d) PSL is authorised to hold cash and investments on your behalf and can transfer such cash or investments from your account to meet your settlement or other obligations to PSL.

- 1.5 When you read these terms, it is important you understand that you will be a client or customer of ours, but you will also become a client of PSL for settlement and safe custody purposes.
- 1.6 We retain responsibility (including responsibility for complying with any related regulatory requirements) and PSL shall not have any responsibility for the following matters:
- (a) our own operations;
 - (b) the opening of an account for you;
 - (c) the supervision and operation of your account for you;
 - (d) our ongoing relationship with you;
 - (e) making all necessary anti-money-laundering compliance checks;
 - (f) explaining to you the types of investments covered and any risks relating to investments, investment transactions or any investment strategy to be pursued on your behalf;
 - (g) accepting and executing orders for investment transactions, following your instructions or within the mandate given by you;
 - (h) any required assessment of the suitability or appropriateness of transactions and investments for you or, where permitted and necessary, warning you of any possible inappropriateness of an investment;
 - (i) if required, providing any investment advice to you or taking investment management decisions on your behalf;
 - (j) reviewing your accounts for market abuse, insider trading and compliance with FCA Rules and any other applicable legal and regulatory requirements to which we or you may be subject; and
 - (k) giving instructions to PSL which are proper, accurate and in accordance with any instructions or mandate you give us.
- 1.7 It is important that you understand that PSL is not responsible to you for the matters for which we are responsible. In particular, PSL will not provide investment advice nor will it offer any opinion regarding the suitability or appropriateness for you of any particular transaction or order. When it provides settlement and clearing or safe custody services, executes transactions or provides other services to you, it does so relying on the instructions and information we provide and is only responsible for following those instructions.

2 Client Classification and the roles and obligations of people acting together or for one another

2.1 For the purposes of the rules of the Financial Conduct Authority (“FCA Rules”), you will be classified as either a retail client, professional client or an eligible counterparty. PSL will rely on information received from us in relation to your status and will adopt the same client classification for you. We will notify you in writing if there is any change to this position.

2.2 If you hold an account jointly or otherwise hold assets jointly, with any other person, then you and any such other person(s) shall have **joint and several liability** to PSL. Examples of situations where such **joint and several liability** may arise are as follows:

- (a) *Joint account holders:* As well as joint account holders being jointly and severally liable in the way described above, any payment or accounting made by PSL to any one or more of those account holders will be treated as made to all of them.
- (b) *Trustees:* As well as the trustees of any trust being jointly and severally liable to PSL in the way described above, PSL will treat the trustees as its client and not any beneficiary of the trust. Any payment or accounting made by PSL to any one or more of the trustees will be treated as made to all of them.
- (c) *Partners:* If a partnership is PSL’s client then each partner will be personally, jointly and severally liable to PSL in the manner described above. Any payment or accounting made by PSL to any one or more of the partners will be treated as made to all of them.
- (d) *Agents:* If you are an agent acting on behalf of someone else (whether or not that person (the “Principal”), has been identified to PSL as the person for whom you act) you will be treated as PSL’s client under the FCA Rules and you will also be fully liable to PSL under these terms as if you were acting for yourself. You and your Principal will be jointly and severally liable in the manner described above.

3 Your Accounts with PSL

3.1 PSL will open and maintain accounts on its books in your name in order to provide its services to you. When PSL receives any cash and investments from you, or on your behalf, then it will record them in your accounts.

3.2 PSL will have the right at its absolute discretion to stop providing services under these terms and close any accounts it holds and maintains in your name which may occur, for example:

- (a) if PSL is obliged to stop providing services under any applicable law or regulation (such as anti-money laundering provisions);
- (b) if PSL is not able to provide the services effectively or providing the services would materially adversely affect PSL’s operation;

- (c) where you are in material breach of these terms or we are in material breach of the terms of the PSL Agreement;
- (d) if providing the services to you or to us in relation to your account will have a materially adverse effect on PSL's reputation; or
- (e) if your liabilities in relation to your account, and amounts owing by you to PSL, exceed or are likely to exceed the value of the cash and investments PSL holds for you.

We will notify you if PSL chooses to exercise this discretion and the reasons for its decision unless we or PSL are prevented from doing so by some legal or regulatory constraint.

- 3.3 You may at any time when there are no outstanding obligations owed by you to PSL, give notice in writing to us to stop receiving services from PSL and close your accounts with PSL.
- 3.4 If either you or PSL decide to close your accounts with PSL you will need to give instructions on the future custody of your investments so that PSL can transfer your money and investments (after deducting amounts owed to it) to your new custodian.

4 Communication and Instructions

- 4.1 PSL will only accept instructions for your accounts from us and not directly from you.
- 4.2 PSL may rely on and act on any instructions which PSL in good faith believes were given by us or our representatives. Such instructions can only be cancelled or changed if we give written notice to PSL sufficiently in advance to enable PSL to prevent the processing of the instructions. If PSL seeks instructions from us and we do not respond within a reasonable time, then PSL may take such action as it considers appropriate on the relevant matter. PSL is not responsible or liable to you for any delays or inaccuracies in the transmission of instructions or other information (or any resulting action or failure to act) where that delay or inaccuracy is as a result of factors outside the reasonable control of PSL. This means that if the delay or inaccuracy is not PSL's fault, then you cannot obtain redress from PSL.
- 4.3 There may be circumstances where PSL refuses to accept any order or other instruction for your account. For example, PSL may do so for any of the reasons set out in paragraphs 3.2(a)-(e) above or where:
 - (a) the transactions falls outside the dealing criteria that PSL applies;
 - (b) PSL cannot carry out the instruction because it cannot access a market; or
 - (c) we or PSL do not have the necessary FCA permission to deal in a particular investment.

