

# Vanguard Client Terms

MARCH 2021

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# Introduction

These are the Terms for the Vanguard Personal Pension, ISA and General Account. Together with your Application, Declarations and (where relevant) the Key Features Document and Scheme Rules. These 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 relevant Key Features Document applicable to your Product, the important disclosures in the Important Investment 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](http://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](http://www.vanguardinvestor.co.uk) or by email at [personalinvestors@vanguard.co.uk](mailto:personalinvestors@vanguard.co.uk). You can also call us on 0800 587 0460 (Please refer to our website for details of our opening hours). We will do our best to help you but we are not able to give you financial, investment or tax advice relating to the services provided in accordance with these Terms.

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 applicable to your Product. An Account may be a Pension Account, an ISA or a General Account (non-ISA).

**Annual Allowance** – is the amount set by HMRC that you, your employer and any third party can pay to all your pension(s) each tax year before additional tax charges may apply.

**Applicable Regulation** - means any rules, regulation or guidance published by FCA (including the FCA Rules), HMRC and The Pensions Regulator together with any other applicable rules, regulations or laws as may applicable to your Product.

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

**Authorised Scheme** – a “UK registered pension scheme” or a “qualifying recognised pension scheme”, such terms as defined in the Finance Act 2004.

**Benefit** - any payment made from your Vanguard Personal Pension to you or person(s) legally entitled to receive such payments.

**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.

**Contribution** – a payment by you, an individual on your behalf and/or an employer to your Vanguard Personal Pension.

**Charges** - the charges set out in Appendix 1.

**Cleared Payment** – a payment by whatever means made by you that has been cleared and reconciled within the relevant the Vanguard bank account.

**Declarations** – the declaration set out in your Application form you completed in relation to the relevant Product, which you made in support of your Application.

**Director** – has the meaning given to such terms in the Companies Act 2006.

**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.

**General Account** – the non-ISA investment dealing account we establish for you in accordance with these Terms.

**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.

**HMRC** – Her Majesty's Revenue and Customs or any entity that succeeds it.

**Lifetime Allowance** – is the maximum amount set by HMRC that an individual can save within registered pension schemes in their lifetime without incurring an additional tax charge.

**Market Abuse** – means any circumstances in which investors are unreasonably disadvantaged, either directly or indirectly, by others who have used information which is not publicly available, have distorted the price-setting mechanism of financial instruments or have disseminated false or misleading information.

**Member** – means a person admitted to membership of the Scheme, having made an Application to do so and who has not thereafter left the Scheme.

**Nominee** – a company which holds your Shares in respect of an ISA or General Account. The Nominee may be a company under our direct control or under the control of any subcustodian 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.

**Payments** – money you pay into your ISA or General Account or that is paid on your behalf into your Junior ISA.

**Pension Account** – a cash and dealing account we open for your Vanguard Personal Pension that enables you to make Contributions to and take Benefits from the Scheme.

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

**Product** – a Vanguard Personal Pension, ISA, Junior ISA or General Account.

**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.

**Safeguarded Benefits** – certain rights (including defined benefits, guaranteed benefits and guaranteed annuity rates) as prescribed in the Applicable Regulations within some pension arrangements which may be subject to mandatory financial advice before a decision to Transfer can take place.

**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.

**Significant Shareholder** – A person with a shareholding of 25% or more in a limited company.

**Scheme** – The registered self-invested personal pension scheme known as the “Vanguard Personal Pension” which has been established by the Trust Deed and registered with HMRC in accordance with Chapter 2 of Part 4 of the Finance Act 2004.

**Scheme Administrator** – means Vanguard Asset Management, Limited or any successor that maybe appointed from time to time.

**Scheme Rules** – In relation to Vanguard Personal Pension, the Trust Deed and rules for the Scheme as maybe amended from time to time.

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

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

**Transfer** – the transfer to us in relation to:

- a) your Vanguard Personal Pension, of benefits to the Scheme from an Authorised Scheme;
- b) your ISA, of cash or investments from another ISA provider; or
- c) your General Account, of investments from another investment service provider.

