

## 1. Introduction

These Terms of Business set out the Terms under which we shall provide your financial services. They replace all earlier conditions. Please read them carefully and ask us to explain any point not clear to you. These Terms of Business constitute the formation of a contract between you and Direct Sharedeal Ltd (DSL) of 4 West Regent Street, Glasgow G2 1RW who will provide settlement, safe custody, nominee and associated services. DSL is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange. These Terms of Business will come into effect on the date that we receive your correctly completed application form and Identification documents. Other services are available and are subject to additional Terms and Conditions. By accepting these terms you confirm that:

- (a) DSL will provide you with settlement, safe custody, nominee and associated services;
- (b) You agree to be bound by these Terms and Conditions.

## 2. Classification

On the basis of the information that you have supplied to us, we have classified you as a Retail Client for the purpose of FSA rules. This classification provides you with the highest level of protection available to you under those rules. If you are acting as agent for someone else, we will treat you alone as our customer for the purposes of FSA rules and you will be liable to that person in respect of your transactions.

## 3. The Services We Will Provide

3.1 If you are designated as an execution-only client or if you have not supplied us with sufficient information (either orally or in writing) about your investment objectives, financial circumstances and the degree of risk you are prepared to accept or when, even though you have previously supplied us with information, we may reasonably believe that you are not expecting us to advise you about the merits of a particular transaction, then we will not make any personal or product investment recommendations. Nothing in our literature or in these Terms & Conditions should be treated as a solicitation or recommendation to buy, sell or maintain any product. We will action all instructions on an 'execution-only' basis. This means that we are only able to act on the instructions that you provide. We cannot give you advice about what instructions you should give us. You are responsible for the investment decisions that you make when you engage our services as an execution-only customer. We do not accept responsibility on a continuing basis for advising you on the composition of your portfolio.

3.2 If you are designated as an advisory customer we accept responsibility for advising you as to the merits of any particular investment based on the information supplied by you in our Financial Questionnaire pertaining to your individual circumstances, requirements and objectives. We may provide you with investment advice on your request. Information supplied by you, via our Financial Questionnaire, should be updated as necessary before we give you advice on a particular transaction and recommend it as suitable for you. If you do not inform us of any investment or types of investments, which you do not wish us to recommend or purchase for you, we may recommend to you any investment. (However under the rules of the FSA, we may recommend to you any investments which we have reasonable grounds for believing are suitable for you). Unless you have specifically requested and have agreed to our Discretionary Terms of Business under separate cover, we will not undertake discretionary management of your investments, any investment advice we give you is provided on the understanding that we do not accept responsibility on a continuing basis for advising on the composition of your portfolio.

3.3 We may arrange transactions on your behalf in the following investments:

- (a) Shares in British or foreign companies;
- (b) Debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments including government, public agency, municipal and corporate issues;
- (c) Warrants to subscribe for investments falling within (a) or (b) above (prior to doing so, you will be required to enter into a separate written agreement with us, outlining certain risk disclosure statements);
- (d) Depository receipts or other types of instruments relating to investments falling within (a), (b) or (c) above;
- (e) Options on investments falling within (a), (b) or (c) above provided the related transaction has no contingent liability;
- (f) Options on investments falling within (a), (b) or (c) including options on an option;
- (g) Futures on investments falling within (a), (b) or (c) above;
- (h) Units in unit trusts, mutual funds and similar schemes ('mutual funds'); and
- (i) Investments, which are similar or related to any of these investments.

3.4 We may undertake transactions for you on an execution only basis. In relation to shares there will be no further information required and we will carry out your instruction without providing advice. For complex products such as derivatives and warrants we may request additional information from you to assess if the product is appropriate, should you choose not to provide this information we cannot guarantee that the investment will be suitable for your needs.

3.5 We may undertake transactions for you in units in unregulated collective investment schemes. Before we provide services in relation to warrants, you will be required to enter into a separate written agreement with us, outlining certain risk disclosure statements.

3.6 We may arrange the aggregation of orders, which may, or may not, result in a more favourable price being obtained. We will only arrange this aggregation of your orders with other orders where we believe that doing so is in your best interests.

3.7 The Services will be provided in respect of investments traded on the Official List of the London Stock Exchange, the Alternative Investment Market, Plus Markets, Irish Stock Exchange, or such other recognised investment exchange or unquoted securities which we may agree with you from time to time.

3.8 Once accepted by us, your order is irrevocable, unless prior to execution at a particular order, you receive confirmation from us of any amendment or cancellation of your order. We will provide best execution as required by the FSA rules.

