

DISCRETIONARY MANAGEMENT TERMS AND CONDITIONS

CLIENT NAME(S).....

1. AUTHORISATION

We are authorised and regulated by the Financial Conduct Authority (the FCA). Information on the FCA, and the FCA register of firms and individuals, can be accessed via the website www.fca.org.uk. Farley & Thompson is authorised to manage, advise and arrange dealing in investments, handle client money, hold client investments and to carry out business regulated by the FCA. As an independent provider of advisory and discretionary services we select and manage investments from across a wide range of opportunities but as we do not advise on all retail products, under the Financial Conduct Authority rules, we are defined as offering a “restricted” service.

2. THE SERVICE WE WILL PROVIDE

Farley & Thompson will appoint a portfolio manager who will manage your investments for you. Discretionary management confers on us the authority, without prior reference to you, to enter into any kind of transaction for your account. Management of the portfolio will be based on the information that you give to us subject to the investment objectives, restrictions and any limits set out by you on the registration form. Other than receiving periodic reviews, statements and valuations referred to below you will not normally be contacted with regard to the operation of your account. This agreement applies to all of the accounts with us unless you advise us to the contrary. Should you wish to undertake transactions outside of the discretionary agreement, or wish us to hold securities not subject to discretionary management, we will ask you to open a separate account for this purpose. You may not buy or sell investments on an execution only or advisory basis within your discretionary portfolio.

On a half yearly basis we will provide statements as required under FCA rules that show the investments that belong to you which we have in our nominee or custody, or held to our order by a third party. This schedule of investments will be based on middle market prices as at the date of the valuation. We will also include statements showing capital and income cash accounts as well as transactions undertaken for the portfolio during the period. A consolidated tax certificate will be provided at the tax year end showing all dividends and interest received into the account.

3. CHARGES

Our fees and dealing commissions will be in accordance with the rates as stated below. Fees are calculated half yearly in arrears and are based on the middle market prices of the investments on the due date, and are levied on the total value of each of your discretionary accounts. Stamp Duty, Stamp Duty Reserve Tax (SDRT), PTM and VAT will be charged where appropriate at the prevailing rate. Any additional costs incurred in the acquisition of investments, currency conversion, tax, levies and other duties will be borne by you. You agree that these charges may be deducted from any cash balances held on your behalf. We reserve the right to amend or vary our commissions and sundry charges at any time. Any changes to our fees will be given in writing with not less than three months’ notice.

Discretionary Equity Service (minimum investment of £150,000)

This service is subject to a combined charging structure of an annual management fee (minimum £750) together with dealing commission on transactions undertaken on your behalf.

Annual Fees

0.50% on first £250,000
0.375% on next £250,000
0.25% on the balance

Dealing commissions (minimum £20)

Equities, Debentures and other securities
1.75% on first £7,000 consideration
1.0% on next £8000 consideration
0.5% on next £10,000 consideration
0.3% on next £25,000 consideration
0.2% on the balance

British Government Securities

1.0% on first £2,500 consideration
0.3% on next £15,500 consideration
0.16% on next £982,000 consideration
0.125% on the balance

Discretionary Funds Service (minimum investment of £50,000)

This service is offered on a ‘fee only’ basis (minimum £500). There is no dealing commission but certain investments will attract Stamp Duty, SDRT or PTM levy on purchase.

Annual Fees

1.0% on the first £50,000
0.75% on the next £100,000
0.675% on the next £200,000
0.50% on the balance

4. CLIENT IDENTIFICATION

Under current legislation and FCA rules, we are obliged to satisfy ourselves that a client or prospective client is who he or she claims to be. The purpose of these procedures is to ensure that a firm does not carry out or agree to carry out financial services or give advice to a client or potential client unless the firm has proof of that person's identity and residential address. If the client is acting on behalf of another person, or the investments are held on behalf of someone else, we are obliged to confirm the identity of all parties involved. In addition to private individuals, these rules apply to companies and their directors, trusts and their trustees and charities. We are therefore obliged to ask all potential new clients and in some circumstances existing clients, for proofs of identity and residential address as described in the Joint Money Laundering Steering Group's Guidance Notes and subsequent legislation. Client identity requirements are detailed on the 'Personal Registration and Factfind' form. We may also ask you to provide a power of attorney or letter of authorisation confirming that you are able to deal or give instructions on another person's behalf. We may use electronic data to verify your ID and address details at credit reference and fraud prevention agencies. This type of search will not affect your credit rating.

5. CATEGORISATION

We will categorise you as a 'retail client' as defined in the FCA conduct of business rules. Although categorised as such, you may not necessarily be an eligible complainant under statutory dispute resolution procedures. You have the right to request a different categorisation.

6. DEALING

On commencement of this agreement we may choose to delay initial dealings or stagger new investment depending on market conditions. All dealing will be carried out during normal dealing hours for the relevant exchange and at the best price available at the time of dealing. We may combine your order with those of other clients (aggregation). At times this may work to your advantage and at others to your disadvantage. The official record of a transaction is given in the form of a 'Trade Confirmation'. We will not, unless you elect otherwise, supply these 'trade confirmations' to you. Details of transactions undertaken on your behalf in the previous six months will be reported in the half-yearly statements.

