

Important Information

14 November 2011 ("the Effective Date")



0845 0700 720
www.selftrade.co.uk

Changes to Selftrade's Terms and Conditions

Talos Securities Limited ("Selftrade") has obtained deposit taking permissions from the Financial Services Authority ("FSA"). This means that Selftrade will offer deposit taking services to its customers.

Main Changes

As a result of Selftrade's new status, Selftrade can now offer to its customers a choice as to how Client Money is held in their accounts. Customers' cash balances have, to date, been held as Client Money under the rules of the FSA. It will now be possible for customers to opt to hold their money as a Deposit with Selftrade (subject to exceptions detailed in section 7 of our General Terms and Conditions). Further information is available from the leaflet *Making your mind up – Client Money or Deposit?*, which explains the differences between each option. We recommend that you read this leaflet carefully before making your selection. Until you make a selection, your money will remain as Client Money. You may also elect for your money to remain as Client Money. For further information on the options, please visit our website at www.selftrade.co.uk/depositfaqs

For new customers who join Selftrade after the Effective Date (as detailed above), customer's cash will be held as a Deposit, (subject to exceptions detailed in section 7 of our General Terms and Conditions).

It is also a requirement of our Terms and Conditions that existing customers who open a deposit account, for example a Cash ISA, will be required to hold all their cash (including cash held in a Dealing account) as a Deposit with Selftrade.

We have made some changes to our Terms and Conditions to reflect our new status. We have added new Terms to cover our banking services,

which include Cash ISAs – see Part 3 and 3A of our Supplemental Terms and Conditions. We have also restructured our Terms and Conditions to include the references to our new banking services.

Other Changes to our Terms and Conditions

We have updated our Terms and Conditions with current regulations and procedures and also to make these clearer for you.

We have also updated our Important Information section on our Website and amended it to make it clearer which sections form part of your Terms and Conditions.

The main changes to our Terms and Conditions are summarised in Section 1 below and full details of the changes are shown in Section 2. Changes to the Important Information are summarised in Section 3.

The new Terms and Conditions will be posted on our website under the section 'Important Information', 'Terms of Business', at www.selftrade.co.uk/important-information

Please read the information in this document and keep it for future reference.

These changes take effect from the Effective Date (as detailed above), and alter the terms of the contract between you and us. We therefore recommend that you read these carefully as they set out the basis upon which we now provide our services to you and the agreement that we intend to rely on. If there are any provisions that you do not understand or are unsure of, please contact us. Details of our contact lines are shown on the website. You should print a copy and keep it in a safe place for future reference.

1 Summary of changes to the Terms and Conditions

Main terms being changed in our Terms and Conditions	Summary of changes
Part 1 – General Terms and Conditions	These terms incorporate the terms of the previous General Terms and Conditions but excluding those terms that are specific to Dealing Services, which have now been moved to Part 2. Part 1 covers all our Services and should be read together with the Supplemental Terms that apply to your Account. It therefore includes main definitions, information about your right to cancel, our and your responsibilities, how we hold your money, how we communicate with you, charges and other general information applicable to all Accounts. For further details of changes, please see section 2 below.
Part 2 – Supplemental Terms and Conditions for Dealing Services	These terms incorporate the terms of the previous General Terms and Conditions that deal with our Dealing Services only. For further details of changes, please see section 2 below.
Part 2A – Supplemental Terms and Conditions for Shares ISAs	These terms are the current terms that apply to Shares ISAs. These have been updated so that references are consistent with the new structure of our General Terms and Conditions. We have also added section 5.7 regarding new declarations that are required if you do not invest during a Tax Year. Section 6.1 states that you cannot transfer a Shares ISA to a Cash ISA. We have also amended the terms to state that you can invest only in Qualifying Investments (section 7.2) and provided more information as to the action to be taken if you have purchased non-qualifying Investments. You should read this section carefully. We also have added section 9.11 regarding the tax benefits. Please note that these terms must be read together with the General Terms and Conditions in Part 1 and the Supplemental Terms and Conditions for Dealing Services in Part 2.
Part 2B – Supplemental Terms and Conditions for SIPP Dealing Accounts	These terms are the current terms that apply to SIPP Dealing Accounts. These have been updated so that references are consistent with the new structure of our General Terms and Conditions. We have clarified how the terms apply to the SIPP Trustee, the SIPP Member and the SIPP Manager: please see sections 1.5, 3.3 and 5.2. We have also clarified the terms on the provision of contract notes and other statements relating to the SIPP Dealing Account: please see section 6.5. Section 8.1 also clarifies that notice of closure of an Account must be given by both the SIPP Trustee and the SIPP Member. Please note that these terms must be read together with the General Terms and Conditions in Part 1 and the Supplemental Terms and Conditions for Dealing Services in Part 2. We have also clarified in Part 1 how the terms apply to the SIPP Member, the SIPP Manager and to the SIPP Trustee; for further information, please see section 2 below.

Continued overleaf...

