



Vanguard[®]

Vanguard Client Terms

February 2019

Introduction

These Terms, together with your Application, form a binding legal agreement between you and Vanguard for the Vanguard personal investor service. This service is an online dealing and custody service which enables you to invest in Vanguard Funds.

Before investing, you should read these Terms, together with the Key Features Document, the important disclosures in the Legal Information page, and the Key Investor Information Document relating to the Vanguard Fund(s) which you choose. Information on how to access these documents and information can be found at www.vanguardinvestor.co.uk.

If there is anything in these Terms which you do not understand, please contact us through secure messaging via your online account at www.vanguardinvestor.co.uk or by email at personalinvestors@vanguard.co.uk. You can also call us on 0800 5870460 (Monday to Friday, 9am to 5pm, excluding public and bank holidays). We will do our best to help you but we are not able to give you financial, investment or tax advice.

Please note that you can only acquire and deal in Vanguard Funds under these Terms and not the funds or products of any other provider. Please also note that these Terms only allow for online dealing.

Vanguard Asset Management, Limited is authorised and regulated by the Financial Conduct Authority in the UK (under firm reference number 527839). Its registered office is at 4th Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF. The contact address for the FCA is included in the definitions section below.

Definitions

In these Terms, the following words and expressions have the meanings appearing below:

Account – your account with Vanguard that enables you to invest in Vanguard Funds. An Account may be an ISA or a general account (non-ISA).

Application – your Vanguard application, including for your ISA or Junior ISA and for a Regular Savings Plan or Transfer.

Business Day – a normal business day, excluding Saturdays, Sundays and any UK public holiday. For the purposes of dealing in a Vanguard Fund, any applicable public holiday or other day which is not a dealing day for the relevant Vanguard Fund (in accordance with its prospectus) is also not treated as a Business Day.

Charges - the charges set out in Appendix 1.

Exchange Traded Fund (or ETF) – an investment fund listed and traded on a stock exchange.

FCA – the Financial Conduct Authority, located at 12 Endeavour Square, London E20 1JN, or any other regulator that succeeds it.

FCA Rules – the FCA's Handbook of rules and guidance, as amended or replaced from time to time and including, where relevant, any directly applicable EU regulation.

FSCS – the Financial Services Compensation Scheme.

ISA – an Individual Savings Account managed under the ISA Regulations. The term ISA includes a Stocks and Shares ISA and a Stocks and Shares Junior ISA. When we refer to ISA we mean your Vanguard Funds and any cash balances held in your ISA and all income and other rights, and any tax relief that you may receive on them.

ISA Cash Account – a facility for holding cash in a Stocks and Shares ISA.

ISA Regulations – the Individual Savings Account Regulations 1998 (as amended from time to time).

Junior ISA – an ISA for people under the age of 18, managed under the ISA Regulations.

Nominee – a company which holds your Shares. The Nominee may be a company under our direct control or under the control of any sub-custodian which we appoint to hold your Shares on our behalf.

OEIC – an open-ended investment company based in the UK, including any sub-fund of an umbrella OEIC.

Platform – the fund dealing and investment services platform operated by Vanguard.

Recognised Fund – a fund domiciled in Ireland and recognised in the UK under applicable regulation.

Regular Savings Plan – an option which enables you to invest by means of regular monthly payments.

Shares – means units or shares in a Vanguard Fund unless it is clear from the context that we are talking about a specific type of share.

Stocks and Shares ISA – an ISA for stocks and shares holdings.

Switch – related transactions in which Shares are sold and then the proceeds are used to buy other Shares.

Terms – these terms (as amended from time to time).

Transfer – when Shares and / or cash are transferred to your Account with us from another investment service provider, or are transferred from your Account with us to another investment service provider.

Unit Trust – an authorised unit trust scheme.

Vanguard – Vanguard Asset Management, Limited. The term “Vanguard” also includes, where applicable, certain affiliated companies within the Vanguard Group and any company to which we might transfer our rights and responsibilities under these Terms in future (under clause 10.1).

Vanguard Fund – any OEIC, Unit Trust, Recognised Fund, or Exchange Traded Fund operated by Vanguard and made available through the Platform.

Vanguard Group – Vanguard and any company affiliated to Vanguard.

We, our or us – Vanguard.

Year – a tax year beginning on 6 April in any calendar year and ending on 5 April in the following calendar year.

You, your or yourself – the person who does business with us under these Terms, including your personal representatives, your authorised representatives or agents and the Registered Contact for a Junior ISA (meaning the person who can give instructions on a Junior ISA, in line with the ISA Regulations).

General Terms

1 Introductory

1.1 Our role

- 1.1.1 We are responsible for the safekeeping and administration of the Vanguard Funds which you acquire through us.
- 1.1.2 In all of our dealings with you we will comply with these Terms, the FCA Rules and with any other applicable rules, regulations or laws.
- 1.1.3 These Terms include, at Appendix 2, a summary of our Order Execution Policy, which describes how we get the best possible results when dealing on your behalf (including placing orders to buy and sell Shares in ETFs through Winterflood Business Services). We will publish details annually of our execution results and the principal broker(s) upon which we rely. You have the right to ask us for further information about how we achieve best execution on your behalf.
- 1.1.4 Our Conflicts of Interest Policy sets out the types of actual or potential conflicts of interest which affect our business and provides details of how these are identified and managed or prevented. A summary of our current policy is set out in Appendix 3. You have the right to ask us for further information regarding our Conflicts of Interest Policy.
- 1.1.5 The FCA Rules require us to classify all investors. The Vanguard personal investor service is provided by us to “retail clients”. Unless we tell you otherwise, we will treat you as a retail client under the FCA Rules. This means you get the highest level of protection available under the FCA Rules.

