



# Sterling Outlook 2016



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# Foreword



**Chris Saint**  
Senior Currency Analyst

Thank you for requesting our Sterling Outlook 2016.

I hope this special report will help our clients make informed decisions when converting currency in the upcoming year.

You might be interested to discover how the experts fared with their forecasts for sterling in 2015.

The leading fund managers, economists and analysts we surveyed a year ago were impressively accurate. 83% of respondents anticipated that the pound would fall to below US\$1.55 by the end of 2015; the rate currently stands at US\$1.51. A majority of respondents also rightly anticipated the pound would perform better against the euro – although sterling's 10% rise to €1.39 over the past 12 months was bigger than almost anyone could have predicted.

## **So, what are their predictions this year? In this latest edition, we look at:**

- 10 key events for sterling in 2015
- Where the pound goes further than a year ago
- Domestic and global factors influencing currency markets in the year ahead
- Expert insight: Predictions for sterling/euro
- Expert insight: Is sterling set for another difficult year versus the US dollar?

Finally, I'd like to thank Allianz Global Investors, Columbia Threadneedle, IG Group, JP Morgan Asset Management, Marlborough Fund Managers, Newton Investment Management, Rathbones, Royal London, Saxo Bank and Schroders for all their expertise and assistance.

We hope you enjoy the report and best wishes for 2016.



## **QUICK, EASY, LOW-COST INTERNATIONAL PAYMENTS**

Exchange rates clearly have a huge effect on the costs of sending money abroad.

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By offering bank-beating exchange rates, currency specialists like Hargreaves Lansdown could save you thousands.

As the **only FTSE 100 currency specialist**, you could benefit from:

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If you're looking to send money abroad in 2016 and want to learn more about our award-winning service, please give our currency specialists a call on **0117 311 3257 (Mon-Fri, 8am-6pm)**.

### **Important investment notes:**

Exchange rates are a result of many diverse economic and political factors, making them extremely difficult to predict in a rapidly changing global economic marketplace. The outlook and forecasts are information only and should not be read as personal advice to buy or sell any

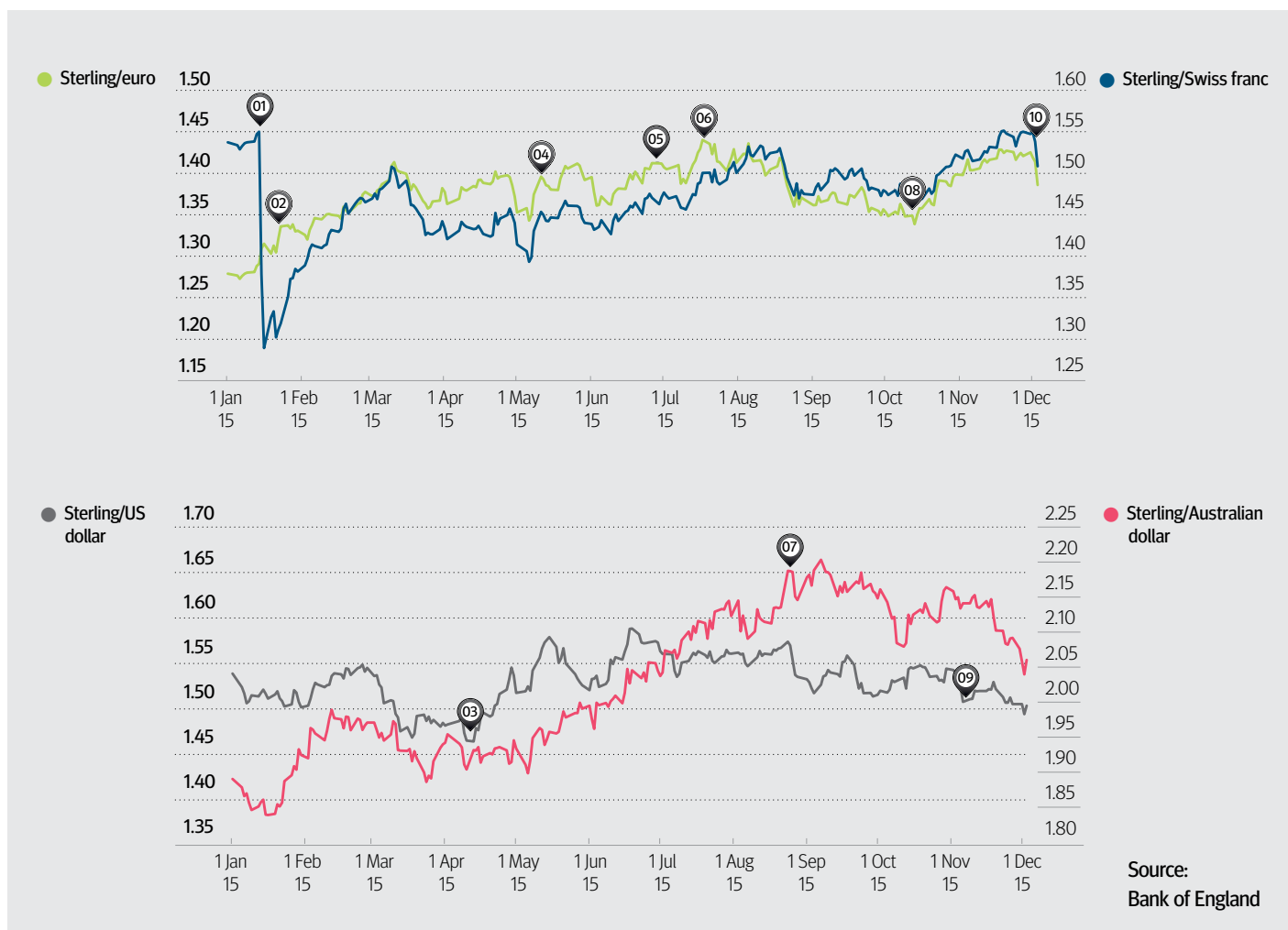
of the currencies mentioned. Exchange rate data quoted correct as at 6 December 2015.

We hope you find the report useful, but if you have any questions please contact our currency specialists on 0117 311 3257 (Monday – Friday, 8am – 6pm).

Hargreaves Lansdown Currency

Service is provided by Hargreaves Lansdown Stockbrokers Ltd which is authorised by the Financial Conduct Authority (FCA) as a Payment Institution under the Payment Services Regulations 2009. The Firm Reference number is 149970. You can look this up on the FCA register website.

# Sterling in 2015: 10 key events



It's been a roller coaster of a year for currency markets with big movements in emerging market currencies and the euro. Sterling's recovery has generally stayed on track. The strength of the pound and US dollar largely reflect relatively 'steady' UK and US economic performances, set against a weaker global backdrop.

A challenging global environment means many of the key drivers of increased exchange rate volatility have come from overseas. Here is a quick look back at ten of the main talking points from 2015:

- 01 (January) – **Swiss National Bank (SNB) scraps euro cap:** The Swiss franc soars by around 30% within a chaotic few minutes as the SNB stuns markets by scrapping the franc's three-year old link to the euro. The cap previously prevented the franc from climbing too high as investors flocked to perceived safe-havens, but the SNB says this policy is no longer justified.
- 02 (January) – **European Central Bank (ECB) unveils stimulus:** The euro weakens as the ECB announces a huge quantitative easing

- (QE) programme to boost the euro zone economy. The ECB intends to buy bonds worth €60bn per month through to at least September 2016 (later extended to March 2017).
- 03 (April) – **Sterling/US dollar falls to a four-year low:** Sterling falls below US\$1.46 after the Federal Reserve's policy meeting minutes ramp up speculation of a US interest rate rise as soon as June 2015.
- 04 (May) – **UK election result buoys sterling:** A decisive Conservative general election win confounds fears of a prolonged period of political uncertainty.
- 05 (June) – **Greece announces shock referendum:** Greece's prime minister announces the country will vote on whether to accept measures to raise taxes and cut pensions in return for additional rescue loans.
- 06 (July) – **Carney talks up a 2015 rate rise:** Bank of England (BoE) Governor Mark Carney says the decision to raise interest rates from record lows would come into focus "at the turn of this year". Sterling rises to a seven-year high of €1.44.

- 07 (August) – **China's 'Black Monday':** Soon after China's surprise decision to devalue its currency, global stock markets nosedive on 24 August as investors fret over the state of China's economy. Other emerging market and commodity-exporters' currencies, such as the Australian dollar, are among the biggest casualties.
- 08 (October) – **UK inflation turns negative:** Falling food and petrol prices pull the UK inflation rate below zero, easing pressure on the BoE to lift interest rates. Sterling/euro dips below €1.34.
- 09 (November) – **US jobless rate edges down to a seven-year low:** Sterling/US dollar drops towards US\$1.50 after the year's penultimate non-farm payrolls report shows a strong rise in US employment. This looks to tip the balance in favour of a December US interest rate rise.
- 10 (December) – **ECB stimulus boost underwhelms:** The ECB extends its QE programme to at least March 2017, but stops short of increasing its size beyond €60bn per month. The euro posts its biggest one-day gain versus the US dollar in over six years.

# Where your pounds goes further

Transferring money internationally is increasingly common. Whether it's buying a holiday home in the sun, working and retiring abroad, or gifting money to family members overseas. A strengthening pound since the start of 2015 is a boon to those needing to exchange sterling – particularly when sending money to some of the world's more exotic locations.

## Emerging market and commodity currencies lead the declines

Actions taken by central banks to give their economies a nudge in the right direction have been important drivers of currency movements in 2015, especially when they've taken markets by surprise.

One such event was China's move in August to devalue its tightly-controlled renminbi amid increasing signs of cooling growth in the world's second-biggest economy. Hefty stock market losses and negative capital flows away from emerging economies sparked volatility across wider emerging market currencies. Pessimism over the global economy's outlook and the associated lower demand for natural resources also weighed heavily on commodity exporters' currencies.

