

Investments

Introducing the HSBC World Selection Portfolios

Terms and conditions of the
M&S Investment ISA and Investment Plan

YOUR
M&S

M&S Investment ISA and M&S Investment Plan terms and conditions

Introduction

Your agreement with us for your investment in the HSBC World Selection Funds via the M&S Investment ISA (M&S ISA) and/or M&S Investment Plan (M&S Plan) consists of the general terms and conditions that apply to both the M&S ISA and the M&S Plan ("General Terms"), any Additional Terms applicable to you, and your application ("Terms").

Additional Terms include the following, as applicable to your Account: (a) the additional terms and conditions relating to the M&S ISA (the "Additional ISA Terms"), (b) the terms and conditions relating to the M&S Plan (the "Additional Plan Terms") and (c) any other terms that we provide to you.

Please read the Terms carefully and keep them in a safe place. You can ask for a copy at any time.

This document should be read in conjunction with the Key Features document.

Where we ask you to telephone us, please ring 0808 006 6666 or +44 1244 688632 if calling from abroad. Lines are open for these numbers from 8am-8pm Monday to Friday, 9am-5pm on Saturdays and 10am-4pm bank holidays (closed on Sundays, Christmas Day, Boxing Day and New Year's Day). Please be aware that opening hours may be restricted over the Christmas period, please contact us for details.

Where we ask you to write to us, please write to Marks & Spencer Money, Savings and Investments department, Kings Meadow, Chester, CH99 9UT.

These Terms are divided into three sections:

- Section A sets out the General Terms
- Section B sets out the Additional ISA Terms
- Section C sets out the Additional Plan Terms

If you are investing in the M&S ISA you must read the General Terms and the Additional ISA Terms.

If you are investing in the M&S Plan you must read the General Terms and Additional Plan Terms.

The Account you have with us should not be used for business purposes. No third party will have any rights under the Terms. We may refuse to accept your application for an Account, or any money to be invested in the Funds.

Definitions

"Account" means your M&S ISA or M&S Plan opened and managed in accordance with these Terms, the ISA Regulations (where applicable) and the Rules.

"Bank" means Marks & Spencer Financial Services plc, HSBC Bank plc, or any other UK authorised bank where we have a client money bank account to hold uninvested cash.

"Best Possible Result" means the best possible result for a purchase or sale of Shares in order to comply with our best execution obligations under the rules of the FSA.

"FSA" means the Financial Services Authority, or its successor organisation.

"Fund" or "Funds" means the open-ended investment company (OEIC) sub-funds, World Selection – Cautious Portfolio, World Selection – Balanced Portfolio, and World Selection – Dynamic Portfolio, provided by the Fund Manager, which are qualifying investments under the ISA Regulations.

"Fund Manager" means HSBC Global Asset Management (UK) Limited, the authorised corporate director of the Funds.

"HSBC Group" means HSBC Holdings plc, its subsidiaries, associated and affiliated companies.

"ISA" means an Individual Savings Account established in accordance with the ISA Regulations.

"ISA Regulations" means the Individual Savings Account Regulations 1998 as amended or replaced from time to time.

"Marks and Spencer Group" means Marks and Spencer plc, its subsidiaries, associated and affiliated companies.

"M&S ISA" means a stocks and shares ISA opened in accordance with these Terms.

"M&S Plan" means an Account which is not an ISA, opened in accordance with these Terms.

"Rules" means the rules of the FSA that apply to your Account.

"Share Price(s)" means the single mid market price at which Shares are bought and sold.

"Share(s)" means retail accumulation shares in the Fund(s).

"We", "us", "our", "ours" means, unless otherwise advised in these Terms, the Account manager Marks and Spencer Financial Services plc, its successors or anyone else appointed to operate your Account.

"Working Day(s)" means Monday to Friday, except public holidays.

"You", "your", "yours" means the person(s) whose name(s), address(es) and other particulars that were the subject of the application.

SECTION A: General Terms

1. Appointment

You appoint us to manage your Account in accordance with these Terms and the Rules.

2. Prospectus and simplified prospectus

Further details of the Funds are set out in the full prospectus and simplified prospectus for the Funds which are available at www.marksandspencer.com/investments, on request by telephoning us on 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours), or by writing to us at the address given in the introduction section of these Terms.

3. Valuation Point

The Funds are valued at 12 noon each business day (the "Valuation Point"). This is the time at which the Share Price for each of the Funds is calculated.