We will inform you if PSL refuses to accept an instruction and the reasons for its decision unless we or PSL are prevented from doing so because of any legal or regulatory constraint.

4.4 If you have any questions or concerns relating to your account with PSL, you should tell us and we will deal with PSL on your behalf. You should not contact PSL directly.

4.5 All communications whether written, spoken, electronic or in any other form between you, us and/or PSL shall be in English.

5 Dealing

5.1 Normally we will be responsible for executing any order or transaction on your behalf. This means that PSL will not owe you a duty of best execution under the FCA Rules or otherwise when it carries out transactions executed by us on your behalf. We shall be responsible for ensuring best execution and for any decision to aggregate transactions for you with those of other people.

5.2 We may sometimes agree with PSL that it is to execute transactions for your account when we transmit orders to it. If we do this, we have agreed that, rather than you, we will be PSL's client for the purposes of the FCA Rules. In order for PSL to provide **dealing** services for your account, you need to ensure that:

- (a) where you are buying investments, there is sufficient cash in your account; and
- (b) where you are selling investments, documents of title or transfer forms that are required are delivered to PSL,

in either case, prior to the execution of the transaction by PSL.

5.3 PSL will provide **dealing** or **execution** services on the following basis:

- (a) execution by PSL will be subject to the FCA Rules and the rules of any investment exchange or other trading facility on which the transaction is executed;
- (b) PSL will treat the instructions we give them as binding on you. Any express instruction from us to PSL on your behalf concerning order execution will override PSL's order execution policy and will remain binding on you;
- (c) PSL will execute such orders in accordance with PSL's order execution policy as amended from time to time and provided to us;
- (d) PSL may combine your orders with orders for its other clients or PSL's own orders. PSL will only do this if it considers that it is unlikely to work to the overall disadvantage of you or any of its clients involved however it is possible that aggregating orders in this way may sometimes operate to your advantage and sometimes to your disadvantage by giving you a higher or lower price than might have been the case if your order had been placed individually; and
- (e) once PSL executes any transaction on your behalf, PSL will, unless you previously instructed us otherwise, send a contract note to you. It is very important that you check the detail of all contract notes you receive, and notify us (and not PSL directly) immediately if there

is any error or if you have any question about them, because the contract note will be considered a conclusive and final record of any detail contained in it, unless we notify PSL of an error within 1 working day after receipt by you and in any event no later than the settlement date for the transaction concerned.

6 Settlement of Transactions

6.1 When transactions are undertaken on your behalf, they will be due for settlement in accordance with market requirements and the relevant contract note or advice. These settlement terms will vary dependent upon the market and securities dealt in. The contract note will specify the settlement date.

As stated above, it is your responsibility to ensure that PSL receives the necessary investments, documents or cash (as the case may be) in order for PSL to settle the transaction on your behalf. PSL must receive any cash in cleared funds in sufficient time prior to the settlement date in order that it can make the necessary payment.

6.2 You hereby undertake that any cash or investments held by or transferred to PSL by you will be free from any right of a third party to make claims against that money or those investments. In particular, it is your obligation to make sure that no other person will be entitled to:

- (a) security rights over them, such as a **mortgage** or a **charge**;
- (b) any right to withhold or retain them, such as a **lien**;
- (c) any other rights to have any of the cash or investments paid or transferred to them or to prevent any transfer of such cash or investments from going ahead; or
- (d) any right to be paid all or any of the proceeds of a transaction;

so that settlement on your transaction can take place.

6.3 In order to settle transactions on your behalf, PSL will need to deal with the other party to the transaction (the "counterparty"). If a transaction has to be settled through a **CCP** or **CSD** the specific provisions set out in Annexes 2 and 3 shall apply.

6.4 You agree that you will not have any rights to cash or investments which are due to be received by you following a transaction until you have performed your own obligations in relation to that transaction and PSL has been able to settle that transaction on your behalf. Similarly, PSL has no obligation to account to you for any such cash or investments until you have performed your obligations and the transaction has been settled. Until that has happened, PSL is entitled, without giving you any further notice, to sell or otherwise dispose of any such investments and apply the proceeds or any cash it receives in relation to the transaction in order to discharge or reduce any of your obligations in relation to the transaction.

6.5 PSL is not obliged to credit any cash or investments it receives to your account until it has received them in irrevocable and unconditional settlement of the relevant transaction without the sender being able to reverse the settlement

or require redelivery. If for any reason PSL does credit cash or investments to your account earlier than this and PSL reasonably considers that irrevocable and unconditional settlement is unlikely to take place then PSL will be entitled to reverse the entry and require you to give back or redeliver the cash or investments or their equivalent.

- 6.6 In some cases, transactions will be subject to **netting**. You agree, in respect of any transaction which is subject to **netting**, to discharging the settlement obligations on a net basis in accordance with the rules of the relevant **CCP, CSD** or agreement with the counterparty. You acknowledge that if net settlement takes place then PSL will only be obliged to account to you for any investments or cash in connection with the transaction on a net basis.
- 6.7 If a transaction is undertaken on your behalf on non-UK markets, the specific provisions set out in **Annex 3** shall apply.
- 6.8 Transactions executed on your behalf may settle in the books of a **CCP, CSD** or other body or custodian combined with transactions for the account of other clients of ours. If this happens then PSL will allocate between our clients the cash or investments received by it or on its behalf as a result of the settlements in accordance with the client trades we have notified to it. If PSL receives cash or investments for trades that were intended to settle at the same time (but which, for whatever reason, do not do so), then PSL will allocate that cash or investments received by it on the following basis:
- (a) in accordance with any priority for settlements determined by PSL prior to the transactions taking place;
 - (b) if transactions have the same priority, then the allocation will be in order of time, by reference to the intended settlement date of the transaction which we specified to PSL, so that the earliest in time will settle first in each case;
 - (c) where transactions have the same priority and intended settlement date, then the allocation will be by value so that the larger or largest trade by value (not by number of units or size) will be settled first in each case.
 - (d) where these allocations are necessary, they will also be subject to the operation of the relevant **CCP, CSD**, custodian or other entity. Such operations may include a **netting** rule or practice, automatic splitting of unsettled transactions or other automatic aggregation, splitting or allocation.
- 6.9 **Time shall be of the essence** with respect to any payment, delivery or other obligation of yours to PSL.

