

Revised Conditions (January 2009)

**LLOYDS BANKING GROUP SHARE ISA  
CONDITIONS**

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## 1 Who are the parties?

We are Halifax Investment Services Limited, approved as a plan manager by the Revenue and authorised and regulated by **FSA**. These conditions and any forms that we ask or have asked you to fill in set out the relationship between us. You should read these conditions and the forms carefully to understand how your **plan** works and your and our rights and duties under it.

## 2 What do words and phrases in bold type mean?

In these conditions we have put the following words in bold type because they have a special meaning.

- The **account** is a client bank account opened by us with Barclays Bank plc which is designated as an ISA account.
- Our **administration address** is Halifax Investment Services Limited, BNY Mellon House, Ingrave Road, Brentwood, Essex CM15 8TG.
- The **agreement** between you and us for your **plan** is made up of the **application form**, these conditions and any other conditions which apply to your **plan** under general law.
- The **application form** is the application form that you filled in when you applied to invest in your **plan**.
- An **execution-only** customer is a person who gives us instructions without receiving investment advice from us.
- **FSA** is the Financial Services Authority, an independent organisation that regulates us, whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS.
- The **Lloyds Banking Group** is the corporate group of which we are a member.
- The **ISA Regulations** are the Individual Savings Account Regulations 1998, as amended, substituted or replaced from time to time.
- The **order handling policy** sets out the arrangements we adopt to ensure that your orders achieve the best possible result.
- A **plan** is a Lloyds Banking Group Share ISA, an individual savings account that invests in the **shares** of Lloyds Banking Group plc.
- A **retail client** is an individual who is not acting in the course of carrying on investment business.
- **Shares** are ordinary shares of Lloyds Banking Group plc.

- A **tax year** runs from 6th April of one year to 5th April of the next.
- A **working day** is any day which is not a Saturday, Sunday or English public holiday.

### 3 When did my plan start?

- a Your **plan** started when we accepted your application.
- b We will manage your **plan** in line with the **ISA Regulations** and our **agreement**.

### 4 How do I invest in my plan?

- a You cannot invest in your **plan**. However you can transfer an individual savings account or part of an individual savings account with another plan manager into your **plan** (see conditions 4b and 10f).
- b You can transfer any individual savings account or part of any individual savings account with another plan manager into your **plan**. If that individual savings account holds **shares**, we will accept a transfer of those **shares** into your **plan**. Otherwise, we will accept only a cash transfer.
- c We will keep cash which we hold for your **plan** in the **account**, together with cash which we hold for other investors.
- d We will credit you with interest on cash which we hold for you in the **account** from the date that cleared funds are transferred into it. Under the **ISA Regulations** we must deduct a flat rate charge, currently 20%, from this interest and pay this charge to the Revenue. We will credit such interest to you quarterly. The interest rate will always be at least the minimum deposit rate which Barclays Bank plc pays at that time rounded down to two decimal places. Barclays Bank plc may change its minimum deposit rate.
- e You agree that, if cash that we hold for you remains unclaimed for a period of at least 6 years, we will be allowed to no longer treat it as client money, provided that we have complied with the rules of the **FSA**.
- f Any cash held in the **account** to which investors are not entitled belongs to us and can be withdrawn for our benefit.
- g We will pay into the **account**:
  - dividends from **shares**;
  - interest; and
  - any other cash we receive for your **plan**.
- h We will withdraw from the **account** our charges, fees, commissions and all other money which you owe us under the **agreement**.

## 5 Who owns the shares and cash in my plan?

- a We are the custodian of the **shares** and cash in your **plan**. We or our nominee will hold the legal title to the **shares** and cash in your **plan**.
- b You will be the beneficial owner of the **shares** and cash in your **plan**. Neither you nor we can lend or charge the **shares** or cash in your **plan**.
- c You will not be given certificates for the **shares** in your **plan**. Your **shares** will be pooled with **shares** held for other customers and will not be identified by separate certificates, other physical documents or equivalent electronic record. The registrar of Lloyds Banking Group plc records details of your **shares** in a register in our name or that of our nominee. If we register your **shares** in the name of our nominee, we will be responsible for anything our nominee does or does not do. We identify the **shares** and cash in your **plan** separately in our records. If we or our nominee lose any of the **shares** in your **plan**, we will be liable to you. If we or our nominee defaults and is not holding enough **shares** to satisfy our obligations to all our customers, the **shares** will be divided among our customers in proportion to their holdings; this will not affect your other legal rights.
- d If there is any cash in your **plan**, we will deposit it in the **account**.

