



## The Seneca EIS Portfolio Service

INVESTOR APPLICATION FORM



Seneca Partners Limited  
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Authorised and Regulated by the Financial Conduct Authority

# The Seneca EIS Portfolio Service



## Application Process and Check List

To apply to invest in the Seneca EIS Portfolio Service, you should complete this Application Form. Your application is subject to the Risk Factors set out in the Information Memorandum. Please note that your Application Form cannot be accepted unless it has been completed in full and all information requested has been provided.

Tick When Complete

### Application Form Part 1 - Investor Details

Please provide the details requested on page 2. Your Unique Tax Reference Number and your National Insurance number are required in order to process your claims for EIS Relief efficiently. Please sign on page 3.

### Application Form Part 2 - Suitability

Please sign and date the declaration on page 7.

### Application Form Part 3 - Money Laundering

Please provide the identification requested on page 8.

### Subscriptions

Please refer to page 8 for details of how to subscribe.

Application form to be completed by applicants wishing to invest in the Seneca EIS Portfolio Service – please complete the Application Form and return along with accompanying documents as detailed on page 8 to The EIS Team, Seneca Partners Ltd, 12 The Parks, Haydock, Merseyside, WA12 0JQ.

## Part 1: Investor Details

Title and Full Name of Applicant	<input type="text"/>
Permanent Residential Address	<input type="text"/>
Post Code	<input type="text"/>
Time at Current Address	<input type="text"/>
Previous Address and Post Code (If less than three years at current address)  Please provide details of all addresses you have lived at in the last 3 years. If there is insufficient room, please continue on a blank piece of paper and include it with this form	<input type="text"/>
Contact Telephone Number	<input type="text"/>
Mobile Phone Number	<input type="text"/>
Email Address	<input type="text"/>
Tax District	<input type="text"/>
Unique Tax Reference	<input type="text"/>
National Insurance Number	<input type="text"/>
Date of Birth	<input type="text" value="DD / MM / YYYY"/>
City/Town and Country of Birth	<input type="text"/>
If you are an accountant, lawyer or other professional person who is subject to restrictions preventing you from making investments whether in client companies or otherwise, please give details of such restrictions	<input type="text"/>

## Terms of Subscription

This application is made by the Investor (details of which are noted above) (the "Investor" or "you") to Seneca Partners Limited (registered office: 12 The Parks, Haydock, Merseyside, WA12 0JQ (CRN: 07196273 (the "Portfolio Manager")). Subject to approval and acceptance, the terms of this Application Form (together with the Investment Management Agreement at Appendix A to this Application Form and the Information Memorandum) the terms on which the Investor has agreed to invest in the Seneca EIS Portfolio Service managed by the Portfolio Manager.

In consideration of the services to be provided by the Portfolio Manager under the Investment Management Agreement, the Investor shall invest £  (minimum £25,000) ("the Subscription") in the Seneca EIS Portfolio Service on the terms set out below and contained in the Information Memorandum and the Investment Management Agreement including the terms and conditions of The Share Centre Limited (acting as Custodian).

If the amounts for which the Investor is applying to invest in the Seneca EIS Portfolio Service, together with the amounts the Investor has invested in other EIS funds and/or companies, exceed £1,000,000 in respect of any single tax year, the excess is stated below:

£

### The Investor confirms that:

- The Investor is applying to participate in the Seneca EIS Portfolio Service on his or her own behalf;
- The Investor wishes to seek EIS relief in respect of the shares held in the Investee Companies (as defined in the Information Memorandum), on behalf of the Investor;
- The information relating to the Investor, including the Investor details set out above, are true and accurate in all respects and the Investor will notify the Portfolio Manager immediately in writing should any of these details change;
- The Investor has read and understands the terms and conditions set out in this document and the Information Memorandum, including the terms and conditions of The Share Centre Limited and agrees to be bound by them;
- The Investor should seek advice from a suitably qualified person in respect of the Seneca EIS Portfolio Service, the Investor's proposed investment in it and any matter relating thereto and confirms that Seneca Partners has not offered any advice or made any personal recommendation to the Investor;
- The Investor will notify the Portfolio Manager immediately in writing in the event that the Seneca EIS Portfolio Service makes an investment into an Investee Company with which the Investor is connected (within the meaning at sections 166 to 171 Income Tax Act 2007);
- The Investor will notify the Portfolio Manager immediately in writing in the event that within three years of the date of the issue of shares in the Investee Company the Investor becomes connected to that Investee Company (within the meaning at sections 166 to 171 Income Tax Act 2007) or receives any value from it (within the meaning at sections 213 to 223 Income Tax Act 2007)
- The Share Centre Limited shall not be liable to the Investor in the event of an insolvency of any bank with which any funds held by The Share Centre Limited have been deposited nor in the event of any restriction of the ability of The Share Centre Limited to withdraw fund from such bank for reasons which are beyond the reasonable control of The Share Centre Limited; and
- The Investor confirms that they have read and understood Clause 22 on page 16 of this application form, which details how Seneca Partners Ltd will use their personal data and agrees to the same

Full Name of Applicant/Investor	<input type="text"/>
Signed	<input type="text"/>
Dated	<input type="text" value="DD / MM / YYYY"/>

## Part 2: Suitability of Portfolio Service

Under the regulations introduced by the Markets in Financial Instruments Directive (“MiFID”) on 1st November 2007, the Portfolio Manager is required to assess the suitability of the discretionary management of Seneca EIS Portfolio Service for The Investor.

Suitability of a discretionary management service is assessed using the following framework:

- Your knowledge and experience
- Your financial situation
- Your investment objectives
- Your attitude to risk
- Your attitude to and capacity for loss

Investing in unquoted securities carries a high degree of risk. Unquoted securities are inherently illiquid and you may not receive any of your investment back. Please consider this carefully when answering the following questions:

### Your Knowledge and Experience

Please describe your occupation and any relevant professional experience and qualifications (e.g. Lawyer, accountant, CFA, CPA etc)

Please confirm which of the following types of investments you have previously made and how many years you have been making these investments:

	Experience Y/N	No. of Years
Tax products (e.g. VCTs, EISs, EZTs, BPRA or film schemes)	<input type="checkbox"/>	<input type="checkbox"/>
Large quoted companies (e.g. FTSE 100 and FTSE 250)	<input type="checkbox"/>	<input type="checkbox"/>
Smaller quoted companies (e.g. below FTSE 350)	<input type="checkbox"/>	<input type="checkbox"/>
AIM listed or unquoted companies	<input type="checkbox"/>	<input type="checkbox"/>

On average, how much have you invested in the types of investment described above in each year?

Over £500,000	<input type="checkbox"/>
£250,000 to £500,000	<input type="checkbox"/>
£100,000 to £250,000	<input type="checkbox"/>
£50,000 to £100,000	<input type="checkbox"/>
Under £50,000	<input type="checkbox"/>

## Your Financial Situation

Please indicate your level of gross annual income

Above £200,000	<input type="checkbox"/>
£100,000 to £200,000	<input type="checkbox"/>
£50,000 to £100,000	<input type="checkbox"/>
Below £50,000	<input type="checkbox"/>

Please indicate the value of your total assets including your residence but net of any borrowings

Above £5m	<input type="checkbox"/>
£1m to £5m	<input type="checkbox"/>
£500,000 to £1m	<input type="checkbox"/>
£250,000 to £500,000	<input type="checkbox"/>
Below £250,000	<input type="checkbox"/>

Please describe your main sources of income (e.g. earnings, pension, investment income)

Please describe the source of your subscription (e.g. capital gain, savings, earnings)

## Your Investment Objectives

	Yes	No
EIS investments are typically held between 4 and 8 years. Are you comfortable with this time horizon and can you confirm that you will not need any income or capital back during this time period.	<input type="checkbox"/>	<input type="checkbox"/>

The Seneca EIS Portfolio Service targets capital gains as its source of investment returns. This is considered a high risk investment where you may not receive any of your subscription back. Are you comfortable that this is your understanding of the investment.	<input type="checkbox"/>	<input type="checkbox"/>
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## Attitude to Risk

	Yes	No
Are you comfortable with the high risk and illiquid nature of unquoted EIS investments as detailed in the Information Memorandum and Investment Management Agreement	<input type="checkbox"/>	<input type="checkbox"/>
Are you relying on your investment with the Seneca EIS Portfolio Service to provide you with a source of income	<input type="checkbox"/>	<input type="checkbox"/>
Are you comfortably able to meet your regular financial commitments even if your investment in the Seneca EIS Portfolio Service was to be written off in its entirety	<input type="checkbox"/>	<input type="checkbox"/>

## Have you received advice?

Have you received any advice regarding the suitability of the Seneca EIS Portfolio Service from a financial adviser who is authorised and regulated by the Financial Conduct Authority?	<input type="checkbox"/>	<input type="checkbox"/>
If you have answered 'no' to the question above, please explain why you have not sought advice to help determine that the EIS Portfolio Service is a suitable investment for you:	<input type="text"/>	

## Details of Your Financial Adviser.

Title and Full Name of Adviser	<input type="text"/>
Advising Firm	<input type="text"/>
Address	<input type="text"/>
Email Address	<input type="text"/>
Telephone Number	<input type="text"/>
FCA Number	<input type="text"/>



If a fee is to be paid to the adviser, please provide their bank details:

Name of Bank

Address of Bank

Sort Code

Account (in the name of)

Account Number

### Authority to Pay Invoices Presented by Financial Adviser for Work Done on Your Behalf.

#### Initial Advice Fee

I hereby authorise the payment of an additional initial fee to my financial adviser in accordance with the terms of Appendix A, Schedule 2 of this application.

I understand that in order to facilitate this, the Custodian will deduct this amount from the initial Subscription and hold this amount in cash. This amount will therefore be unavailable for investment and will not benefit from any tax reliefs.

I therefore request that a rebate of:

- [ ]% {plus VAT}\* or
- £[ ] {plus VAT}\*

of my Subscription be paid to the Financial Adviser named above. (Maximum 3% plus VAT). Please note that if the percentage option is chosen, it will be a percentage of the initial Subscription.

\*delete if not applicable

#### Ongoing Advice Fee

I hereby authorise the payment of an additional ongoing fee to my financial adviser in accordance with the terms of Appendix A, Schedule 2 of this application.

I understand that this will be paid for a maximum of 4 years and that in order to facilitate this, the Custodian will deduct an amount equal to 4 times the annual ongoing advice fee from the initial Subscription and hold this amount in cash. This amount will therefore be unavailable for investment and will not benefit from any tax reliefs.

I therefore request that a rebate of:

- [ ]%p.a. {plus VAT}\* or
- £[ ]p.a. {plus VAT}\*

of my Subscription be paid to the Financial Adviser named above. (Maximum 1% plus VAT p.a). Please note that if the percentage option is chosen, it will be a percentage of the initial Subscription.

\*delete if not applicable

Full Name of Investor

Signed

Date

## Part 3: Anti Money Laundering

In addition to a certified copy\* of your passport or photo driving license please provide one item from List A and one item from List B\*\* to be enclosed with the Application Form so that the Portfolio Manager can verify your identity in compliance with the identity requirements within the Money Laundering Regulation 2007.

\* Copies should be originally certified by an FCA-approved person, a solicitor, a chartered or certified accountant or bank official.

\*\* Each Item must be an original document, less than 3 months old and should show your name and permanent residential address.

Original documents will be returned to you by post at your own risk.

List A	List B
Bank Statement	Utility Bill (not a mobile phone bill)
OR	OR
Building Society Statement	Council Tax Bill (for the current year)
The statement you provide must show transactions and relate to the bank/building society accounts from which your payment is drawn.	OR
Please note that statements printed via the internet cannot be accepted.	Original correspondence or tax notification from HM Revenue and Customs

The Portfolio Manager reserves the right to request any further documentation required in order to satisfy any person's obligations under the anti-money laundering legislation.

The Portfolio Manager reserves the right to reject an application in the event that it does not receive satisfactory evidence of an Investor's identity. In such event, any payment received will be returned to the Investor.

## Part 4: Subscriptions

Please make payment of the full amount of your Subscription.