7 Client Money

- 7.1 Money held by PSL for your account, will be held in compliance with the FCA Client Asset Rules when these apply to the money. This means, amongst other things, that PSL will hold your money in a special designated client bank account which is an account kept separate from PSL's own funds.

- 7.2 When considering where that client bank account should be, PSL will exercise due skill, care and diligence and will periodically review the adequacy and appropriateness of any bank or credit institution where your money is deposited and of the arrangements for holding your money (such as which banks or credit institutions are used, the amount of client money deposited with the bank or credit institution and any use of fixed term deposits for client money). These requirements will not apply where your money is held with a central bank of a country. It is important to note that PSL is not responsible for any acts, omissions or default of a credit institution or bank chosen by it but only for taking care in its choice and monitoring.
- 7.3 When PSL holds your money in a client account it may be pooled with money belonging to other clients of PSL. Where funds are pooled in this way, you will not have a claim for the specific sum in a specific account. Your claim would be against the client money pool in general and if there is a deficiency in the pool you would share pro rata in that loss. Such a deficiency is likely to arise if a relevant bank or credit institution with which client money is deposited by PSL becomes insolvent or otherwise defaults on its obligations to pay out money when due.
- 7.4 If PSL holds money which is not immediately required to settle an investment transaction, such money will be deposited with a bank or credit institution, together with other clients' money. Money may earn interest at a rate determined by the relevant bank or credit institution. However, the amount of any interest on money that would be credited to your account and made available to you (subject to clauses 11 and 12.3), will be determined by us, and will be as notified by us to you from time to time. Any interest will be calculated on a daily basis and credited to your account every six months. We may decide not to credit your account if the amount of the interest falls below a threshold notified to you by us. Unless we notify you otherwise, you will be entitled to interest at the central bank base rate for Sterling, US Dollars, and the Euro, and the applicable local agent credit rate for other currencies, less a money management fee charged by PSL. PSL charges a fee for managing the balance on your account (the money management fee) and that fee will be applied to the balance on your account and may be higher than any interest which would otherwise have been credited to your account in which case a charge in the form of debit interest may be charged for that balance as notified to you by us.
- 7.5 If we, or PSL, are unable to contact you (for example if you move and fail to update your address with us), so that we are unable to deliver money held for your account to you, or you fail to respond to our communications requesting any instructions from you concerning such money, with the result that any of your money held by PSL is unclaimed, PSL may transfer such money to a pooled client unclaimed money account subject always to PSL undertaking to make good any valid claim by you. The money held in the client unclaimed money account will be held by PSL in compliance with the FCA Rules.
- 7.6 Sometimes we or PSL will undertake a transaction for you which requires your money or investments to be passed to an **Relevant Party** in order to meet the obligations under that transaction or as **Margin or Collateral**. When a **Relevant Party** is involved then any money or investments passed to the

Relevant Party may be at risk in the event of its insolvency. By accepting these terms, you acknowledge that this is the case.

- 7.7 Please refer to the provisions of Annex 3 which will apply if your money is held by a credit institution or bank outside the UK or EEA.
- 7.8 PSL may use a bank which is affiliated to PSL to hold client money on your behalf subject always to any specific FCA Rules concerning the use of such affiliated bank.
- 7.9 Money held by PSL in pooled client money accounts as set out in this clause 7, may (in part) be deposited (where permitted under FCA Rules) into a fixed term deposit. Money held in fixed term deposits cannot be withdrawn by PSL until the fixed term expires. This means that the part of the client money pool (as described in clause 7.3 above) which is held in fixed term deposits would not be available for immediate (or next day) withdrawal by you and the return of such client money would be delayed until the fixed term expires. In addition, PSL would not be able to move client money held in a fixed term deposit until the expiry of such fixed term and therefore would not be able to mitigate the risk of any default or insolvency of the relevant bank or credit institution and the possible creation of a deficiency in the client money pool (resulting in a loss as described in clause 7.3) which may arise during such fixed term. By accepting these Terms of Business you acknowledge you are aware of and accept the risks set out in this clause 7.9.

8 Custody and administration of your investments

- 8.1 Subject to clause 8.2, where PSL holds investments for your account it will register those investments in the name of a **nominee company** controlled by PSL or by a member of PSL's group.
- 8.2 In some situations, for example where the rules of a particular market or **CSD** require, PSL will register your investments in the name of an **Eligible Custodian**. PSL will not usually register investments in your name but if it is required to do so, you shall remain responsible for the consequences of any such registration.
- 8.3 If your investments are held overseas the provisions of Annex 3 shall also apply.
- 8.4 When your investments (including any money held for your account are held by a depository or an **Eligible Custodian**, such depository or **Eligible Custodian** may have rights against your investments, arising out the operation of local law, local regulatory rules, or market practice which may include:
- (a) security rights over them including but not limited to a **mortgage or charge**;
 - (b) rights to withhold or retain them, such as by way of a **lien**;
 - (c) other rights to have the asset paid or transferred to them or to prevent a transaction involving such asset from going ahead; and/or

- (d) rights to be paid any or all of the proceeds of a transaction involving the asset.

