



September 2024

# Open-Ended Investment Company (OEIC) Terms & Conditions

# The Friendly Stocks & Shares ISA Terms and Conditions

These Terms, together with the Application Form, form a legal agreement between you and Scottish Friendly Asset Managers Limited (the Account Manager) which sets out how your Individual Savings Account will be operated.

## 1. Definitions

The following words and expressions, when used in these Terms, have the meanings set out opposite them:

**Account or ISA** - a Scottish Friendly Individual Savings Account governed by these Terms and which is a Stocks and Shares ISA or a Cash ISA, or a UK Growth Fund OEIC Investment outside an ISA;

**Account Investments** - Shares, Units and any other investments held in an Account;

**Account Manager or Scottish Friendly** - Scottish Friendly Asset Managers Limited;

**Application Form** - a Scottish Friendly IS or UK Growth Fund OEIC Investment application form or transfer application form;

**Assets** - investments, income, interest, cash deposits and any other rights and entitlement from time to time held within your Account;

**Associate** - any holding company of the Account Manager or a subsidiary of any such holding company (as defined in the Companies Act 1985);

**Bank** - The Governor and Company of Lloyds Bank plc, having its Head Office at 25 Gresham Street, London, EC2V 7HN, an authorised institution under the Banking Act 1987;

**Business Day** - any day except a Saturday, Sunday, a Bank Holiday in England and other days at the Authorised Corporate Director discretion;

**Client Account** - a bank account held by us with the Bank under the Client Money Regulations;

**Scottish Friendly OEIC** - an Open-Ended Investment Company operated by the Account Manager (and, in the case of an umbrella company, a sub-fund of such company);

**FCA** - the Financial Conduct Authority;

**ISA** - an Individual Savings Account managed under the Regulations;

**OEIC Shares** - shares in a Scottish Friendly OEIC which may be held in an Account Regulations - the Individual Savings Account Regulations 1998, as from time to time amended and in force;

**PRA** - Prudential Regulation Authority

**Subscription** - a payment, in sterling, to be applied to your Account from your own resources;

**Terms** - these Terms (as amended from time to time), together with the Application Form;

**We, us and our** - the Account Manager, Scottish Friendly Asset Managers Limited;

**Year** - a tax year beginning on 6 April in any calendar year and ending on 5 April in the following year;

**You and your** - an individual who has opened an Account under these Terms. These Terms will be governed by and construed in accordance with Scottish law.

Reference to any statutory provision or regulation includes any modification or re-enactment.

Any headings and subheadings are not a legally binding part of these Terms.

Where appropriate, the words in the singular will include the plural, and the masculine will include the feminine.

## 2. Account Manager

- A.** Scottish Friendly Asset Managers Limited agrees to act as Account Manager for your Account. We do not review your portfolio and we do not give advice about your Account. We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- B.** Our address is Scottish Friendly Asset Managers Limited, Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ.
- C.** We may assign to any appropriate Associate all of its benefits and obligations under these Terms. You will be notified of any such assignment.
- D.** We may appoint any person (whether or not an Associate) to advise on or perform

any of its functions or responsibilities under these Terms and may provide information about you and your Account to any such person. We will satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under these Terms is competent to carry out those functions or responsibilities.

- E.** We may amend these Terms by writing to you. Any amendments will comply with the Regulations and the rules of FCA.

## 2. Application to open an Account

- A.** An application to open an Account must be made in writing on an Application Form. Subject to the Regulations, your Account will be managed in accordance with your directions set out in your Application Form.
- B.** These Terms will come into force when your Application Form is accepted by us, and your first investment is made. On acceptance, each new Account will be designated by us as either a Stocks and Shares ISA or a UK Growth Fund or Managed Growth Fund OEIC Investment outside an ISA. You can only subscribe to one ISA in any one tax year. We reserve the right to reject any application.
- C.** All payments into your ISA must be from your own funds, and we reserve the right to satisfy ourselves of this.
- D.** You may invest one or more lump sums in your Account during the Year. In addition, or alternatively, when provided in the Application Form you may make regular contributions by Direct Debit under a monthly investment plan. You must submit with your Application Form a cheque for the full amount of your initial subscription (in the case of a lump sum investment) and/or a Direct Debit Instruction to a Bank or Building society in your own name (in the case of regular contributions).
- E.** You will be sent an acknowledgement when you make a lump sum contribution or set up a monthly investment plan. This will be sent to you on the day following your application being received by us.
- F.** Your application covers the current Year and each subsequent Year until we receive no Subscription for one full Year.