By cheque made payable to "The Share Centre - Seneca EIS".  
(When enclosing a cheque, please ensure that it is drawn on an account in the name of the Investor. Third party cheques cannot be accepted.); or

By sending a Banker's Draft or Building Society cheque to "The Share Centre - Seneca EIS" with your name on the reverse as confirmation that the funds came from your own account; or

If you prefer to subscribe by bank transfer, details will be provided once your application has been approved by the Custodian and all other formalities have been completed.

Seneca reserves the right to carry out its own verification using an electronic anti-money laundering check upon application and on an on-going basis for the Investor, representatives and/or trustees.

## Further Information

### Keeping Up-To-Date

Would you like to receive a copy of the following:

Yes

No

Onside Magazine  
(Seneca's biannual business magazine)

Periodic news, updates and offers from the Seneca  
group

Preferred notification email address

# Appendix A: Investment Management Agreement

This Investment Management Agreement (the **Agreement**) sets out the terms and conditions under which the Seneca EIS Portfolio Service has been established. On acceptance of an Investor's Application Form by the Portfolio Manager this document will constitute a binding agreement between the Investor and Seneca Partners Limited. All communications between ourselves will be in English.

## 1. Definitions

- 1.1. This Agreement employs the same defined terms as are found in the Definitions section of the Information Memorandum.
- 1.2. Words and expressions defined in the Financial Conduct Authority (**FCA**) Rules which are not otherwise defined in or for the purposes of this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.3. Any reference to a statute, statutory instrument or to rules or regulations shall be references to such statute, statutory instrument or rules and regulations as from time to time amended, re-enacted or replaced and to any codification, consolidation, re-enactment or substitution thereof as from time to time in force.
- 1.4. References to the singular only shall include the plural and vice versa.
- 1.5. Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.
- 1.6. Heading to Clauses are for convenience only and shall not affect the interpretation of this Agreement.
- 1.7. Any written notices or communication to be given by the Portfolio Manager or the Investor pursuant to the terms of this Agreement may be given by email, fax or by any other means which the Portfolio Manager may, in its absolute discretion, determine from time to time.

## 2. Investing in the EIS Portfolio Service

- 2.1. By signing Part 1 of the Application Form, the Investor agrees to be bound by the terms and conditions of this Agreement and the Information Memorandum.
- 2.2. The Investor hereby appoints the Portfolio Manager to manage the Portfolio for the Investor. The Portfolio Manager agrees to accept its appointment and obligations on the terms set out in this Agreement and the Information Memorandum.
- 2.3. The Portfolio Manager is authorised and regulated by the FCA with registration number 583361. The FCA is situated at 25 North Colonnade, Canary Wharf, London E14 5HS. The Portfolio Manager has categorised the Investor as a retail client for the purposes of the FCA Rules. This categorisation has been determined following the Portfolio Manager's internal client categorisation process. You may request a different categorisation but as retail clients are generally afforded a higher degree of protection than other clients, the Portfolio Manager reserves the right to reject such requests.
- 2.4. The Investor has the right to cancel this Agreement for a period of up to 14 days from the date on which the Portfolio Manager accepts the Investor's Application Form. If the Investor wishes to cancel this agreement, he must submit a cancellation request in writing to the Custodian within the requisite time limit. In the event of cancellation the Investor will receive back from the Custodian the amount subscribed by him in the Application Form (the Subscription), net of the Custodian's reasonable processing costs within 28 days of receipt of the cancellation request. All further provisions of this Agreement shall then cease to apply.

## 3. Subscriptions

- 3.1. In respect of the Portfolio Service:
  - 3.1.1. The Investor shall make an initial Subscription of not less than £25,000 at the same time as submitting his Application Form to invest in the Portfolio Service. There is no maximum subscription but EIS Income Tax Relief is limited to investments up to £1,000,000 in any one tax year. This may be carried back to a previous tax year to the extent of unused EIS Carry Back Relief.
  - 3.1.2. The Investor may make further Subscriptions to the Portfolio Service in multiples of £5,000 at any time prior to the termination of the Portfolio Service. The Portfolio Manager intends to invest Subscriptions (net of fees) within 12 months of receipt.
  - 3.1.3. The Investor may only terminate this Agreement (after the cancellation period referred to in clause 2.4) pursuant to Clause 15 below.

## 4. Services

- 4.1. The Portfolio Manager will undertake the Portfolio Service from a date 14 days after acceptance of an Investor's application form on the terms set out in this Agreement. The Portfolio Manager will exercise all discretionary powers in relation to the selection of or exercising rights relating to investments to be made or which have been made by the Portfolio Service on behalf of Investors (the Investments) on the terms set out in

this Agreement including, without limitation, the exercise of all conversion, subscription, voting and other rights such as may arise in respect of such Investments and any decision to sell, redeem or otherwise realise all or any part of such Investments on behalf of the Investors.

- 4.2. The Portfolio Manager has engaged the Custodian to provide administration and safe custody services in relation to the Portfolio Investments and cash received by way of Subscriptions or otherwise.
- 4.3. The Portfolio Manager shall not however except as expressly provided in this Agreement or unless otherwise authorised have any authority to act on behalf of, or in respect of the Investor or to act as the agent of the Investor.
- 4.4. The Portfolio Manager will arrange investment transactions in relation to the Investments and has agreed to undertake various responsibilities such as sourcing potential investments, conducting due diligence, monitoring performance and arranging appropriate exits.
- 4.5. The Portfolio Manager is responsible for appointing the Investment Committee. Details of those persons who will form the Investment Committee at the commencement of the Portfolio Service are set out in the Information Memorandum.

## 5. Investment Objectives and Restrictions

- 5.1. In performing its services, the Portfolio Manager shall have regard to and shall comply with, the Investment Objectives and the Investment Restrictions set out in Schedule 1 to this Agreement.
- 5.2. In performing its services, the Portfolio Manager shall at all times have regard to:
  - 5.2.1. maximising returns (or potential returns) on Investments (and, in making such decisions, considering (a) the risk that the value of Investments may fluctuate over time; and (b) the liquidity risk associated with such Investments);
  - 5.2.2. subject to Clause 5.2.1 above, the intention for Subscriptions to the Portfolio Service to attract EIS Income Tax Relief and/or CGT Deferral Relief to the extent possible; and
  - 5.2.3. all Applicable Laws.
- 5.3. Generally, the Portfolio Manager reserves the right to return uninvested cash if it concludes that it cannot be properly invested for the Investor and if it considers it to be in the best interests of the Investor having regard to the availability of EIS Income Tax Relief and CGT Deferral Relief for the Investor.
- 5.4. In the event of a gradual realisation of Investments prior to termination of the Portfolio Service under Clause 15.1, the cash proceeds of realised EIS Investments will be returned to Investors after deduction of any fees payable.

## 6. Terms Applicable to Dealing

- 6.1. In effecting transactions in relation to the Investments, the Portfolio Manager will act in accordance with the FCA Rules and will ensure that best execution is sought at all times and deals are made on such markets and exchanges and with such counterparties as the Portfolio Manager thinks fit.
- 6.2. Where relevant, it is agreed that all transactions will be effected in accordance with the rules and regulations of the relevant market or exchange and they shall take all such steps as may be required or permitted by such rules and regulations and/or by good market practice. All transactions in Investments will be subject to the rules and customs of the exchange or market and/or clearing house through which the transactions are executed and to all Applicable Laws so that:
  - 6.2.1. If there is any conflict between the provisions of this Agreement and any such rules, customs or Applicable Laws, the latter shall prevail; and
  - 6.2.2. action may be taken as thought fit in order to ensure compliance with any such rules, customs or Applicable Laws. The Investor acknowledges that when the Portfolio is invested in unlisted securities there is generally no relevant market or exchange and consequent rules and customs, and there will be varying practices for different securities. Transactions in such securities will be effected on the best commercial terms which can be secured.
- 6.3. Subject to the FCA Rules, transactions for the Portfolio may be aggregated with those of other clients of the Portfolio Manager, and of the Portfolio Manager's employees and Associates and their employees. Investments made pursuant to such transactions will be allocated on a fair and reasonable basis in accordance with the FCA Rules and endeavours will be made to ensure that the aggregation will work to the advantage of each of the Investors, including the Investor, but the Investor acknowledges that the effect of aggregation may work on some occasions to the Investor's disadvantage.
- 6.4. Where transactions for the Investor are aggregated with transactions undertaken for other Investors, the Portfolio Manager shall have absolute discretion as to the number of shares in a Qualifying Company held as an investment for the Portfolio Service allocated to the Investor, provided that Investors shall not have fractions of shares. Minor rounding up or down may be allowed to prevent Investors being deemed to be interested in fractions of shares and the aggregate of fraction entitlements may be held by the Custodian for the Portfolio Manager but the Investor is always the beneficial owner of the shares held for him.

- 6.5. Certain categories of professional persons are required to be excluded from any Investments to which they or their employer are connected, for the purposes of current EIS legislation. If this applies to the Investor, his investment will be transferred to other Investors, and an equivalent cash amount will be re-credited to his Portfolio.
- 6.6. The Portfolio Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.
- 6.7. It is acknowledged and agreed that, where the Portfolio Manager reasonably considers such action to be consistent with the general principle of the Portfolio Service set out in Clause 5.2.1 above (and this view is supported by the Investment Committee), Investments may be sold, redeemed or otherwise realised at any time (which may include before the end of the Three Year Period required for EIS Income Tax Relief or CGT Deferral Relief) notwithstanding the impact this may have on the tax position of the Investors.

## **7. Custody and Administration Arrangements**

- 7.1. The Portfolio Manager has engaged the Custodian and the Nominee to provide a custody, safe-keeping and administration service for Investors. The Custodian engages with each Investor pursuant to its own terms of business, which are set out in Schedule 3 to this Agreement.
- 7.2. The Portfolio Manager may from time to time during the continuance of this Agreement (by giving written notice to the Investors) appoint any appropriate person as a replacement Custodian and/or Nominee to provide custody, safe-keeping and administration services to the Investors in accordance with the terms of this Agreement.
- 7.3. The Custodian will be responsible for the safe keeping of Investments and cash comprised in the Portfolio, including the settlement of transactions, collection of income and the effecting of other administrative actions in relation to the Investments.
- 7.4. Investments will be registered in the name of the Nominee on behalf of the Investor, and will therefore be beneficially owned by the Investor at all times, but the Custodian has by virtue of this Agreement the Investor's proxy to vote on the Investor's behalf at the direction of the Portfolio Manager (or to refrain from voting if the Portfolio Manager so determines) and to instruct the disposal of the Investments.
- 7.5. The Nominee will hold title documents or other documents evidencing title to the Investments.
- 7.6. Investments or title documents may not be lent to a third party and borrowing may not be undertaken against the security of the Investments or such the documents.
- 7.7. An Investment may be realised in order to discharge an obligation of the Investor under this Agreement, for example in relation to payment of fees, costs and expenses.
- 7.8. The Custodian will arrange for the Portfolio Manager to receive details of any meetings of shareholders in investments and any other important information issued to shareholders in Investments. The Portfolio Manager may apply to the Nominee for a proxy directing how any voting rights are to be exercised by the Nominee in respect of an Investment.
- 7.9. The Custodian will hold cash subscribed by the Investor in accordance with the Client Money Rules of the FCA. Such cash balance will be deposited with an authorised credit institution in the name of the Custodian. The Custodian may debit or credit the Investor's account with all sums payable by or to the Investor (including dividends receivable in cash and fees and other amounts payable by the Investor).

## **8. Reports and Information**

- 8.1. The Investor will be sent a report every six months or if requested every 3 months, in compliance with the FCA Rules. Reporting will ordinarily be completed as at the 30th September and 31st March each year.
- 8.2. Details of dividends which are received in respect of the Investments will be provided in respect of each tax year ending 5 April and appropriate statements sent to the Investor.
- 8.3. The Portfolio Manager shall supply (or arrange for the Custodian to supply) such further information which is in its possession or under its control as the Investor may reasonably request as soon as reasonably practicable after receipt of such request.
- 8.4. Any statements, reports or information provided to the Investor will state the basis of any valuations of Investments which have been made.

## **9. Fees and Expenses**

- 9.1. The Portfolio Manager and the Custodian will receive fees for their respective services, and reimbursements of costs and expenses, as set out in the Schedule 2 to this Agreement.
- 9.2. Fees payable to the Custodian may be deducted by the Custodian at source, upon presentation of an invoice to the Portfolio Manager.
- 9.3. The Portfolio Manager is entitled to receive a fee from the Portfolio in consideration of its services as the Portfolio Manager, as set out in Schedule 2 to this Agreement.