## 6 How does my plan work?

- a We will transfer **shares** into your **plan** or buy **shares** for your **plan** as soon as reasonably practicable (see also conditions 4b, 8c and 9) in accordance with our **order handling policy**.
- b We will buy **shares** for your **plan** to the nearest whole share. We will pay any remaining cash into the **account**.
- c We will sell **shares** for your **plan** as soon as reasonably practicable after we receive your written instructions in accordance with our **order handling policy**. This will normally be no later than the **working day** after we receive your written instructions.
- d We will send you confirmation of transactions for your **plan**. Details of transactions for your **plan** will also be shown on your statements (see also condition 14).
- e We may buy or sell **shares** for you and other customers as part of the same deal. When we do this, we must reasonably believe that the aggregation of orders is unlikely to work overall to your disadvantage. However, it could work to your disadvantage in relation to a particular order and, for example, could result in a slightly less favourable price than if we had bought or sold your **shares** separately.
- f Any amounts or **shares** you are entitled to receive in connection with your **plan** will be rounded down to the nearest penny or the nearest whole share. We will keep any remaining fractions for our own account.
- g We will carry out transactions for your **plan** on the basis that you are an **execution-only retail client**. Neither we nor any other member of the **Lloyds Banking Group** can give you any investment, taxation or legal advice in connection with your **plan**. If you need any advice about your **plan**, we recommend that you consult with an independent professional adviser.

- h The value of **shares** or the income from them could go down as well as up and you may not get back the amount invested.
- i Unless we agree otherwise, your **plan** can hold no investments other than **shares**.

## **7 What information will I receive about Lloyds Banking Group plc?**

- a Every year, we will send you the Lloyds Banking Group plc Summary Financial Statement.
- b If you ask us, we will send you the Annual Report and Accounts for Lloyds Banking Group plc every year and any other information issued to shareholders of Lloyds Banking Group plc.
- c We will send you information about shareholder meetings together with a form you can use either to give us your voting instructions or to ask us to arrange for you to cast your votes in person. We will vote in line with your voting instructions. If you do not give us your instructions, we will not vote for you.
- d You can always attend and speak at a meeting, but you cannot cast your votes in person unless you ask us to arrange it for you (see condition 7c).

## **8 What happens to the dividends from shares in my plan?**

- a We will normally receive dividends from **shares** in your **plan** in the form of cash.
- b We will pay dividends from **shares** in your **plan** into the **account**.
- c Unless you choose to receive income, we will use the dividends (less any charges, fees or other money you owe us under the **agreement**) to buy more **shares** for your **plan** (see also condition 6a).
- d If you choose to receive income, we will pay the dividends (less any charges, fees or other money you owe us under the **agreement**) to you by automatic transfer to a bank or building society account of your choice.
- e If we are offered a scrip dividend (that is the option to receive new **shares** rather than a cash dividend), we can choose to receive the new **shares** rather than a cash dividend if we think that it will be financially better for our customers as a whole.

## **9 What happens when special events affect the shares in my plan?**

- a If Lloyds Banking Group plc announces either an issue of new **shares** or an offer which would allow us to buy or receive **shares** for your **plan**, we will take the following steps:
  - If you are entitled to extra **shares** (for example, through a bonus or other capitalisation issue), we will automatically credit the **shares** to your **plan**.
  - In the case of a take-over, conversion, rights issue or other offer made in connection with the **shares**, as long as it is reasonably practicable to do so

and if we are able to give you a choice, we will tell you in writing about the offer and indicate the choices (if any) which you can make. If you reply quickly enough to allow us to act, we will follow your instructions. We will not act without your instructions. We will invest any **shares** we receive in your **plan** and use any cash we receive to buy more **shares** for your **plan**.