**Transfer Out** – the transfer from us:

- a) of the value of all or part of your Vanguard Personal Pension to an Authorised Scheme;
- b) of all or part of your ISA or cash or investments in your ISA to another ISA manager; or
- c) of all or part of the investments in your General Account to another investment service provider.

**Trust Deed** – means the trust deed governing the Vanguard Personal Pension dated 8th July 2018 between Vanguard and the Trustee (as amended from time to time).

**Trustee** - Vanguard Pension Trustee UK Limited in its capacity as trustee for the Scheme.

**Unauthorised Payment** – as defined in the Scheme Rules.

**Unit Trust** – an authorised unit trust scheme.

**Vanguard** – Vanguard Asset Management, Limited. The term “Vanguard” also includes, where applicable, the Nominee, the Trustee, the Scheme Administrator and 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.

**Vanguard Personal Pension** - means the pension arrangement or arrangements established by you, or on your behalf, under the Scheme.

**We, our or us** – Vanguard.

**Withdrawal** – the withdrawal (subject to these Terms) by, and transfer to you of cash from your ISA or General Account.

**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 operation and administration of the Vanguard Personal Pension and the safekeeping and administration of the Vanguard Funds which you acquire in your Product through us.

1.1.2 In all of our dealings with you we will comply with:

1.1.2.1 these Terms;

1.1.2.2 Applicable Regulations; and

1.1.2.3 in the case of your Vanguard Personal Pension, the Scheme Rules which will prevail in the event of any conflict with these Terms.

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.

1.1.6 Our service enables you to invest in Vanguard Funds on a self-managed basis where we do not provide any personalised advice (including investment, financial or tax 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;
- the Product(s) that you choose; or
- the other services we provide to you.

This means that you do not benefit from the protection of the Applicable Regulations 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.

1.1.7 We may delegate our functions to third parties, including appointing a Nominee to hold Shares in your ISA or General Account or in accordance with the Trust Deed in respect of your Vanguard Personal Pension. 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 complete an Application including Declarations. 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](http://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 with respect to investment dealings and stop making Withdrawal 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](http://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](mailto:personalinvestors@vanguard.co.uk) or by calling us on 0800 587 0460 (Please refer to our website for details of our opening hours).

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, and in the case of:

1.3.1.1 your Pension Account you are:

- (i) aged under 75 years (if you are aged 75 years and over, you may open and maintain a Pension Account via a Transfer, however you will be unable to pay further Contributions into your Pension Account); and
- (ii) a UK tax resident;

- 1.3.1.2 your ISA you are (i) a UK resident and (ii) you pay tax in the UK; and
- 1.3.1.3 your General Account you are (i) a UK resident and (ii) solely pay tax in the UK.
- 1.3.2 Opening an Account means you accept these Terms and you confirm to us that you meet the conditions above relevant to your Product. Your Account may be restricted if your residency or tax status change. This means that you may not be able to make new investments, and that we will only provide administrative and record-keeping services in return for the applicable Charges. For your Pension Account this may continue until you become eligible to take Benefits from the Scheme. For an ISA or a General Account only, we may alternatively sell your Vanguard Funds and close your Account if you cease to be a UK resident.
- 1.3.3 Our Accounts and the Vanguard 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 restrict investment dealing on your Vanguard Funds and the services we offer you and inform the relevant authorities. For an ISA or a General Account only, we may alternatively sell your Vanguard Funds and close your Account.
- 1.3.4 To open an Account you must complete an online Application. This can be done at [www.vanguardinvestor.co.uk](http://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. We are not responsible for any loss that your Account may incur as a result of not having kept your security details and/or password secret.
- 1.3.5 The submission of your Application does not constitute our acceptance of your Account which we may decline entirely at our discretion. These Terms come into force when we accept your Application. This is normally on the Business Day we receive it.
- 1.3.6 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 (which for your Pension Account may include your employers' directors and Significant Shareholders where Contributions are made by your employer). 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.
- 1.3.7 The Vanguard Personal Pension can only accept payments from an employer in circumstances where:
- (i) you are a Director of your own limited company with a shareholding of 25% or more; and
  - (ii) any Contributions are made directly from your company's bank account of which you are a signatory.
- 1.3.8 Until we have verified your identity, we will place restrictions on your Account, in respect of:
- 1.3.8.1 a Pension Account, we may prevent any payments of Benefits to you or refuse any Contributions or Transfers;
  - 1.3.8.2 an ISA or General Account, we may prevent any Withdrawal payments. After 30 days we will prevent you from making any further Payments. 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.
- 1.3.9 We will confirm when we have accepted your Application and acknowledge the details of any Vanguard Funds which you have asked us to buy.
- 1.3.10 If we accept your Application for a Pension Account you will become a Member of the Scheme.

