

Individual Client Account information

1) Background

Computershare Investor Services plc (“CIS”, “we” or “us”) currently offers a Company Nominee Service (“CNS”) for some companies. A CNS allows private individuals to hold, purchase, transfer and sell shares through a nominee company, as an alternative to holding shares in their own name.

Members retain similar rights and benefits as a private investor, however the nominee company will become the registered owner of the shares. The CNS is an omnibus arrangement where shares are held on a collective (or pooled) basis, i.e. with other customers holding the same shares.

Where a CNS is offered, CIS is required to offer customers the opportunity to have their shares held in an individual nominee account – this is also known as a segregated account, as it is used to hold shares belonging to a single client. CIS’s individual nominee account is an Individual Client Account (“ICA”) and this document provides further information about this option, including a summary of the advantages and disadvantages of the ICA compared with the CNS.

2) Introduction

CIS is required to provide you with details of the level of protection associated with the different levels of segregation that we provide in respect of securities held with a central securities depository (“CSD”). This is required under the Article 38 (6) of the UK version of the Central Securities Depository Regulation (CSDR) in relation to CSDs.

Euroclear UK & International is the central securities depository for the UK. CIS is a direct participant at and directly holds securities for clients at Euroclear UK & International. Euroclear UK & International are also required to make a disclosure and if you want to review this disclosure you should contact them directly.

CIS in accordance with the terms and conditions of its various products maintains books and records recording each client’s ownership of shares. CIS through one of its nominees (primarily Computershare Company Nominees Limited) opens accounts with a CSD in which we hold clients’ securities. These accounts are available in two varieties: i) CNS and ii) ICA.

In accordance with the rules of the Financial Conduct Authority in the Client Assets rules in the Handbook (CASS), the holding of shares through an CNS or ICA are subject to the same reconciliation requirements and are subject to periodic internal and external audit review.

3) Insolvency

The legal entitlement to shares held at a CSD would not be impacted by CIS’ insolvency, but the distribution of shares does differ depending upon how the shares are held. In all cases where the shares are held directly by CIS with Euroclear UK & International these will be subject to English law.

Under English insolvency law, where we hold securities on your behalf those securities would not form part of our property for distribution but would be deliverable to clients in accordance with your proprietary interests in the property. You therefore would not be an unsecured creditor and these shares should be protected on our insolvency. This applies equally to shares held in a CNS or ICA.

The nature of clients' interests does differ depending on the holding method. For an ICA, the client is entitled to all the beneficial shares held in the account. In the case of the CNS, each client is considered to have a beneficial interest in all the securities in the account in proportion to their holding.

In both cases, our records of underlying holders will be evidence of beneficial ownership. In the case of an ICA or CNS the insolvency practitioner would require a full reconciliation prior to the release of any shares from the account. These records are subject to maintenance and reconciliation requirements by the Financial Conduct Authority and providing these records are kept in accordance with the FCA rules the protection of holdings in an ICA or CNS will be the same.

4) Shortfalls and dealing

A shortfall may arise for a number of reasons including administrative error, intraday movements or counterparty default. The risk of a shortfall arising is minimised as a result of obligations under the CASS rules and when a shortfall is identified we (CIS) will set aside our own monies until the shortfall is resolved. If however an insolvency occurs prior to this setting aside of money then the treatment of the shortfall will differ.

CNS

Situations do arise when shares belonging to an individual are not available to settle sales at the due time. Whilst CIS can delay settlement until receipt of the shares, we may also decide to use shares belonging to others to settle this deal. This does mean that a shortfall can occur but it also means that clients are less likely to be subject to settlement penalties or additional transaction costs. CIS does monitor holdings to ensure these shortfalls are promptly identified and CIS' money covers the shortfall.

If there is a shortfall on the CNS at the time of an insolvency event, then the beneficial owner would share in proportion to their beneficial holding subject to the below. This may mean that a client is exposed to a shortfall where securities have been lost in circumstances which are completely unrelated to the client.

In the case of an CNS there will need to be consolidation of all the records held by CIS in order to determine the proportionate holding and there may be arguments that a specific shortfall should be assigned to a specific client or clients. This may be a time-consuming process and there may be litigation relating to this, the expense of which could be paid out of clients shares.

ICA

In an ICA there is not the possibility of settling a trade using shares belonging to other owners and therefore the likelihood of a shortfall arising is reduced. However, this also means that if insufficient shares are held to settle a sale, then settlement would be delayed until receipt of shares. This increases the risk of settlement failure and the costs associated with rectifying this situation including purchasing shares or penalties imposed by the market or delay in settling the trade.

If there is a shortfall on the ICA at the time of an insolvency event then the beneficial owner of the shares will bear all the shortfall, but if there is a shortfall on an account held for other clients this will not impact on the beneficial owner.

5) Other matters

- > The ICA service is only available for securities recorded on a CSD.
- > CIS will continue to hold all client money on an omnibus (pooled) basis and, therefore, any shortfall in client money will be dealt with on a proportionate basis
- > The ICA service has a significantly different charging structure – for more information please refer to the Corporate Sponsored Nominee Account Terms and Conditions for Individual Client Accounts.

6) Comparison of products

Individual Client Account (ICA)	Company Nominee Service (CNS)
Special Custody Fees payable for this service. See section 1.2 of the Corporate Sponsored Nominee Account Terms and Conditions for Individual Client Accounts	CIS does not charge you for holding your Securities. The Company is charged an annual administration fee for the provision of the Service. We may charge you a fee for transferring your Securities, or for using some of the services provided (please see the Corporate Sponsored Nominee terms and conditions).
Shares and Cash will be reconciled on a daily basis as per FCA Regulations	Shares and Cash will be reconciled on a daily basis as per FCA Regulations
If CIS was to go into Administration and there was a shortfall in the pooled nominee holding, ICA customers would not share in any shortfall	If CIS was to go into Administration and there was a shortfall in the ICA holdings, customers in the pooled CNS services would share in any shortfall
If CIS was to go into Administration and there was a shortfall in your ICA holdings, you would suffer the entire shortfall. You would be protected by the FSCS up to £85,000 per person	If CIS was to go into Administration and there was a shortfall in the pooled nominee holding, all customers in the CNS holding that asset would share in any shortfall. Customers are still protected by the Financial Services Compensation Scheme (FSCS) up to £85,000 per person
Dividend Reinvestment available (where offered)	Dividend Reinvestment available (where offered)

7) Further information

If you have any questions regarding the ICA and how it might work for you, the fees payable, or you would like to open an account, please call us on 0370 702 0003.