Our service enables you to invest in Vanguard Funds but we do not provide any personalised advice (including investment advice), and, therefore, we are not required to assess the suitability or appropriateness for you of:

- the Vanguard Funds that you choose, that we may hold for you; or
- the other services we provide to you.

This means that you do not benefit from the protection of the FCA Rules on assessing suitability. If you are in any doubt about the suitability or appropriateness of any particular Vanguard Fund, we recommend that you speak with an authorised adviser.

- 1.1.6 We may delegate our functions to third parties, including appointing a Nominee to hold your Shares. We will be responsible for the actions and omissions of any person to whom a function is delegated. We may also engage agents to help us perform our functions.

1.2 Communications

- 1.2.1 Our service is exclusively an online service for which you will need to register. If you do so we will send documents to your secure online mailbox. We will not generally communicate with you by post. All of our documents and communications with you will be in English. You agree to receive copies of our up to date policy summaries (including summaries of our Conflicts of Interest Policy and Order Execution Policy) via our website at www.vanguardinvestor.co.uk and to access your Account at least once a quarter for the purpose of viewing the statements and other information which we provide to you.
- 1.2.2 If we do communicate with you by post we will write to you at the last address you gave us. If communications we send to you are returned to us, we may put restrictions on your Account and stop making payments out to you for reasons of security.

- 1.2.3 You can communicate with us securely by registering for and using our online services at www.vanguardinvestor.co.uk. We will rely on any communication which we reasonably believe to have been made by you and may ask you to confirm some information in writing. You can also contact us by email at personalinvestors@vanguard.co.uk or by calling us on 0800 587 0460 (Monday to Friday, 9am to 5pm, excluding public and bank holidays).
- 1.2.4 We are obliged under the FCA Rules to record certain communications (including telephone calls, electronic communications and instant messaging) which relate to, or are intended to lead to, the conclusion of a contract in a financial instrument. You have the right to request a copy of such recordings relating to your Account at any time in the five year period beginning on the date of the relevant recording. We may monitor and record other communications and calls.

1.3 Your Account

- 1.3.1 Subject to clause 1.3.2, you can generally open and maintain an Account if you are an individual aged 18 years or over, you are a UK resident, and you pay tax in the UK (and in the case of the Vanguard General Account solely pay tax in the UK). Opening an Account means you accept these Terms and you confirm to us that you meet all of these conditions. Your Account will be restricted if your residency or tax status change. This means that you will not be able to make new investments, and that we will only provide administrative and record-keeping services in return for the applicable Charges. We may alternatively sell your Vanguard Funds and close your Account if you cease to be a UK resident.
- 1.3.2 Vanguard Accounts and Funds are not available under these Terms to US persons. "US persons" include any citizen of the United States of America (US), any person holding a US passport (regardless of residency or domicile), and any person who has an obligation to pay tax to the US tax authorities on their worldwide income. If you are or you become a US person we may sell your Vanguard Funds and close your Account, and we may inform the relevant authorities.
- 1.3.3 To open an Account you must complete an online Application. This can be done at www.vanguardinvestor.co.uk. As part of the Account opening process, you will set up a user name and password, and provide certain other personal security details which you will use to access your Account. You must keep your security details secret. You must not disclose them to anyone or allow any other person to access your Account using your security details.
- 1.3.4 These Terms come into force when we accept your Application. This is normally on the Business Day we receive it.
- 1.3.5 Under applicable money laundering regulations, we are required to verify the identity of our investors, beneficial owners and anyone controlling or paying for Vanguard Funds. We will carry out electronic searches on private and public databases, and use credit reference agencies which will record that an enquiry has been made. We may also need to ask you for further documentation as evidence.
- 1.3.6 Until we have verified your identity, we will place restrictions on your Account and prevent any payments out to you. We may also refuse any further payments from you. If your identity is not verified within 60 days of the opening of your Account, we may close your Account and return any funds to the bank account from which they were received.
- 1.3.7 We will confirm when we have accepted your Application and acknowledge the details of any Vanguard Funds which you have asked us to buy.