3.9 All contract notes, confirmations and other notices or communications under these Terms will be dispatched or transmitted to you at the address shown in our records and shall be conclusive & binding on you unless objection in writing is received by us within one business day from receipt by you.

3.10 We, an associate or our respective employees may communicate an unsolicited real time communication to you where we consider this to be appropriate. You agree that we may make such a communication.

3.11 Deal quotations are available on request. You acknowledge that the market price may have changed between the time at our giving a quotation and the execution of your instructions.

3.12 When we accept your order, we will use reasonable endeavours to carry it out. However, we will not be liable for any loss or expense which you incur if we are unable to carry out an order for any reason (other than our negligence) or there is a delay or change in market conditions before the transaction is completed.

3.13 Where there is more than one person who is party to a joint account under these Terms any instruction, notice, demand, acknowledgement or request may be given by any one of you, and any such communication will be treated as binding on the other(s). If you give us conflicting instructions, we will not have to act on them. Any notice given by us under these Terms to any participant in a joint account will be deemed to be notice to each person interested in the account. If you are a party to a joint account your liability will be jointly and severally, on the death of an individual, or dissolution (if applicable) of any one of you, we may treat the survivor(s) as the only person(s) entitled to your money and investments.

## 4. Potential Conflict of Interest

4.1 You acknowledge that when we process an instruction from you, we or a connected person may have a material interest in relation to the investment or transaction concerned which may give rise to a conflict of interest.

4.2 You agree that in such circumstances:

- (i) We are not required to disclose any such interest to you; and
- (ii) We (or, where relevant, any connected person) may process your instruction and enter into the transaction notwithstanding such interest and we are not required to account to you for any income, gain, profit, benefit or other advantage arising from doing so provided that we do not contravene the rules of the FSA.

4.3 However, we require our employees to comply with an independence policy. This means that they must disregard any material interest or conflict of interest when providing our Services to you. Such a conflict may arise because;

- (i) We may deal in investments where a connected person is involved in a new issue, rights issue, takeover or similar transaction concerning the investment;
- (ii) We may match your transaction with that of another customer;
- (iii) We may trade or deal in investments purchased or sold by you.

## 5. Best Execution

5.1 We have a duty to provide best execution for you and we will take all reasonable steps to achieve this taking into account the execution factors. The factors we will consider are those which will allow us to obtain the best possible result in terms of total consideration (price and costs of execution) in accordance with the Rules of the FSA. In order to obtain the best outcome for you we will use the best trading venue from the list of venues we have elected to use. We will add or delete Venues in accordance with our obligation to provide you with the best possible outcome. Our Order Execution Policy and a list of Execution Venues can be obtained on requests or by accessing it from [www.directsharedeal.com](http://www.directsharedeal.com).

5.2 Should you provide specific execution instructions to us, this may prevent us from taking the steps that are necessary to achieve the best possible result in respect of the order to which the instructions relate.

## 6. Risk Warnings - General

6.1 This notice is provided to you as a Retail customer in compliance with rules of the Financial Services Authority (FSA). (Retail customers are afforded greater protections under these rules than other customers and you should be aware of your rights of access to the Financial Ombudsman Service and other benefits). Please remember that the price or values of investments can go down as well as up. You may not get back the amount invested. Past performance is not necessarily a guide for future performance.

6.2 Foreign Markets - Foreign markets will involve different risks from the UK markets. In some cases the risks will be greater. On request, DSL will provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which it will accept liability for any default of a foreign firm through whom it deals. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

6.3 Non-Readily Realisable Investments - We may enter into transactions on your behalf in non-readily realisable investments (investments in which the market is limited or could become limited). Non-readily realisable investments can be difficult to deal in and it can become difficult to determine what is a proper market price for them. Please inform us on the Client Information Form if you do not wish us to buy such investments for your portfolio.

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

6.5 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. Placing a stoploss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the specific price.

6.6 Clearing House Protections - On many exchanges, the performance of a transaction by DSL (or third party with whom they is dealing on your behalf) is 'guaranteed' by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the customer, and may not protect you if DSL or another party defaults on its duty to you. On request, DSL must explain any protection provided to you under the clearing guarantee applicable to any on exchange derivatives in which you are dealing. There is no clearing house for traditional options, nor normally for off-exchange instruments, which are not traded under the rules of a recognised or designated investment exchange.