1 Summary of changes to the Terms and Conditions (continued)

Main terms being changed in our Terms and Conditions	Summary of changes
<p>Part 2C – Supplemental Terms and Conditions for Child Trust Funds</p>	<p>These terms are the current terms that apply to the Child Trust Funds (CTFs). These have been updated so that references are consistent with the new structure of our General Terms and Conditions. We have also added new provisions on how money is held in CTFs (always as Client Money) and the reinvestment of incomes and gains (sections 9.5 and 9.6). We have provided more information in section 9.2 as to the action to be taken if you have purchased non-qualifying Investments; please read this section carefully. We have also clarified at section 11.1 that you cannot close a CTF Account before the Child attains their 18th birthday, unless other conditions apply. Please note that these terms must be read together with the General Terms and Conditions in Part 1 and the Supplemental Terms and Conditions for Dealing Services in Part 2.</p>
<p>Part 2D – Supplemental Terms and Conditions for the Regular Investment Service</p>	<p>These terms are the current terms that apply to the Regular Investment Service. These have been updated so that references are consistent with the new structure of our General Terms and Conditions. Please note that these terms must be read together with the General Terms and Conditions in Part 1 and the Supplemental Terms and Conditions for Dealing Services in Part 2.</p>
<p>Part 2E – Supplemental Terms and Conditions for the Dividend Reinvestment Service</p>	<p>These terms are the current terms that apply to the Dividend Reinvestment Service. These have been updated so that references are consistent with the new structure of our General Terms and Conditions. Please note that these terms must be read together with the General Terms and Conditions in Part 1 and the Supplemental Terms and Conditions for Dealing Services in Part 2.</p>
<p>Part 3 – Supplemental Terms and Conditions for Banking Services</p>	<p>These are the new terms that apply to our Banking Services. These terms must be read together with the General Terms and Conditions in Part 1 which contain definitions and general information. The Supplemental Terms and Condition for Banking Services cover Deposit Accounts, such as Cash ISAs, and provide information on how to open Accounts, make deposits and close Accounts.</p>
<p>Part 3A – Supplemental Terms and Conditions for Cash ISAs</p>	<p>Our Cash ISAs are not currently available and you will be notified when they are. For information, these are the new terms that will apply to Cash ISAs when these are available. The Cash ISA terms must be read together with the General Terms and Conditions in Part 1 and Supplemental Terms and Conditions for Banking Services in Part 3. You will also find more information on the terms of specific Cash ISAs in the Cash ISA product terms on our Website.</p>
<p>Part 4 – Supplemental Terms and Conditions for the Selftrade TraderTerminal</p>	<p>These terms are the current terms that apply to the TraderTerminal Service. These have been updated so that references are consistent with the new structure of our General Terms and Conditions. Please note that these terms must be read together with the General Terms and Conditions in Part 1 and the Supplemental Terms and Conditions for Dealing Services in Part 2.</p>
<p>Part 5 – Supplemental Terms and Conditions for the Selftrade Identity Monitor</p>	<p>These terms are the current terms that apply to the Selftrade Identity Monitor Services. These have been updated so that references are consistent with the new structure of our General Terms and Conditions. Please note that these terms must be read together with the General Terms and Conditions in Part 1.</p>

2 Details of main changes to the Terms and Conditions (Parts 1 and 2)

Part of Terms and Conditions being changed	Main terms being changed	Summary of changes
Part 1 – General Terms and Conditions	Section 1.3	This section provides that the Terms and Conditions apply to all customers (including SIPP Trustees) and to SIPP Members, Managers and Administrators.
	Section 2 – Definitions	Subject to some exceptions, definitions have been taken from the Supplemental Terms and Conditions and centralised into the General Terms and Conditions. New definitions have been added to cover the new Banking Services. The definition of “you” and “your” includes SIPP Members, Managers and Administrators and the Registered Contact for CTF Accounts. We have introduced a new definition of SIPP Manager where the SIPP Trustee and SIPP Member appoint a third person to manage the SIPP account. We have also made references to the applicability of “you” and “your” to SIPP Members, Managers and Trustees throughout the General Terms and Conditions and clarified which provisions apply to the SIPP Trustee, SIPP Member and the SIPP Manager.
	Section 3 – About us: who we are and how we are regulated	Information on the FSCS and complaints has been moved to the Important Information section on our Website.
	Section 4 – Your right to cancel	This section now includes a reference to Cash ISAs.
	Section 5 – You and your responsibilities	Section 5.1 provides that we treat the SIPP Trustee as our client (and not the SIPP Member), in accordance with FSA rules. We have added to section 5.2 the requirement for you to be a UK resident. Section 5.6 now allows us to share your information with debt collecting and debt tracing agencies for the settlement of debts.
	Section 6 – Investment Clubs and companies	We have added the following words to the end of section 6.1: “and has received legal advice confirming that it is not such a scheme. The lead investor of an Investment Club confirms to us that it has the relevant FSA authorisations and permissions if required.” We have also amended section 6.3 to require that a signed copy of the Club’s minutes is sent to us when changes are made to the Club membership. We have also added more details to this section to clarify which forms must be sent to us if changes occur to the Club.
	Section 7 – Client Money, cash balances, interest, lien and set-off	We can now hold your money either on deposit or as client money. This section has been amended to explain the different options and how your money will be held. Cash balances in a CTF Account will always be held as client money (section 7.5). We will pay interest after making deductions for UK tax on most Accounts (section 7.8). We may use your cash balance (for most Accounts) and will have a general lien over all Investments to reduce any debt you may have (sections 7.9 and 7.10).
	Section 8 – Communication	We have expanded on the list of cases where we need the consent of both joint holders to an Account (section 8.2). We have also amended section 8.2 to require that you notify us of changes to your telephone numbers (landline and mobile).
	Section 9 – Online Services	This new section has been inserted to provide you with information about your use of the Website.
	Section 10 – Liability	This section incorporates past and new terms regarding our liability to you for your use of our Website and Services.
	Section 11 – Intellectual Property	This new section provides information on Selftrade’s trade marks and copyright.
	Section 14 – Charges and Payments	Section 14.1 provides more information on when we may increase our charges. Further changes have been made in this section to clarify how charges are payable. This section has also been amended to explain that we do not provide credit services and expect you to pay all charges and other payments due to us immediately. We have added section 14.16 regarding the payment of discretionary or other managers’ fees, where you have appointed a manager to manage your Account and made arrangements for the managers’ fees to be deducted from your Account.
Section 15 – General	This section provides more information on when we may change our Terms and Conditions and the Important Information section on our Website.	