## 10. Management and administration obligations

- 10.1. The Portfolio Manager and the Custodian shall devote such time and attention and have all necessary competent personnel and equipment as may be required to enable them to provide their respective services properly, efficiently and in compliance with the FCA Rules.
- 10.2. Except as disclosed in the Information Memorandum and as otherwise provided in this Agreement (for example on early termination or upon any sale, redemption or other realisation of an Investment which is consistent with the general principle of the Portfolio Service set out in Clause 5.2.1 above and which is made in accordance with Clause 6.7 above), neither the Portfolio Manager nor the Custodian will knowingly take any action which may prejudice the tax position of the Investor insofar as they are aware of the relevant circumstances, and in particular which may prejudice obtaining the EIS Income Tax Relief and/or CGT Deferral Relief for the Portfolio's Investments.

## 11. Obligations of the Investor

- 11.1. The Investor's investment in the Portfolio Service shall be on the basis of the declaration made by the Investor in Part 1 of his Application Form which includes statements by the Investor in relation to the following matters, namely:
  - 11.1.1. whether or not the Investor wishes to claim EIS Income Tax Relief and/or CGT Deferral Relief for the Investments;
  - 11.1.2. that he agrees to notify the Portfolio Manager if any Investment by the Portfolio Service in any company with which the Investor is connected within section 163 and sections 166 to 171 of the Income Tax Act 2007, (in which case 6.5 of this Agreement will apply at once);
  - 11.1.3. that he agrees to notify the Portfolio Manager if, within three years of the date of issue of Investments to his Portfolio in a Qualifying Company or within three years of commencement of trade if later, the Investor becomes connected with the company or receives value from such company (in which case clause 6.5 will apply at that time);
  - 11.1.4. the Investor's tax district, tax reference number and National Insurance number; and
  - 11.1.5. the Investor confirms that the information stated in the Application Form in these (and all other) respects is true and accurate as at the date of this Agreement.
- 11.2. The Investor agrees immediately to inform the Portfolio Manager in writing of any change of tax status, other material change in circumstances and any change in the information provided in the Application Form to which Clause 11.1 above refers.
- 11.3. In addition, the Investor agrees to provide the Portfolio Manager with any information which it reasonably requests for the purposes of managing his Portfolio Service pursuant to the terms of this Agreement.

## 12. Delegation and Assignment

- 12.1. The Portfolio Manager may, employ agents, including Associates, to perform any administrative, custodial or ancillary services to assist the Portfolio Manager in performing its services, in which case it will act in good faith and with due diligence in the selection, use and monitoring of such agents. Any such employment of agents shall not affect the liability of the Portfolio Manager under the terms of this Agreement.
- 12.2. In particular, the Portfolio Manager has appointed the Share Centre Limited to act as Custodian. The terms and conditions of the Share Centre Limited set out in Schedule 3 contain details of the administration arrangements and obligations which have been delegated by the Portfolio Manager (referred to in the Custodian's terms and conditions as the "fund manager") to the Custodian.

## 13. Potential Conflicts of Interest and Disclosure

- 13.1. The Portfolio Manager and its Associates may:
  - 13.1.1. provide similar services or any other services whatsoever to any other client;
  - 13.1.2. manage and/or provide services to Qualifying Companies and/or Investee Companies;
  - 13.1.3. have direct or indirect interests in Qualifying Companies and/or Investee Companies.
- 13.2. The Portfolio Manager and its Associates may be paid fees for the services referred to in Clauses 13.1.1 and 13.1.2 (including by Qualifying Companies and/or Investee Companies) and receive income or other amounts arising out of the interests referred to in Clause 13.1.3.
- 13.3. The Portfolio Manager and its Associates shall not in any circumstances be required to account to the Investor for any of the fees, charges, income or other amounts earned (and any profits made) referred to in Clause 13.2.
- 13.4. So far as is deemed practicable the Portfolio Manager will each use all reasonable endeavours to ensure fair treatment as between the Investor and other clients in compliance with the FCA Rules.
- 13.5. The Portfolio Manager has in place a conflict of interest policy (the Conflicts Policy) pursuant to the FCA Rules which set out how it (and its Associates) identifies and manages conflicts of interest mentioned in Clause 13.1 and other conflicts of interest which may arise. Under its Conflicts Policy, the Portfolio Manager (and its Associates), are each required to take all reasonable steps to identify conflicts of interest between:

- 13.5.1. Itself and its Associates and any other entity or arrangement in which it or any of its Associates may be directly or indirectly interested and any of its other clients; or
- 13.5.2. One client of the Portfolio Manager and another such client.
- 13.6. The Portfolio Manager believes that it should identify any conflicts that may arise in other situations including between itself and any of its other Investors. Where the Portfolio Manager owes a duty to such Investors or other persons, it must maintain and operate arrangements to prevent any conflict from giving rise to a material risk of damage to the interest of its clients.
- 13.7. Seneca Partners Conflict of Interest Policy is available at [www.senecapartners.co.uk](http://www.senecapartners.co.uk)

## **14. Liability of the Portfolio Manager and the Investment Adviser**

- 14.1. The Portfolio Manager will at all times act in good faith and with reasonable care and due diligence. Nothing in this Clause 14 shall exclude any duty or liability owed to the Investor by the Portfolio Manager under the FCA Rules.
- 14.2. The Portfolio Manager shall not be liable for any loss to the Investor arising from any investment decision made or advised in accordance with the Investment Objectives and the Investment Restrictions (set out in Schedule 1 to this Agreement) or for other action in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Portfolio Manager or of its Associates or any of their respective employees.
- 14.3. The Portfolio Manager shall not be liable for any defaults of any counterparty, agent, banker, nominee or other person or entity which holds money, investments or documents of title, other than such party which is its Associate and other than provided for in this Agreement.
- 14.4. In the event of any failure, interruption or delay in the performance of the Portfolio Manager's obligations resulting from acts, events or circumstances not reasonably within their control including but not limited to war, riot, civil commotion, terrorism or threat thereof, acts or regulations of any governmental or supranational bodies or authorities and breakdown, failure or malfunction of any telecommunications or computer service or systems, the Portfolio Manager shall not be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by the Investor.
- 14.5. As the Investor is classified as a retail client, the Portfolio Manager is required to carry out an assessment of suitability of the Portfolio Service as an investment for the Investor, and is required to assure itself that the Portfolio Service is in general terms appropriate for the Investor. However, the Portfolio Manager does not give any representation or warranty as to the performance of the Portfolio Service. The Investor acknowledges that EIS Investments are high risk Investments, being non-readily realisable investments. There is a restricted market for such Investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. The Investor undertakes that he has himself considered the suitability of Investment in EIS Qualifying Companies carefully and has noted the risk warnings set out in the Information Memorandum about the Portfolio Service.

## **15. Termination**

- 15.1. The Portfolio Manager shall notify in writing the Investors of a date not less than 12 months from the date of such notification when the Portfolio Service will terminate (the Termination Date). On the Termination Date, remaining unrealised Investments and cash will be transferred into the Investor's name or as the Investor may otherwise direct.
- 15.2. An Investor may not withdraw the money he has subscribed in full or in part from the Portfolio Service prior to termination of the Portfolio Service, unless the Portfolio Manager so agrees. If the Portfolio Manager agrees, it may be necessary to realise Investments to fund cash withdrawals from the Portfolio but the Investor acknowledges:
- 15.2.1. that he may lose EIS Income Tax Relief and/or CGT Deferral Relief in respect of Investments sold; and
- 15.2.2. that it may not be practicable for the relevant shares to be immediately sold in which case there may be a delay in completing the withdrawal. If it is practicable to effect and the Investor decides to proceed with an early withdrawal, the Portfolio Manager will, unless the Investor otherwise requests, effect the withdrawal on the last business day of the month following that in which such decision is made.
- 15.3. If the realisation of all or any part of an Investment is achieved at any time prior to the Termination Date, the share of the proceeds due to an Investor (net of any fees) shall be returned to the Investor within 30 days of such realisation unless the Investor directs the Portfolio Manager in writing to apply such proceeds (net of any fees) by way of further Subscription to the Portfolio Service (in which case the remaining terms of this Agreement shall continue to apply in respect of such further Subscription, save that the spread of Investments over which such further Subscription shall be made (as referred to in the Information Memorandum) shall take into account any existing unrealised Investments which are held on behalf of that Investor at the relevant time). This principle regarding the spread of Investments over which further Subscriptions (arising following the sale, redemption or other realisation of all or part of any Investment) shall be made shall also apply in relation to any Investor who makes a further Subscription to the Portfolio Service at any time when existing unrealised Investments are still held on behalf of that Investor.



15.4. If:

- 15.4.1. the Portfolio Manager gives to the Investor not less than three months' written notice of its intention to terminate its role as Portfolio Manager under this Agreement; or
- 15.4.2. the Portfolio Manager ceases to be appropriately authorised by the FCA or becomes insolvent,

then the Portfolio Manager shall endeavour to make arrangements to transfer its obligations to another appropriately authorised and regulated manager in which case that manager shall assume the role of the Portfolio Manager under this Agreement, failing which this Agreement shall terminate forthwith and, subject to Clause 16, the Investments shall be transferred into the Investor's name or as the Investor may otherwise direct.

## **16. Consequences of Termination**

- 16.1. Prior to the Termination Date, the Portfolio Manager will use reasonable endeavours to complete the realisation of all unrealised Investments expeditiously on the basis set out in this Agreement.
- 16.2. Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payments save that the Portfolio will bear the cost of fees, expenses and costs properly incurred by the Portfolio Manager or the Custodian and Nominee up to and including the date of termination and payable under the terms of this Agreement.
- 16.3. Prior to the Termination Date, the Portfolio Manager may retain or realise such Investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable under Clause 9 of this Agreement, the details of which are set out in Schedule 2 to this Agreement.

## **17. Confidential Information**

- 17.1. None of the parties shall disclose to third parties information the disclosure of which by it would be or might be a breach of duty or confidence to any other person.
- 17.2. In performing this Agreement, the Portfolio Manager shall not be required to make use of information which comes to the notice of any of their respective employees, officers or agents (or those of any of their respective Associates) unless this has come to the actual notice of employees, officers or agents whom the Portfolio Manager specifically retains for the purposes of providing services under this Agreement to the Investor.
- 17.3. The Portfolio Manager will at all times keep confidential all information acquired in consequence of this Agreement, except for information which:
  - 17.3.1. is public knowledge; or
  - 17.3.2. either of them may be entitled or bound to disclose under compulsion of law; or
  - 17.3.3. is required to be disclosed by or to regulatory agencies; or
  - 17.3.4. is given to their respective professional advisers where reasonably necessary for the performance of their professional services;
  - 17.3.5. needs to be shared with the Custodian and Nominee for the proper performance of this Agreement; or
  - 17.3.6. is authorised to be disclosed by the Investor, provided that in making such disclosure the Portfolio Manager shall use all reasonable endeavours to prevent any breach of this Clause 17 through further or onward disclosure of such information.

## **18. Complaints and Compensation**

- 18.1. The Portfolio Manager has established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available on request. Should an Investor have a complaint, he should contact the Portfolio Manager in the first instance. If the Portfolio Manager cannot resolve the complaint to the satisfaction of the Investor, the Investor may be entitled to refer it to the Financial Ombudsman Service.
- 18.2. The Custodian participates in the Financial Service Compensation Scheme, established under the FSMA, which provides compensation to eligible Investors in the event of a firm being unable to meet its customer liabilities. Payments under the protected investment business scheme are limited to a maximum of £50,000.
- 18.3. Further information is available from the Financial Services Companies Scheme at 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU.

## **19. Notices, Instructions and Communications**

- 19.1. Notices of instructions to the Portfolio Manager should be in writing and signed by the Investor, quoting an investment reference number except as otherwise specifically indicated.
- 19.2. The Portfolio Manager may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by the Investors under the Application Form or subsequently notified by the Investor from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.

19.3. Communication to the Investor shall be to the address or in the manner specified in the Application Form, or as otherwise notified in writing to the Portfolio Manager by the Investor.