Brazil has been one of the biggest casualties, with the pound rising more than 35% versus the real since the start of the year. Sterling currently buys R\$5.66, up from R\$4.14, giving Brits an extra £5,375 on an exchange of £20,000. The pound also goes about 20% further versus the Turkish lira and South African rand, and over 10% further against the New Zealand and Canadian dollars (see table).

## The euro has also struggled

Glimpses of stronger euro zone growth have failed to detract from a wave of negative sentiment towards the euro. The European Central Bank started its 'money-printing' measures in March and recently confirmed the presses will be kept rolling for longer than previously envisaged.

In contrast, the Bank of England has on occasions made vague noises about needing to raise interest rates in the not-too-distant future. Exchange rates often take their cue from the difference in interest rates between currencies. When risk levels are perceived to be low, investors will often be tempted pull money out of regions with

Currency	31-Dec-14 exchange rate	06-Dec-15 exchange rate	% change	£20,000 now buys
Brazilian real	4.1406	5.6625	36.8	+£5,375.36
Turkish lira	3.6343	4.3751	20.4	+£3,386.44
South African rand	17.999	21.574	19.9	+£3,314.25
Malaysian ringgit	5.4469	6.3197	16.0	+£2,762.16
New Zealand dollar	1.9970	2.2368	12.0	+£2,144.61
Canadian dollar	1.8102	2.0196	11.6	+£2,073.68
Norwegian krone	11.603	12.841	10.7	+£1,928.20
Polish zloty	5.5110	5.9920	8.7	+£1,605.66
Russian rouble	94.640	102.81	8.6	+£1,589.34
Australian dollar	1.9058	2.0562	7.9	+£1,462.89
Danish krone	9.5880	10.343	7.9	+£1,461.54
Euro	1.2872	1.3883	7.9	+£1,456.46
Hungarian forint	407.14	433.22	6.4	+£1,204.01
Swedish krona	12.154	12.806	5.4	+£1,018.27
Czech koruna	35.552	37.325	5.0	+£950.39
Thai baht	51.160	53.128	3.8	+£740.85
Indian rupee	98.302	100.70	2.4	+£476.25
Singapore dollar	2.0624	2.1048	2.1	+£402.89
Japanese yen	186.57	186.05	-0.3	-£56.33
Chinese renminbi	9.6630	9.5807	-0.9	-£171.80
US dollar	1.5574	1.5110	-3.0	-£614.16
Hong Kong dollar	12.080	11.712	-3.0	-£628.42
Swiss franc	1.5485	1.4968	-3.3	-£690.25

Source: Proquote International



low interest rates, in search of higher-yielding assets elsewhere.

For a major transaction, such as a €250,000 holiday home purchase, sterling/euro's 8% rise this year translates into a saving of more than £14,000.

## Not everyone is a winner

Sterling's recovery will make uncomfortable viewing to anyone repatriating money back to the UK. A stronger pound is also a massive hindrance

to UK businesses that need to compete globally and derive their earnings from exporting their goods and services.

And sterling hasn't risen across the board entirely. It has slipped against the US dollar (and other currencies linked to it such as the Hong Kong dollar). A resilient US economy, particularly in the employment market, has consistently fuelled expectations that the Federal Reserve will be the first of the major central banks to lift interest rates. Meanwhile, the Swiss franc is one of the year's strongest-performing currencies – helped mainly by the Swiss National Bank's shock announcement in January to abandon the franc's link to the weakening euro.

After plenty of spills and thrills for currency markets in 2015, we see little reason to think 2016 might be any less exciting. Over the coming pages, and with the help of our survey respondents, we assess sterling's prospects for the year ahead.

# Sterling's 2016 outlook

The UK economy grew faster than any other major developed nation last year and is on course to be close to the top of the pack again in 2015. This remains a supporting factor for sterling, although the Bank of England (BoE) is yet to be persuaded that higher UK interest rates are warranted.

In this section, we focus on the UK's economic prospects and other key factors which are likely to determine sterling's performance in 2016. We also feature the opinions of some of the UK's most reputable experts on their outlook for currency markets.

## Interest rates, growth and inflation

Expectations of future interest rate changes can be an important factor influencing a currency's value and exchange rates. All else being equal, the prospect of higher interest rates in a stable economy will typically attract foreign investment, thereby increasing the demand for that country's currency and its value.

Most of the experts we surveyed believe UK interest rates will rise in either the second or third quarter of 2016. However, a delayed move could be detrimental to sterling and 30% predict interest rates will not rise above 0.5% until 2017 or beyond. We should note that BoE Governor Mark Carney has previously struggled in his efforts to give a clear steer on when rates might go up. More recently, Carney has been less forthcoming, saying this would happen 'when the time was right'.

The timing will therefore largely depend on whether growth and inflation data miss or exceed expectations. The experts' median forecast for UK Gross Domestic Product (GDP) in 2016 is 2.1-2.5%, which would demonstrate the economy's resilience in the midst of turbulent times overseas. UK inflation has hovered close to zero throughout 2015.

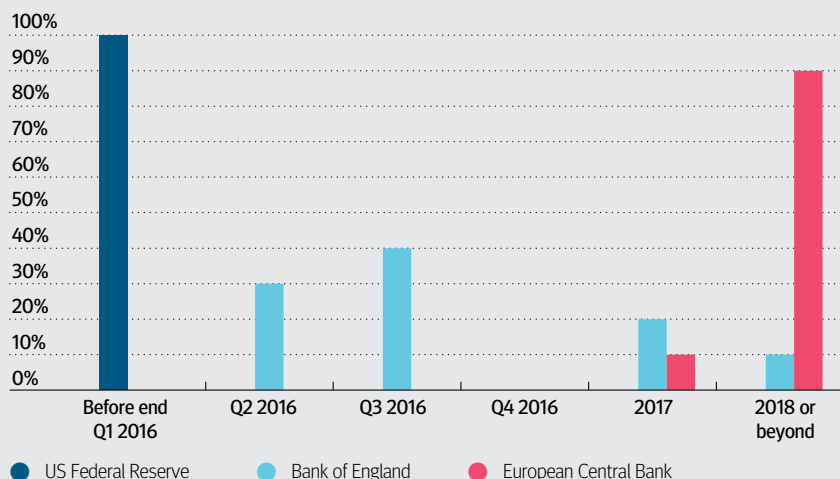
If inflation picks up by the end of next year to the median forecast of 1.1-1.5% this would still be below the BoE's 2% objective, but certainly moving in the right direction.

## Other important influences

Our survey also asked which other factors are likely to be important influences for sterling in the 12 months ahead.

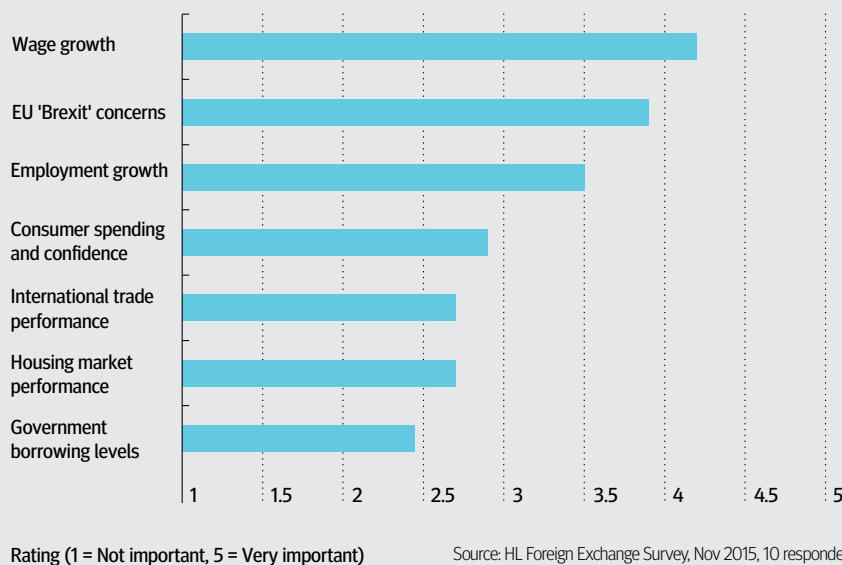
**Employment and wages** – The pace of

## When will central banks raise interest rates?



Source: HL Foreign Exchange Survey, Nov 2015, 10 respondents

## What other factors are likely to be important influences for sterling in 2016?



Source: HL Foreign Exchange Survey, Nov 2015, 10 respondents

wage and employment growth are widely expected to help shape the outlook for sterling. Rising pay packets and job creation should support consumer confidence and spending. Stronger domestic demand could also put upward pressure on inflation.

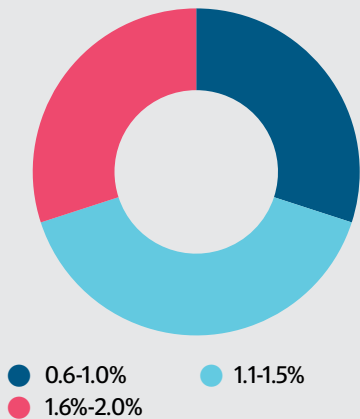
**Brexit** – Britain's possible exit from the EU (or 'Brexit') could also have major consequences. As one expert comments, 'a referendum on the UK's EU membership will likely be held in 2016, which warrants a risk premium being priced in for sterling. Regardless of the outcome of any referendum, uncertainty

is likely to stymie investment, which, along with Conservative's plans to implement austerity, is likely to see the pace of expansion markedly lower'.

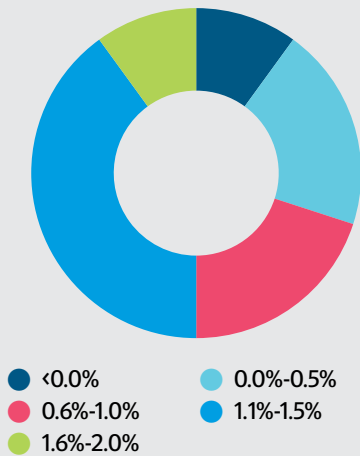
Some experts point out that this might be particularly damaging in the context of the UK's structural shortcomings. The UK consistently runs both a budget deficit (government spending exceeds tax receipts) and a current account deficit (imports exceed exports). In effect, the UK has to borrow from abroad to fund its 'twin deficits'. As one respondent notes, sterling is 'getting overvalued relative to its long-term valuation – especially based on structural deficits'.