6.7 Insolvency - In the event of Direct Sharedeal's insolvency or default, or that of any other brokers involved with your transaction, this may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets, which you lodged as collateral and you may have to accept any available payments in cash. On request, DSL must provide an explanation of the extent to which it will accept liability for any insolvency of or default by other firms involved with your transactions.

6.8 PLUS/AIM - Direct Sharedeal participates in Alternative Investment Market (AIM) and PLUS Markets shares, all of which carry a higher degree of risk than blue chip investments and there is always the possibility of losing the capital sum invested. Investment should be restricted to the maximum one can afford to lose. These investments may not be

suitable for everyone and if you have any doubt regarding suitability please contact your regular investment adviser. Direct Sharedeal and/or its connected companies and/or directors or employees and/or members of their families may from time to time have a material interest (including options) in relation to an investment in which we deal on your behalf and may add or dispose of such securities from time to time. It is more difficult to buy and sell shares in small companies and it may not always be possible to deal. Market Makers operate with a wide spread between buying and selling prices for small companies and this spread and fluctuations in the share price may mean that you do not get back the full amount invested. AIM and PLUS markets are designed primarily for emerging or smaller companies. Both the AIM and Plus Market Rules are less demanding than those of the Official List of the London Stock Exchange. The past is not necessarily a guide to future performance.

## 7. Risk Warnings - Securities Subject to Stabilisation

7.1 This statement complies with FSA rules. Direct Sharedeal may from time to time carry out transactions in securities on your behalf, where the price may have been influenced by measures taken to stabilise it. You should read the following explanation carefully.

7.2 Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. The FSA allows stabilisation in order to help counter the fact that, when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found. Stabilisation will be carried out by a 'stabilisation manager' (normally the firm responsible for bringing a new issue to the market). As long as the stabilisation 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.

7.3 The Stabilisation Rules: limit the period when a stabilising manager may subsidise a new issue; fix the price at which he may stabilise (in the case of shares and warrants but not bonds); and require him to disclose that he may be stabilising but not that he is actually doing so. The fact that a new issue or a related security is being stabilised should not be taken as an indication of the level of interest from investors, nor of the price at which they are prepared to buy the securities.

## 8. Charges and Payments for Transactions

8.1 Our charges will be in accordance with our published rates in effect at the time the charges are incurred, there will be an "other charge" for each contract to cover settlement / compliance costs. A copy of our published rates will be made available to you at or before the time the charge is incurred. You agree that we can deduct these charges from your account with us.

8.2 In addition to our charges you will be responsible for payment of:

- (i) any stamp and other duties, taxes of whatsoever nature, impositions and fiscal charges (in each case wherever in the world imposed), brokerage clearing and settlement fees, transfer fees, registration fees and all other liabilities, charges, costs and expenses payable or incurred by us on your behalf; and
- (ii) any applicable value added tax or similar charge.

8.3 We may impose certain additional charges as set out in our published rates which you shall be liable for in the event that you fail to comply with your obligations under these Terms. In particular, if you default in paying any amount when due, interest will be payable by you at the rate specified in our published rates, and in addition you will be charged for each letter concerning your breach of your obligations.

8.4 If we should enter into a transaction on your behalf using the London Stock Exchange SETS trading system or any other trading system which imposes any liability on us (in whatever capacity) we reserve the right to make additional charges to reflect the additional risk we are incurring including (without limitation) a mark-up or mark-down on the price of the investment concerned (that is at a premium or discount to the amount at which we will actually purchase or sell the investment concerned). Should we do so you will be notified at the time and details of any additional charges will be shown on the contract note issued to you.

8.5 In addition to paying any commission and charges due to us you will reimburse us for any costs and expenses which we may incur which are directly attributable to you. These charges may include (without limitation) the costs of providing information to third parties (such as your accountants or auditors), valuations, or our involvement in legal proceedings brought against you.

## 9. Your Assets

9.1 Direct Sharedeal will hold client money. Money held by us on your behalf will be dealt with in accordance with the FSA (client money) rules, which requires us to hold your money in a separate bank account with an approved bank. Your money will be held by the approved bank with other clients' money in a pooled client account. Any funds held by Direct Sharedeal as client money will not attract any interest payments. Unless in settlement of an invoice for fees, all cheques should be made payable to Direct Sharedeal. Any stock held by our custodian on your behalf will be held in DSL Nominees.

9.2 When you deal in investments overseas, you agree that we may hold your money at any approved bank or pass your money to an intermediate broker, settlement agent or counterparty outside the UK. In such circumstances, the legal and regulatory regime applying to the bank, broker, agent or counterparty with which your money is held will be different from that of the UK and in the event of a default of the bank, broker, agent or counterparty your money may be treated differently from the position which would apply if the money was in the UK.