PSL has agreed with the **Eligible Custodians** that such rights as set out in this clause 8.4 are limited to those in respect of debts arising out of (i) properly incurred charges and liabilities arising from the safekeeping, administration and provision of services (including the settlement of transactions as set out in clause 6) with respect to the investments held by the **Eligible Custodian**; or (ii) arise under the rules of a **CSD, CCP** or local settlement system.

8.5 PSL shall keep a record of your entitlement to your investments in situations where PSL or an **Eligible Custodian** (or a **nominee company**) have registered or recorded your investment in a combined account or pooled in some other way with investments belonging to other clients of ourselves, of PSL or of the **Eligible Custodian**. In such a situation you should note the following effects and by accepting these Terms of Business you expressly acknowledge and accept these risks:

- (a) your individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register;
- (b) In the course of settlement of transactions from the omnibus account (due to the nature of such holding and the operation of settlements into and from an omnibus account) circumstances could arise whereby your assets as held in the pool are used to satisfy the transaction of another client whose assets are also held in the omnibus account. You should note that Pershing has in place systems and controls to reduce the occurrence of such events and to mitigate the risk to you from such circumstances as required under FCA Rules;
- (c) if there is an irreconcilable shortfall following any loss by or default of, PSL or the **Eligible Custodian** (or a **nominee company**) then you may not receive your full entitlement and may share in any shortfall on a pro rated basis with any other investors;
- (d) sometimes PSL will receive investments or money on behalf of more than one client in connection with pooled holdings (for instance in a bonus or rights issue or takeover). In such circumstances PSL may, in accordance with FCA Rules, allocate such investments between clients on whatever basis it considers fair and reasonable in accordance with its allocation policy in force at the time;
- (e) if a share issue or other corporate event favoured the small investor (as defined by the issuer making the issue or creating the corporate event) your actual allocation may be less than it would be if your investments were registered in your own name; and
- (f) sometimes amounts or investments may arise which would not have arisen if the investments had been registered in your own name. You may not be entitled to any such additional amounts.

- 8.6 Any instructions you wish to give about the administration of investments held by PSL should be given to us in writing for us to send to PSL. We will not accept instructions from anyone but you and will not send instructions to other people on your behalf unless in either case you have previously provided us with a copy of a valid power of attorney authorising us, or the relevant person, to send such instructions.
- 8.7 PSL will inform us of any rights issues, takeover offers, capital reorganisations, conversion or subscription rights (collectively “corporate actions”) that affect or relate to investments held on your behalf by PSL or an **Eligible Custodian**. It will do so as soon as reasonably practicable after receiving notice of those events. We will, in turn, inform you.
- 8.8 You should contact us and not PSL if you need any advice in connection with any corporate actions. PSL is not responsible for taking decisions in relation to any corporate actions and will require instructions from you or us on matters such as:
- (a) exercising conversion and subscription rights;
 - (b) dealing with takeovers or other offers or capital reorganisations;
 - (c) exercising voting rights (where PSL exercises such rights on your behalf).
- 8.9 If any notification is given to you pursuant to clause 8.7 from PSL, you must ensure that you provide instructions to us, for onward transmission to PSL in sufficient time to ensure that PSL is able to act upon such instructions. The instructions given, their consequences, and the consequences of failing to give us instructions, will be entirely your responsibility. Neither we nor PSL is obliged to do more than give one notification on the relevant matter.
- 8.10 PSL will be responsible for claiming and receiving dividends, interest payments and other entitlements automatically arising in respect of the investments held for your account.
- 8.11 Sometimes PSL or an **Eligible Custodian** who is holding your investments may receive dividends, interest and other rights or payments after local withholding or similar taxes or other deductions are made from those sums. You accept that PSL or any **Eligible Custodian** may, if it is required to do so to comply with legal or regulatory requirements, withhold or deduct tax or other amounts from any such payments. Any costs PSL or an **Eligible Custodian** incurs when complying with these obligations may be deducted by PSL from your account. If you are eligible to reclaim any such withholdings or deductions then this will be your responsibility and not that of PSL or an **Eligible Custodian**, to do so.
- 8.12 PSL will arrange for you to receive safe custody statement showing the investments and cash balances it holds for you, reported on a trade date basis. The frequency of such statements is determined by FCA Rules. PSL may provide such statement to you via appropriate on line or electronic means and

provided we or PSL notified you of the availability of such statement, it shall be your responsibility to access and review such statement.

8.13 In some circumstances PSL may refuse to hold any investment or investments for you. This may occur in any of the circumstances outlined in clause 3.2 of these terms or if the investment concerned is of a kind for which PSL does not have facilities, or arrangements with appropriate **Eligible Custodians**, to hold or if holding the investment would expose PSL to liabilities. We will notify you if PSL chooses to exercise this discretion unless legal or regulatory constraints prevent such disclosure.

8.14 PSL will not loan your investments or use them to raise finance.

9 Consequences of your default

9.1 If you fail to pay cash or investments (as relevant) when due to meet any settlement obligations or if you otherwise fail to meet any of your other obligations to PSL then you should be aware that there will be certain consequences as a result of such failure, as further described in the remainder of this clause 9.

9.2 You will not have a right to title or interest in any cash or investments received for your account. PSL will have no obligation to deliver or account to you for any such cash or investments and PSL will be entitled to retain any such cash or investments until such time that you have met your obligations.

9.3 PSL may, without providing any advance notice, use any cash, or sell any securities, held or received for your account and use the proceeds (after deducting any costs in doing so) to eliminate or reduce any unpaid obligations owed to PSL. Any surplus remaining after discharging the obligations owed to PSL will be paid to you. If the cash and proceeds of disposals do not cover all the obligations owed to PSL, you will still owe PSL the balance.