# Sterling/euro outlook

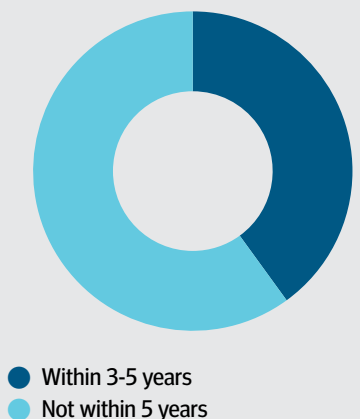
## Euro zone economic growth forecasts (2016)



## Euro zone consumer inflation forecasts (end of 2016)



## Will a member leave the euro?



Source: HL Foreign Exchange Survey, Nov 2015, 10 respondents

There's no denying that it's been a tough two years for the euro. It fell 7% and 12% against sterling and the US dollar respectively over 2014. In last year's report we noted that it would be a bleak outlook for the euro if our respondents' predictions for low inflation and weak growth were to materialise. Indeed, at the time of writing, the single currency's figures for 2015 are -8% and -10%.

Do the inflation and growth projections point to a brighter outlook for the euro this time? Yes, slightly, but the pace of recovery remains slow as Europe continues to try to leave the legacies of the debt crisis behind it. Many of the experts believe the euro zone could be hard pressed to achieve growth and inflation above 1.5% in 2016. A year ago, we said even 1% would be a struggle. 90% of our survey respondents think the European Central Bank (ECB) will not lift interest rates before 2018.

## Will a member leave the euro?

Fears of a break-up have been another factor which has dogged the euro in recent years. Recoveries among some of the crisis-hit economies, assisted by the ECB's bond-buying programme to bring down struggling governments' borrowing costs, have allayed some concerns. However, Greece's initial refusal to accept the bailout terms demanded by its European creditors threatened to bring the issue to a head again this summer, although it eventually agreed to a three-year loan deal in return for

enacting further reforms.

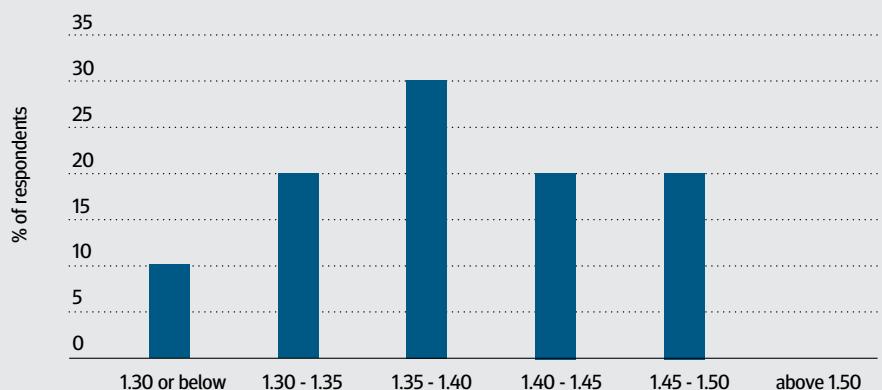
For the first time in four years, our survey suggests that a country leaving the euro in the next five years is now more likely than it appeared a year ago. Although still a minority, 40% of the experts foresee this happening within three to five years. One respondent notes 'Greece cannot 'kick the can down the road' for much longer'. Some experts also indicated they might switch camps depending on the outcome of the UK's in/out EU referendum. As one commented, 'if the UK leaves the EU, a country leaving the euro becomes more likely as there is precedence you can leave the European club'.

## Where next for sterling/euro?

We asked for the experts for their sterling/euro exchange rate predictions for the end of 2016. The most common forecast is for the pound to end next year between €1.35 and €1.40. The remaining experts are quite evenly divided over whether sterling/euro will be higher or lower than this.

Our survey was conducted before the ECB underwhelmed markets on 3 December with only modest changes to its existing stimulus measures. Factors identified as key headwinds to sterling/euro rising in 2016 included a limited scope for additional ECB stimulus and UK 'Brexit' concerns, although some pointed to stronger UK economic growth as still being in the pound's favour.

## Sterling/euro forecasts (end of 2016).



Source: HL Foreign Exchange Survey, Nov 2015, 10 respondents

# Is sterling set for another difficult year versus the dollar?

2015 has been a case of déjà vu for sterling/US dollar. As in 2014, sterling/US dollar climbed heading into the summer months on false signals from the Bank of England that UK interest rates might rise in the not-too-distant future. Similarly, it has again fallen over the second half of the year as the US Federal Reserve reasserted itself as the clear front-runner to lift first. At the time of writing the pound is worth \$1.51 and looks set for a second consecutive annual loss versus the dollar.

## Interest rates, growth and inflation

Although our survey was completed before the Fed's 16 December decision to raise US interest rates, our respondents were unanimous in expecting US interest rates to rise before the end of the first quarter of 2016.

In fact, US interest rate rises are widely cited as the most important influence for foreign exchange markets in the year ahead (see chart). Our survey respondents' economic growth and inflation forecasts support the view that the US economy will be best positioned to handle any rise in interest rates next year. The consensus forecast is for US inflation to be 1.6-2% at the end of 2016 (thereby closer than the UK to the 2% objective). Whilst the consensus growth predictions for the UK and US are both 2.1-2.5%, the overall forecasts point to a higher likelihood of a positive surprise from the US economy.

## Sterling/US dollar forecasts

A vast majority of respondents expect the sterling/US dollar rate to remain lower than \$1.55 at the end of 2016 – with a very realistic chance we might see \$1.45 or even lower.

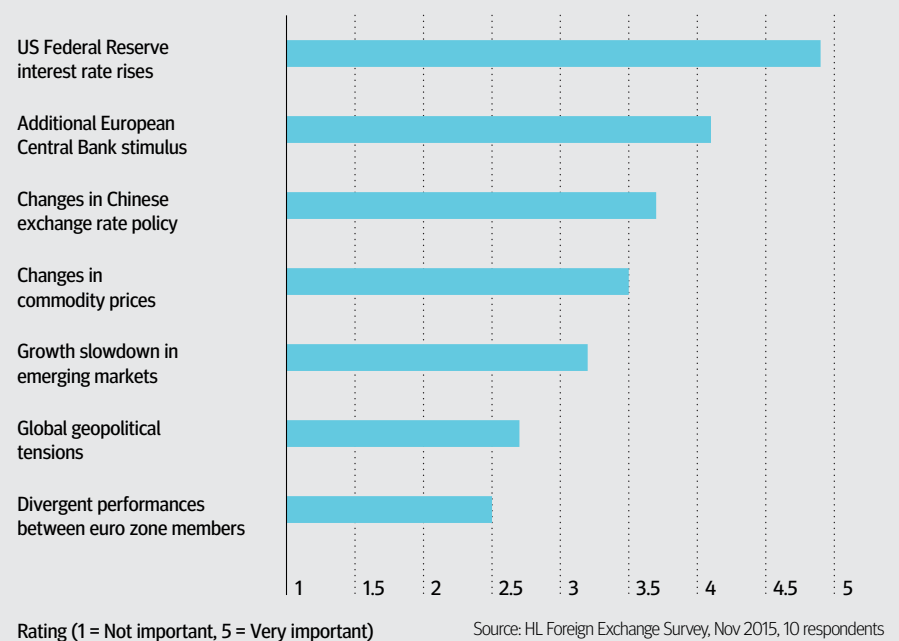
Those in the most pessimistic camp predicting lower than \$1.40 highlight in particular a potential for 'US data to surprise on the upside', an 'absence of rate increases from BoE' and 'Brexit referendum uncertainty'.

Of those thinking the pound might display greater resilience than this, one expert suggests 'subdued global inflation pressures mean neither the Fed nor Bank

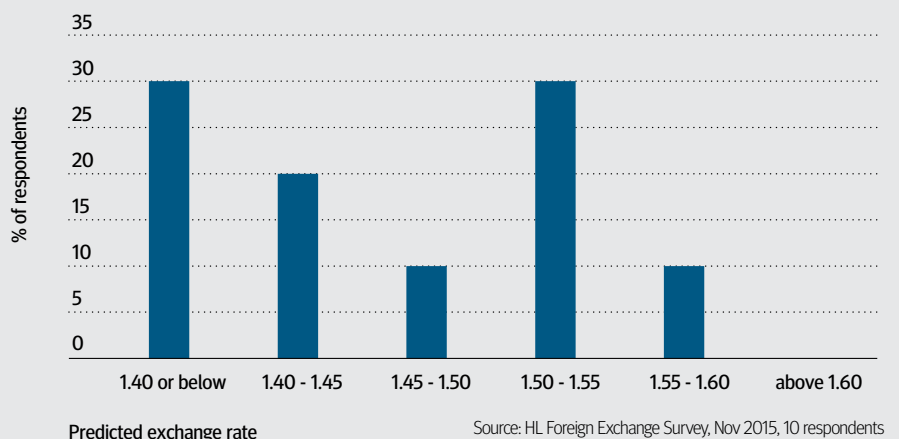
of England are likely to hike interest rates rapidly'. Another agrees that whilst 'a small expected rise in US interest rates seems to be in the price, it would need a further significant rise in US interest rates to trigger a further rise in the dollar'. But also adds that 'the US dollar remains the world's currency and this will protect it in an uncertain world if interest rates stay close to where they are'.



## Which factors are likely to be important global influences for foreign exchange markets in the next 12 months?



## Sterling/US dollar forecasts (end of 2016)



# TERMS & CONDITIONS

## Hargreaves Lansdown Currency Service

These terms and conditions of the Hargreaves Lansdown Currency Service replace all previous versions including HL Currency Service T&C 0612.