## 3. Minimum subscription

### A. Lump sums

The minimum initial investment is as specified in the Application Form. Additional lump sum contributions are subject to the minimum specified in the Application Form.

### B. Monthly investment plans

The minimum monthly contribution is as specified in the Application Form, and we may terminate your investment plan by giving you one month's notice if the total amount invested during a Year is less than £300. Monthly Direct Debits will normally be collected on the 6th of each month. If your application and Direct Debit instructions are received on or before the 24th of the month, your first monthly payment will be collected by Direct Debit on the 6th of the following month, otherwise it will be collected on the 6th of the month after next.

## Direct Debit Guarantee

This Guarantee is offered by all  banks and building societies that accept instructions to pay Direct Debits. If there are any changes to the amount, date or frequency of your Direct Debit Scottish Friendly will notify you 5 working days in advance of your account being debited or as otherwise agreed. If you request Scottish Friendly to collect a payment, confirmation of the amount and date will be given to you at the time of the request. If an error is made in the payment of your Direct Debit, by Scottish Friendly or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society. If you receive a refund you are not entitled to, you must pay it back when Scottish Friendly asks you to. You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required. Please also notify us.

- C.** We reserve the right to reduce or waive the minimum subscription.

## 5. Maximum subscription

There is a maximum amount that can be paid into an ISA each subscription year. For current limits please go to [www.gov.uk/individual-savings-accounts](http://www.gov.uk/individual-savings-accounts).

If any over subscriptions are received by us we will make all reasonable endeavours to return the payment to the sender.

## 6. Cancellation

There are no cancellation rights available under this plan.

## 7. Investment objective

The investment objective of your Account will correspond to the qualifying investments specified in your Application Form.

## 8. Account investments

- A.** Your Account includes your Account Investments and any cash balances, all income and other rights, and the benefit of any tax relief in respect of such investments.
- B.** For each subscription or transfer payment received, we will allocate OEIC Shares using the share price effective at the next 12-noon valuation following receipt of the payment. The total value of the OEIC Shares we allocate at those prices will be equal to the payment received.
- C.** We will automatically reinvest all income in respect of Account investments net of any tax liability.

## 9. Title

- A.** The Account Investments will be beneficially owned by you at all times.
- B.** OEIC Shares will be registered in your name.
- C.** No OEIC share certificates will be issued to you. We will hold any records evidencing title to the Account Investments.
- D.** We will not lend Account Investments or the title documents to a third party and will not borrow against the security of Account Investments or such documents.

## 9. Taxation

We will make all necessary claims for tax relief relating to your Account. However, the fund in which you invest in receives UK dividend income net of Corporation Tax.

## 11. Statements

We will send you a statement every 6 months, showing the value of your ISA or OEIC investment and details of all transactions in your Account since the previous statement.

The statements will not include a measure of performance. We may produce a consolidated statement if you have more than one Account.

## 12. Reports and voting

- A.** If you so request, we will arrange for you to receive copies of the annual reports and accounts available to investors in any Scottish Friendly OEIC in which your Account is invested. We reserve the right to debit your Account with our standard charge for making such arrangements (currently £20 per communication with you), however if you have invested in the OEIC outside the ISA, these will be made available free of charge.
- B.** Subject to any applicable law or regulation and if you so request, we will arrange for you to be able to attend any meetings of direct investors in any Scottish Friendly OEIC in which your Account is invested, to exercise voting rights, and to receive, in addition to the documents referred to in paragraph A above, any other information issued to investors. We reserve the right to debit your Account with our standard charge for making such arrangements (see paragraph A above).
- C.** Subject to any applicable law or regulation, we may exercise any voting rights attaching to Account Investments unless you have elected to exercise such rights yourself.