9.3 Any balances due to you which are unclaimed by you on an account which has not been active for six years will cease to be client money and will be retained by us. We will take reasonable steps to locate you and give you at least 28 days notice should we intend to exercise these rights and should we do so we undertake to make good any valid claim that may be subsequently made against any balances we have retained in this way.

9.4 We will send you a statement about your funds and investments at least twice a year or annually if you have advised us of this in writing. This will be based upon the midprice of the investments held at the specified date. You may obtain an up to date statement at any time, which will be chargeable.

9.5 We shall be entitled at any time with or without notice to you to debit your Account for any amounts due to us. We will be entitled to set off any amount due to you against any amount due to us, paying you or you paying us the resultant net balance.

9.6 Your investments will be pooled with investments held for other investors. This means that your investments will not be identified by separate share certificates. If DSL defaults and, for example, there is not holding enough investments to satisfy its obligations to all its investors, the investments will be shared out among them approximately in proportion to their holdings. This will not affect your other legal rights. Dividends, interest payments and cash entitlements due to you will be paid promptly to your account. DSL will accept dividends in cash unless they agree otherwise.

## 10. Instructions

10.1 You agree to check all the documentation that we send to you in relation to your instructions. If there are any errors, you must let us know immediately. If we notice that there is an error in the documentation that we have sent to you in relation to your instructions, we will re-issue correct documentation immediately. You agree to return the original incorrect documentation to us and to repay any overpayments.

10.2 If you fail to comply with 10.1 you may be committing a criminal offence. We will charge you interest on the overpayment and we will have the right to purchase replacement investments. You will pay for the investments and any costs.

10.3 If we are negligent and we fail to accurately carry out your instruction, we will ask you to choose one of the following options in 10.4 or 10.5 (as appropriate).

10.4 Instructions to buy an investment. We will either:

- (i) buy investments to put you in the position that you would have been in if we had carried out your instructions correctly; or
- (ii) pay you the difference between the price that should have been paid for the investment and the price that you actually paid.

10.5 Instruction to sell an investment. We will either:

- (i) pay you the difference between the price that you obtained on the sale and the price that you should have obtained if we had carried out your instruction correctly; or
- (ii) if the value of the investment has risen from the price that you should have obtained, you can keep the investment so that you can sell it at the higher price.

10.6 You must take all reasonable steps to ensure the security of your account. We are not responsible for your acts or omissions, including losses arising from fraud, willful neglect or negligence.

10.7 We cannot sell investments for you unless you have the right to sell them. In giving us an instruction to sell an investment you are confirming that you own or have the right to sell that investment.

10.8 We may rely on and treat as binding any instruction, which we have accepted in good faith, and which we believe to be from you or someone entitled to instruct us on your behalf.

10.9 We may accept instructions from you verbally or in writing. However, we may, entirely at our discretion, require any instructions given verbally to be confirmed in writing. In the case of a joint account we shall require both account holders instructions prior to proceeding.

10.10 We may entirely at our own discretion accept limit orders from you. We may accept such orders on a 'fill or kill' basis or a 'good for the day' basis. We will use our reasonable endeavors to execute such orders, however, we do not guarantee that they will be executed even if the relevant price is met.

10.11 We may acknowledge your instructions verbally or in writing (i.e. by post or email). Instructions may only be given during applicable market hours on Business Days. Any validly-submitted instructions received by us outside these hours will be processed on the following Business Day.

10.12 We will assume you have received a communication from us 2 days after we post it to you by 1st class post, 5 days after we post it to by 2nd class post, immediately if sent by fax or when it is received by your internet service provider if sent to you by email.

10.13 We reserve the right at any time to:

- (i) refuse any instructions;
- (ii) limit the size or value of any instruction;
- (iii) impose any or vary any dealing limit; and/or
- (iv) seek additional clarification or verification of instructions where we believe these are unclear. In particular, where investments are held in the name of another person, we may not act on your instructions until we have received satisfactory proof of your authority to deal for that other person.

10.14 You must send us any dividends or other benefits which you receive but are not entitled to, or when we claim them from you.

10.15 You will not be held responsible for deals placed using your account code if they have been placed after you have notified us of the loss, unauthorised use or disclosure of your details.

10.16 You agree to let us know immediately if you:

- (i) lose or disclose your account code, or if it is stolen or if you find out that someone has used your account code without permission;
- (ii) do not receive confirmation by post that we have carried out your dealing instructions within three business days of you placing them;
- (iii) receive confirmation of a deal which you did not place.