**This is an important document, so please read it carefully before you use this service. It sets out the terms and conditions on which we agree to supply services to you and contains our responsibilities to you. It also sets out your responsibilities to us. Your account should NOT be used for speculative trading purposes. If you require clarification on any part of this document please ask us for further information.**

### CURRENCY SERVICE TERMS & CONDITIONS

#### The Company

The Hargreaves Lansdown Currency Service (HLCS) provides foreign exchange services to both personal and commercial clients. HLCS is a trading name of Hargreaves Lansdown Stockbrokers Ltd (HLSB) which is a company incorporated and registered in England and Wales with company number 01896481, whose registered office is One College Square South, Anchor Road, Bristol BS1 5HL. The VAT number of HLSB is 433 8716 40.

HLSB is authorised by the Financial Conduct Authority (FCA) as a Payment Institution under the Payment Services Regulations 2009. HLSB's Firm Reference number is 149970. These details can be verified by visiting the FCA website: <http://www.fsa.gov.uk/register/home.do> or by calling the FCA on 0845 606 1234.

#### 1. DEFINITIONS

"Account" means any and all of your accounts held with HLSB or its group companies;

"Associate" means any holding company of HLSB or a subsidiary of any such holding company (as defined in the Companies Act 2006, as amended from time to time).

"Client Bank Account" or "Safeguarding Accounts" are the bank accounts in which we hold money belonging to you and other clients of HLCS. These accounts keep money belonging to HLCS clients segregated from our own money, as required under the PSR.

"Close out" means to terminate an open contract.

"Contract Note" means the Contract Note which we will provide you with in accordance with clause 13.

"Corporate Client" means a business or legal entity such as a limited or public company, sole trader, charity, trust, partnership, private investment company or collective investment scheme.

"Cleared funds" means funds that are freely available.

"Draw Down" means to reduce a contract by paying a proportion of the contract value and in return receiving an equivalent proportion of the currency being purchased.

"Draw Down Contract" means a type of Forward Contract as described in clause 9.11.

"EEA" means the European Economic Area.

"Expiry Date" means the final date on which a Flexible Forward can be settled.

"FCA" means the Financial Conduct Authority of the United Kingdom or any successor authority.

"Forward Contract" means a type of Transaction as described in more detail in clauses 9.4 - 9.11.

"Forward Outright Contracts" means a type of Forward Contract as described in clause 9.9.

"Online Service" means the functionality of our website, which enables you to access your Accounts and deal online.

"Paperless Service" is the service offered by us which enables you to view information online and receive contract notes and certain other account information from us electronically rather than by post.

"Payment Date" is the date on which we require Cleared Funds from you. The payment date will be clearly shown on your Contract Note.

"RCTP" means a Regular Currency Transfer Plan.

"Rolled Forward" or "Roll Forward" means to extend the expiration or maturity of a forward contract by closing the original contract and immediately opening a new longer-term contract for the same value.

"Settlement" or "Settled" means completion of the Transaction.

"Spot Contract" means a type of Transaction as described in more details in clauses 9.1 – 9.3.

"The Payment Services Regulations 2009" or "PSR" are the regulations in the UK which largely apply to electronic payments into and out of your account, but they do not apply to cheques or bankers drafts. The PSR require banks and authorised institutions to meet certain standards when making and receiving payments.

"Transaction" means any currency transaction entered into by you under this agreement, including but not limited to any Spot Contracts, Forward Contracts or RCTP.

"Transaction Date" means the date on which the Transaction is initiated/agreed.

"Settlement Date" means the date on which your money is exchanged into another currency. For Spot Contracts, this is typically two working days after the Transaction Date.

"Terms" means these terms and conditions, any versions which may supersede them from time to time and your completed application form.

"Flexible Forward" means a type of Forward Contract as described in clause 9.10.

"We", "us", "our" and "HL" means HLCS, HLSB or Associates, as may be applicable. Telephone: +44 (0) 117 311 3257. Email address: [hl.currency@hl.co.uk](mailto:hl.currency@hl.co.uk)

"You", "your" and "client", means the person(s) to whom we provide our services under these Terms and as detailed in the relevant application form(s). This includes anyone that you and we have agreed may act on your behalf.

#### 2. GENERAL

**2.1** You must be aged 18 or over to receive foreign exchange services from HLCS under these Terms.

**2.2** We offer the Hargreaves Lansdown Currency Service on an 'execution only' basis. This means we will not provide, and you do not expect personal

advice. All Transactions are entered into at your own risk and you cannot hold us responsible for any loss in value. No factual information that we provide to you should be regarded as personal advice.

**2.3** It should be noted that although we offer the same level of service and treat all Transactions the same, those dealing with us from outside of the EEA or another member state are NOT afforded the UK legislative protections and should check their own state's legislation and tax laws before undertaking a Transaction with us.

**2.4** Telephone calls to and from us may be recorded and monitored and may be used in evidence if there is a disagreement. A copy of a recorded call between you and us can be provided to you upon request. We reserve the right to charge for this request.

**2.5** For the purpose of these Terms we will treat you as a 'Retail Client' which means you receive information in a straightforward way and you will benefit from the highest level of regulatory investor protection under the FCA rules.

**2.6** We will not transfer money to or from non-cooperative Financial Action Task Force countries. The Financial Action Task Force is the global standard setting body for anti-money laundering and combating the financing of terrorism.

**2.7** The services which we provide you with will be in accordance with The Payment Services Regulations 2009, which are a set of rules governing how payments must be transmitted, and which provide protection for the clients of payment institutions. The PSR apply to payments where both the payer and the payee's payment service provider are located within the EEA and the payment is in euros, sterling or another EEA state currency. Further details of the PSR and how we will deal with your money are detailed at clause 7 below.

#### 3. APPLICATIONS

**3.1** To open an account you must apply with a properly completed application form, which can be done either online or in paper form. Upon receipt of the application form we may need to carry out additional checks and approach a third party, such as a credit reference agency and/or Companies House to confirm your identity, or that of any other person providing funds on your behalf. By completing and returning the application form to us, you confirm that you accept and consent to those additional checks.

**3.2** We may need to see additional information from you to verify your identity, in which case we may delay and / or return your application, or withhold Settlement until we have successfully verified your identity.

**3.3** We are required to ask the reason for each Transaction, and it may be necessary for us to ask for additional information in some cases. We may also need to ask for more information if you are resident outside of the UK for tax purposes.

**3.4** If you make a payment by personal cheque which is not drawn on your own account we will need to make further identity checks (for example if you use a building society cheque or if the funds are a gift). In such circumstances we reserve the right to refuse or delay completion of the Transaction if necessary.

**3.5** Where Transactions are delayed due to additional identity or verification checks, or where we have not received a fully completed application from you, we will not be responsible for any loss incurred by you due to any delay in the Transaction taking place.

**3.6** You agree that where we suspect fraud we can share information about you with a fraud prevention agency.

**3.7** We may refuse your application or dealing instructions in certain circumstances, including but not limited to, the following circumstances: you providing incomplete or untruthful information, your failure to observe these terms and conditions, a disagreement or dispute with us, or as a result of regulatory or legal requirements. If we refuse your application or dealing instruction we will inform you of that decision but we may not provide you with a reason for doing so.

**3.8** It is your responsibility to ensure all information you supply to us is true and accurate. You must tell us in writing if you become aware of any errors or changes to your details. This is particularly important for your contact details and all bank account details for you, and any third party bank details.

#### 4. COMMUNICATIONS WITH YOU

**4.1** Where you are providing us with written instructions, please send those written instructions to Hargreaves Lansdown, One College Square South, Anchor Road, Bristol BS1 5HL. We will rely on any communication which we reasonably believe to have been made by you (or on your behalf). We have appropriately strict security procedures in place to protect your account and to verify your identity and so you will be required to honour any instruction made by you or on your behalf and you will be responsible for any expenses we incur as a result of such an instruction.

**4.2** Where two or more people are contracted under a joint agreement, the liability of each and all of you under the arrangement will be joint and several and every arrangement or undertaking will be construed accordingly. If you have applied, or deal in joint names we will carry out instructions we receive from either or any of you. If accounts are held in joint names, all communication will be sent to the first named person.

**4.3** Any correspondence, including cheques, will be sent to you by standard post (or by registered post, at your request and expense) or by email (where you have elected for email correspondence). We are not responsible for any documents lost in the post or for any charges for replacement of lost documents. We cannot be held responsible for a delay or failure of delivery of any communication we send to each other. Provided that we send you correspondence to the email address and/or postal address you have provided to us, we will not be deemed to have failed in any duty of privacy, nor be liable for any losses, costs or expenses which may arise from a third party intercepting the communications. You must tell us immediately if your name or contact details change.

**4.4** We can supply to you duplicate Contract Notes and entries in books relating to you for a reasonable charge (please ask us for details).

#### 5. SECURITY

**5.1** It is important for you to protect your account details and master passwords connected with your account and report any suspected theft or misuse of your account to us immediately.

**5.2** It is your responsibility to have secure access to the internet and we recommend that you change your passwords regularly via our website to keep your details as secure as possible. In addition we strongly suggest that you do not use the same password for any other online accounts you hold.

**5.3** You must not disclose your username, passwords, or other secure information to any other party. Where we believe the integrity of our systems could be compromised by you providing your username and password details to a third party, we reserve the right to block online access to your account. Where such disclosure leads to your account being blocked we will not be liable for any losses that may arise.

**5.4** You must contact us as soon as you become aware that any information has been lost or stolen or used without your authorisation by using the telephone number +44 (0) 117 311 3257. We cannot accept any liability for any financial loss resulting from you not having complied with these Terms or your failure to take reasonable security precautions.

#### 6. AMENDMENTS

**6.1** We may change these Terms, including our fees and charges, from time to time in whole or in part by giving you reasonable notice of the change and where possible we will give you at least 30 days notice in writing of any changes before providing services to you under the changed terms.

**6.2** Where we change these Terms we will either write to you at the address you have provided to us and send you a copy of the new Terms by post or alternatively if you are receiving our Paperless Service we will email you a copy of the new Terms. The new Terms will also be available on our website.