1.4 Making investments

- 1.4.1 As with every financial product, the Vanguard Funds carry certain risks which are specific to OEICs, Unit Trusts, Recognised Funds and ETFs. You should make sure that you understand these risks before investing. The documentation provided on our website (including the Key Features document, the important disclosures in the Legal Information page, and the Key Investor Information Document and prospectus relating to each Vanguard Fund) contains important information about the risks associated with the Vanguard Funds. We recommend that you read this information carefully before deciding to invest.
- 1.4.2 You can make one-off (lump sum) payments to your Account and / or invest monthly through a Regular Saving Plan. Minimum amounts may apply. You can make payments using a debit card, by direct credit transfer from a UK bank account, or (if you set up a Regular Savings Plan) by direct debit.
- 1.4.31 Subject to acceptance, we will process your instructions to invest as soon as we can. This should be on the same day if it is a Business Day and provided we receive your instructions and cleared payment before the applicable dealing cut-off time for the relevant Vanguard Fund; otherwise the deal will be processed on the next Business Day. All orders are placed through Vanguard affiliates and brokers, as described in the summary of our Order Execution Policy set out in Appendix 2.
- 1.4.4 We will not complete your investment order(s) before we receive payment in full from you. Payments made by direct credit transfer may not be received by us as cleared funds for up to two Business Days. If we do not receive your payment within seven Business Days, we will treat your instructions as cancelled and action them accordingly.
- 1.4.5 We will send you a confirmation when your order has been completed, containing full details of the transaction executed for you. This will be sent to your Account mailbox no later than the first Business Day following the transaction (or, if applicable, no later than the first Business Day following our receipt of the transaction confirmation from any broker or other relevant third party).
- 1.4.6 We will aggregate your orders with those of other clients in accordance with our Order Execution Policy set out in Appendix 2. The aggregation of orders between clients is the process of adding together trade orders to purchase or sell the same security as one large bulk order. In the event where we carry out such bulk orders, these will be then distributed to you disaggregated based on your individual order. There may be instances where, as a result of aggregation and/or the disaggregation, amounts you receive may require rounding in accordance with the relevant Vanguard Fund prospectus. This is because we may not be able to allocate units to exact amounts pro rata between clients. Rounding may result in a minor loss or gain to your holdings or amount invested/received, so on occasions you may be disadvantaged in relation to a particular order.
- 1.4.7 If you set up a Regular Savings Plan to make regular payments:
- you may choose the date on which we will collect your payment each month (from the available options offered), but note that your payment will be collected on the next Business Day if the normal monthly collection date is not a Business Day;
 - we place the order to invest your payment on the Business Day we collect it; and
 - we will not pay interest on your payment before it is invested.
- 1.4.8 With a Regular Savings Plan, you can adjust or stop your payments at any time via your online Account. We will continue to collect your payments until you change the instructions on your Account. You must make any change at least eight Business Days before the next scheduled payment date if you want the change to take effect from then.
- 1.4.9 If we are unable to collect your payment under a Regular Savings Plan for three successive months, we will cancel it. In addition, we can stop your Regular Savings Plan by giving you a minimum of one month's notice in writing, although we will always try to give more notice,

where reasonably practicable. Where we have given you such notice, we will assist you to transfer your Vanguard Funds to another provider without charging you a fee, if you would like to do so.

1.5 Transferring existing investments to Vanguard

- 1.5.1 If you hold Vanguard Funds through another account provider, you can request that all of the Shares are transferred directly to your Account without first having to sell them for transfer as cash. Please go to www.vanguardinvestor.co.uk for the current list of Vanguard Funds supported on our Platform. We can only accept direct transfer of Vanguard Funds if this is offered by your existing provider. For ISA transfers, see also clause 12.3.
- 1.5.2 If your existing Vanguard Funds can be transferred directly from your existing account provider, we will arrange for the Shares to be transferred into the name of our Nominee, which will hold them on your behalf. If direct transfer of your Vanguard Funds is not possible, they will stay with your existing provider.

1.6 Right to cancel your Account

You may change your mind and cancel your Account by informing us (by email at personalinvestors@vanguard.co.uk) within 14 calendar days from the date of your first investment. On cancellation, any investments can either be sold or transferred into your name or the name of another nominee on your behalf. If investments are sold, you may get back less than you invested because of market value loss. Any applicable charges will apply until your Account is closed, and will not be refunded.

2 Managing your Account

2.1 Cash

- 2.1.1 All cash held by us for you under these Terms will be held as client money when required under the FCA Rules. You have the right to request a statement of the cash held on your behalf at any time.
- 2.1.2 We will deposit any money you pay us in a trust account with an authorised bank. It will be pooled together with the money of other investors. It will be held in Vanguard's name but separately from any account used to hold Vanguard's own money.
- 2.1.3 We will not be responsible for any actions or omissions of the bank unless we breach the FCA Rules or fail to take reasonable care in the selection, appointment or monitoring of the bank we choose to hold your client money.
- 2.1.4 If the bank becomes insolvent, we will be a creditor and will claim against them on your behalf. If the bank cannot repay all of its creditors, you may have to share any loss.
- 2.1.5 Cash balances held on your behalf may earn interest at a variable rate, based on the rate we receive from the bank. Where payable, interest is earned daily and normally paid into your Account on the first Business Day of each month.
- 2.1.6 In certain circumstances we may, pending receipt of assets, hold cash of equivalent value on your behalf. This cash will be held in a client money account, separate from Vanguard money. If Vanguard became insolvent you might have a claim to this cash in addition to the assets we safeguard on your behalf.

- 2.1.7 In the unlikely event of our insolvency, you agree that we may, subject to the FCA Rules and other applicable regulatory requirements, transfer your money to another firm to hold on your behalf. We would only do this where certain conditions are met to protect your interests, and you would have the option to have your money returned to you, following notice by you to the new provider. If all assets held by us are transferred following our insolvency, different regulations apply and a transfer may, in some circumstances, take place under those regulations without your consent.
- 2.1.8 Subject to applicable law, in certain circumstances following the insolvency of Vanguard, an appointed insolvency administrator may be entitled to utilise both your assets and/or your client money to cover the costs of the insolvency. You may be entitled to compensation from the FSCS up to the prescribed limits in the event that there is a shortfall in either your assets or your client money resulting from such action.