## **1.4 Making investments, Payments and Contributions**

- 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 any cash in your Account. The documentation provided on our website (including the Key Features Document relevant to your Product, 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 or Contributions to your Account and / or invest monthly through a Regular Saving Plan. Minimum amounts may apply, please refer to the relevant Product Key Features Document and the Platform for further details. You can make Payments or Contributions using a debit card from a UK bank account, or (if you set up a Regular Savings Plan) by direct debit. You can also make Payments by direct credit transfer from a UK bank account.
- 1.4.3 Subject to acceptance, we will process your investment instructions to invest any Payment or Contribution as soon as we can. This should be on the same day if it is a Business Day and provided we receive your investment 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 or Contributions made by direct credit transfer may not be received by us as cleared funds for up to two Business Days. If your credit transfer does not arrive as one lump sum we will not be able to fulfil related investment orders and the money will remain as cash. If we do not receive your payment within seven Business Days, we will treat your investment instructions as cancelled.
- 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 disaggregated and then distributed to you 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. Any residual cash balance that cannot be allocated to clients within an aggregated order will be retained by Vanguard.
- 1.4.7 If you set up a Regular Savings Plan to make regular Payments or Contributions (as applicable to your Product):
- 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 or Contribution on the Business Day we collect it; and
  - we will not pay interest on your Payment or Contribution before it is invested.
- 1.4.8 With a Regular Savings Plan, you can adjust or stop your Payments or Contributions 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 8 (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 to your ISA or General Account for three successive months, we will cancel it. We will contact you if we cancel your Regular Savings Plan and in such an event you will need to set up another Regular Savings Plan if you want to continue to contribute regularly. We will also contact you if we are unable to collect your Contribution under a Regular Savings Plan to your Pension Account at any time, we will cancel your Regular Savings Plan. We will also cancel, without notice, your Regular Savings Plan with respect to your ISA where you have reached your maximum savings limit for the relevant tax year. We reserve the right to deduct any shortfall from your Account resulting from us not being able to collect the sum under a Regular Saving Plan or as a result of your bank recalling any amounts. For a Pension Account we will deduct the shortfall immediately, for an ISA or General Account you will initially be given 8 days in which to cover any shortfall by means of a debit card payment before a deduction is made. 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 You may be able to Transfer existing investments you may hold in Vanguard Funds through another account provider to your Account(s). You can request that all of the Shares are Transferred directly to your Account(s) without first having to sell them for Transfer as cash. Please go to [www.vanguardinvestor.co.uk](http://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. All investments other than in Vanguard Funds must be transferred in cash. For ISA and Pension transfers, see also clause 12.3 and 20.1 respectively.

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**

1.6.1 Pension Account

1.6.1.1 You may change your mind and cancel your Vanguard Personal Pension, any one-off Contribution or the first occasion payment of any Regular Saving Plan by informing us in writing (by secure message from your Account) within 30 calendar days from the date we served you with cancellation rights. If you exercise cancellation rights with respect to your Vanguard Personal Pension within the cancellation period, you may not get back the full amount you invested. The cancellation amount will be equal to the value of the Contribution or value of your investments at the time Vanguard sells them, whichever is lower. For the first occasion of any Regular Savings Plan payments, the cancellation amount will be equal to the full value of the Contribution payment.

1.6.1.2 Where you have Transferred into the Vanguard Personal Pension from another Authorised Scheme, you may change your mind and cancel your Vanguard Personal Pension by informing us by in writing within 30 calendar days from the date we served you with cancellation rights. If your Transferring Authorised Scheme has already released the Transfer value they may refuse to take your Transfer back. You will need to choose an alternative Authorised Scheme to receive the Transfer value. The cancellation amount will be equal to the value of your investments at the time Vanguard sell or return them.