**6.3** We will only change these terms for a good reason, including:

- to reflect changes in the costs and charges that we incur or expect to incur in providing our services to you, and/or to take into account changes in the rates of inflation, taxes or interest or other market rates or indices
- to reflect current or future changes in law, Financial Conduct Authority (FCA) regulation, or decisions of the Financial Ombudsman Service
- to meet regulatory requirements or industry guidance or best practice
- to make these terms easier to understand or fairer to you, or to correct mistakes
- to reflect changes in market practice or conditions
- to reflect the way that our services are used and ensure that the costs of those services are allocated fairly among our clients
- to provide for the introduction of new systems or services and changes in technology or products
- to simplify or harmonise the services we offer and/or the charges we apply
- to ensure that we can continue to offer a competitive and sustainable service

**6.4** We will give you at least 30 days' notice of any change to these terms that may be detrimental to you, unless we are required to make the change sooner (for example, for regulatory reasons). If we make any change for a reason not set out above which results in extra costs to you, you will be entitled to end your contract with us without charge.

**6.5** Where the changes to the Terms are only incidental changes (such as for clarity, drafting and typographical amendments) we will make the new Terms immediately available on our website or in printed form, on request from us at One College Square South, Anchor Road, Bristol BS1 5HL, or by telephone 0117 900 9000. Where the changes to the Terms are only incidental we will not provide you directly with a copy of the amended terms, and the provisions of clause 6.2 shall not apply in those circumstances.

#### 7. CLIENT MONEY

**7.1** Money received from you or from another client or from another financial institution for the benefit of a client in relation to a Transaction will be segregated from HLSB's own money in accordance with the FCA's guidance on the Payment Services Regulations 2009. Money will be held in Safeguarding Accounts. Money in those Safeguarding Accounts is then deposited on day of receipt with a selection of authorised credit institutions (banks) with separate banking licences. Safeguarding Accounts may include the balances of other clients as well as your money.

**7.2** The banks we use are independent of us and we do not accept liability for their default or failure. In the event that a default by a bank occurs you may have to bear any shortfall in the Safeguarding Accounts on a pro-rata basis along with the other clients who have money in the Safeguarding Accounts, based on the cash balance held and as a result you may not receive all of your money.

**7.3** All payments made by you to us must be by electronic transmission such as debit card, CHAPS, Faster Payment or, when agreed with us in advance, by cheque. We do not accept payment in the form of cash, credit cards or BACS which have 3 business day clearing (including internet banking electronic transfers, unless agreed by us in advance). Where we have agreed to accept payment by cheque the cheque should be made payable to 'HLSTK FX Client A/C'.

**7.4** Where a Transaction has been completed and as a result there is a residual balance in your account after the Transaction of less than £5 (or its currency equivalent) we reserve the right to retain that amount, in accordance with the FCA rules. Where the residual balance is an amount over £5 or currency equivalent, that amount will be converted to Sterling and returned to you by cheque.

**7.5** Money can only be held on account for a maximum of four weeks. If we cannot send your payment within this timeframe we reserve the right to return money, whether received by cheque, bank transfer or debit card to the source it originated from and you will be liable for any transfer and currency conversion costs incurred by us as a result.

#### 8. DEALING



**8.1** Dealing instructions may be given by telephone, via our Online Service or, where prior agreement has been made, instructions may be given in writing. No instructions will be accepted by fax or email unless agreed in advance, or on a per Transaction basis at our discretion.

**8.2** Any instructions you give to us form a commitment from you which cannot subsequently be amended and/or revoked by you. Where a delay occurs because the relevant exchange closes for any reason we will complete the deal as soon as reasonably practicable after trading resumes. However in these circumstances we have no control over the price at which your deal is executed.

**8.3** We may combine your Transaction with deals of other clients (aggregation) if we reasonably believe that we will obtain a more favourable price or reduce transaction costs.

**8.4** We may review and alter your trading limits (i.e. the amount of money which you may exchange), seek references, request Cleared Funds before and/or after placing a deal. This may delay your Transaction and mean you are unable to deal immediately. If this is the case, we will notify you and you will have the opportunity to cancel your instructions.

**8.5** Where you give us instructions by telephone we may repeat to you what we understand are your instructions. If you do not correct these repeated instructions then they will be accepted as your instructions, we will act upon them and you will be bound by them even if they do not reflect your intended instructions or you change your mind. This applies whether or not you confirm them or remain silent.

**8.6** Fees, costs, taxation and any other charges associated with executing deals will be your responsibility and where appropriate may be paid by making a deduction from the balance held by you in our Client Bank Account. All interest earned on Cleared Funds in the Client Bank Account will belong to us unless prior agreement has been made to pay any interest to you.

**8.7** We will, from time to time and by telephone only, accept limited instructions where we agree to monitor an exchange rate on your behalf. We will only monitor an exchange rate during our normal office hours (Monday to Friday 8am to 6pm and excluding bank holidays). Where a rate moves to your chosen level we will try and contact you to see if you wish to proceed. Limit instructions will be carried out on a strictly "reasonable endeavours" basis and we will not be held liable if we, for whatever reason, do not monitor a particular currency or where we fail to be able to contact you to establish whether you wish to proceed. For the avoidance of doubt, in these circumstances we will never deal at your specified level without first obtaining your consent to proceed with the Transaction.

**8.8** Exchange rates are quoted to you at the time of each Transaction.

## **9. CONTRACT/DEAL TYPES**

### **Spot Contracts**

**9.1** A Spot Contract is where you agree to convert a sum of money into another currency immediately, on that date and at the relevant exchange rate for that date. That date is known as the Transaction Date. To carry out a Spot Contract by telephone we will require a deposit equivalent to 1% of the sum of money which you intend to convert, to be provided to us in Cleared Funds in our Client Bank Account, on or before the Transaction Date. We reserve the right to increase the amount of deposit which we require for any particular Spot Contract and if we do increase the amount of the deposit required we will inform you of the new amount and explain the reasons for the change. To carry out a Spot Contract via our Online Service you will need to make payment in full at the time you place the transaction.

**9.2** The date on which the currency is converted is known as the Settlement Date. With each Spot Contract we will advise you of the Settlement Date and we require you to provide us with the full amount of currency which you intend to convert in along with any other amounts owing in relation to the Transaction in Cleared Funds by the Payment Date, which will be before the Settlement Date.

**9.3** We will only make onward payment of the currency bought once Cleared Funds have been received in full from you. The currency which you receive as a result of the conversion will usually be transferred to you within two business days of the Settlement Date. If, following the completion of the Spot Contract, you then exchange any currency which you have received back into sterling, settlement times and deposits may be increased.

### **Forward Contract**

**9.4** A Forward Contract is where you agree to convert a sum of money into another currency at an exchange rate which is agreed at the time you decided to enter into the Forward Contract (the Transaction Date), but the date on which you will actually exchange the currency is a date in the future (the Settlement Date). There are several different types of Forward Contract include Forward Outright Contracts, Flexible Forward Contracts and Draw Down Contracts. We will require at least a 10% deposit, in Cleared Funds to be in our Client Bank Account for any type of Forward Contract on or before the Transaction Date. Forward Outright Contracts are the only type of Forward Contracts available using our Online Service and can be placed up to a maximum of 30 days ahead. Forward Outright Contracts require payment in full at the time of placing the Transaction.

**9.5** We may require you to deposit further funds at any time up to the Settlement Date to allow for changes in the underlying exchange rate. Additional funds must be received by us as Cleared Funds within 24 hours of us notifying you. The amount of additional payment we require will be decided by us in relation to our perceived level of risk.

**9.6** Where fluctuations in the exchange rate mean that the value of your deposit exceeds the amount we require to be held as a minimum, we will retain the excess funds on deposit and will offset them against the final payment due for the Transaction. We will only complete any Forward Contract on or after the Settlement Date and once we have received the total amount owed from you as Cleared Funds.

**9.7** It is your responsibility to remain contactable for the duration of all types of Forward Contract, during the period of 8am – 6pm, Monday to Friday, by telephone and/or email. We may need to contact you at any time in relation to an increase in the deposit requirement. You must ensure that we are kept informed of any likely periods when you will not be contactable (e.g. holidays), and we should suggest that you lodge additional funds for such periods to cover any potential shortfall in the amount of funds which you hold as a result of a change in exchange rate.

**9.8** Failure to respond, or if we are unable to contact you using the details you have provided to us, will result in a breach of these terms. We may, at our discretion, complete the Forward deal or close out the trade. We reserve the right to use any deposit paid by you to settle any costs and you will remain liable for any costs incurred in excess of the deposit you have paid

in respect of the trade.

**9.9** Forward Outright Contracts – Forward Outright Contracts are a type of Forward Contract where you agree to convert a sum of money into another currency at an exchange rate and on a set date as agreed at the time you decided to enter into the Forward Contract (the Transaction Date).

**9.10** Flexible Forward – Flexible Forwards are a type of Forward Contract where you agree to convert a sum of money into another currency at an exchange rate which is agreed at the time you decided to enter into the Forward Contract (the Transaction Date), but the date on which you will actually exchange the currency (the Settlement Date) will be allowed for a certain period in the future, up until the Expiry Date of the Flexible Forward, and you can only convert the entire sum at one time, not partial amounts. You can request delivery of the currency bought on any business day during the set period, between the Near Date, which is the first date you can Draw Down the currency, and the Expiry Date of the Flexible Forward, which is the last date you can Draw Down the currency, provided that it is all converted as one lump sum payment. You must ensure Cleared Funds for the balance of the Transaction (less the deposit amount you have already paid) reaches our Client Bank Account a minimum of three business days before the Settlement Date, or a date agreed at our discretion which is closer to the Settlement Date.