## 13. Withdrawals

- A.** You may withdraw some or all of your money by writing to us.
- B.** Unless otherwise permitted by us from time to time, the minimum withdrawal is £50, and the Account Investments remaining after a withdrawal must have a minimum value of £300 (failing which we may treat your request as an instruction to terminate your Account).
- C.** Withdrawals will be met by selling Account Investments at the valuation point on the business day following receipt of the withdrawal instructions. Unless you give us instructions with your withdrawal request, we will have discretion to choose which Account Investments to sell.

- D.** The amount to be withdrawn will be paid to you within 4 business days following receipt of cleared funds resulting from the sales of Account Investments. We may deduct from the withdrawal amount any sums due to it.

#### **14. Charges**

- A.** An initial charge of 4% of your contribution applies to each investment in OEIC Shares.
- B.** Management Fees: Holdings of OEIC Shares are also subject to management fees, charges and expenses. These are deducted from the property of the Scottish Friendly OEICs and not from your Account. The Annual Management Charge is 1/365% deducted daily from the unit price.
- C.** We reserve the right to discount or waive any charges.
- D.** We may increase charges but only after giving you three months' written notice.
- E.** We shall be entitled to deduct and retain all charges payable under these Terms, and may apply any cash or sell any Account Investments to pay such charges or to pay any tax liabilities under your Account.

#### **15. Termination**

- A.** You may terminate your Account in writing to us, which will be effective on receipt but will not affect transactions already initiated.
- B.** We may terminate your Account by giving you one month's notice in writing. If it becomes impractical or impossible to comply with the Regulations, we may terminate your Account immediately, in which case you will be notified in writing.
- C.** When an Account is terminated, we will sell the Account Investments and pay you the proceeds together with any cash balance held in the Account. Interest will not be paid on any cash balance if you have given notice of termination since the last monthly interest payment date. We may deduct any charges or other amounts due to it, any tax liabilities under the Account, and any additional expenses incurred in terminating the Account.

- D.** Your ISA Account ceases to be exempt from tax on your death and will terminate. When written notification of the death is received, we will sell the Account Investments and hold the proceeds on deposit in Sterling.

- E.** We may make deductions as provided in paragraph C opposite. Upon receipt of the death certificate, the grant of probate or appropriate legal confirmation, we will transfer the cash balance of your Account to your personal representatives. These Terms are binding on your personal representatives. We may at our discretion accept or reject instructions received from your personal representatives.

#### **16. Void ISA Accounts**

Your Account will be managed in accordance with the Regulations, which take precedence over these Terms. We will notify you if, as a result of any failure to comply with the Regulations, your Account is or becomes void. When an Account is voided, we will sell the Account Investments and pay you the proceeds together with any cash balance held in the Account. We may deduct any charges or other amounts due to us, any tax liabilities under the Account, and any additional expenses incurred in terminating the Account.

#### **17. Transfer to new ISA account manager**

- A.** You may instruct us to transfer to another approved account manager, within such time as shall be agreed, either (i) the whole of your Account, or (ii) part of your Account ('a partial transfer'), subject to and in accordance with the Regulations. Only cash may be transferred, and we will convert Account Investments into cash after receiving your instructions. We may deduct from the transfer any sums due to it.
- B.** In the case of a partial transfer, that is a transfer of part of the realised Account Investments and cash held in an ISA or, where there is more than one ISA, all of the realised Account Investments and cash held under a particular ISA, the transfer shall not include any subscriptions to the Account during the Year of transfer nor the value of any gains or other proceeds relating to the investment of such



subscriptions. A partial transfer involving the transfer of part of the realised Account Investments and cash held in an ISA must represent all subscriptions to the ISA and any gains or other proceeds relating to the investment of such subscriptions for one or more complete Years.

- C.** Also in the case of a partial transfer, the Account Investments remaining after the transfer must, unless otherwise permitted by the Manager, have a minimum value of £300 (failing which we may treat your instruction as an instruction to transfer the whole Account).

