

Dear Client

PILLING & CO SAFE CUSTODY AND NOMINEE SERVICES

This letter is issued in accordance with the safe custody and client asset rules of the Financial Services Authority (FSA) which require, amongst other things, that all new and existing clients of UK regulated financial services firms be informed of the arrangements and risks involved in registering their investments in either their own name or in the name of a nominee company and authorising the firm to hold their cash in a deposit style facility.

Custody of Your Investments – Nominees

Unless you have requested that your investments are registered in your own name (see end of this letter), any financial product purchased through us (except bearer stock) will be registered in the name of our nominee company, **St Anns Square Nominees Limited** (SASNL), and may be held in certificated form at our offices or with an overseas nominee / custodian approved by us (and subject to an annual risk assessment in accordance with FSA rules) or held to our order within CREST, the Stock Exchange's paperless settlement system.

- Generally, all CREST eligible stock dealt through us will be held within the CREST system in a form that enables identical stocks, although registered in the name of SASNL, to be identified as being attributable to individual clients. However, there may be occasions when identical stocks are pooled together within CREST, or at another custodian, as one block under the title of SASNL only. These cannot then be attributable to any individual client. The only evidence of beneficial ownership will therefore be an electronic bookkeeping entry at Pilling & Co. In these circumstances you are warned that, in the event of an un-reconcilable shortfall after the **failure of a custodian**, clients may share in that shortfall in proportion to their original share of the assets in the pool.
- Bearer or other non-registered investments are normally held as Pilling & Co "A/c Client" by one or more third parties such as banks, clearance systems and overseas agents. Where third parties or any other persons holding your investments in their own name or for the account of Pilling & Co (A/c Client) are not connected with us, we do not accept responsibility for their safe custody obligations.

- Please note that overseas custodians may not provide the same level of protection as UK based firms. Overseas jurisdictions may have different settlement, legal and regulatory requirements

and there may also be different practices for the separate identification of safe custody investments.

- You should also be aware that dividends on stock held overseas would initially be paid into the bank account of the custodian concerned before onward transmission to us. The legal and regulatory regime applying to banks in overseas jurisdictions may be different from that operating in the UK. In the event of the failure of an overseas bank your money may be treated in a different manner from that which would apply in the UK.

Custody of your investments – Own Name

If you wish us to hold existing stock that is registered in your name and / or similarly register and hold future purchases, please provide your registration details and confirm your requirements in the box at the end of this letter. However, please note, that you will be responsible for notifying the relevant company of any changes to these details (e.g. if you move house).

You should be aware, however, that our ability to comply with your wishes may be restricted by, for example, Inland Revenue rules governing PEP / ISA investments, and we may not be able to effect sales on your behalf at short notice if we do not have certificates and signed transfer documents already in our possession.

Statements and Entitlements

- At least once every 12 months we will send you details of all investments held on your behalf by us or any other third party.
- Documentation and entitlements in respect of own name stock held in safe custody will be sent to you by the relevant company at the address on their register.
- In the case of investments held in nominees, we will account to you promptly for all dividends, interest payments and other rights and benefits accruing to you (unless otherwise directed by you).
- We will not be responsible for taking up any rights, exercising any conversion or subscription rights, dealing with takeovers or other offers or capital re-organisations, exercising voting rights, exercising options, claiming or distributing shareholder perks, company reports or other shareholder communications.
- However, where your investments are held in the name of SASNL we will use our best endeavours to ascertain and execute your requirements regarding the above only if practical to do so but in any event we cannot be held liable for any loss or inconvenience if your response prevents us from meeting any deadlines.

Charges and Right of Lien

Currently we do not make any annual charges for **holding** investments in safe custody or nominees. **Transfers out** of stocks not purchased through us or purchased through a different Pilling & Co account are subject to a charge of £20 + VAT per security. Please note that we reserve the right to change this policy subject to at least 10 working days written notice to you.

We also reserve the right to sell or realise any investment, which we are holding (or entitled to receive) on your behalf in order to meet any liabilities you may have incurred to us (subject to any statutory notice period). Our right to sell will arise immediately you fail to make payment of any amount due to us, for any reason. We may then sell any of your investments as we may think fit and will not be liable to you for any losses from our choice or timing of the sale. You will remain liable to us for any balance if the sale proceeds do not cover all the amounts you owe us.