9.4 PSL may, among other things, and without giving you further notice:

- (a) enter into any other transaction (including those with the effect of closing-out a position, or reversing or cancelling a transaction previously entered into);
- (b) take or refrain from taking further action which it considers would, or could, reduce or eliminate any liability under any transaction undertaken for you. PSL may take similar action where it reasonably considers that you have not, or are unlikely to perform your obligations under these terms.

9.5 Where PSL exercises its rights to use your cash or dispose of your investments under clause 9.3 above, it will have no further obligation to you (and neither you nor we will have any right to require PSL to account to you, or to anyone else, for any investments or cash received when the relevant transaction is settled.

9.6 You agree that PSL may **set off** transfer or apply (without further notice to you) any obligations or monies owed by PSL to you in order to satisfy in whole or in part any debt or obligation or sum that is due from you to PSL. This applies

even if the obligations are in different currencies and includes the payment of any fees or charges due to PSL and any amounts due under your indemnity obligations to ensure PSL does not lose money as a result of your default under these terms or the services it provides you with.

9.7 In exercising its rights under these terms PSL may convert currencies and carry out foreign exchange transactions with you or on your behalf at such rates and in a manner that PSL may in its discretion determine. In such circumstances, PSL shall be acting on its own behalf and not executing your orders. It shall therefore not be liable to you for the result obtained, nor for its choice of which investments are to be sold.

9.8 The provisions in this clause 9 will continue to apply even if we or PSL stop providing services to you, so long as any obligations for your account remain outstanding. They apply in addition to any other right PSL has, and they will not be affected by any failure by PSL or anyone else to fully enforce their contractual rights, whether as to payment, time, performance or otherwise.

10 Limits on PSL's Liability to you and Indemnities you give to PSL

10.1 The liability of PSL (and where relevant its directors, employees or agents) to you for any loss or damage which you suffer in connection with these terms shall be limited to circumstances where any such loss or damage has arisen directly as a result of negligence, fraud or wilful default or a breach of the FCA Rules by PSL (or where relevant, its directors, employees or agents). In any event, PSL will not be liable to you for any indirect or consequential losses (howsoever arising). PSL will also not be liable for any loss that is a loss of profit or for any losses that arise from any damage to your business or reputation.

10.2 This means that PSL will only be liable for losses that arise as a result of its negligence, fraud or wilful default and then only, for any losses which:

- (a) arise naturally from a breach by PSL of its obligations; and
- (b) which were reasonably foreseeable to PSL at the time these terms are entered into.

10.3 It is important that you understand that you are responsible for making sure that PSL does not suffer by reason of acting for you. You agree to make good and reimburse (indemnify) PSL and each of its directors and employees and agents ("Indemnified Persons"), after the deduction of any applicable taxes, for and against any liabilities, reasonable costs and expenses (including legal costs) and all duties and taxes (other than PSL's corporation tax) which are caused by;

- (a) PSL providing its services to you;
- (b) material breach by you of any of these terms;
- (c) default or failure by you to make a delivery of investments or payment when due; or
- (d) any challenge to the validity of, or requirement for proof of ownership, or in respect of any fraud or forgery in relation to any investments delivered to PSL by you or on your behalf, or in relation

to any document of transfer regarding such investments. This will include any electronic instruction or information, which appears to transfer such investments.

- 10.4 You will not be liable to indemnify PSL under this clause 10 and PSL will have no right or claim against you or us if any consequences to PSL are caused by its own negligence, wilful default, fraud or any breach of the FCA Rules.
- 10.5 PSL has no liability to you or us for failure to provide any of the services under these terms if that failure is caused wholly or partly by events beyond PSL's reasonable control. This includes (but is not limited to) any failure of communication, settlement, computer or accounting system or equipment, any failure or interruption in the supply of data, any political crisis or terrorist action, suspension or limitation of trading by any exchange or clearing house or any fire, pandemics, flood or other natural disaster. In any of these (or other similar) circumstances any or all of PSL's obligations will be suspended until the state of affairs giving rise to the failure of PSL is remedied.
- 10.6 The provisions in this clause 10 will continue to apply even if we or PSL stop providing services to you. They apply in addition to any other right of indemnity or claim of any Indemnified Person whether or not under these terms, and they will not be affected by any failure by PSL or anyone else to fully enforce their contractual rights, whether as to payment, time, performance or otherwise.

11 Charges

- 11.1 The fees and charges payable by you in relation to the services provided by PSL (in particular, the money management fee), and any taxes payable through PSL, will be set out in the fees and charges information provided to you by us from time to time. PSL can either pay these out of the assets and money it holds for you for your account or by way of set off as described at clause 9 above or require you to pay them directly to PSL or to PSL through us. You may also be liable for other taxes or charges which are not payable through PSL.

12 PSL's Conflicts of Interest

- 12.1 PSL, its associated group companies (associates) or nominees may provide services or enter transactions under these Terms in circumstances in which PSL or its associates have a material interest. This interest could be direct or indirect and PSL or its associates could also have a relationship with someone else, which may involve a conflict of interest or potential conflict of interest with you. Examples where such actual or potential conflicts may happen include situations where PSL or any of its associates:
- (a) is, or is acting on behalf of, the counterparty to a transaction that is executed by PSL (whether or not involving a fee or commission or increased or reduced price offered or received by PSL or its associates);
 - (b) has a long or short position in the relevant investment; or
 - (c) is otherwise connected to the issuer of the investment to which any instructions relate.

- 12.2 PSL may receive payments from fund managers if PSL provides services to those fund managers through the PSL Nexus Funds Trading Platform. Any payments of this kind are calculated by reference to the value of the assets that PSL holds in custody for its clients.
- 12.3 PSL may place money held for your account with a bank or other financial institution (in accordance with the FCA rules) and earn interest and retain some or all of that interest from that bank or financial institution.
- 12.4 A summary of PSL's conflicts policy (including further disclosure concerning the payments PSL may receive from fund managers) is published on PSL's website at www.pershing.co.uk under the heading of "compliance disclosures" (a hard copy is available on request from us).
- 12.5 You acknowledge that neither PSL nor any of its associates is required to disclose or account to you for any profit made as a result of acting in any manner described above.