1.6.1.3 We won't refund any Charges directly related to the buying or selling of investments.

1.6.2 ISA and General Account

You may cancel your Vanguard ISA or JISA by informing us in writing via secure message within 14 days from the date we served you with cancellation rights, normally this will be the date when the account was opened. 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 The Trustee will hold Contributions paid, and cash Transfers made, into your Vanguard Personal Pension in a pooled Scheme account with an authorised bank in the Trustee's name and in accordance with the Scheme Rules and Applicable Regulation. Any cash held by the Trustee will be protected by being held on trust and not as client money. You have the right to request a statement of the cash held on your behalf at any time.
- 2.1.2 If we receive a Contribution payment and we are not provided sufficient information to identify that this is intended to be for your benefit then this may be returned to the payer.
- 2.1.3 For ISA and General Accounts, 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.
- 2.1.4 We will deposit any cash held as client 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.
- 2.1.5 We will not be responsible for any actions, omissions, default or failure 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.
- 2.1.6 If the bank becomes insolvent, we, or in the case of the Vanguard Personal Pension, the Trustee, 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.
- 2.1.7 Cash balances held on your behalf may earn interest at a variable rate, based on the rate received from the bank. Where payable, interest is earned daily and normally paid into your Account on the first Business Day of each month.
- 2.1.8 In certain circumstances we may for your ISA and General Account, 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. Any cash in your Pension Account will be protected by being held on trust and not as client or Vanguard money.
- 2.1.9 In the unlikely event of our insolvency, you agree that we may, subject to the FCA Rules and other applicable regulatory requirements, transfer your client 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.
- 2.1.10 Any Vanguard Fund and/or cash in your Vanguard Personal Pension will be protected by being held on trust by the Trustee in accordance with the Scheme Rules. In all other cases, subject to applicable law, in certain circumstances following the insolvency of Vanguard, an appointed insolvency administrator may be entitled to utilise both your client 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 client assets or your client money resulting from such action.
- 2.1.11 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(s).
- 2.2.2 All investments held within your Account will be registered:
- 2.2.2.1 for a Pension Account, in the name of our Trustee; and
  - 2.2.2.2 for an ISA or General Account, in the name of our Nominee.
- 2.2.3 We will be responsible for the actions and any omissions of the Nominee and the Trustee, as applicable. Investments held by our Nominee for you under these Terms will be held as client assets in accordance with the FCA Rules. Investments held by the Trustee for you under these Terms will be held in trust in accordance with the Scheme Rules.
- 2.2.4 Investments registered in the name of the Trustee are held in a Scheme account with those of Members, on your behalf. This means you are still the beneficiary of your Vanguard Funds held in your Vanguard Personal Pension. Your investments will not be separately identifiable from those of other Members, but we will keep a separate and up to date record of your individual entitlement as a Member. However, in the event of our insolvency and a shortfall in the pooled account at the Trustee, you would share pro rata with other Members in the amount of the shortfall.
- 2.2.5 Investments 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 investments 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. 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.
- 2.2.6 You have the right to request a statement of the Vanguard Funds held on your behalf at any time. We have procedures in place to carry out checks and identify any shortfall in your investments, which we will correct if we are responsible for it.

## **2.3 Income from your Vanguard Funds in an ISA or General Account**

- 2.3.1 The following provisions of this clause 2.3 are not applicable to a Pension Account.
- 2.3.2 You can choose to have any income from your Vanguard Funds in your ISA or General Account 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.
- 2.3.3 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 ISA or General Account as cash.
- 2.3.4 If you change your mind and no longer want us to pay income out to you, you can switch into the accumulation share class.
- 2.3.5 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.

2.3.6 Fractional entitlements arising from income receipts or other corporate events in respect of your Vanguard Funds or where pooled client balances are held by the Nominee may be rounded down when allocated to you. Any residual balance due to this rounding process will be retained by us.

## **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 in Vanguard Funds, when applicable.

## **2.5 Statements**

We will provide you with a quarterly statement and such statements required by Applicable Regulations, 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
- request that we Transfer Out your Account to another service provider in accordance with Applicable Regulations.