## 11. Settlement

11.1 Whenever we execute your order we will confirm the transaction by sending you a contract note in accordance with the FSA Rules showing amounts due to you or from you on the stated given settlement date and giving other essential details of the transaction.

11.2 In every case you are obliged to make available cleared funds to settle purchases on or before the settlement date, or if you are selling investments, to deliver to us the investments being sold at least two business days prior to the settlement date. Failure to fulfil your obligation may result in further charges as detailed in our published rates.

11.3 All transactions are undertaken with the object of actual settlement. We reserve the right not to settle transactions or accounts with you unless and until we have received all necessary documents or money.

11.4 Please note that should you fail to comply with your settlement obligations we may exercise all or any of the rights we reserve to apply the additional charges referred to in 8.3 above.

11.5 Any documents of title shall be dispatched to you by first class post or courier and to the latest address notified to us by you and at your sole risk, we shall have no responsibility for any failure in delivery to you on the part of the postal system. If within 28 days of the settlement date of your bargain you do not receive a certificate for a purchase and/or a balance certificate in respect of a sale you must telephone us immediately, we will accept no responsibility for any non-delivery outside this deadline where our records show the certificate has been dispatched. Your credit limit will be £10,000 unless otherwise agreed. If you are trading frequently you will be required to have at credit of your Cash Management Account, a sum equal to 20 per cent of our exposure to your trades at any time.

## 12. Data Protection and Disclosure of Information

12.1 For the purpose of data protection legislation, as amended from time to time, you agree that our associates and we may process personal data relating to you (using computer systems or otherwise) in carrying out our duties under these Terms.

12.2 We have certain responsibilities under FSA rules to verify the identity of clients and may need to make certain enquiries and obtain certain information from you for that purpose. You confirm that all information you supply will be accurate and you consent to us passing on such information, as we consider necessary to comply with any reporting requirements.

12.3 You agree that we, and our associates, may hold all the information you provide on computer for administration, marketing and risk assessment purposes. We may also disclose your personal information to third party credit reference agencies in order to search their files. Such credit reference agencies will record the search. By signing the Client Information Form, you consent to your personal information being used in this manner. If you do not wish your information to be used for marketing purposes, please inform us accordingly.

12.4 We may use, store or otherwise process personal information provided by you or us in connection with the provision of the services for the purposes of providing the services, administering your account or for purposes ancillary thereto, including, without limitation, for the purpose of credit enquiries or assessments.

12.5 The information we hold about you is confidential and will not be used for any purpose except as stated in these Terms. Information of a confidential nature will be treated as such provided that such information is not already in the public domain. Information of a confidential nature may be used in the following circumstances:

- (i) where required by law or if requested by any regulatory authority or exchange having control or jurisdiction over us (or any associate);
- (ii) to investigate or prevent fraud or other illegal activity;
- (iii) to any third party in connection with the provision of services to you by us;
- (iv) for purposes ancillary to the provision of services or the administration of your account, including, without limitation, for the purpose of credit enquiries or assessments;
- (v) if it is in the public interest to disclose such information; or
- (vi) at your request or with your consent.

12.6 By signing these Terms, you will be consenting to the transmittal of your data outside of the EU/EEA for the purposes outlined in 12.5 above.

12.7 In accordance with the Record Retention Statement below, you will not be at liberty to request the destruction or deletion of any record pertaining to yourself unless we are required to do so by force of law or other regulatory requirement. Under the Data Protection Act 1998 (the Act) and in order to facilitate our communications with you and our running of your affairs, you consent to our recording relevant personal information on our firm's computer system and when necessary disclosing such information to third parties in carrying out your instructions. We will supply to you at your request, on payment of a fee, a copy of the data relating to you and will provide you with a description of the data and the purposes for which it is processed, and with details of the source of the data and any potential recipients of the data. In the first instance, you should direct any such request to us. You should let us know if you think any information we hold about you is inaccurate, so that we may correct it.

12.8 We may contact you about our products and services which we believe may interest you, unless you inform us otherwise in writing.

12.9 You agree we may record all telephone calls without your specific consent. These recordings shall remain our sole property and you agree that they will be conclusive in the case of any dispute that may occur.

12.10 In accordance with the legal and regulatory requirements, we will retain your records, for a minimum period of six years following the termination of any relationship between us. This period may be extended by force of law, regulatory requirement or agreement amongst us.