## **20. Unsolicited real time financial promotion**

20.1. The Portfolio Manager may communicate an unsolicited real time Financial Promotion (i.e. interactive communications such as a telephone call promoting Qualifying Company investments) to the Investor.

## **21. Amendments**

21.1. The Portfolio Manager and the Investor may amend this Agreement if such amendments are agreed and in writing.

21.2. The Portfolio Manager may also amend these terms with immediate effect if:

- 21.2.1. it is necessary in order to comply with HMRC requirements in order to maintain the EIS Income Tax Relief and CGT Deferral Relief or in order to comply with the FCA Rules; or
- 21.2.2. such amendments are considered by the Portfolio Manager (acting reasonably) to be consistent with the investment objectives of the Portfolio Service as referred to in Clause 5 (and such view is supported by the Investment Committee),

and such amendments will become effective as soon as the Investor is notified in writing.

## **22. Data Protection**

22.1. For the purposes of this clause 20, Personal Data has the meaning in section 1 of the Data Protection Act 1998 (DPA) and includes data which enables the Investor to be identified from it, or from the data and other information which is in the possession of, or is likely to come into the possession of the Portfolio Manager.

22.2. All Personal Data which the Investor provides to the Portfolio Manager is held by the Portfolio Manager as the Data Controller (as defined in section 1 of the DPA) of the Personal Data in accordance with the DPA.

22.3. The Investor agrees that the Portfolio Manager may pass personal data to:

- 22.3.1. Other Seneca companies such as subsidiaries of Seneca Partners Limited, Seneca Finance Ltd (and its subsidiaries) and other Seneca branded companies in which you are an investor or for whom you are a customer, for the purposes of providing efficient and complete updates to you or your adviser or responding to any queries made by you or your adviser;
- 22.3.2. Other Seneca companies such as subsidiaries of Seneca Partners Limited, Seneca Finance Ltd (and its subsidiaries) and other Seneca branded companies for the purposes of marketing other Seneca provided products and services, where you have agreed that we can do so on page 9 of this Application Form;
- 22.3.3. The Custodian, for the purposes of fulfilling their responsibilities as Custodian and Nominee for the Seneca
- 22.3.4. Any regulatory, governmental, judicial or law enforcement body (including the FCA) if requested to do so or if otherwise deemed necessary and in accordance with the DPA.

22.4. The Personal Data shared in accordance with the above clause will be limited to that which is strictly necessary for the purposes stated by the party receiving the data.

22.5. Upon receiving your Application Form or as may otherwise be determined by us, enquiries may be made at a Credit Reference Agency to assist us to verify your identity by either us or the Custodian. This will involve checking the details you supply with any of the Agency's databases. A record of any such search will be held by the Agency and may be shared with other businesses.

22.6. If you have made your application via an online platform, your Personal Data may also be shared with that platform for the purposes of assisting that platform fulfil its responsibilities to you as a customer of that platform.

22.7. Further details of the data processing that Seneca undertakes is available in our Investor Privacy Notice, which can be found in the Downloads section of the Seneca website ([www.senecapartners.co.uk](http://www.senecapartners.co.uk)).

## **23. Entire Agreement**

23.1. This Agreement, together with the Application Form, comprises the entire agreement of the Portfolio Manager and the Investment Adviser with the Investor relating to the provision of their respective services and supersedes all earlier meetings, any correspondences, or discussions that may have taken place preceding the signing of the Application Form.

## 24. Severability

- 24.1. If any term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remainder of this Agreement.

## 25. Rights of Third Parties

- 25.1. A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement save that the Custodian may enforce those provisions expressly set out in this Agreement which relate to the Custodian.

## 26. Governing Law

- 26.1. This Agreement and all matters relating thereto shall be governed by and construed in accordance with English Law and the parties submit to the exclusive jurisdiction of the English Courts.

# Schedule 1

## 1. Investment Objectives

- 1.1. To offer a wide range of Investors the opportunity to invest into a diversified portfolio of Qualifying Companies with attractive growth prospects and strong management teams in order to provide them with capital to assist in and accelerate their growth. The Portfolio Manager will receive advice and recommendations from the Investment Committee. The Portfolio Manager's aim is to manage the Investments subscribed by Investors to produce capital gains typically within a period of five years, whilst providing Investors with the tax advantages associated with EIS Investments.

## 2. Investment Restrictions

- 2.1. Each investment will be in a company into which the Portfolio Manager has conducted appropriate due diligence in order to establish whether it meets the Portfolio Service's investment criteria.
- 2.2. In carrying out its duties under this Agreement in respect of the Portfolio Service, regard shall be had, and all reasonable steps taken, by the Portfolio Manager to comply with such matters as are required in order to attract EIS Income Tax Relief and CGT Deferral Relief.
- 2.3. In particular, but without prejudice to the generality of the above statements, the investment criteria for the Portfolio Service are as follows:
  - 2.3.1. so far as practicable, each investment shall be in shares of a Qualifying Company and in line with the investment criteria set out in the Information Memorandum;
  - 2.3.2. so far as is practicable, the Portfolio shall be fully invested (subject to cash retention to meet fees, costs and expenses) within 12 months of receipt of Subscriptions; and
  - 2.3.3. generally the Portfolio Manager reserves the right to return a small surplus of cash if it concludes that it cannot be properly invested for the Investor or considers it to be in the interests of the Investor, having regard to EIS Income Tax Relief for the Investor.
- 2.4. The intention is to realise investments within five years of acceptance of an Application Form.
- 2.5. Investors should be aware that Portfolios will include non-readily realisable investments. There is a restricted market for such Investments and it may be difficult to deal in Investments or obtain reliable information about their value.

## SCHEDULE 2: FEES AND EXPENSES IN RESPECT OF THE PORTFOLIO SERVICE

### 1. Initial Fees and Deductions

- 1.1. There is an initial fee payable to the Portfolio Manager equal to 2% (plus VAT) of an Investor's initial Subscription. Additionally, your financial adviser may charge additional advice fees to be deducted from your initial Subscription but these must be agreed with and authorised by you on page 7 of this application form. The maximum that can be deducted from your initial Subscription is 3% (plus VAT if applicable) for initial advice and 1% p.a. (plus VAT if applicable) for a maximum of 4 years for ongoing advice. All maxima stated are as a percentage of the initial Subscription.
- 1.2. If you have agreed to pay your financial adviser an ongoing advice fee by deduction from your initial Subscription, the Custodian will deduct an amount equal to 4 times the annual ongoing advice fee from the initial Subscription and hold this amount in cash in your name, pending payment to your financial adviser at the appropriate times. This amount will therefore be unavailable for investment and will not benefit from any tax reliefs.
- 1.3. Should you wish to cancel your instruction to pay an ongoing advice fee, please notify the Portfolio Manager in writing. Once your cancellation request has been received, the Portfolio Manager will ensure no further ongoing advice fees are paid.

### 2. Annual Management Fee

- 2.1. The Portfolio Manager shall receive an annual management fee equal to 2% (+ VAT) of Subscriptions less the initial charges, payable for a maximum period of four years from the date of acceptance of an Application Form. However the annual management fee will be deferred and will only become payable when sufficient cash has been raised through realisation of Investments and to the extent that the amount of an Investor's Subscription (less any advice fees paid to their financial adviser) has been returned in full after the application of annual charges.

### 3. Performance Fee

- 3.1. No performance fee will be payable until Investors have received proceeds (net of relevant annual management fees) equal to their original Subscription (less any advice fees paid to their financial adviser). The performance fee will then be payable at a rate of 20% + VAT of proceeds in excess of the Investor's original Subscription (less any advice fees paid to their financial adviser).

### 4. Custodian's Fees

- 4.1. The Custodian shall receive from Investors a transaction fee of up to 0.35% (VAT not applicable) of the funds used to purchase any shares.
- 4.2. The Custodian shall receive from Investors a transaction fee of up to 0.35% (VAT not applicable) of the funds realised upon the disposal of any shares.
- 4.3. The Custodian shall receive from Investors an annual administration fee of £55 plus VAT. To facilitate this, upon an Investor's first Subscription to the Service the Custodian will set aside an amount of £275 plus VAT from the Investor's initial Subscription and hold this amount in cash in the Investor's name, to cover the annual administration fee for the first five years. Upon any subsequent Subscriptions, the Custodian will set aside a sufficient amount to ensure that a total of £275 plus VAT is held in the Investor's name, to cover the annual administration fee for the following five years.

### 5. Fees Payable by Investee Companies

- 5.1. The Portfolio Manager reserves the right to charge Investee Companies fees for arranging funding, monitoring performance and assisting with a sale or other exit. The abort costs associated with any portfolio investments that do not proceed to completion will be borne by the Portfolio Manager.

### 6. Illustration of potential returns

- 6.1. The following table provides an illustrative example of the potential returns which may be received by an Investor from the Portfolio Service based on the fees and charges which would be incurred / payable. This illustration should not be regarded as providing any forecast or guarantee of returns which may be received from the Portfolio Service and the amount of any returns will be subject to a variety of factors outside of the control of the Portfolio Manager or the Investor (including, without limitation, the value at which an Investment is realised, the availability of EIS Income Tax Relief and CGT Deferral Relief, all of which may be subject to change). Further any charges paid to an Independent Financial Adviser are not considered below and would reduce these illustrative returns.

<b>Initial Subscription</b>	<b>£100,000.00</b>
Initial and Admin Fees	
Fee to Seneca (2% + VAT)	(£2,400.00)
Custodian's Admin Fee (£275 + VAT)	(£330.00)
<b>Subtotal</b>	<b>£97,270.00</b>
Custodian's Dealing Fee (up to 0.35% of Net Investment)	(£339.26)
<b>Net Investment (amount available to invest)</b>	<b>£96,930.74</b>
Annual Management Charge 'AMC' (Up to 2% + VAT per annum for a maximum of 4 years) Only charged if the Investor receives back their initial investment (less any advice fees facilitated through the service that the Investor has agreed to pay to their financial adviser)	Up to 9.6%
Seneca Performance Fee (20% + VAT) Only charged if the Investor receives back their initial investment (less any advice fees facilitated through the service that the Investor has agreed to pay to their financial adviser) and the AMC has been paid in full	24%, if charged
EIS Tax Relief (assuming all relevant conditions satisfied)	30%

**The amount invested will therefore be £96,930.74 and this will be the sum on which reliefs can be claimed. Please note that this example assume that no advice fees are to be deducted from the initial subscription.**

#### Example fees if maturity happens four years after investment

	Example A	Example B	Example C
<b>Performance</b>	-20%	0%	50%
<b>Gross return (pre exit and annual fees)</b>	<b>£77,544.59</b>	<b>£96,930.74</b>	<b>£145,396.11</b>
Custodian Exit Fee (up to 0.35%)	-£271.41	-£339.26	-£508.89
Seneca Annual Management Charge ('AMC')	£0.00	£0.00	-£9,305.35
Seneca Performance Fee	£0.00	£0.00	-£8,539.65
<b>Total Fees</b>	<b>-£271.41</b>	<b>-£339.26</b>	<b>-£18,353.89</b>
<b>Investment Return after deduction of Fees</b>	<b>£77,273.18</b>	<b>£96,591.48</b>	<b>£127,042.22</b>
EIS Income Tax Relief @ 30% (assuming conditions satisfied)	£29,079.22	£29,079.22	£29,079.22
<b>Total Proceeds (Including EIS Tax Relief)</b>	<b>£106,352.40</b>	<b>£125,670.70</b>	<b>£156,121.44</b>
Profit on Initial Subscription	£6,352.40	£25,670.70	£56,121.44

**Please note that all these examples assume that no advice fees are to be deducted from the initial subscription.**

If an Investor agrees with their financial adviser to pay them an initial and/or ongoing advice fees, these can be facilitated by the Service. The maximum fees that can be accommodated are:

- 3% (plus VAT if applicable) for an initial advice fee
- 1% p.a. (plus VAT if applicable) for an ongoing advice fee

The amount of any advice fees is between the Investor and their adviser. The Portfolio Manager is not offering any opinion as to the amount that should be agreed and these maxima should not be construed as such.

It is important to note that where these fees are to be facilitated by the Service, they will be deducted from an Investor's initial Subscription and will not be available for investment, nor qualify for any tax reliefs or benefits associated with EIS investment. Furthermore, the Portfolio Manager will not charge the deferred annual management charge unless the holdings in an Investor's portfolio has been sold for at least the net value of the Investor's initial subscription after the deduction of any advice fees facilitated by the Service.