- b Unless we have to by law, we will not take up or accept any issue or offer which would result in us buying or receiving investments which we are not allowed or not able to invest in your **plan**. Where it is reasonably practicable, we will sell those rights or benefits and invest the proceeds in your **plan**.

## 10 When will I have to pay charges?

- a We will make an annual management charge for managing your **plan**. We will work it out by valuing your **plan** every month. The charge is payable every month for the previous month. The current annual management charge is 0.5% (plus VAT) per annum of the value of your **plan** (subject to a maximum of £12.75 (plus VAT) each month).

- b You must pay all:

- stockbrokers' commissions (currently 0.15% of the value of the **shares** purchased or 0.15% of the value of the **shares** sold);
- stamp duty/stamp duty reserve tax (currently 0.5% of the value of the **shares** purchased); and
- other dealing costs;

which are charged to us when we buy or sell **shares** or nil paid rights for your **plan** or when we transfer **shares** into your **plan**. These charges may change in the future.

- c If you make a withdrawal from your **plan** we will make a charge of £15 (plus VAT) for each withdrawal.
- d If you close your **plan**, we will make a charge of £15 (plus VAT).
- e If your **plan** becomes void by reason of any failure to satisfy the provisions of the **ISA Regulations** and we have to sell the **shares** in your **plan** (see condition 20a), we will make a charge of £15 (plus VAT).
- f If you transfer an individual savings account or part of an individual savings account to us from another plan manager, we will make a charge of £15 (plus VAT).
- g If you transfer your **plan** or part of your **plan** to another plan manager, we will make a charge of £20 (plus VAT).
- h We will make a charge of £10 (plus VAT) every time you write to tell us what to do in connection with any corporate reorganisation or other capital event affecting Lloyds Banking Group plc, including a take-over (see condition 9).
- i We will make a charge of £10 (plus VAT) every time you ask for a statement under condition 14b.

- j We will deduct all charges, fees and other money that you owe us under the **agreement** out of any cash we hold or receive in connection with your **plan** or, if we hold or receive no or insufficient cash, we will deduct all charges, fees and other money that you owe us by selling **shares** in your **plan** instead.

## 11 How does taxation affect my plan?

- a Under the current law relating to tax relief for individual savings accounts, we will manage your **plan** so that it will be free from all personal tax. When these conditions refer to tax relief, they mean the tax relief that applies at the date of publication of these conditions. But, tax relief could change in the future. If the tax relief that applies to individual savings accounts changes, your **plan** will continue but it will be affected by that change.
- b The information about tax relief in these conditions only applies to people who pay UK tax. The value of tax relief depends on your circumstances.
- c We will make claims, conduct appeals and agree tax reliefs and liabilities relating to your **plan**.
- d We will give the Revenue information about your **plan** which the law says we must.
- e If we have passed a tax credit to you that you are not entitled to, we can repay the Revenue out of your **plan** (see also condition 10j).

## 12 How do I take cash from my plan?

- a You can withdraw cash from your **plan** at any time by telling us to sell **shares** in your **plan** (see condition 6c).

You can only make a withdrawal if:

- it is for at least £250; and
- the market value of your **plan** will be at least £1,000 after you have made the withdrawal.

We will pay you the sale proceeds by cheque no later than five **working days** after the day we receive them.

- b If the market value of your **plan** after you have made a withdrawal will be less than £1,000, you must sell all the **shares** in your **plan** and close your **plan** (see also condition 13f).