4. Share Prices

The prices of all the Funds are published daily on the internet at www.marksandspencer.com/investments. You can also obtain the Share Prices by telephoning us on 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours). These are previous day's prices and not those used for dealing.

5. Client classification

All investors are classified as retail clients.

6. Product suitability

In accepting and undertaking your instruction for this investment we are not required to assess the suitability of this product for you. This means that the protection offered by the FSA's rules on assessing suitability will not apply to any transactions carried out in relation to your Account.

7. Setting up an Account

You can apply for and, subject to acceptance of your application by us, make your first investment into the Account:

- (i) by completing an application form and posting it together with a cheque or your debit card details to the address given in the introduction section of these Terms,
- (ii) by telephoning us and investing by using a debit card in your name on 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours), or
- (iii) online by using a debit card in your name at www.marksandspencer.com/investments

8. Top-up investments

You can make further top-up investments into the Account as follows:

- (i) by completing a top up form (or sending a covering note confirming your client reference number, name and address, and Fund(s) to be invested in) and posting it together with a cheque to us at the address given in the introduction section of these Terms,
- (ii) by telephoning us and investing by using a debit card in your name on 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours), or
- (iii) online by using a debit card in your name at www.marksandspencer.com/investments

9. Payment

- (i) You can make a lump sum investment into the Account by cheque drawn on a personal account. Cheques must be in your name only or from an account you hold jointly with another person.
- (ii) You can make a lump sum investment into the Account by any UK bank or building society debit card with the Maestro, Debit MasterCard, Visa Debit, or Solo symbol. Payment must be from a debit card in your name from an account in respect of which you are the account holder or which you hold jointly with another person.
- (iii) You can invest monthly by Direct Debit into the Account. The Direct Debit must be from an account you hold or from an account you hold jointly with another person. Subject to (vi) below you can increase, decrease (subject to our minimum monthly investment

amount outlined in clause 10(ii) of the General Terms below), or suspend temporarily monthly Direct Debit payments by telephoning us on 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours), or by writing to us at the address given in the introduction section of these Terms.

- (iv) To cancel monthly Direct Debit payments you must instruct us by telephoning us on 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours), or writing to us at the address given in the introduction section of these Terms.
- (v) Monthly Direct Debit payments will usually be claimed on the 4th day of each month, or the next Working Day if the 4th is not a Working Day.
- (vi) You may not increase, decrease, suspend temporarily, or cancel any Direct Debit payment in the three Working Days immediately before the date on which the Direct Debit is due to be claimed.
- (vii) If you sell your entire holding of Shares in the three Working Days before a Direct Debit payment is to be claimed, the Direct Debit payment will still be claimed and used to purchase Shares. These Shares will then be sold within five Working Days of us confirming receipt of the Direct Debit payment and the proceeds will be sent to you either by cheque or paid to your nominated bank or building society account. As the price at which these Shares will be sold may be different to the price at which the Shares were bought, the amount returned to you may be lower than the amount of the Direct Debit payment.

10. Minimum investment

- (i) The minimum amount that you can invest in the Account by lump sum is £500 per Fund. Thereafter you can make further lump sum subscriptions from £25 per Fund.
- (ii) The minimum amount that you can invest in the Account by way of monthly Direct Debit is £25 a month per Fund.

11. Buying Shares

- (i) We will arrange all purchases of Shares with the Fund Manager on your behalf in accordance with our Best Execution policy detailed in clause 14 of the General Terms.
- (ii) Postal instructions to buy Shares for an Account with lump sum monies will receive the Share price calculated at the Valuation Point on the next Working Day following receipt. The address for postal instructions to buy Shares is given in the introduction section to these Terms.
- (iii) Telephone instructions to buy Shares for an Account with lump sum monies can be made by calling 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours). The Share Price applied to the purchase will be calculated at the Valuation Point on the next Working Day following receipt of telephone instructions.
- (iv) You agree to our Best Execution policy detailed in clause 14 in respect of instructions to buy Shares for your Account.