## 13. Complaints and Compensation

All complaints should be directed in the first instance to the company Compliance Officer at the following address: Direct Sharedeal Limited, 4 West Regent Street, Glasgow, G2 1RW. We will endeavour to resolve your complaint as quickly as possible, but in any event will acknowledge receipt of your letter within five business days. The acknowledgement will include a full copy of our internal complaints handling procedure. Upon resolution of your complaint, we will send you a final response letter, which sets out the nature of that resolution and any applicable remedy. If, for any reason, you are dissatisfied with our final response, please note that you are entitled to refer your complaint to the Financial Ombudsman Service. A leaflet detailing the procedure will be provided in our final response. We participate in the Financial Services Compensation Scheme and will provide you with details of the cover and protection that the scheme provides you with upon request. Further information is also available from the Financial Services Authority.

## 14. Treating Customers Fairly Principles

### 14.1 Strategy and Behaviours:

- (i) Treating Customers Fairly is implicit to Direct Sharedeal's ethos of being a 'user friendly' stockbroker. This method of transacting business is core to our culture and the way that our people behave and do business;
- (ii) In setting our commercial objectives we will fully take account of our principles of treating Clients fairly.

### 14.2 Product & Service Design:

- (i) We will develop & market products and services based on a clear understanding of the requirements of the Clients;
- (ii) We will monitor market changes and we will respond accordingly to ensure the continued appropriateness of our products and services.

### 14.3 Customer Communication:

- (i) We will provide information to customers about the benefits, risks and costs associated with our products and services to help them understand what they can reasonably expect;
- (ii) We will provide appropriate information in a way that aims to be clear, fair and not misleading;
- (iii) We will pay due regard to our customers' information needs in a timely way.

### 14.4 Customer Expectations

- (i) We will honour the promises we have made to our customers;
- (ii) We will identify common underlying causes of complaints and take actions to eliminate the root causes.

### 14.5 Intermediaries:

- (i) We will communicate our Treating Customers Fairly principals to our Intermediaries so that they can take them into account in considering the practices they adopt in their dealings with customers;
- (ii) We will provide our intermediaries with appropriate information on our products.

For further information about Direct Sharedeal's TCF principles, initiatives or further support please contact your Direct Sharedeal adviser.

## 15. Amendment

We reserve the right to alter these Terms at any time. Alterations may be made to make it fairer to you, more easily understandable, correct a mistake, cover a development in the service, reflect a change in market conditions or practice, reflect a change in the law or regulation or any code or application of practice, reflect a change in technology, cover a development or change on our service or facilities, ensure good management or competitiveness of our business or for any other reason that we may deem to be valid. You are deemed to have consented to any alteration that may be effected to these Terms if we do not receive notification otherwise from you, in writing, within the time that the changes were notified to you and their coming into effect.

## 16. Limitation of Liability

16.1 Unless caused by our fraud, wilful default or negligence, we will not be liable to you for any loss suffered by you in connection with these Terms; this includes any loss of profits, indirect, consequential or incidental damages, liabilities, claims, losses, awards, proceedings and costs.

16.2 We will not have any liability to you in the event that we do not act on your instructions or are unable to provide any service under these Terms as a result of some factor that is beyond our reasonable control (for example, act of God, failure of computer or related systems, failure of market systems or failure of any third party to provide any service to which these Terms relates).

16.3 Direct Sharedeal shall not be liable for any loss arising other than as a result of its own negligence or wilful default or contravention of FSA rules and, in any event, will not be liable for any indirect or consequential loss (including loss of profit).

16.4 Direct Sharedeal shall have no liability for any circumstance or failure to provide any service if such circumstance or failure results from any event or state of affairs beyond the control of Direct Sharedeal, including, without limitation, any failure of communication or computer systems or equipment or the suspension of trading by any exchange or clearing house. Nothing in these Terms is intended to have the effect of excluding any liability to you, which by law or FSA rules cannot be excluded.

16.5 In the absence of instructions from you, DSL reserve the right to take any action we consider appropriate to protect our interests. If they do so we reserve the right to pass onto you any cost, loss and expenses that may be incurred in their doing so.

## 17. Indemnity

17.1 Subject to our duties and liabilities under the Financial Services and Markets Act 2000 and FSA rules, we shall not be liable for any loss or damage suffered by you in connection with the provision of any services to which these Terms apply except to the extent that such loss or damage results directly from our negligence, fraud or wilful default.

17.2 You agree to indemnify DSL, and DSL Nominees against any liability or expense which may be incurred in the proper exercise of our powers and duties.