**9.11** Draw Down Contracts - Draw Down Contracts are a type of Forward Contract where you agree to convert a sum of money into another currency at an exchange rate which is agreed at the time you decided to enter into the Forward Contract (the Transaction Date). The date on which you will actually exchange the currency will be allowed for a certain period in the future and you can only convert partial amounts on different draw dates (each a "Draw Down Date"). The first and last permissible Draw Down Date will be determined at the time you enter the arrangement. We will only be able to transfer the money which we have received to your bank account once cleared funds have been received by us. At least a 10% deposit must be maintained at all times, irrespective of the value of the Transaction or the length of time remaining. There is a £15 transfer fee for each Draw Down of under £10,000 or foreign currency equivalent. Foreign currency equivalents are calculated at the time you enter the arrangement.

### **10. REGULAR CURRENCY TRANSFER PLAN (RCTP)**

**10.1** A RCTP is where you agree to make regular Direct Debit payments to your account in Sterling, which is then converted into a foreign currency. Payments will either be based on a fixed exchange rate (using Forward Contracts) ("Fixed RCTP"), or on a variable exchange rate ("Variable RCTP"). In the case of variable RCTP, only the amount of Sterling taken from your bank account is fixed, not the exchange rate. RCTPs are available by telephone only and not via our Online Service.

**10.2** The minimum monthly Direct Debit payment for any RCTP is £250. All payments made under any RCTP for less than £500 (or foreign currency equivalent) per month will be charged a transfer fee of £7 per payment. No transfer fee will be charged on payments over £500.

**10.3** If you choose to convert on a monthly basis, payments will be requested from your account by Direct Debit on the 7th day of each month, or the next working day after the 7th if the 7th is not a working day ("Payment Date"). Money will normally leave your account on the same day. No interest is payable by us on your money which is held in our Client Bank Account between the date your payment is collected and the date that the money which we have received is transferred to your bank account. Transfers to your receiving bank account will be made no later than 5 working days after the Direct Debit collection. The funds will be typically cleared in the receiving bank two working days later.

**10.4** If, for whatever reason, a Direct Debit payment from you is not received on the Payment Date, we may, at our discretion, complete the Transaction on your behalf as if payment had been received and then retain the exchanged money in our Client Bank Account pending payment from you of the total amount owing for the Transaction, which we will expect you to make payment by other means. You will be charged for this, please see charges section 12.

**10.5** Once we have accepted an instruction from you to buy or sell currency we cannot reverse the Transaction and you will be required to honour it in full. Any changes to the Direct Debit instruction must be received at least 10 working days before collection. You cannot change the receiving payment institutions/bank details between the Direct Debit collection date and the Settlement Date for that month. For a Variable RCTP, the Settlement Date is two days after the Transaction Date, for Fixed RCTP it is agreed with you at the time you enter into the arrangement.

**10.6** Fixed RCTP payment instructions will only be accepted on receipt of a deposit equal to at least two months' payment where we have fixed the exchange rate for up to one year, and a deposit of at least three months payment where the exchange rate is fixed for over one year.

**10.7** Variable RCTP payment instructions will be accepted only after we have received from you the first monthly transfer by debit card and there has been completion of a Direct Debit instruction taken by telephone, or sent to us by post. The percentage between the underlying "bid" rate (sell rate) at which we buy currency and the rate offered by us to you for the first month's transfer will not be greater for subsequent monthly transfers.

**10.8** The exchange rate for subsequent variable monthly transfers will be fixed on the 10th day of each month or the nearest working day if the 10th is not a working day. The amount converted each month will be the Direct Debit amount collected less any charges applied to the Transaction. Contract Notes will be issued by email or by post confirming the exchange rate achieved for each month's transfer.

**10.9** The minimum contract length under a RCTP is six months. After the initial period of six months, your Variable RCTP will continue until you notify us that you wish to terminate. You must give notice that you wish to terminate 10 business days prior to when the next Direct Debit is due to be taken from your account so that we may cancel your instructions before the next payment is taken. The length of a Fixed RCTP is agreed with you at the outset up to a maximum of 24 months.

**10.10** If we are unable to collect a payment on the Payment Date, then no variable exchange rate will be fixed or transfer arranged for that month until alternative payment has been received. However, collections of further Direct Debits will be attempted for subsequent months, until cancellation notification of the Direct Debit has been received by us from you.

### **11. PAYMENT**

**11.1** By telephone, or by post and for all types of currency trade, you must ensure we have received Cleared Funds in full before the Settlement Date.

In practical terms this means that monies from a debit card payment, CHAPS payment, Direct Debit or cheque must be Cleared Funds with us on the Payment Date (which is the date detailed on your Contract Note). For Spot trades this will be one business day before the Settlement Date. For any type of Forward Contract the Payment Date will be a minimum of three business days before the Settlement Date. We will not be liable for any costs, charges, expenses, legal or professional fees which you incur, or which are incurred by any other third party as a result of a delay where we have not received Cleared Funds from you by the Settlement Date. When using our Online Service you will need to have Cleared Funds on your account before placing your Transaction, or you will need to pay in full by debit card at the time you place your Transaction.

**11.2** We will process payments on the Settlement Date only where we have Cleared Funds from your bank for the total amount owed, including any fees or charges. Onward payment will take place on the Settlement Date when possible, but is subject to delay where banking electronic transfer cut off times dictate. Banks are required to process electronic payments within their published "cut-off" times following the day of the instruction. Instructions received after cut-off times or on days that are not business days will be treated as having been received on the next business day.

**11.3** Once payments have been sent by us to the recipient using the details provided then we have fulfilled our obligations under these terms and are no longer responsible for the timely receipt of funds. These delays are outside of our control and we will not be held responsible for the late payment or delivery of funds owing to banking procedures. Where receipt of funds is required on any particular day, we would suggest that you check the processing times for payments with your bank or authorised institution.

**11.4** We will send out the amount requested for each payment, however, in some circumstances a number of intermediaries (such as correspondent banks) may be involved in an international payment and these or the beneficiary bank may deduct a charge. We will use reasonable endeavours to avoid these charges, however where they cannot be avoided, you acknowledge that these charges cannot always be calculated in advance, and that you agree that you are responsible for the settlement of such charges. We will not be held responsible if you are unaware of intermediary/correspondent/receiving bank fees. We will not, under any circumstances, be liable for any losses which result from intermediary/correspondent/receiving bank fees.

**11.5** When you give us a payment instruction you must give us the sort code and account number for payments in the UK, or the equivalent information for payments outside the UK, and any other details we may ask you for, such as the name of the person you are sending the payment to, so we can make the payment. You are responsible for checking the details are correct. We will not be liable if your payment is delayed or sent to the wrong person because you gave us the wrong or incomplete details. We will use reasonable efforts to recover the payment and if we manage to do so we may charge you our reasonable costs incurred in doing so.

**11.6** Onward payments made to a bank in the EEA will be made on the Settlement Date (provided this is a working day). You will need to check with your receiving bank when you can draw on funds. If you ask us to make a payment to a person in another currency or with an account at a bank outside the EEA you can ask us for details about how long the payment will take to arrive, however, we will not be able to guarantee exactly when the payment will be received by the foreign bank. If you ask us to make a payment on a future date, we will make the payment that day. If the payment falls due on a non working day we will make the payment the next working day. Where an IBAN (International Bank Account Number) is required but not provided by you we may ask you to cover any charges incurred in sending the payment. Where a SWIFT (Society for Worldwide Interbank Financial Telecommunication) or BIC (Bank Identifier Code) is not included & where it is necessary, we reserve the right to use the relevant headquarter BIC/SWIFT code at your own risk. In some instances we may be required by law, or by third parties, to obtain further information relating to certain payments, including, but not limited to circumstances in which funds are being sent or received from a third party, or where payments are being sent or received from certain jurisdictions, and this may delay the payment being made to you. We will not be liable if any payment is delayed as a result of having to obtain this further information.

**11.7** In the event of you failing to make all or any of the payments required under these Terms we will be entitled to close out any existing positions at the current market rate without giving notice to you and we will charge you any associated costs. This includes using any or all of your deposit against any losses suffered by us when unwinding your position and associated costs and liabilities. We will return to you the balance (if any) of your deposit.

**11.8** We accept no responsibility where public holidays, both in the UK and overseas, adversely affect or delay settlement dates.

**11.9** Cheques. Short settlement periods mean that cheques will need to be sent by first class mail on the date of your instruction (don't forget the possibility of postal delays and cheque clearance times). In order for us to meet the tight settlement deadlines, it is vital that cheques can be paid in immediately on receipt and are met on first presentation. We reserve the right not to accept post dated cheques and will return these to you unless otherwise agreed between us. We reserve the right not to accept cheques denominated in currency other than sterling. You will be liable for all cheque clearing charges and acknowledge that non sterling cheques can take up to 10 weeks to clear.

**11.10** Late payment. We may refuse to carry out your instruction if you do not have sufficient Cleared Funds or your instructions are not clear or correct. We may also refuse to carry out your instruction where you fail to make a payment in full, on, or before the Payment Date. In this case we may immediately cancel, terminate and/or suspend any deal with you without liability. If you fail to pay us the monies relating to a specific Transaction in respect of which we have purchased the relevant currency then we may treat the Transaction as cancelled. When we cancel or terminate a Forward Contract, the deposit held by us will be returned to you, less any fees, charges or losses. The funds will be returned on the original Settlement Date. Where funds have not been paid by the Payment Date we may at our discretion hold the converted currency for up to seven days while we await payment from you. We reserve the right to charge you interest on the outstanding funds. If we are required to place a Swap Transaction (for example where your Transaction is closed and immediately reopened with a later settlement date) for an earlier date than the original settlement date or for a later date than the original settlement date, then we may keep any

revenue generated by the difference in the exchange rates.

**11.11** Where we cancel or terminate an instruction we may liquidate your positions and the following will apply: If the liquidation of the currency position realises a net value higher than the amount of monies due to us relating to the opening of the position, we will be entitled to retain for our benefit this additional value. We will not be required to apply it against any other monies or liability that you may have to us; or if the liquidation of the currency position realises a lower value than the amount of monies due to us relating to the opening of the position then the net difference in value will become a debt due from you to us and payable immediately. In addition our charges and the costs of making any such transaction will apply.

**11.12** We retain an unconditional right of liquidation of any positions under our control where funds have not been paid to us by the Payment Date.