12. Managing your Account Share holding

- (i) You will be and will remain the beneficial owner of the Shares and any cash in the Account. However, Shares which you buy and which are held in your Account will be registered in the name of our nominee. This means that although the Shares are held in the name of our nominee, they belong to you. At no time may Shares or cash in the Account be used as security for a loan by you or us.
- (ii) Your Share holding(s) will be registered with investments made by other investors in the name of our nominee. Your individual Shares will be identifiable from our computer records. If, due to failure by us or the Fund Manager, any shortfall in the number of Shares arises this will be shared proportionately by all Account holders.
- (iii) You may instruct us to switch your holding into any of the other Funds we make available within the Account at any time by writing to us at the address in the introduction section of these Terms or by telephoning us on 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours). We may ask you to confirm telephone instructions in writing. Following receipt of your instructions, your Shares will be sold at the Valuation Point on the next Working Day and the cash proceeds used to buy Shares at the Share Price calculated at the next Valuation Point on the following Working Day.

- (iv) Any uninvested cash held in your Account will be held with a Bank in a client money account under the Rules and as follows:
 - (a) we will not pay interest to you on any client money held on your behalf,
 - (b) the Bank will hold the cash on our behalf in a trust account separate to any account used to hold money belonging to us in our own right,
 - (c) we will not, however, be responsible for any acts or omissions of the Bank holding the cash,
 - (d) if the Bank becomes insolvent we will have a claim on behalf of you against the Bank. If, however, the Bank cannot repay all of its creditors any shortfall may have to be shared pro rata between all investors, and
 - (e) if after taking reasonable steps to trace you, client money remains unclaimed after a period of at least six years, we reserve the right to stop treating the money as client money and donate it to a charity of our choice.

13. Selling Shares

- (i) We will arrange all sales of Shares with the Fund Manager on your behalf in accordance with our Best Execution policy detailed in clause 14 of the General Terms.
- (ii) On your instructions and within a time stipulated by you we will pay you the proceeds arising from the sale of some or all of the Shares held in your Account.
- (iii) The Share Price applied to postal instructions to sell Shares will be calculated at the Valuation Point on the next Working Day following receipt. The address for postal instructions to sell Shares is given in the introduction section to these Terms.
- (iv) The Share Price applied to telephone instructions to sell Shares will be calculated at the Valuation Point on the next Working Day following receipt. The telephone number for instructions to sell Shares is 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours). We may ask you to confirm telephone instructions in writing.
- (v) The time stipulated by you in (ii) above may not be less than five Working Days from the day we receive your instructions, or, if we require written confirmation of a telephone instruction, five Working Days from the day we receive your written confirmation.
- (vi) We will process your instruction as soon as possible and in any event within five Working Days following receipt of your instruction or written confirmation of your telephone instruction, if we require you to confirm a telephone instruction in writing.
- (vii) Direct Debit payments for which we have not confirmed receipt will not be included in any sale of Shares. Where you have instructed us to sell all the Shares held in your Account, Shares bought with Direct Debit payments where we had not confirmed receipt will be sold separately from the rest of your holding within five Working Days of confirming receipt of the Direct Debit payment.
- (viii) When you sell your Shares, we will pay the proceeds to you by cheque made payable to you or by electronic transfer direct to your bank or building society account. The proceeds will not be paid to you by standing order or Direct Debit.
- (ix) If you instruct us to sell all the Shares held in your Account and withdraw the entire proceeds from your Account we will automatically close your Account. You may, if you wish to, resume investing in the Funds, if you are eligible and we will open an Account for you.
- (x) You agree to our Best Execution policy detailed in clause 14 in respect of instructions to sell Shares for your Account.

14. Best Execution policy

- (i) When executing your order to buy or sell Shares, we will take all reasonable steps to achieve the Best Possible Result on a consistent basis, taking into account a range of factors which include: price, cost, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of your instructions.
- (ii) We will always execute orders to buy and sell Shares in the Funds directly with the Fund Manager. We believe this will provide the Best Possible Result for clients on a consistent basis.
- (iii) We will review this policy on an annual basis.

15. Short term trading

Investment in the Funds should be considered a medium to long term investment (i.e. at least five to ten years). You have the right to sell your Shares at any time and withdraw the proceeds. However, if we have reasonable grounds to believe that you are conducting short term trading for which these Funds are not appropriate, we reserve the right to reject your instruction, or apply the Share Price prevailing at the next Valuation Point, following the Valuation Point on the Working Day following receipt of your instruction to buy or sell Shares.

16. Income

- (i) Net income will be automatically reinvested back into the Fund. This will not buy additional Shares, but will be reflected in the Share price.
- (ii) We do not offer the option under the Account to have any income paid out to you.