7. BEST EXECUTION

The firm is obliged to take all reasonable steps to obtain the best possible result for clients when executing, transmitting or placing client orders and must take into account price, cost (to client), speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order. In selecting one main execution venue (the London Stock Exchange), the firm is confident that it is able to satisfy its obligation to obtain the best possible result for our clients on a consistent basis in the vast majority (estimated at 98%) of all transactions. For most of our clients, best execution will primarily be a case of achieving the best price as most of the orders we undertake are standard in terms of instrument, settlement period, size and nature of order.

For UK equities, warrants, preference shares, investment trusts, UK government bonds, UK corporate bonds, exchange traded funds and other securities listed on the London Stock Exchange (Official List and AIM), we will assess the merits of dealing by direct contact with a Market Maker or via a suitable electronic trading system. Unit Trusts and OEICS will either be dealt directly by telephone with the fund management group or electronically via our agent Cofunds. Overseas securities are dealt on a best efforts basis and may involve an overseas agent or market counterparty transacting on our behalf on a non-UK exchange.

For most London Stock Exchange listed investments held in electronic format, settlement takes place two days after the trade date (T+2). For unit trusts and OEICS held in electronic format, settlement usually takes place three days after the trade date (T+3).

Certificated shareholdings as well as overseas and unlisted securities may attract a premium to the quoted price, non-standard settlement terms or additional costs.

8. CONFLICTS OF INTEREST

In accordance with FCA rules, we are obliged to establish, implement and maintain a conflicts of interest policy. This policy details the potential material conflicts that have been identified and the procedures and measures adopted to manage them. The firm has policies for identification of conflicts, recording of conflicts and managing of conflicts. The potential material conflicts identified and managed are as follows:

Possible conflict	Procedures and measures
Personal account (PA) dealing - Staff may undertake PA dealing which could result in 'front-running' or another means by which the firm's employees benefit at the expense of clients.	A full Personal Account Dealing policy is in place and employment terms and conditions require adherence to this. The firm's partners monitor adherence to this policy and client orders and other interests receive priority at all times.
Principal business - The firm dealing for its own account may conflict with client dealings.	Farley & Thompson has made a commitment not to deal for the firm's own account except in exceptional circumstances (such as correcting an error).

9. PROTECTION OF CLIENT MONEY/ASSETS

We are obliged to treat money held by us on your behalf in accordance with the FCA client money rules, and we will therefore hold any cash belonging to you separate to the firm's money in a designated client trust account with an FCA approved bank. We will pay interest on any credit balances held with us at a rate of 1% below Lloyds Bank base rate. Interest is calculated daily and credited every six months in arrears. We will not credit interest payments of less than £1.00. We will hold any income received from your investments on your account. You may elect to receive this income by completing the relevant box on the registration form. Payment is remitted by electronic bank transfer and an income statement will be sent to you by post. We may reclaim from your account any payment which we have made to you but to which you are not entitled.

We will register your investments in the name of our nominee company Sidehurst Limited which is wholly owned by Farley & Thompson, but you remain the beneficial owner. You warrant that the investments that you wish to be held in our nominee company are at your disposal and/or in your control. Your investments will be held in an account with similar investments belonging to other clients, this may be either in a designated account or a pooled name or a combination of both depending upon settlement systems and market practice. We may hold assets either directly or indirectly with an eligible custodian. We will keep detailed records which show how much of each holding you own but your individual entitlement will not be identifiable by separate certificates or other physical or electronic records. The nominee company may be required to give the issuer, registrar or corporate trustee of your investments your name, address and size of holding.

We shall not at any time lend to a third party the documents of title held by us or on our behalf and we shall not at any time borrow money on your behalf against the security of any of those documents of title. All documents of title will be held in accordance with the FCA rules and market practice. Sidehurst Limited is not itself authorised to carry on regulated business under the Financial Services and Markets Act; it is our connected nominee and we accept liability and are responsible for all acts and omissions of Sidehurst Limited.

Not all companies that offer shareholder benefits to certificated shareholders offer the same benefits to shareholders whose shares are held by a nominee. We will deal with these benefits on an ad hoc basis and cannot guarantee that we will inform you of any benefits due or that may be lost as a result of transferring shares into our nominee. If a company has a bonus or similar issue, we will automatically credit your portfolio with the new investments. If a company has a rights issue, a conversion, is subject to a takeover or other offer, we will follow the course of action we deem to be in your best interests at the time. We will credit your portfolio with the cash proceeds of any corporate actions, including dividends, as soon as they have been received by us.

10. RISK

We will assume that you accept the level of risk to the capital in your portfolio that has been indicated on the **APPENDIX TO DISCRETIONARY MANAGEMENT AGREEMENT**. It is important that you fully understand investment risk so as part of these terms and conditions you confirm that you have read and understood the Farley & Thompson information sheet entitled 'Risk and Diversification'. This is an integral part of your documentation and should be kept for reference.

11. EXCLUSION OF LIABILITY

We will not be responsible for providing any advice in relation to personal taxation or for seeking to minimise any taxation liability you may have in relation to your investments. We will have no liability in relation to any adverse tax consequences which may arise from the management or variation of your investments or for any depreciation in the value of the investments.