13 Data Protection and Confidentiality of Information

- 13.1 PSL may store, use or otherwise process personal information about you which is provided by you or us on your behalf. The purposes for which it can store, use or process such personal information are providing investment and other services under these Terms, administering your account and other purposes closely related to those activities. This includes (but is not limited to) using information for the purposes for credit and anti-money laundering enquiries or assessments. In the United Kingdom PSL operates and has made all the appropriate notifications in accordance with applicable data protection legislation.
- 13.2 Any information that we and PSL hold about you is confidential to you and will only be used in connection with providing services under these Terms (as may be set out in more detail in PSL's published privacy policy as referred to in clause 17). Information of a confidential nature will be treated as such provided that such information is not already in the public domain. PSL will only disclose your information to third parties in the following circumstances:
- (a) If required by law or if requested by any regulatory authority or exchange having control or jurisdiction over you, us or PSL (or any associate of us or PSL);
 - (b) to investigate or to prevent fraud, market abuse or other illegal activity;
 - (c) in connection with the provision of services to you by us or PSL;
 - (d) for purposes closely related to the provision of the services or the administration of your account including without limitation for the purposes of credit enquiries or assessments;
 - (e) if it is in public interest to disclose such information; or
 - (f) at your request or with your consent.
- 13.3 The restrictions on the use of confidential information described above are subject at all times to a general proviso that PSL may disclose your information

to certain permitted third parties including members of its own group (associates) and its professional advisors (including accountants and lawyers) who are subject to confidentiality codes.

- 13.4 Neither we nor PSL will sell rent or trade your personal information to any third party for marketing purposes unless you give your express consent.
- 13.5 You should note that by signing or otherwise accepting these Terms you agree that PSL is allowed to send your information internationally including to countries outside the EEA such as the United States of America. Some countries where your information is sent will offer different levels of protection in relation to personal information, not all of which will be as high as the UK. PSL will however, always take steps to ensure that your information is used by third parties only in accordance with PSL's policy.
- 13.6 You are entitled to a copy of any information PSL holds about you. In the first instance, you should direct any such requests to us and we will pass your request on to PSL. You should let us know if you think any information PSL holds about you is inaccurate and we will ask PSL to correct it.

14 Complaints

- 14.1 If you have a complaint you should notify our compliance officer in the first instance. If however, your complaint concerns an aspect of the service provided to you by PSL and you wish to copy your complaint to PSL directly copies should be sent to:

The Compliance Officer
Pershing Securities Limited
Royal Liver Building
Pier Head
Liverpool
Merseyside
L3 1LL

- 14.2 Where you make a complaint both we and PSL will endeavour to resolve your complaint as quickly as possible but in any event we will acknowledge receipt of your complaint within 3 business days. The acknowledgement sent will include a full copy of our or PSL's internal complaints handling procedure. We aim to resolve your complaint within 4 weeks of receipt. Where this is not possible we will contact you to explain why resolution will take longer than 4 weeks and indicate when we anticipate being able to resolve your complaint. Upon resolution of your complaint we or PSL will send you a final response letter, which sets out the nature of our response of any proposed resolution, and any appropriate remedy. If for any reason you are not satisfied with our or PSL's final response, or we have failed to resolve your complaint within 8 weeks of receipt, you may be entitled to refer your complaint to the Financial Ombudsman Service. A leaflet detailing the procedure is provided in our or PSL's final response.

15 Investor Compensation

15.1 PSL is covered by the UK's Financial Services Compensation Scheme ("FSCS"). Compensation may be available from the FSCS if PSL cannot meet its obligations to you. Your possible entitlement to compensation will depend upon the type of business and the circumstances of the claim. Further information about compensation arrangements is available from the FSCS, www.fscs.org.uk.

16 Amendment

16.1 PSL reserves the rights to alter these terms at any time. It will only do so after giving prior written notice to us in reasonable time for you to consider the impact of those changes, unless it is impractical in the circumstances to give such notice.

17 Provision of Information via a website

17.1 PSL may provide the following information to you via their website www.pershing.co.uk (under the "disclosures" section). Such information may be amended from time to time by PSL:

- (a) General disclosures of information about PSL, its services and disclosures relating to such Services in general;
- (b) Information concerning the safekeeping of investments and money held by PSL or any of its appointed **Eligible Custodians**;
- (c) Information on costs and charges;
- (d) Information relating PSL's order execution policy, order handling and conflicts of interest;
- (e) PSL's privacy policy covering the processing of any personal data under the relevant data protection legislation; and
- (f) Disclosures and policies containing general information in relation to the Services provided by PSL to you which PSL is required to publish or which is addressed to the generality of its clients (excluding amendments to these terms and conditions)

PROVIDED Always that such information provided via the website does not include any confidential information or personal data relating to you

18 General

18.1 PSL's obligations to you are limited to those set out in these terms. PSL shall in particular not owe any wider duties of a fiduciary nature to you.

18.2 No third party shall be entitled to enforce these terms in any circumstances.

18.3 Any failure by PSL (whether on an ongoing basis or not) to insist upon strict compliance with any of these Terms is not deemed to amount to PSL giving up or waiving any of any of its rights or remedies under them. The rights and remedies conferred on PSL will be cumulative and the exercise or waiver of any part of them will not stop or inhibit the exercising by PSL of any other additional rights and remedies.

18.4 These terms are governed by English Law and you irrevocably agree to submit, for the benefit of PSL, to the non exclusive jurisdiction of the Courts of England.