17. Fund charges

- (i) The charges and expenses associated with investment in the Funds through the Account are set out in detail in the Key Features document, and include the initial charge, annual management fee, other Fund expenses, dilution levy and dilution adjustment.
- (ii) The Fund Manager will notify us of any changes to the charges. If the Fund Manager increases any charges we will give you personal notice of the changes as soon as is reasonably practicable after we have been notified.
- (iii) Any initial charge payable will be collected by us on behalf of the Fund Manager as described in the Key Features document.

18. Account charges

- (i) We currently make no further charges for administering the Account over and above the charges and expenses associated with investment in the Funds referred in clause 17 of the General Terms above and detailed in the Key Features document.
- (ii) We may introduce charges for the Account, and increase any charges, for the reasons set out in clause 27 by giving you 30 days' advance personal notice.

19. Closing the Account

- (i) You may close your Account at any time by instructing us to sell all the Shares held in your Account in accordance with clause 13 and withdraw the proceeds of sale.
- (ii) We reserve the right to close your Account by giving you 30 days' notice in writing for the following reasons:
 - (a) if you significantly breach these Terms, or
 - (b) in the case of fraud or suspected fraud, or
 - (c) if there has been suspicious activity on your Account, or
 - (d) if we have reasonable grounds for believing you have committed or are about to commit a crime in connection with your Account, or
 - (e) you have not satisfied any money laundering requirements, or
 - (f) we have set up a duplicate Account in error, or
 - (g) if we no longer offer the Account, or
 - (h) if it is no longer viable for us to manage the Account, or
 - (i) our business is sold or acquired by another business.
- (iii) In the event of your death we will continue to deal with your Account in accordance with these Terms and the instructions received from your legal personal representatives who will become subject to these Terms. Your personal representative(s) must provide us with proof of death and of their appointment.
- (iv) We will carry out any transactions which remain to be completed after your Account has closed in accordance with these Terms.

20. Statements and information

- (i) Acceptance of your application will be acknowledged in writing.
- (ii) When you buy or sell Shares a contract note will be sent giving full details of the transaction. However, when you buy Shares by monthly Direct Debit, you will not be sent a contract note.
- (iii) We will send you statements of your Account every six months. We may change the dates your statements are issued, but you will never be sent a statement dated more than six months after the date of the previous statement. Transactions on your statements will be as at trade date (the date of the Valuation Point at which Shares were bought or sold for your Account).
- (iv) You can ask us for additional details at any time.

- (v) You must:
 - (a) inform us of any change to your name, home address, telephone numbers (home, work or mobile), and email address, and
 - (b) provide us with any additional information which we reasonably request to operate your Account,
 immediately in writing to the address set out in the introduction section of these Terms. You can also inform us, except for changes of name which must be in writing with accompanying documentary evidence, by telephoning us on 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours).
- (vi) The contract and any communication we have with you will be in English.

21. Fund reports and information

- (i) The full Annual and Interim Report and Accounts, six monthly Short Reports, and other information issued to direct investors in the Funds are available at www.marksandspencer.com/investments, on request by telephoning us on 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours), or writing to us at the address given in the introduction section of these Terms.
- (ii) We will send you copies of any notices of meetings of shareholders in the Funds. The Shares held in your Account carry voting rights that can be exercised at shareholders' meetings. We will arrange for you to attend shareholders' meetings and exercise voting rights in respect of Shares held. We will only exercise voting rights attaching to Shares in accordance with your instructions.
- (iii) We will send you any other information issued to shareholders in the Funds.

22. Complaints

If you have a complaint please write to us at Savings and Investments department, Marks & Spencer Money, Kings Meadow, Chester, CH99 9UT; telephone us on 0808 006 6666 or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours), or email us at internet.investments@mandsmoney.com. If we are unable to resolve your complaint to your satisfaction, you can write directly to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London, E14 9SR. Telephone Numbers: 0845 080 1800, 0800 0234 567 (free if calling from a fixed line e.g. landline), or 0300 1239 123 (free for mobile phone users who pay a monthly charge for calls to numbers starting 01 or 02). Email: complaint.info@financial-ombudsman.org.uk Internet: www.financial-ombudsman.org.uk. A written complaints procedure is available on request.