12. POWER OF SALE OVER YOUR INVESTMENTS

We reserve the right to sell or realise any investments or monies which we are holding or are due to receive on your behalf in order to meet any liabilities to us which you may have incurred and which have not been discharged by the due date. We also reserve the right to close out contracts or positions which we may hold for you in instances where you have not fulfilled your obligation by the due date. Any such right is exercisable without further notice to you and in such manner and subject to such conditions as we consider appropriate.

13. YOUR DUTIES

You warrant that you are the beneficial owner of or that you have the authority to instruct us on any investments on which we are advising, managing or otherwise dealing for you. We will not be responsible for any claims or demands made by someone who has an interest in these investments.

You agree to write and inform us if your address, financial or personal circumstances change.

14. COMPLAINTS and COMPENSATION

If you have a complaint about the firm or its services you should address it in the first instance to: The Compliance Officer, Farley & Thompson, Pine Grange, Bath Road, Bournemouth BH1 2NU. If you are dissatisfied with the firm's response you may contact the Financial Ombudsman Service. A copy of the firm's complaints procedure is available upon request.

We take part in the Financial Services Compensation Scheme which can pay compensation if a firm is unable, or is likely to be unable to pay claims against it. If you would like information about this scheme, please contact the firm directly.

15. INTERNATIONAL TAX COMPLIANCE

The Foreign Account Tax Compliance Act (FATCA) is a United States (US) law aimed at foreign financial institutions and other financial intermediaries. It aims to prevent tax evasion by US citizens and residents through the use of offshore accounts. Similar laws apply in connection with Crown Dependencies and Overseas Territories. Following the introduction of the laws mentioned above, the UK Government has and will be agreeing a number of inter-governmental agreements to share tax information, where applicable, with the tax authorities in other jurisdictions. The need to collect certain information about each customer's tax arrangement is part of UK legislation and, as a financial services company, we are legally obliged to collect it. We are required to hold your tax residency and tax ID numbers on our records. We will only disclose this information to the relevant tax authorities if and when we are required to under UK law. Your tax residence generally is the country in which you live for more than half a year. Special circumstances (such as studying abroad, working overseas, or extended travel) may cause you to be resident elsewhere or resident in more than one country at the same time (dual residency). The country/countries in which you pay income tax are likely to be your country/countries of tax residence. If you are a US citizen or hold a US passport or green card, you will also be considered tax resident in the US even if you live outside the US.

16. DATA PROTECTION

You agree that the information which we hold about you can be kept on computer and/or in paper files for the express purpose of providing you with investment services. This information will be treated in the utmost confidence but it might have to be disclosed to our Regulator or to a Court of Law if required. You will enjoy the rights afforded by the Data Protection Act 1998. You have a right of access to this information at all times, or copies if that would protect other clients' confidentiality. All telephone calls are recorded in accordance with FCA regulations. We reserve the right to ask you security questions personal to your account or with regard to your internet access.

17. GOVERNING LAW

This agreement is governed by and shall be construed in accordance with the laws of England. Disputes arising under this letter shall be subject to the jurisdiction of the English courts to which we each submit.

18. RIGHT TO AMEND

If you do not agree or wish to change the terms of this agreement, you must give us notice in writing and receive our written agreement to such change. The governing rules from our regulatory body, the FCA, are subject to continual change, sometimes requiring amendments to our Terms of Business with clients. You agree to accept from us reasonable one way amendments to this agreement which are necessary for compliance with the rules on the understanding that you will be provided with a period of time in which to register your disagreement with any change.

19. INVESTMENT COMPANY RISK WARNING

We may from time to time buy on your behalf securities issued by investment companies (investment trusts). Since these companies use or may use gearing as an investment strategy, or invest or propose to invest in other companies that themselves use gearing, we are obliged to provide you with the following risk warnings:

- movements in the price of such securities may be more volatile than movements in the price of the underlying investments;
- the security may be subject to sudden and large falls in value;
- you may get back nothing at all if there is a sufficiently large fall in the value of the security.

We should point out that any share may be subject to sudden and large falls in value, and you may get back nothing at all if there is a sufficiently large fall in the value of any investment.

20. TERMINATION

This agreement may be terminated by either party on giving one month's written notice. Termination will not affect any outstanding order or transaction awaiting settlement or any legal rights or obligations that may already have arisen and you accept any losses realised in settling or concluding outstanding business. After receiving written notice of termination we will not execute any further transactions except at your specific request in writing. Should you request termination of your account, we will levy a pro rata management fee from the date of the last fee point to the closure date based on middle market prices of your investments. You will also be subject to a reregistration charge to either transfer out electronically or certificate the holdings, the current terms are available from our website or upon request. All charges due to us will be discharged from any cash or other assets held on your behalf.

CLIENT DECLARATION

I/We confirm that I/we have read and understood these terms and conditions and agree to be bound by them.

Signed..... Print name..... Date.....

Signed..... Print name..... Date.....

Signed..... Print name..... Date.....

Signed..... Print name..... Date.....