## **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. The proceeds of any sale of Vanguard Funds will be credited to your Account as cash.

3.2.2 For ISA and General Accounts only, you can choose to sell Vanguard Funds on a regular basis in order to provide Withdrawal payments to you. You must specify which Vanguard Funds you want to sell. There is no minimum withdrawal.

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. We may also restrict the amount that you may switch or sell from a particular Vanguard Fund where transactions, which have been initiated by us in order to make regular Withdrawals and/or settle any outstanding charges you may owe, have not yet completed.

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 (acting in our capacity as Scheme Administrator of your Vanguard Personal Pension, or as manager of your ISA or General Account) in good faith consider it necessary, we may arrange for your investments to be converted or switched into a different share 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 Withdrawal from your ISA or General Account**

- 3.3.1 The following provisions of this clause 3.3 are not applicable to a Pension Account. We cannot be compelled to make and are obliged to report to the HMRC any Unauthorised Payment and will only pay you money from your Vanguard Personal Pension in accordance with the Scheme Rules.
- 3.3.2 When you sell Vanguard Funds, we will normally pay your Withdrawal proceeds out within seven Business Days of receiving your instructions to sell. For more information on settlement times visit [www.vanguardinvestor.co.uk](http://www.vanguardinvestor.co.uk).
- 3.3.3 We will make Withdrawal payments to your UK bank or building society account, or in certain circumstances return the money to your debit card. We will not make Withdrawal payments by cheque or to third parties.
- 3.3.4 All Withdrawal payments for Vanguard Funds, and all Withdrawal 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 Withdrawal 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.
- 3.3.5 If the bank (or other body) holding the money to cover your Withdrawal payments becomes insolvent and we cannot access that money, we will delay your Withdrawal payments or hold them back completely.

### **3.4 Transfers Out**

- 3.4.1 If you wish to Transfer Out 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 Out 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 If we receive an income payment, a dividend or other cash amount relating to Vanguard Funds held in your Account, after you instruct a Transfer Out:
  - 3.4.3.1 from your Vanguard Personal Pension, we will ensure that such payments will be sent onto the receiving Authorised Scheme in accordance with the strict requirements set out in the Applicable Regulation.
  - 3.4.3.2 from your ISA or General Account, 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 For ISA and General Accounts only, if you tell us that you want to Transfer Out 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 and Account. 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 For ISA and General Accounts, we will provide you with an annual summary of the costs and charges applicable to your Account in the previous year. 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.
- 4.5 For your Pension Account we will provide you with an annual illustration showing the effect of costs and charges on the return of the investments in your Account

## 5 Closing your Account

### 5.1 Your right to close your Pension Account

- 5.1.1 The investments or cash held in your Pension Account, can only be Transferred Out to another Authorised Scheme or used to provide Benefits in accordance with these Terms and the Scheme Rules.

### 5.2 Our right to close your Pension Account

- 5.2.1 We may close your Vanguard Personal Pension, on giving you notification, if (i) we cease to act as Scheme Administrator for any reason, or (ii) it becomes impractical to continue to administer your Vanguard Personal Pension in accordance with any Applicable Regulations.
- 5.2.2 If we close your Vanguard Personal Pension on these grounds we will give you at least 90 days' notice of the closure and will explain your options for Transferring to another Authorised Scheme.

### 5.3 Your right to close your ISA and General Account

- 5.3.1 You can close your ISA or General Account at any time. Any transactions you have already initiated will be completed.
- 5.3.2 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.

### 5.4 Our right to close your ISA and General Account

- 5.4.1 We can close your ISA or General 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.
- 5.4.2 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.

- 5.4.3 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 of representation and instructions from your personal representative(s).