23. Compensation

If we cannot meet our financial obligations to you, you may be entitled to compensation under the Financial Services Compensation Scheme. Details of the scheme can be obtained from Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portsoken Street, London, E1 8BN. Telephone helpline: 020 7892 7300. Email: enquiries@fscs.org.uk Internet: www.fscs.org.uk The maximum level of compensation you can receive from the scheme is £50,000.

24. Cancellation rights

- (i) If you invest in the Account having received investment advice from an independent financial adviser you will have the right to cancel your Account under regulations made by the FSA under powers granted to them by the Financial Services and Markets Act 2000.
- (ii) You will have 14 days to cancel from the day we open your Account if you have made an application by post or internet. If you have made an application over the telephone the 14 day cancellation period commences on the day you receive these Terms in the post following the telephone call.
- (iii) If you cancel an investment, we will sell all the Shares at the Valuation Point on the next Working Day following receipt of your instructions and return the proceeds of sale to you. The amount returned may be less than the amount invested if there has been a downward movement in the value of your Shares from the date of investment to the date your instruction to cancel was received.
- (iv) If you wish to cancel, you should write to us at the address given in the introduction section of these Terms or telephone us on 0808 006 6666 in the UK or +44 1244 688632 from abroad (see the introduction to these Terms for details of opening hours). You must telephone us or post your instruction within the 14 day period.

- (v) You have the right to make a withdrawal or close your Account at any time in accordance with these Terms.

25. Notice and business days

- (i) Please send any communication, including notices to the address given in the introduction section of these Terms. Any written notice or instruction to us will only be effective when we actually receive it.
- (ii) When we give you personal notice required under these Terms we may do so by post, statement message, a leaflet enclosed with your statement, email or secure message. Any notices we send by post will be sent to you at the address given on application or any other address which you later tell us of.
- (iii) Events detailed in these Terms will be carried out on the dates specified unless the date is a non-Working Day when they will be carried out on the next Working Day, subject to circumstances beyond our control.

26. Compliance

You authorise us to do anything necessary to comply with any legislation or regulations which may affect the Account.

27. Changes to these Terms

- (i) We may change these Terms by giving you personal notice in writing.
- (ii) We may change these Terms for any of the following reasons:
 - (a) if the change is favourable to you, or
 - (b) following, or in anticipation of, and to reflect a change in relevant law or regulation or to reflect a change in industry guidance or code of practice or good banking practice, or
 - (c) to reflect the making of a relevant recommendation, requirement or decision of any court, ombudsman, regulator or similar body, or
 - (d) to reflect the costs or consequences of any event beyond our control that may impact our provision of accounts, services or facilities to you, or
 - (e) to make the Terms clearer, or
 - (f) to reflect any change in our systems and procedures, including any change arising from any reorganisation of our business as a result of it being acquired by, or by our acquiring, another bank or organisation, or
 - (g) to reflect changes or anticipated changes in costs associated with relevant technology, the costs we pay to others in respect of the product in question, inflation and/or in our costs of providing accounts, services or facilities, or
 - (h) to improve the services we provide, or
 - (i) to reflect our internal policies on competitiveness, market share and/or the profitability of our business as a whole, where we are not acting dishonestly, for an improper purpose, in a manner which inappropriately discriminates against a particular customer or as an unreasonable financial institution would.
- (iii) If we make a change to the Terms which is to your disadvantage we will give you at least 30 days' prior written personal notice of the change. If we make such a change which is to your disadvantage, you may, at any time up to 60 days from the date we give you written notice, close your Account and the change will not apply. We may make any other changes immediately and we will give you written personal notice within 30 days of the change.

28. Your personal details

IMPORTANT - HOW WE USE YOUR INFORMATION

"We", "us" and "our" refer to Marks & Spencer Financial Services plc. "HSBC Group" means HSBC Holdings plc, its subsidiaries, associated and affiliated companies. We are a member of the HSBC Group. "Marks and Spencer Group" means Marks and Spencer plc and its subsidiaries, associated and affiliated companies.

Data Processing

The Marks and Spencer Group, members of the HSBC Group and other companies approved by Marks and Spencer plc may record, exchange, analyse and use relevant information about you and your relationships with the Marks and Spencer Group and/or members of the HSBC Group (including the nature of your transactions) for testing, monitoring, training, market research and administrative purposes. This may include information provided by you, or someone acting on your behalf. We may make such information about you and your relationships available to members of the Marks and Spencer Group, members of the HSBC Group and/or other companies approved by Marks and Spencer plc for these purposes.