## 13 When can my plan close?

- a We can close your **plan** at any time by giving you at least 30 days' notice. We can also close your **plan** at any time by giving you at least 30 days' notice if we cannot continue to be your plan manager because of:
- a change in the law (including a change in the **ISA Regulations**);

- a change in the **FSA's** rules;
  - a decision by the Revenue; or
  - a decision by **FSA**.
- b If we close your **plan** under condition 13a, we will give you certain options and notify you of your right to transfer your **plan** to another plan manager. If you do not choose an option within a reasonable period or ask us to transfer your **plan** to another plan manager, we will choose the option that we reasonably think is best for you.
- c You can close your **plan** at any time by giving us notice. You may tell us the time within which you wish us to act on your instructions under this condition. We will carry out your instructions within a reasonable time (not exceeding 30 days).
- d We will complete any transactions that we have started before your **plan** is closed.
- e We will keep your **plan** open until we have paid any dividends to which you are entitled.
- f When your **plan** is closed, we will:
- sell the **shares** in your **plan** (see condition 6c);
  - take out of the sale proceeds all charges, fees and any other money which you owe us under the **agreement**; and
  - pay to you the rest of the sale proceeds and any other cash we are holding for you by cheque no later than five **working days** after the day we receive the sale proceeds.
- g If your **plan** is in force when you die, its tax exempt status will end on that date but your **plan** will continue. When we have received evidence of your death which is satisfactory to us and we are asked by your personal representatives or any other person entitled to the **shares**, we will sell those **shares** and pay the proceeds (less any charges, fees and other money owed to us and the Revenue) to them by cheque. Until we sell the **shares**, they will be subject to daily price movements as normal. When we know who your personal representatives are, we will tell them the value of the **shares** in your **plan** as at the date of your death.

#### 14 What statements will I receive?

- a We will send you a statement twice every year. Each statement will show the value of your plan as at the date of your last statement and, for the period since the last statement:
- details of transactions for your **plan**;
  - dividends and any other rights received for your **plan**;
  - any cash that we receive for your **plan**;
  - interest paid on cash held in your **plan**;

- the flat rate charge deducted from any interest paid on cash held in your **plan**;
- charges, fees, commissions and any other money due to us and which we have withdrawn from your **plan**; and
- any income paid to you, and any other money which you have withdrawn from your **plan**.

The statements will also show, as at the date of the statement, the **shares** in your **plan**, their value and the basis on which that value has been calculated, and any cash held in your **plan**.

- b You can ask us to send you a statement at other times but you must pay the charge in condition 10i every time you do so.

## 15 When can these conditions change?

- a By giving you reasonable notice in advance, we can change any of these conditions (including changes to any charges) for one or more of the following reasons:

- to make them easier to understand or fairer to you;
- to reflect changes to the law, codes of practice or the way we are regulated;
- to reflect a decision or recommendation made by, or a requirement of, a court, ombudsman, regulator or similar body or any undertaking given to any such body;
- to reflect changes to standards published by other bodies which we agree will apply to your **plan**;
- to reflect changes in market conditions;
- to reflect changes in general market practice (including the terms on which similar products are offered);
- to reflect changes to the way we look after your **plan** or individual savings accounts generally;
- to reflect changes to the tax relief that applies to ISAs (see also condition 11a);
- to reflect legitimate changes to our costs of selling and/ or administering plans;
- to allow us to introduce new or improved systems for looking after your **plan**; or
- to correct mistakes.

We will give you at least 10 **working days** notice of any change under this condition. You will be free to transfer your **plan** to another ISA manager under condition 20b.

Where we refer to "changes" in the above list, we mean changes we know will happen or we reasonably believe will happen or changes that have already taken place.

Any change under this condition will be a proportionate response to the reason for that change.

- b We can also change these conditions if it is fair and reasonable to make the change. We will give you reasonable notice of at least 10 **working days** in advance of any change made under this condition. You will be free to transfer your **plan** to another ISA manager under condition 20b.

## 16 How will you carry out your duties?

- a We will act with reasonable skill, care and diligence as required by the rules of **FSA**.
- b If we cannot perform any of our services under these conditions due to circumstances beyond our reasonable control, then we will take all reasonable steps to bring those circumstances to an end, but we will not be liable for our non-performance except to the extent required by the Financial Services and Markets Act 2000, any regulations issued under that Act and the rules of **FSA**.
- c If we delegate any of our functions or responsibilities under these conditions to any person, we will make sure that that person is competent to carry them out.

