

Notice of Variation

Important changes to our Shares Service Terms and Conditions (the “Terms”) which take effect from **31 August 2020**.

Please read this notice carefully and keep it in a safe place for future reference.

Notice of Variation

We're making variations to the Terms to reflect changes to how our shares service will work, or to clarify how our shares service works currently. We're giving you at least 30 days' written notice in line with our obligations under the Terms. We're also making changes to our Shares Service Key Features Document (the 'KFD'). These changes will take effect from **31 August 2020** unless stated otherwise within this document.

The changes being made to the Terms and KFD are explained in this Notice of Variation. Where necessary, we've also updated clause references and made minor and/or other typing amendments which are not in this Notice of Variation. Copies of each of the amended documents can be found on our website **firstdirect.com/savings-and-investments**

Expressions defined in the Terms and used in this Notice of Variation shall have the meaning given to them in the Terms. Please read the information set out in this Notice of Variation carefully and keep it in a safe place for future reference.

What you need to do

If you're happy to accept the changes set out below, you don't need to do anything. If we don't hear from you before **31 August 2020** about the changes, we'll assume you accept them and agree to the updated Terms. If you don't accept them, you have the right to close your account(s) with us before the changes take place with no charge by calling us on the number below. However, it's important to note that if the value of your Investments has fallen, you may get back less than you paid in.

We're here to help

If you have any questions about the changes set out below, or you'd like us to send you a paper copy of the amended terms, please give us a call on **03 456 100 105 (+44 113 234 5678** if calling from overseas). Lines are open 7:30am - 5:00pm Monday to Friday excluding public holidays.

Because we want to make sure we're doing a good job calls may be monitored and/or recorded, we hope you don't mind.

Changes to the Terms

(Effective immediately)

Section – Introduction

Execution only service

The description of our service has been updated to clarify that we're not required to assess the suitability or appropriateness, (as defined by the Financial Conduct Authority) of any investment or of our service for you. The relevant clauses will read as follows:

Execution-only service

*We are not able to advise you on your Investment dealings. The **first direct** shares service is an execution-only service. This means that we execute the Investment dealings you ask us to and we do not provide you with any advice or personal recommendations. The only duty we owe you is to achieve the Best Possible Result for your orders in Financial Instruments and any other duties are expressly excluded from the **first direct** shares service.*

*You are solely responsible for your own Investment dealings when using the **first direct** shares service. We are not required to assess the suitability or appropriateness of any Investment or of the **first direct** shares service for you and the protection afforded by the FCA on assessing suitability and appropriateness does not apply. As a result, before deciding to deal in an Investment we suggest you consider whether you need to take independent financial advice on the particular Investment dealing and, where you think it is appropriate to do so, seek and act on that advice. You may be charged for any advice you receive.*

(Effective immediately)

Section – Introduction

We've added in a new defined term for 'Agent'. The new defined term will read as follows:

Agent means someone acting for and on your behalf to arrange the purchase or sale of investments in the market. We will act as your agent when placing trades on your account;

(Effective immediately)

Section – Introduction

We've updated the defined term for 'Communications' to now include 'telephone' and 'text messaging' which will read as follows:

Communications means all communications between us and you by post, telephone, text message or e-message including the sending of contract notes;

(Effective immediately)

Section – Introduction

We've updated the defined term for 'Failed Trade(s)' which will read as follows:

Failed Trade(s) means a Trade that hasn't settled in the market (for whatever reason) by the agreed settlement date in accordance with the contract note;

(Effective immediately)

Section – Introduction

We've updated the defined term for 'e-message' which will read as follows:

e-message means an electronic message sent via the Website relating to the **first direct** shares service;

(Effective immediately)

Section 3 – Sharedealing terms

Clause 3 Investment Dealing Service

We've updated clause 3.7 to make it clearer that the market may fluctuate between the time we provide you with a Fixed Price Quote, to when you submit your order. The relevant clause will read as follows:

With the exception of Fund Shares, we may provide real time or delayed prices. All prices provided by us are indicative only unless expressed by us to be a 'fixed price quote' and accepted by you in the prescribed manner within 15 seconds. "Fixed price quotes" are not guaranteed. When you enter a buy or sell order in a UK Investment during Trading Hours through Online Banking, we'll usually show you a 'fixed price quote' on the preview order screen which we will use our best endeavours to fulfil. The fixed price quote is calculated by taking the best price offered by a number of market makers at the time we request a quote. A countdown screen will appear and give you 15 seconds to confirm the order. The price quoted to you will hold good for 15 seconds unless for example, there has been market volatility in the 15 second countdown and the price offered by a third party market maker is withdrawn.