Relevant information may also be exchanged with members of the Marks and Spencer Group and/or HSBC Group and others, for audit purposes and if required by appropriate governmental and non-governmental regulators or ombudsmen.

We may use other HSBC Group companies and/or third parties to process information and provide services on our behalf. Whether it is processed in the UK or overseas, your information will be protected, in accordance with data protection legislation, by a strict code of secrecy and security which all members of the HSBC Group, their staff and any third parties are subject to and will only be used in accordance with our instructions.

Information about products and services

With your permission we, other members of the Marks and Spencer Group, members of the HSBC Group and other organisations approved by Marks and Spencer plc may share information about you to enable each of us to keep you informed about special offers, products and services available from the Marks and Spencer Group, the HSBC Group and selected third parties by post, telephone, email, mobile text and picture messaging. You agree that, to determine which products or services may be of interest to you, information about you and the conduct of your Account may be analysed.

If you do not want us to contact you about such special offers, products and services please let us know.

Crime prevention

To prevent crime and verify your identity, we may exchange information (both within the UK and, where appropriate, overseas) with other members of the Marks and Spencer Group and/or HSBC Group, and, where appropriate other organisations. In particular, if false or inaccurate information is provided and fraud is identified, details will be passed to fraud prevention agencies to prevent fraud and money laundering.

Miscellaneous

Under data protection legislation, you can apply in writing for a copy of certain personal records we hold about you. The current fee is £10.00 per request from each individual.

To ensure that we carry out your instructions accurately, to help us to continually improve our service and in the interests of security, we may monitor and/or record your telephone calls with us. Any recordings remain our sole property.

We may use any service details you provide us for service related reasons. You are required to notify us promptly of any changes to these or other details.

29. Our liability

We shall not be responsible to you for any loss you may incur if we, or any of our agents or correspondents are prevented from or delayed in providing you with any banking or other services due to strikes, industrial action, failure of supplies or equipment, or other causes beyond our reasonable control.

30. Delegation

We may delegate any of our functions or responsibilities under these Terms to any person, provided that before doing so we satisfy ourselves that such person is competent to carry out those functions and responsibilities.

31. Depositary

The depositary of the Funds is State Street Trustees Limited, 525 Ferry Road Edinburgh, EH5 2AW. The depositary is authorised and regulated by the FSA.

32. Conflicts of interest

We are part of the HSBC Group of companies. The following is a summary of the HSBC Group conflicts of interest policy.

The HSBC Group is a global organisation which provides a wide range of financial services. As such, it, or a company with whom it has an association (HSBC), may from time to time have interests which conflict with its clients' interests or with the duties that it owes to its clients. These include conflicts arising between the interests of HSBC, its associates and employees on the one hand and the interests of its clients on the other and also conflicts between clients themselves.

HSBC has established procedures which are designed to identify and manage such conflicts. These include organisational and administrative arrangements to safeguard the interests of clients. A key element of this policy is that persons engaged in different business activities involving a conflict of interest must carry on those activities independently of one another.

Where necessary, HSBC maintains arrangements which restrict the flow of information to certain employees in order to protect its clients' interests and to prevent improper access to client information.

HSBC may also deal as principal for its own investment account and may be matching transactions with another client. Procedures are in place in order to protect the client's interest in this instance.

In some cases, HSBC's procedures and controls may not be sufficient to ensure that a potential conflict of interest does not damage a client's interests. In these circumstances, HSBC may consider it appropriate to disclose the potential conflict to the client and obtain the client's formal consent to proceed. However, HSBC may decline to act in any circumstance where there is residual risk of damage to the interests of any client. Further details are available by calling us on 0808 006 6666 or +44 1244 688632 from abroad (see the introduction to the Terms for details of opening hours).

33. Investment options

We reserve the right to offer other investments under these Terms. Any new investments will be subject to additional terms and conditions which may be issued for such investments and these shall be Additional Terms.

34. Governing law

These Terms are governed by the laws of England and Wales. We and you are subject to the non exclusive jurisdiction of the English Courts.

SECTION B: Additional ISA Terms

1. Setting up an M&S ISA

- (i) You will be subscribing to a stocks and shares ISA for the current tax year and each subsequent tax year in which you subscribe to the M&S ISA, and/or transferring to us current tax year and/or previous tax year(s) ISA subscriptions from another ISA manager.
- (ii) You cannot subscribe to the M&S ISA if you have already subscribed to any other stocks and shares ISA in the same tax year.
- (iii) This agreement will commence on the day we are in receipt of a valid application and your first investment, or where you are transferring an ISA to us from another ISA manager, on the day we are in receipt of a valid transfer application form and the proceeds of transfer from your previous ISA manager.