2 Details of main changes to the Terms and Conditions (Parts 1 and 2) (continued)

Part of Terms and Conditions being changed	Main terms being changed	Summary of changes
Part 2 – Supplemental Terms and Conditions for Dealing Services	Section 3 – Our Dealing Services	This section has been amended to record that our Services can be used for individuals aged 16 for CTFs: section 3.3 provides that “You must be aged 18 or over to use our Dealing Services except in relation to CTF Accounts, which can be opened by individuals who are 16 or over.”
	Section 4 – Risk warnings for Dealing Services	This section now incorporates of our risk warnings. You should read this section carefully.
	Section 5 – Dealing	We have added sub-headings to this section and reviewed the wording to make it easier to read. Section 5.1 now provides that you must give orders to sell only investments that you already hold in a Dealing Account and that it is your responsibility to ensure that your Account has sufficient Investments to enable settlement of transactions that you order.
	Section 6 – Your Investments – How will your Investments be looked after?	We have provided more information on how your Investments are held (sections 6.1 to 6.5) and added additional actions that we may take in the event that your Account becomes overdrawn (section 6.10).
	Section 8 – Responsibility	We have added this new section on our responsibilities if we fail to carry out your instructions.
	Section 9 – Closing a Dealing Account	We have amended the provisions relating to the closure of Accounts, now in section 9. Section 9.1 provides deadlines for the closure of your Account should you instruct us to do so. Section 9.2 allows us to close your Account on 30 days’ notice for reasons stated in this section. We have also added new conditions in section 9.3 as to when we may terminate your Account.

3 Summary of changes to the Important Information section

The Important Information section of our Website brings together important information that you will need to be aware of when using our Website and our Services. This includes risk warnings, our Terms and Conditions and various business policies governing how we operate on your behalf.

Some sections of the Important Information form part of our Terms and Conditions. We have changed the format of the Important Information section so that this is made clearer. The contents of Parts I and II of the Important Information section of the Website apply to all users of the Website, including our customers. However, for our customers, Part I (and any document referred to in it specified as forming part of our Terms and Conditions) also forms part of our Terms and Conditions governing the Services we provide, unless otherwise stated.

We have updated the Important Information section to include new Services and processes. The other main changes are outlined below:

Limit Orders and Stop Orders

We have reviewed the wording in this section and clarified the terminology used.

Use of the Website by all visitors including customers

This section has been updated to record that our Website is intended for use by UK residents only.

Your money

We have updated the wording of this section to record that we can hold your money on deposit or as client money. We have also updated the section under “Investments” on our custodians.

Personal security

This section includes the following new wording:

“Our Website complies with industry standards of security and meets the requirements set by Verisign to qualify for their seal. We secure your private information using a Verisign SSL certificate; information exchanged with any address beginning with https is encrypted using SSL before transmission.”

We have also added a reference to the Trusteer Rapport security software.

Privacy Policy

The Privacy Policy has been amended to allow us to use your data for the following additional purposes:

- introducing you to third-party providers (such as Garlik Limited and City Index Limited) and sharing the personal information with such third-party providers for this purpose;
- assessment of financial standing, which now includes fraud prevention agencies as well as credit reference agencies; and
- enforcing or obtaining settlement of debts owed to Selftrade or in relation to Investments made on your behalf, including sharing your information with any debt collection, debt tracing or other agent for these purposes.

We may also use information provided by third parties (e.g. your employer, joint account holder or other organisations).

Complaints handling

This section has been updated to record that complaints can be sent by Secure Electronic Message.