17.3 You agree that the only duties or obligations we owe you are those set out expressly in these Terms and that we do not owe you any other or further duties or obligations (whether arising from the fact that we are acting as your fiduciary or otherwise).

17.4 Nothing in these Terms excludes or restricts any obligation we have to you under the FSA Rules, the Financial Services and Markets Act 2000 or requires you to exempt or indemnify us against any breach by us of any such obligation.

17.5 Under no circumstances whatsoever shall we be responsible or liable for any claim, loss, damage, expense, or cost howsoever suffered arising in consequence of any breach, failure to perform or delay in performing any of our obligations to you arising from:

- (i) any matter outside our control;
- (ii) any breakdown in communications whether between us and you or between us and any exchange or any intermediate broker or other third party through whom we are dealing on your behalf or the failure or defective operation of any computer system; and
- (iii) anything done or omitted to be done by us or the performance or the failure or delay in performance of any of our obligations arising from the absence or inaccuracy of any information provided to us by you or on your behalf or any exchange or any intermediate broker or other third party through whom we are dealing on your behalf.

17.6 Under no circumstances will we be responsible or liable for any consequential loss including but not limited to any loss of business opportunity arising directly or indirectly out of or in consequence of anything done or omitted to be done by us or the breach by us of any obligation due to you. Nor shall we be responsible or liable for the tax consequences of any transaction which we may effect for you.

## 18. Termination

18.1 Either party may terminate this Agreement at any time by giving the other notice in writing, which will be effective immediately.

18.2 Any termination is subject to the settlement of any outstanding transactions and the payment of any charges and other amounts due (which become due and payable immediately). If you request us to re-register or transfer your securities, you will be liable to a fee to cover the cost.

18.3 If you want to close your account and terminate this agreement, you must send us written and signed notification of that. Your account will not be closed merely because there is a nil balance or you have sold all of your investments. If charges accrue on the deposit accounts, you will still be liable for them and we retain the right to debit your deposit account in the usual way.

18.4 We reserve the right to regard an account as dormant and therefore eligible for termination of this agreement if your account fits our dormancy criteria. Please contact us if you require further details of what this means.

18.5 If we exercise our right to end or suspend your use of the service we will not be liable for any losses, which may be suffered by you due to a decrease in the value of your investments between the date you purchased, and the date we sold them.

18.6 In the case of an individual, this Agreement will terminate automatically when we receive notification of your death.

18.7 This Agreement will automatically terminate in the event of Direct Sharedeal entering into insolvency, being convicted of criminal activity or being in material breach of its fiscal responsibilities.

## 19. General

19.1 No failure or delay by either of us in exercising any right, power or privilege in these Terms shall operate as a waiver thereof nor shall any single or partial exercise by us of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

19.2 The rights and remedies herein provided are cumulative and not exclusive of any rights and remedies provided by law. Retail Client Terms of Business services in order that they may advise their customers appropriately.

19.3 You consent to our assigning, or transferring responsibility for the performance of any of our obligations in these Terms and the rights or benefits hereunder to such transferee as we may determine, provided such transferee shall (if required) be permitted to carry on the same business as us.

19.4 We may also appoint sub-contractors, agents or other parties and otherwise delegate such obligations and functions as we shall be required to perform in accordance with these Terms, as we shall in our absolute discretion determine.

19.5 Your rights under the Terms are personal to you and are not capable of assignment, your obligations under the Terms may not, without our prior written agreement, be performed by anybody else.

19.6 To avoid any misunderstanding:

(i) in the event of there being any inconsistency between any of these Terms and any relevant rule of the FSA or any exchange or market (including any associated clearing house or clearance system) the relevant rule will take precedence;

(ii) in these Terms any reference to any statute, subordinate legislation including without limitation the FSA rules or rules of any exchange or clearing house shall be to such statute, subordinate legislation or rules as amended or extended from time to time.

19.7 In the event that any provision or any part of any provision of these Terms is held to be unenforceable or illegal, in whole or in part, such provision or part shall to that extent be deemed not to form part of these Terms but the enforceability of the remainder shall remain unaffected.

19.8 The Contracts (Rights of Third Parties) Act 1999 shall not apply to these Terms and only the parties to it may enforce and benefit from these terms.

19.9 We may amend, suspend and/or terminate any or all of the Services at any time, where reasonably practicable we will give advance notice of this but this may not always be possible and/or practical for business reasons.