2. Direct Debit investment

- (i) You can increase the amount invested by monthly Direct Debit subject to the ISA subscription limit outlined in clause 4 of these Additional ISA Terms.
- (ii) It may be necessary on occasions to bring forward the Direct Debit payment in April to ensure it is received before the tax year ends.
- (iii) Any Direct Debit payments into the M&S ISA received after you have instructed us to sell your entire holding of Shares, will be a subscription to your ISA, and therefore count towards the stocks and shares ISA subscription limit outlined in clause 4 of these Additional ISA Terms.

3. Switching into the M&S ISA

On acceptance of your application for the M&S ISA and receipt of your instructions, existing investors in the M&S Plan may instruct us to sell part or all of their holding and use the proceeds as a subscription to the M&S ISA, subject to the stocks and shares ISA subscription limit outlined in clause 4 of these Additional ISA Terms.

4. Maximum investment

The maximum amount that can be subscribed to the M&S ISA in each tax year is prescribed by the ISA Regulations. The current subscription limit is detailed in the Key Features document.

5. Buying Shares

- (i) Monies received from the transfer of an ISA to us from another ISA manager will receive the Share Price calculated at the Valuation Point on the next Working Day following receipt.
- (ii) Online instructions via www.marksandspencer.com/investments to buy Shares for an M&S ISA with lump sum monies received between 8am-6pm Monday to Friday and 9am-5pm on Saturdays will receive the Share Price calculated at the Valuation Point on the next Working Day following receipt. Instructions received outside these times will be deemed to have been received on the next Working Day, and will receive the Share Price calculated at the Valuation Point on the following Working Day.

6. ISA transfers

- (i) You may transfer current tax year subscriptions in whole and/or previous tax year subscriptions in whole or in part held in a cash ISA and/or stocks and shares ISA with another ISA manager to the M&S ISA which we will manage under these Terms. You will need to complete our M&S Investment ISA Transfer Form. If you are transferring a stocks and shares ISA to us, the investments held in your existing ISA must be sold, including Shares, and your existing ISA manager will send the proceeds of sale directly to us.
- (ii) At any time you may give us written notice to transfer, within a time stipulated by you your current tax year subscriptions in whole, or previous tax year subscriptions in whole or in part to another ISA manager with, where appropriate all rights and obligations, to be held in another stocks and shares ISA (subject to agreement from the new ISA manager). We will sell the Shares held in your M&S ISA and will send the proceeds of sale directly to the new ISA manager. We are unable to transfer Shares directly to the new ISA manager.
- (iii) Any time stipulated by you in (ii) above may not be less than 30 days following the day we receive your written notice to transfer.
- (iv) We will process the transfer as soon as possible following receipt of the written notice to transfer to another ISA manager.

7. Withdrawals

Once you have subscribed the maximum permitted under clause 4 of these Additional ISA Terms, into the M&S ISA for a current tax year, if during that tax year you then sell some Shares and withdraw the proceeds of sale, you cannot then pay it or a portion of it back into your M&S ISA during that tax year.

8. Closing your M&S ISA

- (i) We reserve the right to close your M&S ISA by giving you 30 days' notice in writing if our authorisation as an ISA manager is revoked.
- (ii) Subject to the ISA Regulations we may close your M&S ISA at any time and will give notice to you:
 - (a) if it no longer satisfies the ISA Regulations (in which case clause 10 of these Additional ISA Terms will apply), or
 - (b) if we consider it impossible, impractical or otherwise unreasonable for us to manage your M&S ISA in line with the ISA Regulations or other applicable regulations.
- (iii) In the event of your death the tax benefits of a stocks and shares ISA will end immediately and the holding of Shares will be transferred to the M&S Plan.
- (iv) If we close your M&S ISA under clause 8 (i) and (ii) (b) of these Additional ISA Terms we will give you 30 days' prior written notice and you may transfer your M&S ISA to another ISA manager in order to retain the tax benefits of a stocks and shares ISA or we will sell the Shares held in your M&S ISA and send you the proceeds of sale by cheque made payable to you or by electronic transfer direct to your bank or building society account.
- (v) If you close your M&S ISA, you may instruct us to transfer it to another ISA manager in order to retain the tax benefits of a stocks and shares ISA.
- (vi) If your M&S ISA closes without any instruction to transfer it to another ISA manager, or without instructions to send you the proceeds of sale, the money will be held outside your M&S ISA until we obtain instructions.