The following gives an example of how facilitating adviser fees through the Service will affect the amount available to invest and the various other fees that apply.

<b>Initial Subscription</b>	<b>£100,000.00</b>
<b>Initial Fees</b>	
<b>Paid to Seneca</b>	
Initial Fee (2% + VAT)	-£2,400.00
<b>Paid to Adviser</b>	
Initial advice fee (assumed at 3%, with no VAT)	-£3,000.00
Ongoing advice fee (assumed at 1% p.a. with no VAT)*	-£4,000.00
	<b>£90,600.00</b>
<b>Paid to Custodian</b>	
Custodian Fees (£275 + VAT, plus up to 0.35% of £89,955.16)	-£644.84
<b>Net Investment</b>	<b>£89,955.16</b>

\* If an Investor has agreed to pay your financial adviser an ongoing advice fee by deduction from their initial Subscription, the Custodian will deduct an amount equal to 4 times the annual ongoing advice fee from the initial Subscription and hold this amount in cash in the Investor's name, pending payment to their financial adviser at the appropriate times.

The amount invested will therefore be £89,955.16 and this will be the sum on which reliefs can be claimed

If charged, Seneca's Annual Management Charge 'AMC' will be charged on: £89,955.16

**The Maximum AMC payable is 9.6% of £89,955.16** £8,635.70

Being 4 years x 2% plus VAT (4 x 2.4% = 9.6%)

This will only be charged if the holdings in an Investor's portfolio have been sold for at least £93,000 (being the initial Subscription less the total of the advice fees), after payment of the Custodian's Exit Fee of up to 0.35%

**The Seneca Performance Fee is only payable once the client has received** £93,000.00

**and the AMC of 9.6% has been paid in full** £8,635.70

**£101,635.70**

**The Seneca Performance Fee is therefore 20% plus VAT on any return over:** **£101,635.70**

For example, if the return after all charges is £170,000\*\*, the Performance Fee would be 24% of £68,364.30 (£170,000 - £101,635.70) i.e. £16,407.43.

\*\*The figure used is for illustrative purposes only and do not indicate the likelihood of a particular return.

### Section 1

Terms of business - applicable to all accounts

#### 1. Introduction

- 1.1. It is important that you read and understand these standard terms of business, which apply when you open an account with The Share Centre (the "Account"), and provide you with information about how it will be operated. Some paragraphs are included to ensure there is no misunderstanding as to who will do what and when, and some are included simply because different pieces of legislation (which include Acts of Parliament) say that we must include them. We have tried to make them as readable as possible. For your own benefit and protection you should read these terms carefully. If you do not understand anything, please contact us on 01296 41 41 41.
- 1.2. Where you see the words "you" or "your" in these terms of business, it means you as the individual, or if opening a joint Account, all individuals named on the joint Account. If you are applying as an official of a company or a trust, then it is referring to the company or trust, and not you personally.
- 1.3. The Share Centre Limited ("TSC") is a limited company incorporated in England and Wales and its registered office address is Oxford House, Oxford Road, Aylesbury, Buckinghamshire HP21 8SZ. TSC is authorised and regulated by the Financial Conduct Authority ("FCA") to provide share dealing and administration services. The FCA reference number for TSC is 146768. You can check this on the FCA's website at [www.fca.org.uk](http://www.fca.org.uk). The FCA's address is 25 The North Colonnade, Canary Wharf, London E14 5HS.
- 1.4. On the application form for your Account, you will be asked to sign and accept these terms of business (or click on an 'I accept' button if TSC has enabled you to open your Account via the Internet), which creates a legal agreement between you and TSC, referred to in these Terms as "the Agreement", provided TSC accepts your application to open an Account. This Agreement includes not only these terms of business, but also:
  - the literature that describes your Account in more detail; and
  - the Account tariff;
  - all of which may be amended by TSC from time to time, subject to paragraph 1.7 below, where TSC has a valid reason. A valid reason means in the following circumstances only:
    - to give effect to a change in law, regulations, industry guidance or codes of practice;
    - as a result of new market practices;
    - for economic reasons, including a variation in taxation rates or costs incurred in supplying a product or service (in which case TSC will respond proportionately).

No other terms and conditions will apply, unless indicated below or as notified to you.

- 1.5. Before your application can be considered you must agree to abide by the terms of this Agreement in the manner described above. However, a legally binding agreement will only arise once TSC notifies you that it has accepted your application. If TSC decides not to accept your application, there will be no Agreement, and if you have provided any documentation in support of your application it will be returned to the address shown on your application form.
- 1.6. Unless TSC otherwise informs you in writing, you will be treated as a 'retail client' under the rules of the FCA, which means that you are entitled to the full extent of applicable regulatory protections. You have the right to request in writing re-categorisation as either a 'professional client' or 'eligible counterparty' subject to meeting specific criteria; however, as a consequence, there will be limitations to the level of applicable regulatory protections. Such limitations will include loss of access to the Financial Ombudsman Service and Financial Services Compensation Scheme (which are explained further in paragraph 11). Further details on different client categorisations can be obtained from TSC's Compliance team.
- 1.7. Although TSC may change this Agreement in accordance with paragraph 1.4 above, no change will affect any rights or obligations of yours arising prior to such change becoming effective. TSC will give you at least 30 days advance notice, either by post or email (if applicable to you), of any such changes. Where a change results in an increase in charges to you, you are free to terminate this Agreement within a further 30 days of the change becoming effective without any additional charges over and above those that were applicable prior to the change taking effect.
- 1.8. This Agreement is in English and all future communications with you will also be in English. The Agreement is governed by English law and in the event of a serious dispute, will be subject to the exclusive jurisdiction of the English courts.
- 1.9. Any transactions undertaken for you in stocks and shares will be subject, where applicable, to the rules of the London Stock Exchange ("LSE"), any such other market as TSC may decide, CREST (the system used for transferring shares between sellers and buyers), Cofunds Nominees Limited ("Cofunds", which is used to

safeguard holdings in some collective investment funds such as unit trusts), the FCA and all other applicable laws, rules and regulations. TSC will act as your agent in any such dealings. Where there is a conflict between this Agreement and any such laws and regulations, the latter will prevail. You must also comply with the City Code on Takeovers and Mergers (and the FCA's Disclosure and Transparency Rules regarding the notification of major shareholdings), which may be relevant if you are dealing in large quantities of shares. Further details can be obtained from TSC's Compliance team.

- 1.10. There may be occasions where a conflict of interest develops between you and TSC or between you and another customer. TSC has taken all reasonable steps to identify such conflicts of interest and has a Conflicts of Interest Policy in place, designed to prevent conflicts of interest from adversely affecting the interests of its customers. A summary version of this Policy is set out within Schedule 1 of these terms of business.
- 1.11. Unless you have sought specific investment advice from TSC's Advice team in accordance with the Advice terms of business set out within Section 5 of these terms of business, all transactions are carried out on your own initiative (i.e. 'execution only'). TSC is, therefore, not responsible for advising you on the suitability of the services or transactions provided or offered by TSC. You will not benefit from the protection of the FCA's rules relating to suitability which would require TSC to ensure that a product or service is suitable for you when taking into account your knowledge and experience in the relevant investment field, your financial situation and your investment objectives.
- 1.12. Where you have received a personalised communication (as defined by FCA) from TSC or wish to deal in a 'complex' investment (e.g. a warrant, covered warrant or 'securitised derivative') on an execution only basis, you may be required to complete an appropriateness test. This requires TSC to ensure that you have sufficient awareness of the risks involved in a product or service when taking into account your knowledge and experience in the relevant investment field before TSC can accept your dealing instruction. TSC reserves the right not to accept an instruction to deal where you fail such a test.
- 1.13. TSC does not provide advice on the legal implications of accepting this Agreement and, unless otherwise specifically indicated to you by the Advice team, does not provide advice on aspects of taxation..

## **2. Cancellation Rights**

- 2.1. You have the right to cancel this Agreement for a period of up to 14 days (or 30 days if this Agreement relates to a pension) from the day on which TSC accepts your application (i.e. the date of the welcome letter or email that will be sent to you).
- 2.2. However, the right to cancel cannot apply to any transactions undertaken during the cancellation period, where the prices of the investments concerned can fluctuate within the financial marketplace and where those fluctuations are not within TSC's control (e.g. TSC is unable to have any control over the movement of share prices).
- 2.3. In order to cancel the Agreement, you must ensure that your written instructions to cancel are sent to TSC (or its nominated agent) before the end of the 14 day (or 30 day, for pensions) cancellation period.
- 2.4. If you do decide to cancel, you must still pay for any services that TSC has actually provided (which may include re-registration and commission charges), based on the published tariff sheet.

## **3. Customer Information**

- 3.1. You will supply TSC with all information reasonably requested as soon as practical. You confirm that all information will be, to the best of your knowledge and belief, correct when supplied and that you will notify TSC of any changes.
- 3.2. TSC will treat all personal information about you and your financial affairs as confidential. TSC may however disclose any such information to its authorised agents and firms for whom TSC provides outsourced share dealing and/or administration services or if required to do so by law or regulation, or requested by a financial regulator, or where you have given your consent to the disclosure. The information may also be shared with other financial organisations to protect TSC and its customers, and other financial organisations and their customers, against financial crime. Further information on safeguarding customer data is contained within TSC's Privacy Policy available from TSC's website, [www.share.com](http://www.share.com).
- 3.3. You agree that TSC may hold information about you and your affairs in order to:
  - verify your identity and financial standing (among other things TSC is likely to consult a credit or mutual reference agency, which may retain a record of our enquiry);
  - provide you with TSC's services (which may also necessitate TSC liaising with third parties, such as companies and their registrars, and disclosing some aspects of your personal information in order to verify, or otherwise discuss, your investments in the proper provision of TSC's services);
  - keep you up-to-date regarding other services which TSC or firms for whom TSC provides outsourced share dealing and/or administration services considers may be of interest to you (if you would prefer not to receive direct marketing information, please advise TSC on 01296 41 41 41).
- 3.4. Due to anti-money laundering regulations (which aim to prevent criminal property being used or disguised as legitimate wealth) you may have to produce satisfactory evidence of your identity, or the identity of any person on whose behalf you are placing the dealing instruction, before TSC can do any business with you,



and from time to time thereafter. This identification process is designed to assist in the prevention of crime within the financial services industry and society at large. If you do not provide the information when requested, TSC may be unable to accept any instructions from you or provide you with any other services.

- 3.5. TSC will only accept applications from residents of certain qualifying countries, details of which are available from TSC. Where applications are received from such residents, additional identification requirements may apply.
- 3.6. You confirm that you are not a US person for the purposes of US federal income tax, and that you are not acting for, or on behalf of, a US person. The definition of a US person includes, but is not limited to, US citizens, US residents, US taxpayers or those who hold US dual nationality. In the future, should you become a US person, you agree to inform us immediately and consent to the automatic closure of your Account, or any Account over which you are a trustee or attorney, whether solely or jointly.
- 3.7. TSC is registered to use your personal information under the Data Protection Act 1998 (as may be amended). Under the terms of this Act, you are entitled to a copy of any personal information TSC holds on computer and on certain written records, upon payment of the appropriate fee.

#### **4. Charges**

- 4.1. You will pay all applicable fees, commissions and other charges in accordance with TSC's published tariff sheet. You must also pay any applicable taxes and levies (e.g. Stamp Duty, market levies, overseas financial transaction taxes etc.) that TSC is required to charge you. All such charges may be deducted from your Account or any other account you hold with TSC. Other taxes and costs (e.g. Capital Gains Tax) may also exist that are not collected or deducted by TSC.