2.2 Your Vanguard Funds

- 2.2.1 If you have invested directly in a Vanguard Fund prior to or after the launch of our Platform and are the registered holder of the Shares, you may give us permission to transfer them to your Account.
- 2.2.2 All Vanguard Fund Shares held within your Account will be registered in the name of our Nominee. We will be responsible for the actions and any omissions of the Nominee. Shares held by our Nominee for you under these Terms will be held as client assets in accordance with the FCA Rules. Shares registered in the name of the Nominee are held in an account with those of others, on your behalf. This means you are still the beneficial owner of your Vanguard Funds and you will have a claim over them even if we and/ or the Nominee become insolvent. Your Shares will not be separately identifiable from those of other investors, but we will keep a separate and up to date record of your individual entitlement. You have the right to request a statement of the Shares held on your behalf at any time. We have procedures in place to carry out checks and identify any shortfall in your Shares, which we will correct if we are responsible for it. However, in the event of our insolvency and a shortfall in the pooled account at the Nominee, you would share pro rata with other investors in the amount of the shortfall.

2.3 Income from your Vanguard Funds

- 2.3.1 You can choose to have any income from your Vanguard Funds paid out to you. We will make income payments by direct transfer to your bank or building society. Unless you choose the income payment option, we will invest your money in the accumulation share class of the selected Vanguard Funds. It can take up to 10 Business Days to process dividend income from Vanguard Funds.
- 2.3.2 If, for any reason, we are not able to pay that income to you (for example because the payment to your bank or building society is returned), we will notify you and seek your instructions. If we do not receive your instructions, we will credit the income to your Account as cash.
- 2.3.3 If you change your mind and no longer want us to pay income out to you, you can switch into the accumulation share class.
- 2.3.4 Vanguard Funds have set periods of time that are used for calculating income payments. When you buy Shares part way through one of these periods, part of your first income payment will be an equalisation payment. This is treated differently for tax purposes compared to a normal income payment. For investments that you make through us, we add up all of the equalisation payments for Shares of the same type in the same investment, and pay (or reinvest) the average equalisation for each of the individual Shares that were bought in the relevant period.

2.4 Reports and voting rights

We will make available to you copies of the annual reports and accounts and any other information issued to investors in the Vanguard Funds which you hold. We will also enable you to participate in meetings of investors and to exercise the voting rights attaching to your Shares, when applicable.

2.5 Statements

We will provide you with a quarterly statement, showing you a summary and valuation of all your Vanguard Funds held through us and every transaction executed for you in the previous reporting period. Your statement will be made available for you to view in your secure Account mailbox, and you agree that you will access your Account at least once a quarter in order to review your most recent statement. You have the right to request a statement at more regular intervals by contacting us as set out in clause 1.2.3.

3 Changing your Vanguard Funds

3.1 Your right to make changes

At any time you can go to your online Account and:

- sell or switch your Vanguard Funds, or
- move your Vanguard Funds to another service provider.

3.2 Switching and selling Vanguard Funds

- 3.2.1 If you choose to switch or sell some or all of your Vanguard Funds, we will initiate this as soon as we can after receiving your instructions. There is no minimum withdrawal.
- 3.2.2 You can choose to sell Vanguard Funds on a regular basis in order to provide payments out to you. You must specify which Vanguard Funds you want to sell.
- 3.2.3 We will not switch or sell a Vanguard Fund if you have already asked us to make some other change to it and that transaction is not yet complete.
- 3.2.4 We will send you a transaction confirmation when a switch or sale has been completed, containing full details of the relevant transaction. This will be provided in your secure Account mailbox no later than the first Business Day following the transaction (or, if applicable, no later than the first Business Day following our receipt of the transaction confirmation from any relevant third party).
- 3.2.5 Where we in good faith consider it necessary, we may arrange for your Shares to be converted or switched into Shares of a different class within the same Vanguard Fund or to be switched into a similar Vanguard Fund with fund charges being the same or lower than your existing Vanguard Fund.

3.3 Cash payments to you

- 3.3.1 When you sell Vanguard Funds, we will normally pay your proceeds out within seven Business Days of receiving your instructions to sell. For more information on settlement times visit www.vanguardinvestor.co.uk.
- 3.3.2 We will make payments to your UK bank or building society account, or in certain circumstances return the money to your debit card. We will not make payments by cheque or to third parties.

- 3.3.3 All payments for UK-based Vanguard Funds, and all payments to your UK bank or building society, are made in sterling and it may take up to three Business Days for the money to clear into your account. You may select an accelerated payment by CHAPS, in which case a £25 charge will be deducted. If you don't give us the right bank or building society account details you are responsible for any losses, delays or costs that arise as a result.
- 3.3.4 If the bank (or other body) holding the money to cover your payments becomes insolvent and we cannot access that money, we will delay your payments or hold them back completely.

3.4 Transfers out

- 3.4.1 If you wish to transfer your Vanguard Funds directly to another service provider, we will do so if your new service provider agrees.
- 3.4.2 If you ask to transfer Vanguard Funds this will normally be arranged through your new service provider. We will transfer the whole of your holding in that Vanguard Fund.
- 3.4.3 After you instruct a transfer, if we receive an income payment, a dividend or other cash amount relating to your Vanguard Funds, we will pay it into your bank or building society account, if we are unable to forward it to your new service provider. In accordance with the strict requirements set out in the FCA Rules, we will take reasonable steps to pay all amounts to you. If we are unsuccessful in contacting you and paying you the balance we may be entitled to donate the amount to charity.
- 3.4.4 If you tell us that you want to transfer all of your Vanguard Funds or sell all your Vanguard Funds and have the proceeds paid to you, we will suspend your Account so that no new deals can be made. Once any outstanding deals are complete, we will transfer your Vanguard Funds or the cash proceeds of sale in accordance with your instructions, and your Account may be closed in line with clause 5.