## **5.5 Process for closing your ISA and General Account**

- 5.5.1 To close your ISA or General Account we sell all of your Vanguard Funds and pay you the proceeds, along with any cash held in your ISA or General Account. In accordance with the strict requirements set out in the FCA Rules, we will take reasonable steps to pay all Withdrawal 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.
- 5.5.2 Pending payment of Withdrawal proceeds, we will not pay any interest on the amount due to you.
- 5.5.3 Until the whole process of closing your ISA or General 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 Applicable Regulations (as relevant), 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 Payments 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 may consider necessary for your protection or benefit or for our protection. In the event that the Platform is unavailable you can contact us by telephone on 0800 587 0460 on any Business Day (Please refer to our website for details of our opening hours).
- 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 and the Trustee. We are responsible for their respective 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.
- 6.2.3 By opening your Account, you agree that you will not take part in activity that may be considered to be Market Abuse. If we believe that your Account is being used to engage in Market Abuse, we reserve the right to take such action as we deem to be appropriate.

## **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](http://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 send us a secure message from your Account or contact us online at [www.vanguardinvestor.co.uk](http://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 or The Pensions Ombudsman (as relevant) at the following address, respectively:

### **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](mailto:complaint.info@financial-ombudsman.org.uk)  
Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

The Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
London E14 4PU

Telephone: 0800 917 4487 (call charges will vary)  
Email: [helpline@pensions-ombudsman.org.uk](mailto:helpline@pensions-ombudsman.org.uk)  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-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. Our current banking partner is HSBC plc and we will inform you if this changes. For more information about how the FSCS might apply to you, please contact us or visit the FSCS website at [fscs.org.uk](http://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 under the Applicable Regulation. If we do this we will give you at least 90 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, including rules established by the FCA, HMRC or The Pensions Regulator 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](http://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, unless we are required to make the change sooner (in which case we will give as much notice as we reasonably can) notify you, giving you a minimum of one month's notice of the proposed change and our reasons for making the changes.
- 10.4 Notwithstanding clause 10.3, changes that are necessary due to reasons outside of our control (e.g. a change in legislation/regulation/ tax or interest rates or resulting from an act of a third party) may take effect on reasonable written notice and changes 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 ISA and General Account in accordance with these Terms or we will assist you to Transfer your Vanguard Funds directly to another service provider, or in the case of the Vanguard Personal Pension transfer to an Authorised Scheme of your choosing. 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 authorized 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 ISA. 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 We will process your ISA Transfer Out no later than 30 business days following the receipt of a validated instruction to do so.

12.3.3 You may ask us to Transfer Out your ISA to another ISA manager, and clause 3.4 will apply. If we cannot directly Transfer Out all of the Vanguard Funds held in your ISA, we will sell the remaining Vanguard Funds and Transfer Out the cash proceeds to your new ISA manager, provided they agree. We will collect any money due to us from the Transfer Out amount. If you Transfer Out 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 Out.

## 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 2.1.7.

## 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 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. 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.

# Vanguard Personal Pension Terms

Clauses 16 to 24 apply additionally if you invest through a Pension Account.

## 16 Scheme Overview

- 16.1 Vanguard is the Scheme Administrator and will administer the Scheme in accordance with the Trust Deed and Scheme Rules. By joining the Scheme, you agree to be bound by the Scheme Rules which are available on request. Should there be any conflicts between the Scheme Rules and these Terms then the Scheme Rules will prevail.
- 16.2 The Scheme Administrator shall, at all times, act in accordance with the prevailing legislation, including, but not limited to, circumstances where such (omission to) act(s) would not be permitted by the Scheme Rules where this is believed to be in your best interests.

## 17 Scheme Trustee

- 17.1 All cash and investments in the Scheme are registered in the name of the Trustee which provides additional safeguards for your assets by ring-fencing these and keeping them separate from Vanguard's assets.

## 18 Application and Membership

- 18.1 Applications to join the Scheme must be made online.
- 18.2 Whilst a Member of the Scheme you agree to be bound by these Terms and the Scheme Rules.
- 18.3 We cannot be compelled to make, and are obliged to report to the HMRC, any Unauthorised Payment and will only pay you money from your Vanguard Personal Pension in accordance with the Scheme Rules.
- 18.4 In the event that an Unauthorised Payment is made in respect of your Vanguard Personal Pension, you agree to us deducting from your Vanguard Personal Pension, any tax liability such that we may discharge such liability to HMRC. Should there be insufficient assets in your Pension Account to make such a payment, you agree to make any balance payment falling due directly to HMRC.