#### **5. Your Money and Investments**

- 5.1. Your money will be handled in accordance with the client money rules of the FCA and unless otherwise agreed all money received or paid from or to you must be in British Pounds Sterling.
- 5.2. The cash balance held on your behalf, and as shown in your Account, will be deposited with an authorised banking institution in the name of TSC under customer trust status (i.e. separate from TSC's money), together with cash balances belonging to other customers of TSC. Such deposits may be held within instant access accounts with other authorised banking institutions. TSC may debit or credit your Account for all sums payable by or to you (including dividends you may receive in cash, fees and other amounts payable by you).
- 5.3. All payments to your Account must be drawn on your own United Kingdom ("UK") bank account. You may credit money to your Account by using an acceptable form of debit card, providing the sum to be credited does not exceed such limit as TSC may advise. All payments received, either individually or collectively, in excess of £25,000 may be subject to clearance, at TSC's absolute discretion, prior to the acceptance of dealing instructions thereon.
- 5.4. TSC has the right to return money, whether received by cheque, bank transfer or debit card, to 'source' (i.e. from where it came). All money returned will be done so at your own risk and will be subject to the normal timings of the banking clearance system. Where requested, money will only be transferred overseas to certain qualifying countries, details of which are available from TSC.
- 5.5. Interest will be payable quarterly on credit balances on money in your Account at the rates published from time to time by TSC. Where you make a payment to TSC to be credited to your Account, no interest will start to be calculated on this sum until the payment has cleared.
- 5.6. In the event that TSC does not hear from you for a period of 6 years, has made reasonable attempts to contact you, and such attempts have been unsuccessful, any money held in your Account may be released for the benefit of TSC's chosen charity. Should you subsequently contact TSC and make a valid claim, TSC will reimburse the money to you. However, interest will not be due to you from the date of release of the money to the charity.
- 5.7. TSC has the right to delay the return of any money received from you until 10 business days after the date of clearance for credit control purposes.
- 5.8. All investments held within your Account will be registered either in the name of TSC's 'pooled' nominee company, Share Nominees Limited (the "Nominee"), and/or Cofunds (in the case of certain unit trusts and open-ended investment companies ("OEICs")) and held for you as the beneficial owner, together with investments belonging to other customers of TSC. This means that there are no separate certificates, documents evidencing legal ownership or external electronic records of your individual investment holdings.
- 5.9. The Nominee and Cofunds hold the investments on trust, such that when customers buy or dispose entirely of an investment in accordance with this Agreement, their interest in relation to that investment within the trust is created or extinguished respectively.
- 5.10. On some occasions, because settlement is carried out on a pooled basis, your investments may be used by TSC to settle another customer's transaction (for instance, where another customer wishes to sell a holding

they have only just bought and TSC has not yet received that customer's stock). This will not affect the record TSC maintains which shows how much stock is held on your behalf.

- 5.11. TSC may deliver or accept delivery of certificates and/or investments via CREST on behalf of the Nominee.
- 5.12. TSC accepts responsibility for holdings in the name of the Nominee and for acts and omissions of the Nominee, but not in relation to Cofunds, nor the acts or omissions of Cofunds.
- 5.13. Dividends from investments will usually only be received as cash.
- 5.14. Overseas investments may be held on behalf of TSC by an overseas custodian, its sub-custodian or an investment clearing system. TSC and the Nominee do not accept responsibility for any losses arising from the default of such an appointed custodian or clearing system. It should be noted that there may be different settlement, legal and regulatory requirements in overseas jurisdictions from those applying in the UK and different practices for the separate identification of investments.
- 5.15. Overseas investments held by the Nominee may be in the form of CREST Depositary Interests ("CDIs"). CDIs cannot be registered into certificates. CDIs may be liable for withholding tax from the country of origin of the underlying investment. TSC is not obliged to reclaim any foreign withholding tax deducted. If you are unsure about the tax implications of dealing in overseas investments, you should seek independent tax advice.
- 5.16. On some occasions, money relating to overseas investments not held by the Nominee may be deposited in a client bank account outside the UK. Money held in its country of origin will be held with an approved bank or depositary unless the money relates to the settlement of a transaction or a series of transactions or the distribution of income which is subject to the law or market practice of a jurisdiction outside the UK and because of the applicable law or market practice, it is not possible to hold your money in a client bank account with an approved bank or depositary. In some cases, the bank or depositary with which your money may be held outside the UK may not have accepted that it has no right of set off or counterclaim against your money in respect of any sum owed by TSC on any other account held by TSC at the bank. The legal and regulatory regime applying to such bank or depositary outside the UK will be different from that of the UK and, in the event of a failure of the bank or depositary, your money may be treated in a different manner from that which would apply if the money was held by an approved bank in the UK.
- 5.17. Your money may be passed to another person, such as an exchange, clearing house or an intermediate broker, for the purposes of a transaction on your behalf through or with that person. Where such a person is located outside of the UK, the legal and regulatory regime applying to those persons will be different from that of the UK and in the event of the failure of such a person, your money may be treated in a different manner from that which would apply if the money was held by such a person in the UK.
- 5.18. You shall not charge or pledge the investments held under this Agreement (e.g. use them as security for a loan) or dispose of all or part of them otherwise than in accordance with this Agreement. Your investments and cash held by TSC or under TSC's control shall at all times be subject to a general lien and right of set off against all amounts owing to TSC from time to time. In other words, any sums due to TSC in respect of commissions, costs, fees, expenses or other amounts payable under this Agreement (plus any applicable value added tax) may be deducted or withdrawn (upon at least 3 business days prior notice) from any of your investments or cash held by TSC and TSC may have recourse against and sell, realise or dispose of any such assets and apply the proceeds in or towards the discharge of such sums. Any such sale, realisation or disposal shall be conducted in the manner and at the price TSC believes reasonably necessary in the circumstances (without being responsible for any loss or reduction in price), subject to compliance with the FCA's rules in connection with any such sale, realisation or disposal. The proceeds of any sale or disposal of such assets (net of costs) will be applied in or towards the discharge of your liabilities and TSC will account to you for any balance. In the event that such proceeds of sale are insufficient to cover the whole of your liabilities, you remain liable for the balance. A certificate in writing from TSC that any power of sale or other disposal has arisen and is exercisable shall be conclusive evidence of the fact in favour of a purchaser or transferee of the whole or any part of any such assets.
- 5.19. Subject to paragraph 5.12 above, in the event of there being a shortfall in the total quantity of money or an investment held in a pooled nominee or client money bank account, compared with the quantity or balance which should be held for customers, or in the event of an authorised banking institution, the Nominee, Cofunds, or any other third party custodian, bank or counterparty used by TSC defaulting (e.g. if they become insolvent), customers may have to bear that shortfall on a pro-rata basis.
- 5.20. Unless you are otherwise informed, TSC will provide you a statement either in paper or on our website via account sign-in of your investments at least once in any 12 month period, which will be based on deal date information (i.e. the effect of purchases or sales which are unsettled at the statement date will be reflected).
- 5.21. Unless otherwise indicated, TSC will not accept or make third party payments on your behalf. All receipts and withdrawals of money and investments must be received from, or paid to, an account in your name or, in certain circumstances such as your death or incapacity, your legal representatives.
- 5.22. In the event that an investment ceases to be settled through CREST, TSC will use its reasonable endeavours to continue to offer a dealing, settlement and pricing service in that investment insofar as reasonably practicable in the circumstances. TSC reserves the right to charge any additional costs associated with such dealing and/or settlement to you.

## 6. Dealing

- 6.1. TSC may carry out transactions in such investments as are shown on the published tariff sheet, unless you are a permanent resident of a country outside the UK, in which case restrictions may apply. TSC will not deal in investments which have been suspended from dealing. TSC may also decide not to accept your dealing instructions or other instructions relating to your Account in certain circumstances (for example, where TSC is concerned about the lawfulness of the transaction or instruction). TSC may refuse to accept any dealing instructions from individuals who are resident or domiciled in any overseas country, if acceptance of a dealing instruction would require TSC to comply with any governmental or regulatory procedures or other formalities of such country.
- 6.2. All instructions to TSC to deal in investments must be on either a 'limit price' basis (where you set the maximum or minimum price at which you are prepared to deal) or 'best price' basis (where TSC will take all reasonable steps to obtain the best possible result for you). For both types of order, TSC will seek to obtain the best possible result, subject to any limit price specified in the case of a limit price order, in accordance with its Order Execution Policy, which is detailed within Schedule 2 of these terms of business. By placing an order to deal, you acknowledge that you have read and agree to be bound by the Order Execution Policy.
- 6.3. Where you instruct TSC on a best price basis and the number of shares or units to be dealt is larger than the investment's normal market dealing size, the price obtained may differ from the price indicated to you at the time your instruction to deal was placed.
- 6.4. TSC may aggregate (i.e. combine) your orders with those of other customers, which may operate on some occasions to your disadvantage. Further information is contained within TSC's Order Allocation Policy, which is detailed within Schedule 3 of these terms of business.
- 6.5. Where you submit a dealing instruction to TSC orders are dealt as soon as reasonably practicable in the circumstances. For many investments (predominantly equities), if submitting a best price order via TSC's Internet dealing facilities, if the market is open and a price is available, a price quotation will be displayed on your Internet screen, and will be valid for a period of 10 seconds, during which time you must confirm your dealing instruction in order to obtain that price (subject always to that price quotation not being withdrawn by the relevant Retail Service Provider). If you fail to do so, you can obtain a revised price quotation later. Please note that although the price quotation is held for 10 seconds, the prevailing price within the marketplace could have risen or fallen during this 10 second period. If you specify a limit price on your dealing instruction, and that limit price can be achieved within the market, your dealing instruction will be dealt immediately without the display of any price quotation.
- 6.6. Where you have submitted a dealing instruction via TSC's Internet dealing facility for outside the usual business hours of the LSE or relevant market, the dealing instruction will be executed as soon as reasonably practicable after 8.00am on the next day that the LSE or relevant market re-opens. You acknowledge that TSC may not necessarily obtain the official opening market price and that price movements may be more volatile when the market first opens. The difference between the buying and selling prices on some securities may also be greater at, or around, this time. It may be advisable for you to enter a limit price, as opposed to a best price, dealing instruction, outside the normal hours of the LSE or relevant market, or when submitting dealing instructions.
- 6.7. If a dealing instruction cannot be executed automatically for whatever reason, it will, if possible, be manually executed as soon as reasonably practicable.
- 6.8. Limit prices may be placed on dealing instructions for up to 365 calendar days. Limit prices may be cancelled and re-submitted at your discretion, provided the dealing instruction has not been executed. Where any limit order cannot be immediately executed, you agree that TSC may publish details of your unexecuted limit orders. Please note that TSC does not accept limit orders in non-UK traded securities.
- 6.9. Dealing instructions may not be altered once they have been accepted and executed by TSC. Where the dealing instruction submitted was incorrect, you agree to be responsible for any costs or losses incurred by TSC, which a reasonable person would consider to be the probable result of correcting the previous transaction, should TSC decide to accept an instruction to effect such a correction.
- 6.10. TSC cannot guarantee that limit price dealing instructions will be executed even if the limit price is reached. This could be due to prevailing market conditions (such as a 'fast market', where the market is so volatile that prices quoted in the stock market are only indicative rather than guaranteed), other customers having placed similar dealing instructions but then having an earlier time priority than your dealing instruction and their dealing instruction being executed in priority to your dealing instruction, or other factors beyond TSC's control.
- 6.11. All dealing instructions are only dealt automatically if they can be completely satisfied; if not, they will be passed to the Dealing team for manual action. Dealing instructions will not be partially filled.
- 6.12. Dealing instructions to purchase investments will only be executed if there is sufficient money in your Account to meet the potential cost of execution (including all applicable charges) or, where you are due to receive proceeds from a sale, sufficient sale proceeds to cover the intended purchase. Subject to this, TSC has the discretion to reduce the size of a purchase dealing instruction in the event of adverse price fluctuations, if there are insufficient funds in your Account when submitting a dealing instruction. Dealing instructions to sell

investments will only be executed if there are sufficient investments recorded within your Account that can be transferred to the purchaser, which shall not be adversely affected by paragraph 5.10 above.

- 6.13. In the event of a change in the share capital of an investment, or other corporate action, which could significantly impact on any current limit price dealing instruction, TSC will endeavour to delete such pending dealing instruction. However, TSC is under no obligation to do so, and it remains your responsibility to ensure limit price dealing instructions remain valid and to make any adjustments you consider necessary or desirable to reflect any changes to prevailing market conditions.
- 6.14. You recognise and accept that certain features (where available) and risks apply to the use of different types of limit price dealing instructions:
- stop-loss dealing instructions should initiate when the price falls to or below the specified level;
  - tracking stop-loss dealing instructions should initiate when the price falls by the specified amount from the monitored peak price;
  - sale price limit dealing instructions should initiate when the price rises to or above the specified price level;
  - purchase price limit dealing instructions should initiate when the price falls to or below the specified price level;
  - certain factors may cause the bid-offer spread of an investment to increase, even momentarily, to a wide level, thereby causing a stop-loss dealing instruction to be initiated;
  - market volatility may result in limit price dealing instructions being initiated, but with the resulting order being executed at a price which is above or below the price you set.