4 Charges

- 4.1 Charges apply to your Vanguard Funds. You can find the details in Appendix 1 of these Terms, including details of how each type of charge is collected.
- 4.2 Charges may change over time. They may change for any of the reasons outlined in clause 10.2.
- 4.3 You authorise the deduction and retention of all charges, applicable tax and reasonable expenses. All charges are exclusive of Value Added Tax unless stated otherwise. You agree that charges can be rounded up to the nearest whole penny for each holding of Vanguard Funds.
- 4.4 We will provide you with an annual summary of the costs and charges applicable to your Account in the previous year, commencing in January 2019. This summary will itemise and set out separately all third party costs including all product costs payable in respect of the Vanguard Funds. It will also provide you with an illustration showing the effect of costs and charges on the return of the investments in your Account. You agree that we may provide your costs and charges statement through your secure Account mailbox.

5 Closing your Account

5.1 Your right to close your Account

- 5.1.1 You can close your Account at any time. Any transactions you have already initiated will be completed.
- 5.1.2 If you sell all of your Vanguard Funds and ask us to pay the proceeds (and any cash held on your behalf) to you, or if you transfer all of your Vanguard Funds to another account provider, we will suspend your Account so that no new deals can be placed, deduct any outstanding Charges, and (if you so instruct) close your Account.

5.2 Our right to close your Account

- 5.2.1 We can close your Account by giving you a minimum of one month's notice, although we will always try to give more notice where reasonably practicable. In such circumstances we will assist you to transfer your Vanguard Funds directly to another service provider (without charging you a fee) if you would prefer to do so.
- 5.2.2 We may, in exceptional circumstances (for example, if you are abusive or threatening towards any of our staff) or if legally required to do so, close or suspend your Account or suspend the provision of services to you without giving you advance notice.
- 5.2.3 If we receive notice of your death, any income we receive will be held in your cash account, and we will stop collecting any direct debit payments (if you have a Regular Savings Plan) and paying any regular withdrawals (if applicable). We will hold your Vanguard Funds until we receive the sealed office copy of the grant

5.3 Process for closing your Account

- 5.3.1 To close your Account we sell all of your Vanguard Funds and pay you the proceeds, along with any cash held in your Account. In accordance with the strict requirements set out in the FCA Rules, we will take reasonable steps to pay all amounts to you. If we are unsuccessful in contacting you and paying you the balance we may be entitled to donate the amount to charity.
- 5.3.2 Pending payment of cash proceeds, we will not pay any interest on the amount due to you.
- 5.3.3 Until the whole process of closing your Account is complete, these Terms will continue to apply.

6 Our responsibilities to each other

6.1 Our responsibilities to you

- 6.1.1 If we are negligent, knowingly default, act fraudulently, or breach these Terms or the FCA Rules, then we are legally responsible to you for the direct results of our actions.
- 6.1.2 If we make a mistake acting on your instructions to deal in, switch or sell your Vanguard Funds, we will correct it as soon as possible, and reimburse you for any loss that is a direct result of our error.

6.1.3 We will not be legally responsible to you:

- if you suffer a loss because the value of your Vanguard Funds falls;
- if you suffer a loss because you fail to comply with these Terms or with any applicable legal requirement or because of any action which we take or refrain from taking in order to ensure that we comply with any legal requirement (for example, if there is a delay in carrying out your instructions while we check your identity as required by money laundering regulations);
- if we delay or fail to execute a transaction because of market conditions which may prevent us from being able to execute it in accordance with our Order Execution Policy or regulatory obligations;
- if you suffer an indirect, special or consequential loss which is not directly related to your Vanguard Funds, or the loss of an investment opportunity;
- if you suffer any loss or damage as a result of an external event or something else that is outside our reasonable control, or as a result of any steps which we reasonably take in response to such;
- if you suffer a loss because you are unable to place an instruction while our online and other systems are unavailable due to maintenance or upgrade (and we may not always be able to give you advance notice when such an outage may occur);
- for any deals on your Account made by any person you have authorised to deal on your Account that are placed without your authority;
- for the performance of any third party we engage to help us perform our functions (for example, any broker used to execute a transaction), unless otherwise stated in these Terms; or
- for any charges and expenses that we, or any of our agents, legitimately make or receive in relation to your Vanguard Funds.

6.1.4 We take responsibility for your Vanguard Funds when cleared funds are received by us. We are not responsible for any loss or delay in the payment or transfer of money to us. If we do not receive your payment within seven Business Days of accepting your instructions, we may cancel any transaction, in which case you agree to compensate us for any resulting costs or losses.

6.1.5 We cannot guarantee access to or the ability to trade on your Account at all times or without delay. We reserve the right to suspend the operation of the Platform where we consider it necessary, for example as a result of an external event, a legal or regulatory requirement, or for any other reason which we consider necessary for your protection or benefit or for our protection.

6.1.6 If we are unable to fulfil or execute your instructions because of an external event or legal requirement, we reserve the right to defer your instructions or to cancel them and hold the money as cash within your Account. In certain circumstances, this may negatively impact the price at which your trade is ultimately executed.

6.1.7 The responsibilities in this section also apply to our Nominee. We are responsible for its actions or omissions.

6.2 Your responsibilities to us

6.2.1 You agree to reimburse us for any liabilities suffered by us in connection with your Account if they are caused by your negligence, default, fraud or breach of these Terms.

6.2.2 Your Vanguard Funds are managed as longer-term investments. We discourage short-term or excessive trading of investments as it can harm performance and increase costs. We will actively monitor trading levels and may refuse at our discretion to accept your investment instructions because of your trading history or if we believe your request may be disruptive to other investors.