## 19 Contributions to your Vanguard Pension Plan

You will retain responsibility at all times for ensuring that any Contributions you make to your Pension Account are within the Annual Allowance and/or Lifetime Allowance as applicable to you. If Contributions made by you exceed the Annual Allowance in any given tax year, or at any time exceed your Lifetime Allowance, you will be liable for the return of any outstanding tax liabilities to HMRC.

## 20 Pension transfers

- 20.1 You can request to Transfer your existing pensions, in part or in full to us. We can accept the transfer of most pensions where benefits have been taken, but cannot accept the partial transfer of these, only the full value will be permitted. Pension transfers may include the value of assets in non-Vanguard Funds which you may hold in your transferring pension, these will need to be sold for transfer to your Vanguard Personal Pension as cash. Any Vanguard Funds you may hold in your transferring pension may, depending on your existing provider be transferred directly in accordance with clause 1.5.1 which you may hold in your transferring pension, for transfer to your Vanguard Personal Pension as cash. If you Transfer more than one pension to us, we will place all pensions in a single Pension Account. This means that you will not be able to distinguish between your holdings from previous pensions in reports or when viewing holdings.
- 20.2 You may ask us to Transfer Out your Vanguard Personal Pension to another Authorised Scheme. If we cannot directly Transfer Out all of the Vanguard Funds held in your Pension Account, we will sell the remaining Vanguard Funds and transfer the cash proceeds to your new Authorised Scheme, provided they agree. We will collect any money due to us from the Transfer Out amount.

## 21 Taking your Benefits

- 21.1 You will only be entitled to take Benefits when you become eligible in accordance with the Scheme Rules unless:
- 21.1.1 you have transitional rights to a protected pension age and you satisfy the conditions in the Scheme Rules; or
  - 21.1.2 we are satisfied that you are, and will continue to be, incapable of carrying on your occupation because of physical or mental impairment (in this case you must provide medical evidence to show that you have become incapable of carrying on that occupation and are unlikely to return to it).
- 21.2 When you open your Vanguard Personal Pension you will be asked to select a retirement age when you intend to commence taking Benefits. If you do not draw benefits at this age we will roll your retirement age forward by 5 years and this will be reflected in documentation that we send to you. This does not affect when you can start to take Benefits from your Vanguard Personal Pension and you can change your retirement age at any time.
- 21.3 Subject to the Scheme Rules and Applicable Regulation, you may choose to apply any Uncrystallised Funds within your Vanguard Personal Pension towards the following:
- 21.3.1 an annuity; or
  - 21.3.2 a serious ill health lump sum.
- 21.4 You can apply for Flexible Income (drawdown) using the form that we provide for this purpose. All applications to take Benefits in this way (and the related Declarations) must be made online. We have the right to decline an application for income drawdown if accepting it would, in our opinion, be in contravention of the Scheme Rules.
- 21.5 You can draw your Benefits as a one off lump sum, a series of single payments or paid monthly. All applications to take Benefits in this way (and the related Declarations) must be made online.
- 21.6 You can buy an annuity from an insurance company of your choosing provided it is permitted by the Scheme Rules. Vanguard does not provide or offer annuities.

- 21.7 By electing to take your Benefits, you will crystallise a part or all of your Vanguard Personal Pension depending on your election. This may result in your Vanguard Personal Pension being split into a number of parts, those parts which are uncrystallised and those that are crystallised. We will treat crystallised and uncrystallised parts as separate arrangements within your Vanguard Personal Pension.
- 21.8 We will make the settlement of your Benefits initially from any available cash held in the crystallised arrangement(s) of your Vanguard Personal Pension and thereafter as instructed by you, we will automatically disinvest on your behalf. If we need to do this we will sell across your investments on a proportionate basis. This will have the effect of reducing the value of your investments and may result in small cash balances in your crystallised arrangement within your Vanguard Personal Pension. We will inform you if we need to do this.
- 21.9 Payment of your income will cease when you have exhausted the assets (including cash) in your Vanguard Personal Pension if there is insufficient cash holdings to pay your Benefits.