## 17 How do I complain?

We have a procedure to help us investigate all complaints from our customers effectively. If you have a complaint about us or would like details of our complaints procedure, you should write to our compliance officer at our **administration address**. If we cannot resolve your complaint to your satisfaction, you also have a right to complain direct to the Financial Ombudsman Service whose address is South Quay Plaza, 183 Marsh Wall, London E14 9SR. If we default in our obligations to you, compensation is available under the Financial Services Compensation Scheme. If you ask, we will send you a summary of your rights under the Financial Services Compensation Scheme.

## 18 How can we contact each other? What information can you give and receive about my plan?

- a If you want to tell us about anything concerning your **plan**, you must write to us at our **administration address**. When you write, please state your **plan** reference number and National Insurance Number.
- b We will send all notices, statements or letters to the last address you gave us. We will treat them as arriving two **working days** after they were posted (if sent to an address in the United Kingdom) or ten **working days** after they were posted (if sent abroad).
- c You must write to us at our **administration address** straight away if you change your name or address. You should make sure that the arrangements for receiving mail at your address are safe.

- d Unless these conditions say otherwise, any instructions, notices or other communications that you or we send under them will only be valid if they are in writing.
- e We may ask any other member of the **Lloyds Banking Group** to give us information about you which will help us to identify you or which will help us to look after your **plan**.
- f We can change our name or **administration address**.
- g If we have sent documents to your address on two separate occasions and they have been returned and, after making reasonable enquiries, we cannot find out your current address, we will not send any more documentation to you until you tell us your address.
- h We may monitor and record phone calls to or from us. We do this to check what was said and to train our staff.

## 19 What conditions apply to prevent money laundering?

We may ask for proof of your identity and any other relevant information in line with the laws to prevent money laundering. If you do not provide proof or we are not satisfied with the proof and other relevant information that you provide, we may:

- not open your **plan**;
- close your **plan**; or
- refuse to make payments to you from your **plan**.

The price at which we then buy or sell **shares** for your **plan** could be higher or lower than the price at the time we received your **application form** or instructions.

## 20 What general conditions apply to my plan?

- a We will tell you if your **plan** becomes void by reason of any failure to satisfy the provisions of the **ISA Regulations**. If this happens, we will sell the **shares**, and out of the sale proceeds:
  - deduct our charges, fees and any other money due to us;
  - deduct the amounts representing tax credits to which you were not entitled; and
  - pay the remaining cash to you by cheque.
- b On request, and within such time as will be agreed (not exceeding 30 days), we will transfer your **plan** or part of your **plan**, with all rights and obligations of the parties to it, to another plan manager. We will do this either by selling **shares** in your **plan** and paying the proceeds (less any charges, fees or other money you owe us) to the new plan manager or transferring the **shares** and any cash in your **plan** (less any

charges, fees or other money you owe us) to the new plan manager (see also conditions 10g and 10j). Unless we agree otherwise, the smallest amount that you can transfer is £250 and the market value of your **plan** must be at least £1,000 after you have made the transfer. If the market value of your **plan** would be less than £1,000 after you have made the transfer, then you must transfer the whole **plan**.

- c There may be limited circumstances in which a conflict between your and our interests may arise. To mitigate and control these conflicts and ensure the fair treatment of our customers, we have a conflicts of interest policy. A summary of this policy is provided separately. You can request further details about this including a copy of the full policy at any time.
- d You agree that we can give Lloyds Banking Group plc details about you or your **plan**.
- e If we delay in enforcing any term which forms part of these conditions, this will not affect our right to enforce it or the rest of those terms.
- f If we choose not to enforce any term which forms part of these conditions, this will not affect our right to enforce the rest of those terms.
- g Each paragraph and sub-paragraph in these conditions is separate from the others. This means that If we cannot enforce any one paragraph or sub-paragraph in these conditions, this will not affect our right to enforce any other paragraph or sub-paragraph.
- h Where these conditions are not consistent with the **ISA Regulations** (and any other laws and rules that apply to the **agreement**) the **ISA Regulations** (and any other laws and rules that apply to the **agreement**) will apply.
- i It is agreed that this **agreement** is governed by the laws of England and Wales and that any dispute will be dealt with by the English courts.