7 Your personal information

We are the data controller for the personal information you give us. We will not pass your personal information to anyone, other than as detailed in our Privacy Policy (which can be found at www.vanguardinvestor.co.uk). By accepting these Terms, you agree and consent to our obtaining, using and storing your personal information as set out in our Privacy Policy.

8 Intellectual property

All copyright, trademarks and other intellectual property in the materials and information on our website are owned or licensed by the Vanguard Group or by external content providers. Nothing in these Terms or on the website should be regarded as granting any licence or right to or in any trademark or service mark of the Vanguard Group or any third party.

9 Complaints and compensation

- 9.1 If you have a complaint, please contact us online at www.vanguardinvestor.co.uk or on 0800 587 0460. A copy of our Complaints Handling Policy is available on the website. If you are not happy with our response, you can refer your complaint to the Financial Ombudsman Service at the following address:

Financial Ombudsman Service
Exchange Tower
Harbour Exchange Square
London E14 9SR

Telephone: 0800 023 4567 (call charges will vary)
Email: complaint.info@financial-ombudsman.org.uk
Website: www.financial-ombudsman.org.uk

- 9.2 We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the FSCS if we are no longer trading or are declared to be in default and cannot meet our obligations to you. This may apply separately to both your investments and any cash held in your Account and the maximum amount of compensation available will depend upon the type of investment business, the FSCS compensation limits applying at the time of any failure and the circumstances of your individual claim. For more information about how the FSCS might apply to your investments, please contact us or visit the FSCS website at fscs.org.uk. The FSCS's address is 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU.

10 Changing or ending these Terms

- 10.1 You agree to us transferring all or any of our rights and obligations under these Terms to any appropriate Vanguard Group Company or any third party which is appropriately regulated and authorised by the FCA. If we do this we will give you at least 30 days' advance written notice of the transfer. The new provider will take on our obligations to provide the services under these Terms in our place, including our obligation to comply with the client money rules in the FCA Rules. Alternatively, if the new provider will not hold your money as client money under the FCA Rules, we will exercise all reasonable care and due diligence in assessing whether the new provider will apply adequate measures to protect your money. We will not transfer our rights and obligations to the new provider if to do so would put you in a worse position. In the unlikely event of our insolvency, different requirements apply to any transfer of your client money to a new provider, as set out in clause 2.1.7.

- 10.2 We may make reasonable and appropriate changes to these Terms at any time whilst your Account is open as follows:
- 10.2.1 to meet any current or future change in law, FCA Rules or regulation, guidance or regulatory approach;
 - 10.2.2 to make these Terms easier to understand, including to correct any inaccuracies, omissions, errors or ambiguities;
 - 10.2.3 to take account of any reorganisation of the Vanguard Group of companies, or a transfer of rights under clause 10.1;
 - 10.2.4 to reflect any changes to the services, Vanguard Funds or investments which we offer under these Terms, or changes to our systems, our processes and procedures, market practice or customer requirements;
 - 10.2.5 to reflect any changes to terms agreed between us and any third parties which are relevant to your Account;
 - 10.2.6 to reflect any changes to the costs that we or third parties incur, which may result in an increase to the charges you pay in accordance with Appendix 1; or
 - 10.2.7 to make any other changes which we believe in good faith are reasonable provided that you are not materially disadvantaged by such changes.
- 10.3 If we make any changes to the Terms, the latest version will always be available on our website at www.vanguardinvestor.co.uk and you should refer to them regularly. Where we reasonably consider that changes are material or detrimental to you we will notify you, giving you a minimum of one month's notice of the proposed change and our reasons for making the changes.
- 10.4 Changes that are necessary due to reasons outside of our control (e.g. a change in legislation/resulting from an act of a third party) and/or which are immaterial and not to your detriment may take effect immediately and without notice.
- 10.5 If you are not happy with any change we make or plan to make to the Terms, you can close your Account in accordance with these Terms or we will assist you to transfer your Vanguard Funds directly to another service provider. We will not charge you a fee for this.

11 Disputes and governing law

These Terms represent the entire agreement between you and Vanguard and will be governed by and construed in accordance with English law. You and Vanguard submit to the exclusive jurisdiction of the English courts to settle any disputes arising under these Terms. Neither Vanguard nor you intend any provision of these Terms to be enforceable by any person other than ourselves or our respective permitted successors or assignees. If any provision in these Terms is held or made unlawful, void or for any other reason unenforceable by a court, statute, regulation or otherwise, the remainder of these Terms will not be affected.

ISA Terms

Clauses 12 to 15 apply additionally if you invest through an ISA.

12 Opening your ISA

12.1 ISA manager

Your ISA is managed by Vanguard Asset Management, Limited. We are entitled to delegate our obligations as ISA manager. If we decide to do so we will first satisfy ourselves that any person to whom we delegate such functions or responsibilities is competent and authorised to carry them out.

12.2 Vanguard Funds and your ISA

- 12.2.1 The Vanguard Funds held in your ISA will be registered in the name of our Nominee. Documents evidencing ownership of Vanguard Funds will be held by us or as we may direct.
- 12.2.2 The Vanguard Funds held in your ISA will be, and must remain, beneficially owned by you, or, in the case of a Junior ISA, by the child for whom it has been opened. The ISA investments cannot be used as security for a loan.