ANNEX 1

Glossary

Business Days	means any day on which the London Stock Exchange is open for trading
CCP	<p>This stands for central counterparty, which is typically an institution that acts as an intermediary between two market participants. The seller of a security sells to the central counterparty. The central counterparty simultaneously sells to the buyer. This means that if one party defaults then the central counterparty will absorb the loss. This reduces the amount of counterparty risk that market participants are exposed to.</p> <p>Certain markets that PSL trades in on your behalf will involve a CCP and such transactions will be subject to the rules of the CCP.</p>
Charge	A charge does not involve a transfer of ownership but gives a degree of control to a third party over any dealing or disposal of the asset.
Clearing and Settlement Services	The process by which, once an investment has been bought or sold on your behalf, the money is transferred from the buyer to the seller and the investments or the title to the investments is transferred from the seller to the buyer.
CSD	<p>This stands for central securities depository which is a financial institution that custodies securities and provides securities settlement services to one or more markets.</p> <p>When settling a transaction on your behalf PSL may have to settle such transaction through a central securities depository or other securities settlement system and the transactions will be subject to the rules of the CSD.</p>
Dealing or Execution Services	The buying or selling of investments on your behalf.
Eligible Custodian	This refers to a third party custodian (or its nominee company) who PSL selects under the FCA Rules to register your investments with.

Joint and Several Liability	If joint and several liability applies, the effect is that both you and the other person(s) separately promise to meet all obligations under these terms in respect of the account either (1) jointly with the other person(s); and (2) individually.
Lien	A Lien allows the person holding the asset to withhold or retain such asset pending the satisfaction of your obligations to them.
Margin or Collateral	This is where your money or investments are passed to a Relevant Party in order to provide security against the performance of obligations.
Mortgage	A mortgage transfers the ownership of an asset to a third party on the condition that it will be re-transferred on the discharge of the obligations owed to that third party.
Netting	Netting is the process under which PSL and/or the counterparty, CCP, CSD or other body concerned with settling a transaction are entitled to reduce their obligations to each other by setting off their obligations to deliver cash or securities to one another. This will give a single amount owing to one party from the other rather than a two-way payment. This single amount will then be paid or delivered to the relevant party.
Nominee Company	A nominee company is one which is used solely for holding investments separately and which does not carry on any other business.
Relevant Party	This includes (but is not limited to) an exchange, clearing house, intermediate broker, settlement agent or a counterparty dealt with directly (over the counter) outside of any exchange. The Relevant Party may be located in the UK or elsewhere.
Safe Custody Services	The safekeeping and administration of any investments held by PSL or its nominee company on your behalf.
Set-Off	This may arise where both you and PSL owe sums to each other. In such circumstances PSL may deduct any sums owed to it by you from any sums that are owed by PSL to you so as to either eliminate or reduce PSL's liability to you.

**Time shall be of the
Essence**

The use of this term in relation to any payment, delivery or other obligation you have to PSL means that PSL shall be entitled to terminate these terms and, if appropriate, claim damages from you if you fail to perform your obligation in accordance with the time specified. It is intended to ensure that the relevant deadlines are strictly complied with.

ANNEX 2

CCP and CSD Transactions

1 Settlement of CCP and CSD Transactions

1.1 In order to settle transactions on your behalf, PSL will need to deal with the other party to the transaction (the “counterparty”) and sometimes transactions will be settled through a central counterparty (“**CCP**”) or a central securities depository or other securities settlement system (“**CSD**”) or other depository transfer agent or similar body. When PSL deals with these parties, it does so as your agent, in good faith and on the basis that:

- (a) PSL is not responsible for any default or failure of the **CCP**, **CSD** or other counterparty or of any depository or agent of those entities; and
- (b) the delivery of any securities or payment to you as a result of the transaction is entirely your risk and not that of PSL.

1.2 In some cases, transactions will be subject to **netting**. You agree, in respect of any transaction which is subject to **netting**, to discharging the settlement obligations on a net basis in accordance with the rules of the relevant **CCP** or **CSD**. You acknowledge that if net settlement takes place then PSL will only be obliged to account to you for any investments or cash in connection with the transaction on a net basis.

1.3 We and you acknowledge and agree that:

- (a) PSL does not owe any duty to us, you or any other person to verify the appropriateness, adequacy or effectiveness of the rules, requirements and procedures of any market or **CCP**; or in relation to any exercise or non-exercise by the market or the **CCP** of its rights or powers under such rules, requirements and procedures; and
- (b) PSL shall have no liability for any loss or damage suffered or incurred by us or you by reason of PSL taking or failing to take any action, where such action or failure to take action is authorised, permitted or required by a market or a **CCP** or is otherwise deemed necessary by PSL under the rules, requirements and procedures of the market or the **CCP**.

2 Limits on PSL’s Liability to you and Indemnities you give to PSL

If any net settlement takes place then PSL’s only obligation to account to you will be to account for the net investments and/or cash received by it from any relevant **CCP**, **CSD**, or their respective agents, corresponding to the transactions relevant to the net settlement entered into on your behalf. In addition you agree that PSL shall have no liability to you in connection with the exercise by any **CCP**, **CSD**, or their respective agents of their powers under any Power of Attorney or equivalent right or power in respect of any settlement account operated by or on behalf of PSL in connection with the settlement of any transaction.

ANNEX 3

Overseas Investments

1 Settlement of Transactions

If a transaction is undertaken on your behalf on non-UK markets, it will be subject to the rules of the relevant overseas exchange, clearing system and/or depositary and to any terms of any foreign agent or custodian employed by PSL. These rules and terms may include, but are not limited to, such persons having the right to reverse a transaction (including reversing the delivery or re-delivery of any investment and any payment) even after it has been settled. In view of the number of markets and counterparties which may be used it is not possible to outline all of the potential rules and obligations that may apply in such cases.