19.10 We may employ agents selected by us on any terms which we think appropriate.

## 20. Entire Agreement

These Terms are subject to Scottish Law and you agree to submit to the exclusive jurisdiction of the Scottish courts in the case of any dispute regarding them. These Terms sets out the all of the terms and conditions relating to our provision of these services to you subject to any subsequent amendments that may be notified. You agree that if any part of this agreement is found to be invalid or unenforceable by any court, this will not affect the rest of the agreement, which will remain in full force and effect.

## GLOSSARY

### **AIM**

The Stock Exchange introduced a new, less regulated, market in June 1995. This is the Alternative Investment Market (AIM). It is designed primarily to enable trading in new, small and growing companies. A Press Release dated 20 February 1995 confirmed that shares and securities on AIM do not fail to be treated as quoted or listed for tax purposes.

### **Clearing house**

A company through which transactions on an exchange may be cleared.

### **Debenture**

The investment, specified in article 77 of the Regulated Activities Order (Instruments creating or acknowledging indebtedness), which is in summary: any of the following which are not government and public securities:

- (a) debentures;
- (b) debenture stock;
- (c) loan stock;
- (d) bonds;
- (e) certificates of deposit;
- (f) any other instrument creating or acknowledging indebtedness.

### **Debt instrument**

Debentures, debenture stock, loan stock, bonds, certificates of deposit or any other instrument creating or acknowledging indebtedness.

### **Exchange**

A regulated market or designated investment exchange.

### **Execution-only transaction**

A transaction executed by a firm upon the specific instructions of a client where the firm does not give advice on investments relating to the merits of the transaction.

### **Financial Ombudsman Service**

The scheme provided under Part XVI of the Act (The Ombudsman Scheme) under which certain disputes may be resolved quickly and with minimum formality by an independent person.

### **Nominee company**

A body corporate whose business consists solely of acting as a nominee holder of investments or other property.

### **Penny share**

A readily realisable security in relation to which the bid/offer spread is 10 per cent or more of the offer price, but not:

- (a) a government and public security; or

(b) a share in a company quoted on The Financial Times Stock Exchange 100 Index; or  
(c) a security issued by a company which, at the time that the firm deals or recommends to the client to deal in the investment, has a market capitalisation of £100 million or more (or its equivalent in any other currency at the relevant time).

**PLUS Markets**

A Recognised Investment Exchange established in 1995 specialising in smaller companies. There are around 800 companies listed on PLUS, many of them small, young companies with a high-tech bent. Admission to PLUS is decided by a panel of "wise men" and the only requirement is that companies must publish financial reports twice a year, so the risks are high. Liquidity of PLUS companies is poor as trades are carried out on a matched bargain basis - that is, you can only sell if there is a buyer for your shares - and the bid/offer spreads can be wide. PLUS shares are regarded as "business assets" for CGT purposes in the UK. The PLUS website is [www.plusmarketsgroup.com](http://www.plusmarketsgroup.com).

**Retail customer**

A client who is not a professional client or an eligible counterparty, including:

- (a) an individual who is not a firm;
- (b) an overseas individual who is not an overseas financial services institution.

**Safe custody investment**

A designated investment, which is not the property of the firm, but for which the firm, or any nominee company controlled by the firm or by its associate, is accountable; which has been paid for in full by the client; and which ceases to be a safe custody investment when the firm has disposed of it in accordance with a valid instruction.

**Settlement agent**

A person with or through whom the firm effects settlement of UK-settled or foreign-settled transactions.

**Share**

The investment, specified in article 76 of the Regulated Activities Order (Shares etc), which is in summary: a share or stock in the share capital of:

- (a) any body corporate (wherever incorporated);
- (b) any unincorporated body constituted under the law of a country or territory outside the United Kingdom.

**Stabilisation**

Any purchase or offer to purchase relevant securities, or any transaction in associated instruments equivalent thereto, by investment firms or credit institutions, which is undertaken in the context of a significant distribution of such relevant securities exclusively for supporting the market price of these relevant securities for a predetermined period of time, due to a selling pressure in such securities.

**Terms of business**

A statement in a durable medium of the terms and conditions on which a firm will carry on a regulated activity with or for a client or retail customer.

**Unit**

The investment, specified in article 81 of the Regulated Activities Order (units in a collective investment scheme) and defined in section 237(2) of the Act (other definitions), which is the right or interest (however described) of the participants in a collective investment scheme; this includes:

- (a) (in relation to an AUT) a unit representing the rights or interests of the unit holders in the AUT;
- (b) (in relation to an ICVC) a share in the ICVC.

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