12.3 ISA transfers

- 12.3.1 You can request to transfer your existing ISA to us, and clause 1.5 will apply. ISA transfers may include the value of units or shares which you hold in non-Vanguard funds, but these must be sold for transfer to your Vanguard ISA as cash. An ISA opened during the current Year must be transferred in full, and a Junior ISA must always be fully transferred. If you transfer more than one ISA from previous Years to us, we will place all previous Years' ISA holdings in a single Account. This means that you will not be able to distinguish between your holdings from previous Years in reports or when viewing holdings.
- 12.3.2 You may ask us to transfer your ISA to another ISA manager, and clause 3.4 will apply. If we cannot directly transfer all of the Vanguard Funds held in your ISA, we will sell the remaining Vanguard Funds and transfer the cash proceeds to your new ISA manager, provided they agree. We will collect any money due to us from the transfer amount. If you transfer all of the Vanguard Funds in your ISA to another ISA manager, we will not re-open it for replacement subscriptions during the same Year. Any replacement subscriptions should be made prior to the transfer.

13 Managing your ISA

13.1 Income from your ISA

- 13.1.1 All income from your ISA and related tax reclaims will be dealt with as set out in clause 2.3, except that you cannot choose to have income paid out to you for any Vanguard Funds held in a Junior ISA.
- 13.1.2 If you close your ISA with us, you may still be eligible for income or reclaimed tax from the period in which you held your ISA. We will, as long as it is allowed under the ISA Regulations, pay out income or reclaimed tax to your bank or building society at a date we choose. In accordance with the strict requirements set out in the FCA Rules, we will take reasonable steps to pay all amounts to you. If we are unsuccessful in contacting you and paying you the balance we may be entitled to donate the amount to charity.

13.2 Changing your ISA investments

You can switch Vanguard Funds in your ISA at any time, or, where available, sell them and pay the money to the ISA Cash Account.

13.3 Cash within ISAs

You can choose to hold cash within your ISA while you decide which Vanguard Funds to invest in. We may pay you interest on the cash held on your behalf as set out in clause 2.1.5.

14 Making withdrawals from your ISA

You can make withdrawals in accordance with clauses 3.2 and 3.3, but withdrawals from a Junior ISA are not generally permitted. The Vanguard ISA operates as a “flexible” ISA under HMRC rules, meaning that certain withdrawals that you make may be paid back in during the same Year without counting towards the annual limit. The following do not count as flexible withdrawals and so will count towards the annual limit for the current Year if paid back into the ISA: amounts withdrawn to pay our Charges, amounts removed on the instructions of HMRC, and amounts transferred to another ISA manager.

15 Closing your ISA

15.1 Process for closing your ISA

15.1.1 You can close your ISA at any time. We can close it by giving you a minimum of one month’s notice but we will always give more than this where reasonably practicable. In such circumstances we will assist you to transfer your ISA to another provider without charging you a fee should you wish to do so. We will close your ISA without giving you notice if we have to for legal reasons. This includes if your ISA has lost or will lose its tax-efficient status.

15.1.2 Your ISA will be closed in accordance with the terms of clause 5.3. Once your ISA is closed, we will not re-open it for replacement subscriptions during the current Year. Any replacement subscriptions should be made prior to closure.

15.2 If your ISA loses its tax-efficient status

We manage your ISA in line with the ISA Regulations. If your ISA has, or will become, no longer eligible to the tax benefits under the ISA Regulations, we must ‘void’ it, in which case we will close your ISA and notify you.

15.3 When a child turns 18

When a child beneficiary for whom you have opened a Junior ISA reaches the age of 18, we will automatically convert the Junior ISA into an ISA in the beneficiary's own name. The child's identity will be verified in accordance with clause 1.3.

15.4 If you die

- 15.4.1 If you die, we will continue to rely on these Terms.
- 15.4.2 After your death, any income we receive will be held as cash. We will stop all regular contributions (if you have a Regular Savings Plan) and / or withdrawals.
- 15.4.3 We will hold your Vanguard Funds until we receive the sealed office copy of the grant of probate/representation and instructions from your personal representative(s).
- 15.4.4 If your death occurs on or before 5th April 2018 we will be required to deduct tax from all relevant income on a prospective basis from the date we are notified of your death. For a death occurring on or after 6th April 2018 your ISA will retain its tax benefits until the earlier of:
 - 15.4.4.1 the administration of your ISA has been finalised;
 - 15.4.4.2 your ISA has been closed; or
 - 15.4.4.3 the 3rd anniversary of your death.

Following the 3rd anniversary of your death your ISA will lose its tax benefits.

- 15.4.5 If eligible, your spouse (or civil partner) may be able to claim the value of your ISA on your death as an additional permitted subscription in accordance with HMRC guidelines. For a death occurring after 6th April 2018 the higher value of the ISA held on the date of death, or at the point when the ISA ceased to be tax exempt may be used. Further information, including eligibility requirements and conditions specific to such a transfer and maintenance of such an Account will be sent when we are notified of your death.

Appendix 1

Charges

You will pay the charges described below in respect of each Account which you open. You will receive indicative details of the charges applicable to the Account and any investments you make particular Fund prior to your investment. Within your annual statement we will provide you with a breakdown of the actual costs and related charges incurred by you in respect for each of the Vanguard Fund(s) that you invest for that period. At least once a year, we will review our assumptions and our overall cost in providing the Vanguard personal investor service and may change our charges as a result. In any event we will give you at least 30 days' notice before any changes to our charges become effective. Please contact us if you have any questions.

Fund charges

These are set by Vanguard and apply at the level of the particular fund(s) in which you invest.