2 Client Money

If your money is held by a credit institution or bank outside the UK or EEA or your money or investments are passed to a third party then it is important you understand that the legal and regulatory regime applying to that credit institution, bank or other third party will be different from that of the United Kingdom or the EEA. This means, amongst other things, that the rights and protections you have under the FCA Rules will not be available in respect of those banks or credit institutions or third parties. Other rules and regulations may apply to them under local law but your rights and obligations are likely to differ, particularly if such party is in default

3 Custody and administration of your investments

3.1 Whether or not they are registered or recorded in the name of PSL, or an **Eligible Custodian**, investments belonging to you which are held abroad may be subject to different settlement, legal and regulatory requirements from those applying in the UK or the EEA. Your rights may therefore also differ. In particular, such investments, by their nature may require, in order to effect settlement of your transaction, that the investment is held in a country that may not impose specific regulation covering the safekeeping of investments. Subject to PSL, satisfying itself that the arrangements for the holding of your investment in such market by the **Eligible Custodian** it appointed are adequate (based on the due diligence referred to in clause 3.2 of this Annex 3), PSL will deposit such investment with such **Eligible Custodian** notwithstanding the risks outlined in this Annex 3.

3.2 PSL will exercise due skill, care and diligence in the selection, appointment and periodic review of any **Eligible Custodian** it appoints (including the regulatory rules applicable to such **Eligible Custodian**) and the arrangements for the holding and safekeeping of your investments. It is important that you understand PSL is not responsible for anything done or not done, or any default of an **Eligible Custodian** unless that default is caused by the negligence, fraud or wilful default on the part of PSL or any of its nominee companies. Although PSL will seek to make sure that adequate arrangements are made to look after your ownership rights in any investments (especially in

the event of its own insolvency) you should understand that your investments may be at risk if an **Eligible Custodian** becomes insolvent.

- 3.3 Overseas investments may be registered or recorded in the name of PSL or in the name of an **Eligible Custodian**. Your acceptance of these terms indicates your consent to the possibility of registration in such manner. However, any such registration in one of these ways will only be done after PSL has taken reasonable steps to determine that it is in your best interests to do so or that it is not feasible to do otherwise because of the nature of the applicable law and market practice in the jurisdiction where the transaction occurs. Registration in this way means that your investments may not be kept separate from other investments belonging to PSL or the relevant **Eligible Custodian**. Your protection may therefore be less, as if the person in whose name your investment is recorded defaults on its obligations, your investment may not be separately identifiable as yours. Accordingly, it may be subject to other third party claims including claims by the general creditors of the defaulting person.

Additional Clauses

Agent as Client

If you are an agent acting on behalf of someone else (whether or not that person (the “Principal”), has been identified to PSL as the person for whom you act) you will be treated as PSL’s client under the FCA Rules and you will also be fully liable to PSL under these terms as if you were acting for yourself. You and your Principal will be jointly and severally liable in the manner described above. In addition, you represent warrant and undertake to us and PSL on a continuing basis that:

- You have full power and authority to instruct us on these terms;
- You have no reason to believe that any such underlying client will not be able to meet any settlement or other payment obligation under these terms;
- At the time you instruct us to undertake a transaction for such underlying client there are sufficient funds or assets under your authority to permit settlement and you will not subsequently execute transactions which could result in insufficient funds or assets being available;
- To your knowledge any transaction undertaken for any such underlying client will be its valid and binding obligation enforceable against it in accordance with its terms subject to bankruptcy and other applicable laws;
- You have no reason to consider that any such underlying client is or is likely to become insolvent;
- You have obtained and recorded evidence of the identity of any such underlying client or any underlying principal of such person in accordance with applicable laws and regulations (including without limitation anti money laundering regulations); and
- You will provide to us and PSL such information and written confirmations in relation to any such underlying client as we or PSL reasonably require to comply with all applicable laws and regulations.

Trustee as Client

Where you are acting as a Trustee on behalf a trust (the “Trust”), as well as being jointly and severally liable to PSL in the way described above, PSL will treat the trustees as its client and not any beneficiary of the Trust. We shall warrant to PSL that::

- We will only cause PSL to be obliged to settle any transaction where we have full management control and full authority to instruct use of sufficient of the assets or cash of the Trust to meet any obligation incurred by PSL on behalf of the Trust and that we have full authority to direct the custodian, if any, of the underlying customer’s assets and cash to meet any obligations so incurred and that we have sufficient authority and consents to perform our obligations under these terms.

- We are not aware of any reason why the cash or assets of the Trust which are the subject of our management (as described above) could not be used to meet such obligations.
- We will not effect any transaction for the account of the Trust if we have any reason to believe that the Trustees of the Trust will not be willing or able to meet their obligations in respect of such transaction and will notify PSL as soon as reasonably practicable if we have any reason to believe that the Trustees will not be willing or able to meet their obligations in respect of any transaction; and
- We believe on reasonable enquiry and on reasonable ground that the Trustees of the Trust will have all requisite power and legal capacity to enter into any such transaction and to perform their obligations under these terms.

In your capacity as Trustees of the Trust you acknowledge and agree with PSL that:

- You will supply us with all relevant information of which you are aware in relation to the matters covered by our above warranties and you will not do anything to cause us to be in breach of our obligations as set out above;
- Any payment or accounting made by PSL to any one or more of the trustees will be treated as made to all of them;
- If you (or where you are more than one person any of you) become aware that any warranty given to PSL above has become untrue you will notify PSL and us in writing as soon as reasonably practicable on becoming so aware; and
- Your aggregate liability to us PSL and any other person under these terms shall be limited to the net value of the asset from time to time under your control in your capacity as the Trustees of the Trust save that this limitation shall not apply in respect of any liability to PSL for any breach of your obligations to PSL under this sub-clause.

Progeny

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