Wide bid-offer spreads may nevertheless be the most favourable prices quoted for the investment at that time.

- 6.15. Limit price dealing instructions and automated price alerts (only available to Internet users) that reach the end of their expiry date are deleted after close of business on the expiry date: it is your responsibility to renew them if you require this.
- 6.16. Limit price dealing instructions and price alerts are monitored each working day from 8.00am until 4.30pm.
- 6.17. TSC may retain any commissions received from a third party arising from transactions carried out for you and the amount of such commission and the identity of the third party will be available upon request. In addition, TSC may pay a share of the fees or commissions charged to you with third parties and the amount paid to the third party and its identity will be available upon request. Such instances can include where a third party has introduced you to TSC.
- 6.18. You accept that the prices and values of stock market investments, and products related to them, together with the income that they produce, can go down as well as up and you may get back less than your initial investment. In addition, the levels and bases of taxation may also change, both generally and in relation to specific products and investments. Consequently, TSC cannot accept responsibility for any movements in the value of your investments or for monitoring whether they continue to be suitable for you, even where TSC initially provided you with investment advice. Past performance is no indication of future performance. Where you are dealing in more complex investments, there may be a greater risk that you could lose your initial investment.
- 6.19. You will be sent a contract note, either in paper or electronic format, following a transaction, except where otherwise permitted by the FCA's rules. Any query in relation to the contract note should be raised by you within 5 business days of receipt so that any matters arising can be promptly resolved, otherwise TSC will assume that you have accepted the contents of the contract note. Prior to receiving the contract note, for information about the status of your order, you can contact a member of TSC's Dealing team or view the status online at [www.share.com](http://www.share.com).
- 6.20. Where you instruct TSC to deal or otherwise act in relation to your money or investments by mobile phone, internet or other automated access route, provision of your customer reference number, password and part of your own chosen memorable word shall be sufficient authority for TSC to act upon such instructions. The password and memorable word must remain your personal secret. You must change the password and memorable word if you believe anybody else knows them and notify TSC immediately if you discover that they have been lost or compromised. TSC will not be liable for any unauthorised use of a password or memorable word resulting from negligence on your part or loss arising therefrom. TSC may withdraw the password or memorable word where the wrong number is entered more than once or in other circumstances.
- 6.21. If you intend to purchase a unit trust or OEIC, you will need to confirm that you have read the relevant simplified prospectus or key Investor information document. You will be provided access to these important documents during the dealing process or you may request a copy from TSC's Dealing team. When dealing in unit trusts or OEICs administered by Sharefunds Limited, TSC's sister company, dealing instructions must normally be received and validated by midday for dealing that day. All other unit trust and OEIC dealing instructions must be received and validated by 10.00am if they are to be dealt that day.
- 6.22. If you intend to purchase an exchange traded fund ("ETF"), you should read the additional risk warnings, including details of the limited protection available from the UK regulatory system, which are available on TSC's website. You will also need to confirm that you have read the relevant simplified prospectus or key

Investor information document. You will be provided with access to these important documents during the dealing process or you may request a copy from TSC's Dealing Team.

- 6.23. HM Revenue and Customs ("HMRC") may challenge any purchase or sale prices in less liquid investments for open market valuation purposes (for instance, for assessing capital gains tax liability). When assessing tax liabilities arising from a transaction in less liquid investments, you should seek independent tax advice, and should not necessarily rely upon any transaction price or contract note as evidence of an open market value.

## 7. Settlement

- 7.1. Once TSC has executed your dealing instruction, sale proceeds (if a sale) or investments (if a purchase) will only become available to you once those sale proceeds or investments have been received in full by TSC.
- 7.2. Where the anticipated sale proceeds or investments are not received in full, you will, along with all other applicable customers of TSC:
- if purchasing investments: be entitled, in the chronological order in which instructions were received by TSC, to the relevant investments actually delivered to TSC and, in the event of any delivery shortfall, to the repayment of a cash sum from TSC's client settlement bank account equal to the whole or relevant part of the sum debited from your Account in respect of the relevant investments;
  - if selling investments: be entitled, in the chronological order in which instructions were received by TSC, to cash actually received by TSC and in the event of any payment shortfall, to the return of the relevant investments held by the Nominee or Cofunds, as appropriate, equal to the whole or relevant part of the number of shares, bonds, warrants or units originally sold.

## 8. Investment Communications

- 8.1. In the case of changes in the share capital of your investments, receipt of a notice of conversion or proposal to wind-up, amalgamate or take-over a company or other corporate action where the investments are held for you by TSC:
- 8.2. a bonus or capitalisation issue will be automatically credited to your Account and details will be sent out to you after the event;
- 8.3. otherwise (where appropriate and subject to paragraph 8.2 below) you will be sent a summary of the proposal prior to the event and the required action to be taken (if any);
- 8.4. if, on a rights issue, open offer or exercise of warrants, no instruction is received from you, the Nominee will allow the rights, entitlements or warrants (as applicable) to lapse. Lapsed proceeds received by the Nominee in excess of £1 will be returned to you. Sums less than this may be retained for the benefit of TSC;
- 8.5. all offers will be accepted upon them being declared as going 'compulsory' whether or not any instructions have been received from you;
- 8.6. your entitlement to shares will be to the nearest whole share, rounded down, and the aggregate of fractional entitlements may be held by the Nominee for the benefit of TSC. Cash received by the Nominee representing fractional entitlements in excess of £1 will be returned to you. Sums less than this may be retained for the benefit of TSC;
- 8.7. any charges imposed by the company or its registrar will be applied to your Account in accordance with paragraph 4.1 above.
- 8.8. Whilst TSC undertakes to notify you of all corporate actions relating to your investments, there may be instances where TSC is not advised of a corporate action by the company or its registrar, either at all or in sufficient time, and consequently cannot notify you of the terms of the corporate action. In such event, TSC will accept the default option of the corporate action on your behalf and cannot be held responsible for any loss that you may incur or any other outcome imposed by the company or its registrar.
- 8.9. Sometimes the terms of a corporate action will require an election to be made on behalf of the Nominee's entire holding in a company on an 'all or nothing' basis. In these circumstances, TSC may be unable to obtain appropriate instructions from all customers holding that investment within the Nominee. In such event, TSC reserves the right not to offer this entitlement to you, but will use its reasonable efforts to offer you an alternative entitlement, which may not match the entitlement offered by the company.
- 8.10. If partly paid shares held for you are the subject of a claim for any due balance and no valid instruction is received from you, TSC may sell sufficient of your investments to meet the claim.
- 8.11. Where instructions are sought from you, TSC and the Nominee will (other than as referred to elsewhere within this Agreement or in accordance with any other notified procedure) only act if instructions are received from you (or are reasonably believed to have been received from you or from your authorised agent). Where TSC has not received your instructions by the date specified by TSC within the summary of the corporate action, TSC will accept the default option of the corporate action on your behalf and cannot be held responsible for any loss that you may incur. For administration reasons, the date specified by TSC for the provision of your instructions may be earlier than the date specified by the company or its registrar. For the avoidance of doubt, even where you have sufficient funds within your Account, TSC will not exercise any rights, entitlements or warrants (as applicable) on your behalf without your specific instructions.

- 8.12. As your investments are pooled with other customers', there may be occasions when your entitlement to such corporate actions referred to in paragraph 8.1 above may have been different had you held the shares in your own name. In such a situation TSC shall take such steps as it considers to be fair in the circumstances, which may include dividing the whole entitlement received from the corporate action between you and other customers or treating any fractional entitlements in the same way as the company concerned, acting through its registrars.
- 8.13. If TSC receives notice of a class action or group litigation order that is being proposed or taken concerning your investments, TSC will not be obliged to inform you or act upon that notification.
- 8.14. An investment will be removed from your Account either upon confirmation from HMRC that the investment is of 'negligible value' for the purposes of a claim for Capital Gains Tax purposes under section 24(2) Taxation of Chargeable Gains Act 1992 or if it is declared as dissolved at Companies House.
- 8.15. You may apply to TSC for a 'proxy' directing how voting rights are to be exercised by the Nominee in respect of each of your investments.
- 8.16. If you wish to receive communications direct from listed companies in which you are a shareholder (such as an annual report and accounts and any other information issued to shareholders), you may opt-in for these Shareholder Rights (as defined in Part 9, Companies Act 2006) either via TSC's website or by telephoning TSC's Shareholder Rights team on 08456 185 180. While it is compulsory for listed companies to provide this information to those that opt-in, unlisted companies (such as those on AIM) are not obliged to respond to such opt-in instructions. You may also apply for a proxy certificate to attend meetings of shareholders in companies in which you have invested. TSC may inform the relevant company in which you hold such an investment, or its agent, of your name, address and any other necessary details.
- 8.17. Shareholder benefits will only be available to you if the relevant company has agreed with TSC to provide them.

## 9. Liability

- 9.1. You agree to be responsible for any costs or losses incurred by TSC and/or the Nominee, which a reasonable person would consider to have been incurred by them and be reimbursable to them:
  - as a result of your specific request, fault, omission or dishonesty; and
  - arising from the proper performance of their functions or exercise of their rights under or otherwise in connection with this Agreement, except where such costs or losses are due to their fraud, wilful default or negligence. TSC and/or the Nominee shall not be responsible for any costs or losses incurred by you, except where this is due to TSC's and/or the Nominee's fraud, wilful default or negligence. Neither this paragraph nor anything else within this Agreement will restrict or exclude any duty or liability owed to you under the rules of the FCA, the Financial Services and Markets Act 2000 ("FSMA"), Financial Services Act 2012 or under common law.
- 9.2. If TSC fails, interrupts or delays performing its obligations under this Agreement because of a breakdown, failure or malfunction of any telecommunications or computer services or systems (internally or externally) or any other event not reasonably within its control, then TSC will not be liable to you. TSC will not be responsible for any loss or damage caused by such an event or suffered by you as a result of such events. This includes, but is not restricted to, any delay, breakdown or failure of any transmission or telecommunication or computer systems or facilities, strikes or other industrial action or dispute, or the failure of any relevant exchange, clearing house, broker, independent software vendor, settlement agent or bank to perform its obligations or to operate efficiently and correctly or any other event which is reasonably outside TSC's control.
- 9.3. TSC may, at any time where it reasonably considers it necessary or desirable to do so, suspend all or any of its services including, without limitation, to carry out repairs, or to upgrade hardware or software or to correct any hardware or software error and it shall not be liable for losses arising from the suspension.
- 9.4. Whilst TSC will use its reasonable endeavours to ensure that its Internet websites are available at all times, it will not be liable for any loss or damages resulting from the websites being inaccessible. Access to the websites may be suspended temporarily or permanently and without notice.
- 9.5. Where TSC provides certain calculator tools on its websites, TSC does not accept responsibility for the validity or results produced by these tools. It is your responsibility to verify the accuracy of their output.
- 9.6. TSC is not responsible for the security or transmission of electronic instructions either from TSC or from you.
- 9.7. Where information, or links to other information, on TSC's websites consists of pricing or performance data, or other information which has been obtained from third parties, TSC will not normally have carried out any independent verification of such data and does not accept liability for any reliance placed upon such data, where that data is proven to be inaccurate or incomplete. Furthermore, you undertake not to distribute, sell or license any content contained on TSC's websites. You agree that TSC or its authorised agents may at all reasonable times and on reasonable notice have access to and inspect your computer systems, accounts, records and other documents (in both hard copy and machine readable form) in relation to any suspected re-distribution, re-sale or sub-licensing of the content.

9.8. The information contained within TSC's websites originated by TSC is believed to be correct, but cannot be guaranteed.