During the 15 seconds you have to accept the fixed price quote provided, the market may fluctuate. This means that if your order is executed in the market at the fixed price quoted, it may be better or worse than the best bid or offer price at the time of execution.

Where you place an order and a fixed price quote isn't available (for example, if the order is placed outside of market hours or you place a large order over the quoted market size) we'll instead give you an indicative quote. If your order is then executed in the market the execution.

(Effective immediately)

Section 3 – Sharedealing terms

Clause 7 Settlement and Custody

We've updated clauses 7.4 and 7.4.1, and added a new clause, 7.4.2, to clarify what will happen in the event of failed trades. These clauses will read as follows:

7.4 *In the event of a Failed Purchase Trade, we will:*

- move the money we took from your Settlement Account to effect settlement into an appropriate bank account until the trade has settled in the market;*
- send you a letter telling you about the Failed Trade within seven Business Days of the Settlement Date, if the trade remains unsettled at this point; and*
- inform you once the trade has settled in the Market.*

You'll receive the same price in the event of a Failed Trade as you would have received had the trade been settled in accordance with the contract note.

Whilst you will not be able to transfer an Investment that is the subject of a Failed Trade, you will be able to sell the Investment. The delay in obtaining the stock will not affect your rights to any entitlements associated with the ownership of shares, such as dividends, which are due to you.

7.4.1 *In the event of a Failed Sell Trade you'll still receive your proceeds on the original settlement date.*

You'll receive the same price in the event of a Failed Trade as you would have received had the Trade been settled in accordance with the contract note.

7.4.2 *On the expected settlement date our records of your holdings will be updated to reflect the Trade as settled even where there is a Failed Trade.*

(Effective immediately)

Section 3 – Sharedealing terms

Clause 7 Settlement and Custody

We've updated clause 7.16 to remove 'post' as the only way we'll tell you about Corporate Actions. This clause will read as follows:

7.16 *We will use reasonable endeavours to notify you of any corporate action such as rights issues, takeovers, mergers etc. attaching to Investments in your Investment Account. Although there may be some situations where this is not possible, in these scenarios, we will act on your behalf and in the best interests we see fit. Any notification will be sent as soon as possible after we have been advised by our relevant sub-custodian or Market Data Provider. We will have no liability for any losses suffered and/or expenses incurred, if after using all reasonable endeavours to contact you, we are not able to tell you about a corporate action.*

Changes to the KFD

(Effective immediately)

Trading Limit

The daily Trading Limit for the **first direct** shares service has been increased from £10,200 to £20,000. This means you're be able to place purchase trades with a combined value of £20,000 per day.

(Effective immediately)

Fixed Price Quotes

We've updated "When placing a deal is the price quoted guaranteed?" to make it clearer that the market may fluctuate between the time we provide you with a Fixed Price Quote, to when you submit your order

(Effective immediately)

ISA Dividends

You now have the option of receiving your ISA dividends as SCRIP (shares) instead of cash (where available).

(Effective immediately)

Description of our Execution Only service

We've updated the relevant sections to clarify that we're not required to assess the suitability or appropriateness, (as defined by the Financial Conduct Authority) of any investment or of the **first direct** shares service for you.

(Effective immediately)

Failed Trades

We've updated the 'Failed Trades' section to clarify what will happen in the event of a failed purchase trades.

Changes to our Rates and Fees

(Effective immediately)

Shares denominated in Euros - French Financial Transaction Tax rate change

The small transaction fee applied to French Share purchase transactions changed from 0.2% to 0.3% as at 2 January 2017. We're sorry for the delay in reflecting this in our Rates and Fees document, which will read as follows:

French Financial Transaction Tax (FTT) 0.3% on purchases

(Effective 31 August 2020)

Credit Interest

Following the reduction of the Bank of England's Base Rate to 0.10% on 19 March 2020, we'll no longer be paying credit interest on any cash balances held within a **first direct** Stocks and Shares ISA. Our Rates and Fees document has been updated to reflect this.

Contact us online or by phone

send us a message via Online Banking

03 456 100 105

firstdirect.com

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