## 12. CHARGES

**12.1** All charges will be detailed in your Contract Note and where there is any conflict between the charges set out in the Contract Note and these Terms, the charges set out in the Contract Note shall take precedence over the charges set out in these Terms.

**12.2** Any Transactions made by telephone of under £10,000 (or under £5,000 for Corporate Clients) will be charged a transfer fee of £15.

**12.3** Any Transactions made via our Online Service of under £3,500 will be charged a transfer fee of £5.95.

**12.4** Transfers made via an RCTP will be charged a transfer fee of £7 for each individual transfers which is made under £500 (or foreign currency equivalent).

**12.5** The exchange rate offered to you will not be the same as the rate obtained by us. If you have been referred to us by an agent or third party, a share of any revenue may be paid to the referral agent.

**12.6** Where you make payment by cheque and the cheque contains an error which means it is not (or would not be) met, or it is returned unpaid, we will ask you to make an alternative payment immediately. Where cheques contain errors or are returned unpaid from a bank, we may make an additional charge of £20 which you will be expected to pay immediately.

**12.7** When payment for a Transaction is not received by the Payment Date, we may insist that the currency position is Rolled Forward (Swapped) for a later payment/settlement date or closed out. In this case, you will be responsible for all associated fees, costs and charges and will be charged a rebooking/close out fee of £20.

**12.8** If the late payment relates to a RCTP, we may Close Out, or Roll Forward (Swap) any future deals and you will be responsible for all associated fees, costs and charges and will be charged a rebooking/close out fee of £20 for each monthly deal. In the unlikely event that we are charged interest for holding a currency with an Authorised Institution we will pass the cost on to you.

**12.9** Interest Charges. We may charge interest on any outstanding sums due for payment to us, which are not paid in full by the settlement date. Interest will be charged at a 10% flat rate and may be calculated and charged on a daily basis. Any interest charge will be deducted from client monies held by us.

**12.10** Other bank charges. Some overseas and UK banks charge their clients additional fees to transfer or receive foreign currencies. All charges arising from receiving, intermediate or correspondent banks in respect to transfers made to or from these banks will be your responsibility. It is important to check before you give us instructions if your receiving bank, or any other bank acting as correspondent, intermediate or agent, will make additional charges in relation to Transactions carried out through each bank that may be involved with the transfer of funds.

## 13. CONTRACT NOTES

**13.1** You will be sent a Contract Note by post when you place a deal, unless you have opted for our Paperless Service. If any details are wrong or if you receive notice of a deal you do not recognise you must contact us immediately. You will only receive a Contract Note at the outset of any Fixed RCTP and not for each monthly payment. You may choose to receive your Contract Notes via post or via our Paperless Service.

**13.2** If you register for our Paperless Service you will be able to view and download your Contract Notes from our website as soon as they are available, by using your secure login details for the website, however, you will no longer receive paper Contract Notes in the post.

## 14. USE OF OUR PAPERLESS SERVICE

**14.1** Where you use our Paperless Service this will allow you to view and download your Contract Notes from our website. If you register for the Paperless Service you will not receive paper Contract Notes in the post.

**14.2** Your choice as to whether you would like to use the Paperless Service will apply to all of your Accounts, and it is not possible to apply separate instructions to separate Accounts. This means you cannot register your Hargreaves Lansdown Currency Service for the Paperless Service, for example, but not your Hargreaves Lansdown Vantage ISA. Your instructions in relation to your use of the Paperless Service for your Hargreaves Lansdown Currency Service will apply to all your Accounts and any instructions which you give us regarding the use of the Paperless Service will replace all previous instructions relating to those Accounts. A fee may be payable for the provision of Contract Notes for those other Accounts, as set out in the relevant terms and conditions for those services.

**14.3** If we hold more than one client record for you, for example if you are party to a joint Account and also hold an Account in your own name, you will need to register to use the Paperless service on those Accounts separately.

**14.4** If you use a program to filter spam emails please add our email address email@vantage.hl.co.uk (or such other email address as notified by us from time to time) to your approved senders list. In addition, if you change your email address, please tell us immediately. You accept that it is your responsibility to ensure that the email address we have for you is active and up to date.

**14.5** In certain circumstances, at our discretion, and at your request or the request of an agent acting on your behalf, HLSB may send copies of your Contract Notes to your employer or another third party. These Contract Notes will be sent either by post or electronically.

**14.6** If at any stage in the future you would like to return to receiving all correspondence on your Account by post, you can amend your preferences via our website.

## 15. ONLINE SERVICES

**15.1** The terms of use for our website are set out at <http://www.hl.co.uk/disclaimer> (the "Online Terms of Use"). The Online Terms of Use may be amended from time to time and are expressly incorporated into these Terms. By using our website to access your Account or deal in investments or to use

the Hargreaves Lansdown Currency Service, you confirm that you accept the Online Terms of Use and agree to comply with them in all respects.

**15.2** By using our website you agree to the placement of cookies on the device you are using to access it and accept how we may collect data about you. Further information is available in our privacy policy at [www.hl.co.uk/privacy-policy](http://www.hl.co.uk/privacy-policy). If you do not agree to the Online Terms of Use or you do not accept the way we collect data about you contained in our privacy policy, you should not use our website.

**15.3** Our Online Service and the information displayed on it are intended for UK residents over 18 years of age. No information provided or service we offer should be taken as an offer or solicitation to conduct investment business in any jurisdiction other than the UK.

**15.4** During our hours of operation, you will usually be able to place and confirm execution of your own instructions online. If for any reason you do not receive the on screen confirmation of an online trade you should check with Hargreaves Lansdown Currency Service telephone dealers that the deal has been executed.

**15.5** You can link your online Account to that of another client, such as a spouse or family member. This is called a Linked Account. The person you wish to link with will also need to have an online account, and will need to be with you when the Linked Account is set up so they can enter their username, date of birth and master password. When placing deals we will always request a trading password. The trading password is for the security of the account holder and therefore should only be known by them. The person you link to will have the option to cancel your access to their account at any time by calling us.

**15.6** If you allow someone to link their account to yours they will be able to see all the same information and manage your Account in much the same way as you would if you were logging into the Account yourself. For security reasons, you should not provide your trading password to any other individual. We will not be responsible for deals placed on your Account by a third party, even if those instructions conflict with your wishes, where you have a Linked Account with that person and have provided them with your trading password. If you no longer require a Linked Account you should call us on 0117 9809953. You must also change your master password immediately.

## 16. AVAILABILITY OF THE HARGREAVES LANSDOWN CURRENCY SERVICE

We cannot guarantee that access to, or trading in, the Hargreaves Lansdown Currency Service via the Online Service, by telephone or by post will be available at all times or without delay. You acknowledge that the Hargreaves Lansdown Currency Service may be interrupted and the services available may be variable in certain circumstances. We may suspend the operation of our Online Service and telephone services where we consider it necessary, including (but not limited to) where we have to suspend operations for technical problems, emergencies, maintenance, regulatory reasons, where we decide it is sensible for our or our client's protection, in periods of exceptional trading activity or to ensure the continued availability of other services. We will not be liable to you if our systems are unavailable for trading or information purposes for whatever reason.

## 17. SPECULATIVE TRADING

You must not enter into any transactions for the purpose of speculation or investment using the Hargreaves Lansdown Currency Service. If we suspect that you are entering into transactions for speculative purposes, we may immediately terminate this Agreement, and in such circumstances we shall not be bound by any of the obligations set out in the Agreement, including any obligations arising out of any transaction already placed and accepted by us.

## 18. DEATH

**18.1** Upon death these terms will be binding on your representatives and where a joint account is held, we will be entitled to treat the survivor(s) as the only person interested in any monies which are subject to these arrangements.

## 19. TERMINATION

**19.1** These Terms may be terminated by you, with immediate effect, at any time, by giving written notice to us at One College Square South, Anchor Road, Bristol BS1 5HL. Such termination will be without penalty and without prejudice to any Transactions already initiated.

**19.2** Without affecting any other right or remedy available to us, these Terms may be terminated by us with immediate effect, at any time, by giving written notice to you, if:

- you fail to pay any amount due under this agreement on the due date for payment and remain in default not less than 7 days after being notified in writing to make such payment;
- you commit a material breach of any of these Terms which is irremediable or (if such breach is remediable) you fail to remedy that breach within a period of 7 days after being notified in writing to do so;
- you are liquidated or dissolved or declared bankrupt or are unable to pay your debts as they fall due;
- if we have reasonable grounds for believing you have committed or are about to commit a crime in connection with any Transaction; or
- if we are required to terminate these Terms by any competent regulatory authority or as a matter of law; and in these circumstances we will provide you with advance written notice, where it is reasonably practicable to do so.

**19.3** In addition to clause 19.2 above, we may also terminate these Terms for any other reason, by giving you at least 30 days written notice.

**19.4** Termination of these Terms shall be without prejudice to the completion of Transactions already initiated under these Terms. Such Transactions will be completed by us as soon as practicable, provided that you pay us all outstanding amounts owing to us under clause 19.5 or otherwise owing to us under these Terms.

**19.5** On termination of these Terms you will pay us all outstanding costs, fees, charges or expenses relating to any Transactions already initiated prior to termination. You will also pay any expenses necessarily incurred by us in terminating these Terms and in Settling or concluding outstanding obligations and you will bear any losses necessarily realised in Settling or concluding outstanding obligations.

## 20. UNDERTAKINGS AND LIABILITIES

**20.1** We are not responsible for default (failure) of any third party unless it is an Associate who is the nominal (named) holder who has custody and is undertaking the safekeeping of your money.

**20.2** We will exercise due care and diligence in the conduct of business but

we will not be liable to you for any depreciation in the value of any currency arranged or purchased on your behalf.

**20.3** We accept no responsibility for any loss or delay caused in the payment or transfer of funds to us. Without your consent we will not commit you to any financial obligations beyond the amount you have paid. Detailed records of all your Transactions will be kept for a minimum of six years from the date of your Transaction.