## 10. Termination

- 10.1. You may terminate this Agreement immediately by contacting TSC; TSC reserves the right to request this in writing. TSC may terminate this agreement with reasonable advance notice to you, or immediately on written notice where there are serious grounds for doing so.
- 10.2. In the event of your death, upon receipt of a sealed copy of the UK grant of representation of your estate, TSC will instruct the Nominee to deliver your investments to your personal representatives. Anti-money laundering regulations may apply.
- 10.3. If you have a joint Account, in the event of your death, the Account will continue in the name(s) of the surviving Account holder(s). TSC will require proof of death (e.g. an original or office copy of a death certificate) prior to the Account converting to the surviving Account holder's/holders' name(s).
- 10.4. Where the value of your Account falls below £100 and no investments are held, TSC reserves the right, following reasonable notice, to close your Account, charge accordingly and forward any balance remaining to you.

## 11. Complaints and Compensation

- 11.1. If you have a complaint, please contact the department at TSC you have an issue with. You can contact us by any means including letter, telephone or email. If TSC cannot resolve the complaint to your satisfaction, you may be entitled to refer it to the Financial Ombudsman Service, the independent complaints handling body for the financial services industry. A copy of TSC's complaints handling procedure is available upon request.
- 11.2. TSC participates in the Financial Services Compensation Scheme, established under the FSMA, which provides compensation to eligible Investors in the event of the firm being unable to meet its customer liabilities. Payments under the protected investment business scheme are limited to a maximum of the first £50,000 of the claim. Further information is available from TSC's Compliance team.

## 12. General

- 12.1. All written or electronic communications TSC sends you will be to the latest address notified by you to TSC and shall be assumed received by you on the second day after posting or on the day after despatch in the case of electronic communication. Communications sent by you shall be deemed received only if actually received by TSC.
- 12.2. Telephone calls may be recorded for the purpose of training, monitoring quality and regulatory compliance.
- 12.3. Should you cease to live in a qualifying country (details of which are available from TSC), your Account will be terminated and all investments held can either be transferred to you, or sold; any money or sale proceeds will be returned to you.
- 12.4. You agree that TSC may from time to time telephone or otherwise contact you to discuss potential or existing investments or investment services, subject to compliance with the rules of the FCA, and you are willing to accept such calls, unless you advise otherwise.
- 12.5. TSC and the Nominee may employ agents on such terms as they think fit. TSC will satisfy itself that any person to whom it delegates any of its functions or responsibilities under the terms agreed with you is competent to carry out those functions and responsibilities. TSC will take reasonable care in the selection and supervision of such agents.
- 12.6. Should any clause within this Agreement or part thereof become or be declared illegal, invalid or unenforceable for any reason, the remainder of the clause and Agreement shall be unaffected and shall remain in full force and effect.
- 12.7. The Contracts (Rights of Third Parties) Act 1999 will not apply to this Agreement, which means that only you and TSC have the right to enforce any of the terms and conditions mentioned.

## Section 2

Additional terms of business for Enterprise Investment Scheme, Seed Enterprise Investment Scheme and Business Property Relief Accounts

The terms of business in this section are only relevant to you if you are opening an Enterprise Investment Scheme ("EIS"), Seed Enterprise Investment Scheme ("SEIS") or a Business Property Relief ("BPR") Account, in which case, the terms of business in paragraphs 1 to 13 shall also apply, where relevant. Should any terms within paragraphs 1 to 13 conflict with these Additional Terms of Business, the Additional Terms of Business will prevail.

### 13. EIS and SEIS Accounts

13.1. You acknowledge that TSC:

- is the administrator and custodian of your Account;
- is not the fund manager of the Account and is not responsible for the suitability or appropriateness of the Account, either at the point of sale or thereafter;
- may only act upon the instructions of the fund manager in relation to your Account;
- is not responsible for the contents of any documentation relating to the Account, other than these terms of business or other documentation required to be sent to you by TSC in discharge of TSC's regulatory obligations. In particular, TSC is not responsible for the contents of the Account information memorandum, brochure or prospectus, and has not issued or approved the contents of these documents in accordance with Section 21 FSMA.

## Section 3 Schedule 1

Conflicts of Interest Policy - Summary Version

TSC aims to identify and prevent conflicts of interest which may arise between itself and its customers, and between one customer and another, in order to avoid any adverse effect on its customers. This Policy sets out procedures, practices and controls in place to achieve this. The avoidance of potential conflicts of interest is a key consideration, so operational structures and procedures, password-controlled systems, data hierarchy, and the clear segregation of roles and responsibilities are all designed to work to prevent any conflicts arising in the first place. This Policy applies to all officers (whether Executive or Non-Executive), employees and any persons directly or indirectly linked to the Share plc group of companies ("the Group") and refers to all interactions with all customers of the Group.

### Scope

Types of conflict which may carry a material risk of damage to the interests of a customer include, but are not limited to, the following. Where the Group or any person directly or indirectly linked to the Group:

- Is likely to make a financial gain or avoid a financial loss at the expense of the customer;
- Has an interest in the outcome of a service provided to, or of a transaction carried out on behalf of, the customer which is distinct from that customer's interest in that outcome;
- Has a financial or other incentive to favour the interest of another customer or group of customers over the interests of the customer;
- Carries on the same business as the customer;
- Receives, or will receive, from a person other than the customer an inducement in relation to the service provided to the customer in the form of monies, goods or services, other than the standard commission or fee for that service;
- Designs, markets or recommends a product or service without properly considering all the Group's other products and services and the interest of their customers.
- Guarding against conflicts of interest
- A number of different safeguard systems and processes are in place in order that the potential for conflicts of interest is minimised:
- Personal account dealing requirements upon all officers, employees and certain associates of TSC in relation to their own investments;
- An Investment Research Policy covering the production and dissemination of investment research by TSC;
- A Register of Information logging receipt and use of any 'inside information' by TSC;
- Chinese Walls restricting the flow of price sensitive information within TSC;
- A Gifts and Inducements Log registering the solicitation, offer or receipt of certain benefits;
- External business interests conflicting with TSC's interests are prohibited for TSC's officers and employees, unless Board approval is provided;
- Job roles and system access is subject to appropriate segregation of duties considerations, detailed within a separate Policy;
- Remuneration packages within TSC are structured to minimise any link with levels of business generated with retail customers;



- Corporate governance requirements are followed as appropriate to a Group of the size and nature of Share plc;
- Legal and regulatory record keeping requirements are followed, including the maintenance of a Privacy Policy for Internet users;
- A Public Interest Disclosure Policy (“whistleblowing”) is in place for TSC employees;
- Where a conflict of interest arises, TSC will, if known, disclose it to a customer prior to undertaking investment business for that customer.

A full version of the Conflicts of Interest Policy is available on request from TSC’s Compliance team.

## Schedule 2

### Order Execution Policy

#### Part One: The Quality of Execution

When executing orders on behalf of customers in relation to financial instruments, TSC will take all reasonable steps to achieve what is called “best execution” of customer orders. This means that TSC will have in place a policy and procedures which are designed to obtain the best possible execution result, subject to and taking into account, the nature of customer orders, the priorities the customer places upon TSC in filling those orders and the market in question, and which provides, in TSC’s view, the best balance across a range of sometimes conflicting factors. TSC will take into consideration a range of different factors which include not just price, but which may also include such other factors as the cost of the transaction, the need for timely execution, the liquidity of the market (which may make it difficult to execute an order), the size of the order and the nature of the financial transaction. TSC’s commitment to provide its customers with “best execution” does not mean that TSC owes customers any fiduciary responsibilities over and above the specific regulatory obligations placed upon TSC or as may be otherwise contracted. While TSC will take all reasonable steps based on those resources available to it to satisfy itself that it will have processes in place that can reasonably be expected to lead to the delivery of best execution of customer orders, TSC cannot guarantee that it will always be able to provide best execution of every order executed on each customer’s behalf.

#### Part Two: Order Execution Policy

1. Customer orders must be received on either a ‘best price’ or ‘limit price’ basis and are subject to the requirements of this execution policy.
2. It is important to note that where a customer order is received with specific instructions relating to how the order should be executed, the order will be executed in line with those instructions; any such specific instructions from a customer may prevent TSC from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of customer orders covered by those instructions.
3. Customer orders received for transferable securities, i.e. shares, exchange traded funds/ commodities, warrants, covered warrants and investment trusts will be executed on one of the following markets:
  - a. London Stock Exchange (“LSE”); the LSE is a regulated market and one of the larger better known European markets for dealing in both UK and international shares;
  - b. Alternative Investment Market (“AIM”); a market for smaller-capitalisation growth companies. AIM is a not a regulated market, but is an exchange-regulated market owned by the LSE;
  - c. and such other markets and Recognised Investment Exchanges as TSC considers appropriate in the circumstances.
4. The choice of market depends on which market or MTF a particular security is traded on, for example, where a security is only traded via the LSE, the customer order can only be executed via the LSE; however, where the same customer order can be executed on either of two separate markets, the market that will result in the best possible result for that customer order will be chosen.
5. Customer orders are usually executed via specialist market makers known as Retail Service Providers (“RSPs”). TSC deals with a number of RSPs, all of whom are members of the LSE and are authorised and regulated by the FCA. The RSPs quote a price and size in securities in which they are registered and make this information available via various information vendors.
6. TSC’s process for achieving the best possible result for a customer order is initiated by the receipt of the order from the customer. The order is then passed, via an information vendor, to an automated polling system, which connects directly to the RSPs registered with that information vendor and in the security concerned. The automated polling system will then identify the RSP offering the best price for the customer order; this information is then sent back to TSC for acceptance. The range of RSPs available to TSC will be dependent on which RSPs are accessible through the information vendor used; TSC will be linked to one or more information vendors which provide access to a wide range of RSPs.
7. On some occasions, where the RSP is unwilling or unable to execute the customer order electronically, the order will have to be executed manually with the RSP over the telephone.
8. There may be occasions where, as a result of either specific customer instructions, the nature of the security being traded, or the services being provided, that customer orders will not be executed on either a regulated market or MTF. Where such instances arise, TSC will obtain the customer’s prior express consent before proceeding to execute such orders. The customer’s prior express consent may either be in the form of a general agreement or in respect of individual transactions.

9. Any customer orders received for collective investment schemes (e.g. unit trusts and/or OEICs) are executed either directly via the relevant fund manager, or via Cofunds.
10. Where a customer order is received for a bond or gilt-edged security, it will be either:
  11. electronically executed via Bondscape, an automated service designed primarily for brokers and other professional investment advisers trading small sizes of fixed interest securities. Two-way prices are provided by participating market makers. The service automatically selects the best price for execution from the competing market makers; or
  12. executed with an RSP.
13. Generally, there are a number of different execution factors which can affect the outcome of customer orders e.g. price, cost, speed, the likelihood of execution and settlement, the size and nature of the order. However, as TSC does not differentiate charging structures or settlement processes between execution venues, the most significant factor is considered to be the price at which the order can be executed. By achieving the best price possible given the execution venues available, TSC delivers the best possible result for customer orders received.

## Part Three: Client Acknowledgement

By placing an order with TSC, a customer acknowledges that they have been made aware of and accept the nature, policy and processes which TSC has in place for providing best execution as defined in this Order Execution Policy and that, in the absence of any express instructions from a customer, TSC shall have full discretion to choose a relevant venue from its current list of venues for executing any order or orders, but in doing so shall assess and balance a range of all relevant factors, including those set out in this policy disclosure statement which, in its reasonable determination, TSC considers relevant to achieving the best result for a customer order.

### Schedule 3

#### Order Allocation Policy

Where TSC considers it necessary and in the best interests of the customer, a customer order may be aggregated (i.e. combined) with orders received from other customers.

Customers should be aware that aggregating orders in this way may work to their disadvantage. Because their shares will be bought or sold alongside those of other customers, the price a customer pays or receives may not be the same as when buying or selling the shares immediately. The market may also quote a different price because of the larger number of shares being bought or sold together. The price the customer pays or receives could, therefore, be higher or lower than if their shares had been bought or sold on their own.

Customer orders will only be carried out where the total, aggregated order can be dealt; in other words, customer orders will not be partially filled.

Where a customer applies for a new issue of securities (e.g. within an initial public offer or a placing) and that offer is oversubscribed, the customer may receive a partial allocation of securities or none at all. The allocation guidelines of the offer will be followed wherever practicable by TSC when deciding how to allocate securities where more than one customer has applied within the same offer. In the absence of any guidelines, TSC will allocate the securities pro rata to each customer's application within the offer.





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