9. ISA declaration

You must inform us if your circumstances change and you no longer comply with the declaration you made during the application process for the M&S ISA. You agree to tell us as soon as possible if you cease to be resident and ordinarily resident in the UK, or cease to perform duties as a crown employee serving overseas, or cease to be married to, or in a civil partnership with, a crown employee serving overseas.

10. Void ISAs

- (i) We will write to you if all or part of your M&S ISA has or will be voided because it does not satisfy the ISA Regulations.
- (ii) In the event that your subscription(s) to the M&S ISA is void, any Shares purchased with the void subscription(s) will be transferred out of your M&S ISA and held outside this stocks and shares ISA in the M&S Plan.
- (iii) In the event that your subscription(s) to your M&S ISA is void we will complete any transfer in (ii) above within 30 days of the date we become aware that your Account does not satisfy the ISA Regulations, or the date stated on any notice from HM Revenue & Customs to void the subscription(s).

11. Cancellation rights

- (i) If you wish to cancel an investment following a transfer to us from another ISA manager, but would like to retain the tax benefits of a stocks and shares ISA, you will have the option of selling the Shares bought with money transferred to us and transferring the proceeds of sale back to the original ISA manager (if applicable, and if the previous ISA manager agrees) or to another ISA manager. Please note that if the transfer into the M&S ISA originated from a cash ISA, it will not be possible to transfer it back to a cash ISA. Alternatively, you may instruct us to sell your Shares and return the proceeds of sale to you and you will also lose the tax benefits of a stocks and shares ISA. The amount returned to you, or transferred back to your original ISA manager, or transferred to another ISA manager, may be less than the amount invested if there has been a downward movement in the value of your Shares from the date of investment to the date your instruction to cancel was received.
- (ii) If you do not exercise any right to cancel current tax year subscriptions to the M&S ISA within the 14 day period, you will be deemed to have subscribed to a stocks and shares ISA for the current tax year, preventing you from subscribing to another stocks and shares ISA in the current tax year.
- (iii) The tax year ends on 5 April each year and in order to subscribe to another stocks and shares ISA in the current tax year if you wish to exercise cancellation rights you must cancel your M&S ISA and complete the subscription to the new stocks and shares ISA before this deadline.

12. ISA Regulations

The M&S ISA will be managed by us in accordance with the ISA Regulations and these Terms. If the ISA Regulations are at any time inconsistent with these Terms, the ISA Regulations will prevail.

13. Transfer of our duties

We may transfer our responsibilities as ISA manager to any company of the HSBC Group which is approved under the ISA Regulations as an ISA manager, if that other group company writes to you and undertakes to carry out all our duties and obligations in respect of your ISA. If it does so, you agree that we will be released from all those duties and obligations that the new manager has undertaken to carry out.

SECTION C: Additional Plan Terms

1. Buying Shares

Online instructions via www.marksandspencer.com/investments to buy Shares for an M&S Plan with lump sum monies received between 8am-8pm Monday to Friday and 9am-5pm on Saturdays will receive the Share Price calculated at the Valuation Point on the next Working Day following receipt. Instructions received outside these times will be deemed to have been received on the next Working Day, and will receive the Share Price calculated at the Valuation Point on the following Working Day.

2. Switching into the M&S ISA

The sale of an existing Share holding in the M&S Plan is a disposal for capital gains tax purposes. Capital gains tax may be payable on any gains, where appropriate after the deduction of the annual exempt allowance.

3. Maximum investment

There is no limit to the amount that can be invested in the M&S Plan.

4. Deceased

In the event of the death of one of the joint holders of an M&S Plan, and upon production of such proof of death as we may reasonably request, we will transfer the M&S Plan into the surviving plan holder's sole name subject to any rights which we or a third party may have. The Account will continue to be subject to these Terms.

Other information

You may not get back the full amount of your investment and any income from them is not fixed and may go up or down. You should view this as a medium to long term investment, and should plan to keep it for at least five years.

We are also able to provide this document in Braille, large print or audio cassette upon request.

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