**20.4** We will not be liable or responsible for any failure to perform, or delay in performance of, any of our obligations under these Terms that are caused by an Event Beyond Our Control. If an Event Beyond Our Control takes place that affects the performance of our obligations under these Terms we will notify you as soon as reasonably practicable and our obligations under these Terms will be suspended and the time for performance of our obligations will be extended for the duration of the Event Beyond Our Control. If in this case, we will notify you and you will have the opportunity to cancel the Transaction affected by the Event Beyond Our Control in accordance with clause 19 above. An "Event Beyond Our Control" means any act or event beyond our reasonable control, including without limitation strikes, lock-outs or other industrial action by third parties, civil commotion, riot, invasion, terrorist attack or threat of terrorist attack, war (whether declared or not) or threat or preparation for war, fire, explosion, storm, flood, earthquake, subsidence, epidemic or other natural disaster, or failure of public or private telecommunications networks.

## 21. DATA PROTECTION

**21.1** We will use the information we hold about you to manage your account and to help us provide a high level of service to you. We will also use it to keep you informed by email, telephone, fax, post or other reasonable means of other services which may be of interest to you. If you would prefer not to receive such information please contact us at One College Square South, Anchor Road, Bristol BS1 5HL or call us on 0117 900 9000.

**21.2** All personal information will be treated in confidence by us and will not be given to any third parties, except where required by law, for the purposes of providing you with services under these Terms, or where you have given us your permission. You are protected under the Data Protection Act 1998, and under these terms you are able to have a copy of the information that we hold about you and correct any inaccuracies (we may charge a nominal admin fee for providing copies). We will keep records relating to your accounts and your Transactions for a minimum of six years from the date of your last Transaction.

## 22. CONFLICTS OF INTEREST

**22.1** We are determined to treat our clients fairly at all times. In case conflicts arise between the interests of any Associates, our employees and our clients and also between clients, we have a policy in place to ensure that we identify and handle conflicts fairly and treat our clients with honesty and integrity at all times. You can read a copy of our full Conflicts Management Policy on our website at [www.HL.co.uk/conflicts](http://www.HL.co.uk/conflicts).

## 23. ASSIGNMENT, DELEGATION & THIRD PARTIES

**23.1** We may appoint any person (whether an Associate or not) to advise on or perform any of our functions or responsibilities under these Terms. This contract may be assigned in whole or in part, but only if this does not offer you a poorer service and if your rights are not prejudiced by the assignment. Any Associate company shall be entitled to enforce provisions of these Terms which applies to it as if it were a party to the contract.

## 24. COMPLAINTS

**24.1** We do everything we can to provide you with the service you want and expect, but should you have cause to complain we have a written policy, which we will send to you upon request, which covers how we deal with complaints and how we ensure each complaint is dealt with promptly and fairly. If you have cause to complain for any reason then we will automatically send you a copy. You can contact us at any time at Hargreaves Lansdown, One College Square South, Anchor Road, Bristol, BS1 5HL Telephone: 0117 900 9000.

**24.2** If you feel that we haven't resolved your complaint satisfactorily you may be entitled to refer it to the Financial Ombudsman Service (FOS). Further information is available from FOS ([www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk))

## 25. FINANCIAL SERVICES COMPENSATIONS SCHEME FSCS

**25.1** Where money in relation to a Transaction has been deposited with banks, it will be protected under the Financial Services Compensation Scheme (FSCS) should one such bank become insolvent, for losses of up to £85,000 per individual per bank. Money in relation to a Transaction that is held with HLSB is not expected to be covered under the FSCS should HLSB become insolvent. To find out more about the FSCS and eligibility for compensation cover see the scheme's website [www.fscs.org.uk](http://www.fscs.org.uk) or call them on 0800 678 1100.

## 26. LEGAL ACTION

**26.1** In the event that we need to undertake any legal action against you for recovery of a debt you will be liable for any and all legal expenses incurred by us in recovery of that debt. If due to an administration error we pay you more than the correct amount of settlement monies and/or funds, the amount of overpayment will be a debt due from you to us and must be repaid to us immediately.

## 27. GOVERNING LAWS

**27.1** These Terms are governed and construed in accordance with the laws of England and Wales and it is agreed that any disputes between us arising under these Terms will be settled in the English Courts. We will communicate with each other in English. The information contained in these Terms is based on our understanding of current legislation, and the practices of HM Revenue and Customs and HM Treasury as at the date the Terms were written.

HLS0115

# HL Currency Service Private Client Application Form

Please ensure you read the Terms & Conditions on pages 8-10 before completing the application form

## 1. Personal details - All details must be completed

Title(Mr/ Mrs/etc)	Full forename(s)	Surname	
Permanent residential address			
Postcode	Country of residence	Nationality	Date of birth / /
Occupation	Daytime telephone number	Mobile phone number	
Email address			

## 2. Joint holder details - Joint holder details below if applicable

Title(Mr/ Mrs/etc)	Full forename(s)	Surname	
Permanent residential address		Postcode	
Country of residence	Nationality	Date of birth / /	Occupation

## 3. Please provide the following information - Where applicable the documents should show the same address as in Section 1

To comply with Anti-Money Laundering Regulations, we require photocopies of two documents, for all applicants **including existing Hargreaves Lansdown clients**. Both documents can be from List A, or one document from List A and one from List B. If you are applying in joint names, you will need to supply identification documents for both account holders.

### LIST A CLEAR PHOTOCOPIES ARE SUFFICIENT

- Valid Passport
- Valid photocard driving licence or valid (old style) full UK driving licence
- National Identity Card (non-UK nationals)

### LIST B CLEAR PHOTOCOPIES ARE SUFFICIENT

- Current council tax demand letter, or statement
- Current bank statement, or credit/debit card statement, issued by a UK regulated financial sector firm (not internet printed or more than three months old)
- Utility bill (not internet printed or more than three months old)

NB. **Non-UK residents** are required to send certified copies. Copies can be certified by an embassy, consulate or high commission of the country of issue, or by a lawyer or attorney.

## 4. Currency requirements & FREE online currency reports

Reason for transaction (e.g. overseas property purchase)	Currency (if known)	I would like to register for free online currency reports (typically sent weekly) <input type="checkbox"/>
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## 5. Receiving / beneficiary bank details (details can be provided at a later stage if not currently known)

Payee name/ Beneficiary name	
IBAN/ Account Number	
Swift/BIC/ Sort Code	ABA/BSB number (US/Australian Dollar only)
Bank name and address	
Transfer reference (if applicable)	

**If you are transferring to an account which is not in your own name**, please provide verification for the purpose of the transfer, e.g. an invoice, letter from a solicitor, property agreement, etc. In most cases a photocopy of these documents will be sufficient. If the third party is an individual, e.g. a relative, we will require identification documents for them as above. Non-UK residents need to supply certified documents. **If you are transferring to an account in your own name additional verification is not required.**

## 6. Declaration & signatures

**By proceeding you confirm that for tax purposes, you are solely resident in the United Kingdom and that you are not a citizen of the USA.** I/We confirm I/we have read in full, agreed to, and retained a copy of the Terms and Conditions of the Hargreaves Lansdown Currency Service (HL). I/We authorise HL to make appropriate enquiries to verify my/our identity to the satisfaction of Anti-Money Laundering regulations and this may include an electronic check with a credit reference agency. If referred to HL by an affiliate, I/we agree information relating to my currency transactions may be shared between the two parties only. I/We declare the declaration and information above is correct to the best of my/our knowledge and belief and undertake to notify HL without delay of any changes to these particulars. I/We understand and accept HL accepts no responsibility for any loss incurred as a result of any delay in receipt of this application form.

Applicant signature <b>X</b>	Date / /
Joint applicant signature <b>X</b>	Date / /

# Here's a quick way to save when sending money abroad

Gone are the days when you could only use your bank to convert currency and send it overseas. Today, there is a far cheaper, quicker and easier way - using a currency specialist.

Every year in the UK, an estimated £300 million is wasted when making international payments. So, if you're sending large amounts overseas or you live and work abroad and make frequent payments, you might be paying far too much.

Using a currency specialist, such as Hargreaves Lansdown, could **save you thousands compared to your bank**.

## Why use a currency specialist?

There are several reasons you might consider using the services of a currency specialist over your bank when sending money abroad.

Firstly, you often receive much better rates from a currency specialist (up to 3%) as their service is focused solely on offering you the most competitive exchange rates. In addition, the charge for making

the transfer is usually much cheaper with a currency broker. Some banks charge up to £35 to make a single payment whereas a currency specialist will sometimes make the transfer free, even for smaller amounts.

Currency specialists can also offer cost-saving services which are not typically available from your bank. For example, if you're purchasing a property abroad in a few months' time and you are concerned the rates might move against you, you can fix your rate today and reduce your risk. This option could save you thousands and remove the worry of timing when you convert your currency.

Beyond saving you money, a currency specialist can also offer you a far better service. A good currency broker will have a dedicated and helpful team able to answer any questions you might have.

## 7 Benefits of the HL Currency Service

We are the **only FTSE 100 currency specialist**, so you will have the peace of mind knowing your money will be transferred safely and securely.

With a HL Currency Service account, you can benefit from:

- 1. Competitive exchange rates** - up to 3% better than your bank
- 2. Low transfer fees** - no fees for transfers above £10,000 and just £15 below
- 3. Fast currency transfers** - money can be transferred the same day for euro and dollar
- 4. Easy payment** - you can even add money to your account with a debit card
- 5. Experienced and helpful dealing team** - access to your personal currency specialist able to answer your questions
- 6. Specialist currency services** - we can fix your exchange rate for up to two years in advance
- 7. High quality free research** - expert comment, analysis and reports

## Any questions?

If you want to know more about the HL Currency Service or how we could save you money, please give our currency specialists a call on **0117 311 3257 (Mon-Fri, 8am-6pm)**.



# FREE GUIDE TO SENDING MONEY ABROAD

Call us now on  
**0117 311 3257** to request  
your free copy, or visit  
[www.hl.co.uk/send](http://www.hl.co.uk/send)