Your Money

We can only deal with your money in accordance with the client money regulations of the FSA which, amongst other things, require us to ensure that your funds are clearly segregated from our own in special trust status accounts at banks which are approved by the FSA and subject to an annual risk assessment by us.

Your money however will be held by the approved bank(s) in a pooled account with other client's money and will not therefore be separately designated with your name. In the unlikely event of the failure of the approved bank resulting in an un-reconcilable shortfall clients may share in that shortfall in proportion to their original share of the cash in the pool.

We require your written authority to hold cash in a deposit style account facility with an approved UK bank.

The above paragraphs also apply to overseas banks or branches of approved banks situated outside the UK. You should be aware that client money held in such banks might not be protected as effectively as if held in banks in the UK. The legal and regulatory regime applying to banks in overseas jurisdictions will be different from that operating in the UK. In the event of failure of a bank overseas your money may be treated in a manner from that which would apply in the UK.

Third Party Instructions

Unless otherwise agreed in writing, we will act on any instructions we reasonably believe came from you to enter transactions or deal with your assets, regardless of the circumstances and method of communication. If you wish another person or firm to deal with us as your agent you must notify us in writing, giving details of any restrictions concerning their authority to act on your behalf. We will not be liable for any loss or inconvenience suffered by you if we act on any instruction, consent or information given to us by your agent within the limits specified by you.

Legal and Regulatory Status

- Pilling & Co is an unlimited partnership and is authorised and regulated by the FSA.
- SASNL is a completely separate legal entity from Pilling & Co.
- Your investments enjoy trust status and do not form part of the assets of either SASNL or Pilling & Co.
- The contractual and regulatory arrangements between SASNL and Pilling & Co oblige us to accept full responsibility for every aspect and activity of SASNL.
- Although SASNL is not separately authorised by the FSA it is subject to its regulation via Pilling & Co and thereby within the jurisdiction of the statutory complaints (Financial Ombudsman Service) and compensation schemes.
- For the additional protection of our clients we also maintain voluntary financial risks insurance cover of up to £1 million per claim.

In order that we can hold and deal with your investments as above, please indicate your agreement to receive these services by circling the appropriate answer for each section.

Your Money	Holding your cash in a deposit style account held with a UK FSA approved bank	yes / no
	Depositing your money in non-UK jurisdictions where your rights and protections may be reduced	yes / no
Custody of your Investments	Registering your investments in the name of St Anns Square Nominees Limited or a nominated sub-custodian subject to a written agreement with Pilling & CO.	yes / no
Overseas Custodians	Depositing your assets in non-UK jurisdictions where our rights and protections may be reduced and where there may not be separate identification of investments.	yes / no
Your Own Name	Holding my investments into my own name (where possible) but to be held in your safety deposit (please provide your name & address below)	yes / no

I / We understand and agree to the above terms and conditions and hereby authorise you to hold and register my / our investments and cash as required above.

Signed	Date.....	A/C No.....
Full Name.....		
Address.....		
.....Post code.....		

In order that we can hold and deal with your investments as above, please indicate your agreement to receive these services by circling the appropriate answer for each section.

Your Money	Holding your cash in a deposit style account held with a UK FSA approved bank	yes / no
	Depositing your money in non-UK jurisdictions where your rights and protections may be reduced	yes / no
Custody of your Investments	Registering your investments in the name of St Anns Square Nominees Limited or a nominated sub-custodian subject to a written agreement with Pilling & CO.	yes / no
Overseas Custodians	Depositing your assets in non-UK jurisdictions where our rights and protections may be reduced and where there may not be separate identification of investments.	yes / no
Your Own Name	Holding my investments into my own name (where possible) but to be held in your safety deposit (please provide your name & address below)	yes / no

I / We understand and agree to the above terms and conditions and hereby authorise you to hold and register my / our investments and cash as required above.

Signed	Date.....	A/C No.....
Full Name.....		
Address.....		
.....Post code.....		

Please sign and send page 5 back to us in the envelope provided.

Yours faithfully



**For and on behalf of
Pilling & Co**