## 18. Client Money

Any uninvested cash held on your behalf (e.g. money awaiting investment or the proceeds of encashment) will be held in a specific client money bank account with the Bank, separate from our money in accordance with the FCA's client money rules. If the bank we have chosen to hold your money becomes insolvent, we will have an unsecured claim on behalf of all of our clients regarding the client money bank account. This means that you will share proportionately in any shortfall with other creditors of the credit institution or bank. If you have a shortfall, you may be eligible for compensation under the Financial Services Compensation Scheme (FSCS). If we were to become insolvent and there's a shortfall in the client money account, any losses will be shared proportionately across all our customers with money in that account in accordance with Client Money Rules. Again, you may be entitled to compensation under the FSCS.

We will exercise all due skill, care and diligence and will periodically (usually annually) review the adequacy and appropriateness of any bank selected to hold your money, in accordance with FCA Rules. We will otherwise not be liable for any losses arising from any acts or omissions of the bank in connection with the client money account resulting from the bank's negligence, wilful deceit, or fraud. If, for whatever reason, payments made to you remain unclaimed and there has been no movement on the account, we will hold that money for a period of at least six years during which time we will make reasonable attempts to contact you in accordance with FCA Rules. After six years we may make further

efforts to contact you and let you know that we no longer intend to continue to hold the money and intend to transfer it to a registered charity of our choice unless you let us know what you would like us to do with it. If we receive no response, we shall be entitled to no longer treat that money as client money in accordance with FCA Rules and shall pay it to charity. If you subsequently make a valid claim for the money, we will still pay it to you. Any unclaimed money will no longer be protected by client money regulations.

## 19. Information for the account manager

You must provide us with all information which we reasonably request for the purposes of the Account and, in particular, you must immediately inform us in writing of any change of tax status or other material change in circumstance.

## 20. Authorised Corporate Director

The Authorised Corporate Director of the Scottish Friendly Investment Funds OEIC is Scottish Friendly Asset Managers Ltd, Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ.

## 21. Notices and instructions

- A.** Notices and instructions to us should be in writing and signed by you. Notices and instructions sent by facsimile will be accepted.
- B.** Notices and other documents to be given to you will be posted to your last registered address for your Account and will be considered received by you two days after posting.
- C.** We are entitled to treat as valid instructions given by you, or on your behalf, even if that is not the case because of the wrong doing of another person, unless that other person is an employee or agent of the Account Manager.

## 22. Complaints

We have established procedures in accordance with FCA's requirements for the consideration of complaints. Details of those procedures and of your rights to compensation if we are unable to meet our liabilities to you are available from us on request. In addition, if your complaint is not

dealt with to your satisfaction, you can write to the Financial Ombudsman Service; see page 9 for details. This will not affect your right to take legal action.

### **23. Compensation Rights**

If Scottish Friendly is unable to meet its liabilities, compensation may be payable by the Financial Services Compensation Scheme. The maximum level of compensation for claims against firms declared in default is 100% of the claim with no upper limit. Further information on the Scheme can be obtained from the Financial Services Compensation Scheme.

**Tel: 0800 678 1100**

**[www.fscs.org.uk](http://www.fscs.org.uk)**

### **24. Liability**

- A.** You indemnify us against all liabilities incurred by us in connection with your Account, other than liabilities caused as a direct result of our negligence, knowing default, or breach of the rules of FSA or of these Terms.
- B.** We are liable for our negligence, knowing default, and for any breach of the rules of FSA or of these Terms. We are not liable for any loss caused through a fall in value of Account Investments.
- C.** We accept no responsibility for your Account until cleared funds are received, nor for any loss or delay caused in the payment of funds to us.
- D.** For the purposes of this paragraph 20, references to you include your personal representatives and references to the Account Manager includes its nominees.

**Scottish Friendly Asset Managers Limited,  
Galbraith House,  
16 Blythswood Square,  
Glasgow G2 4HJ.**

[www.scottishfriendly.co.uk](http://www.scottishfriendly.co.uk)

Authorised and regulated by the Financial  
Conduct Authority. Details can be found on  
the FS register – Registration No. 188832.  
Member of The Investment Association.



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