## 22 Death Benefits

- 22.1 On your death the payments we make, and how these are taxed, will depend on:
- 22.1.1 the Scheme Rules;
  - 22.1.2 your age at the time of death; and
  - 22.1.3 the Trustee's discretion.
- 22.2 Upon being notified of your death, in order to settle any death Benefits payable under your Pension Account, your beneficiaries or legal representatives should send a copy of your death certificate (either original or certified copy).
- 22.3 Further trading or switching is only allowed where the party wishing to instruct those transactions is able to demonstrate, our sole satisfaction, their legal capacity to do so. Otherwise on receipt of your death certificate, we will sell all investments within your Vanguard Personal Pension into cash.
- 22.4 We may, at our discretion, make a payment to any one or more of your beneficiaries, dependents or nominees.
- 22.5 Where you have made nominations, we will take your wishes into account but are not bound by them.
- 22.6 By exercising our discretion in favour of a dependent, beneficiary or a nominee (such nominee must have been nominated by you), that dependent, nominee or beneficiary (as applicable) may choose for the Benefits to be paid in one or more of the following ways:
- 22.6.1 a Lump Sum Death Benefit (less any tax for which the Scheme may be liable);
  - 22.6.2 income from income drawdown (subject to the dependent, nominee or beneficiary aged 18 or over at the time of payment; or
  - 22.6.3 an annuity.
- 22.7 Any Lump Sum Death Benefit may be subject to tax charges levied by HMRC.
- 22.8 Where a beneficiary is under the age of 18 an income can only be provided by transferring to another provider.



## **23 Compulsory Disinvestment**

- 23.1 We reserve the right to make a disinvestment from Vanguard Funds held in your Pension Account, without your prior consent, where you owe us, you have insufficient cash to meet any Benefit payments, and/or any 3rd party outstanding amount (such as a tax liability which needs to be discharged with HMRC).
- 23.2 You will need to keep sufficient amounts in your Pension Account to meet expected payments. If insufficient cash is in your Account, we may not be able to make payments or buy investments.

## **24 Termination and Account Closure**

- 24.1 These Terms will apply until your Membership of the Scheme ceases or your Pension Account is closed. We reserve the right to close your Pension Account if you have not made any Contributions nor a Transfer of benefits from another Authorised Scheme, within 6 months of the date of your Application.

# 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. We will give you prior written notice in accordance with clause 10 before any changes to our charges become effective. Current costs and charges associated with your Account(s) can be found on our website at [www.vanguardinvestor.co.uk/content/documents/legal/vanguard-full-fund-costs-and-charges.pdf](http://www.vanguardinvestor.co.uk/content/documents/legal/vanguard-full-fund-costs-and-charges.pdf). 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 or the Trustee (as relevant), 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. This prioritises collection of charges from your General Account should you have one.

## 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. This charge will be debited from your Account on the day that the order is placed.

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

## Interest charge

We do not charge a service fee for holding your cash. Instead we currently keep up to 0.20% of the interest rate we receive on cash held in your account, to cover our costs of administering it. This rate is determined by reference to the interest we receive and the cost to us of managing the cash within your Account(s).

In the event that we are not able to sufficiently recover our costs from the interest we receive we reserve the right to levy an additional service fee of up to 0.20% by written notice in accordance with clause 10.

Current costs and charges associated with your Account(s) can be found on our website at [www.vanguardinvestor.co.uk/content/documents/legal/vanguard-full-fund-costs-and-charges.pdf](http://www.vanguardinvestor.co.uk/content/documents/legal/vanguard-full-fund-costs-and-charges.pdf). 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. WBS will utilize a retail service provider system to execute ETF trades placed by Vanguard. 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.

## How to contact Vanguard

We recommend that you contact us through secure messaging via your online account at [www.vanguardinvestor.co.uk](http://www.vanguardinvestor.co.uk). Alternatively, you may email us at [personalinvestors@vanguard.co.uk](mailto:personalinvestors@vanguard.co.uk).

Please do not include any account details if you contact us by email.

You can also call us on 0800 5870460 (Please refer to our website for details of our opening hours).

**Important Information**

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The Vanguard logo, consisting of the word "Vanguard" in a bold, red, sans-serif font.