The ongoing charges figure (OCF) is expressed as an annual percentage of the value of a fund, and includes Vanguard's charge for managing the fund and its assets as well as administrative expenses such as the fees of the independent custodian and of the registrar, and audit and regulatory expenses. Please refer to the specific Key Investor Information Document (KIID) for details of the OCF applicable to a fund which you choose.

In addition, the funds incur transaction costs (including when buying and selling underlying investments) and other incidental costs. These costs are included in the unit price of the relevant fund.

Vanguard Account fee

This is what you pay in return for the provision of account services. These services include the fund dealing facility (which involves aggregating investors' orders to make bulk trades), the recording of transactions and holdings, the safeguarding of your investments by our Nominee, and other ancillary services. These comprise certain online services as well as the provision of access to our personal investor service representatives.

The Account fee is an annual charge which we accrue daily and deduct proportionately in arrears on a quarterly basis commencing three months after the date of your first investment. The amount which you pay is based on the overall value of your Vanguard Account, including any cash held. The rate of charge is 0.15% per annum of the value of your account holdings up to £250,000, such that the maximum annual charge is £375.

You have the option, when you open your Account or at any later time, to arrange payment of your Account fee by direct debit from your nominated bank account. Alternatively, we will deduct the fee from available cash and, failing that, by selling Shares from fund holdings, starting with the largest holding by value, within your Account. If possible, the fee will be deducted from non-ISA cash and investments.

ETF Transaction fees

If you buy or sell an ETF through our optional quote and deal service, we will deduct a fixed charge of £7.50 to cover the fee of our nominated stockbroker.

If you request an accelerated payment to you via CHAPS, you will be charged at the rate of £25 per payment.

Interest charge

Currently we keep the first 0.20% of the interest we receive on cash held in your account, to cover our costs. We will let you know if this changes in the future.

Appendix 2

Summary Order Execution Policy

The purpose of this policy is to set out Vanguard's approach to providing best execution when it places your trades with a third party for execution. The implementation of this policy will ensure that Vanguard obtains the best possible result for you when dealing in financial instruments.

This policy applies when Vanguard places an order for execution of a financial instrument with a third party. Where specific instructions are received from clients, this Policy will not apply. Vanguard reserves the right to refuse specific instructions.

The financial instruments covered by this policy are shares in UK open-ended investment companies (OEICs), units in authorised unit trusts, shares in Recognised Funds, and shares in Exchange Traded Funds (ETFs), in all cases operated by Vanguard group companies.

When placing an order with a third party for execution, Vanguard owes a duty of best execution to you, the client. This means that Vanguard will take all sufficient steps to achieve the best possible result for you. We will initially seek to obtain the best result by way of total consideration, being price and associated execution costs.

Vanguard may take into account the following factors when it places an order for –you: price; liquidity of the market; costs of the transaction; the likelihood of execution and settlement; the need for timely execution; size of the order; nature of the financial transaction; and any other consideration relevant to the execution of the order.

Vanguard will also take into account the characteristics of the client; the transaction; financial instruments that are the subject of that transaction; and the brokers or execution venues available.

OEICs, Unit Trusts and Recognised Funds

Vanguard executes all trades in these financial instruments with the relevant transfer agent. Shares and units are normally available to buy and sell at only one price and from one venue, usually the relevant fund provider company itself.

Exchange Traded Funds

Vanguard places orders to buy or sell shares in ETFs with a third party for execution. Vanguard currently uses the services of Winterflood Business Services (WBS). WBS in turn executes the deal in accordance with its own order execution policy. Vanguard expects WBS to obtain execution results that are at least as good as those that could reasonably be obtained from alternative stockbrokers.

Exceptions

Due to factors which are unavoidable or beyond Vanguard's reasonable control, Vanguard may from time to time execute orders in a manner that differs from the normal process contemplated by this policy. If this happens, Vanguard will still endeavour to deal with orders on the best terms available in the circumstances.

Appendix 3

Summary Conflicts of Interest Policy

Introduction

The Vanguard Group is a global organisation which provides a range of different financial services. From time to time, there is a possibility that we (or another member of the Vanguard Group, or a partner firm with whom we have a business relationship (an “**associate**”)) may have interests which conflict with our clients’ interests, or with the duties that we owe to our clients.

These include:

- conflicts arising between our interests, our associates’ interests and our employees’ interests, on the one hand, and the interests of our clients, on the other; and
- conflicts between different clients themselves.

We have established procedures and implemented a policy designed to identify, and either to manage or, where possible, prevent such conflicts.

Our procedures include: systems and controls to ensure that different parts of our business operate sufficiently independently of each other; restrictions which are imposed on staff in relation to gifts and entertainment and personal dealing in securities; and a policy on remuneration to ensure that we do not inappropriately incentivise our directors and employees.

Identification and management or prevention of conflicts

We also keep a register listing all the types of conflict which we have identified as a risk for our business and customers, and detailing the controls to prevent or manage them to ensure there is no risk of damage to our clients’ interests.

A key part of our policy involves making sure that persons engaged in different business activities involving a conflict of interest carry on those activities separately from one another and without sharing information. In exceptional circumstances, our procedures and controls may not be sufficient to ensure that a potential conflict of interest does not damage a client’s interests and it may not be possible to prevent the conflict from arising altogether.

In such exceptional circumstances, we may be obliged:

- to inform affected clients of the potential conflict, providing full details of it to allow the client to form their own view of its significance for them. We will seek formal consent to proceed in those circumstances; or
- to inform affected clients that we cannot act because there remains an unacceptable risk of damage to their interests.

If you have further questions about our conflicts of interests procedures, you may request further information using the contact details provided in the Terms.