



# Merchant Securities

## Client Fact Find (Personal Account )

**Instructions** - Please complete in block capitals

The purpose of this fact find is to ensure we have up to date information relating to your personal and financial circumstances and understand your investment objectives. With this information, we can advise you on the most appropriate way to achieve your objectives. We are required to obtain information about your Investment Objectives, Financial Details and Investment Experience (Mandatory Information). All information will be treated as strictly confidential.

### Personal Details

Account Name

#### Main investor details

Title  First Name

Initial  Surname

Occupation

Place and Date of Birth

National Insurance Number

Marital Status  Single  Co-habiting

Married

Country of Residence

Nationality

Address

Post code

Tel (Home)

Tel (Work)

Tel Mobile

Email

Relationship between investors (joint accounts only)

#### Joint investor details

Title  First Name

Initial  Surname

Occupation

Place and Date of Birth

National Insurance Number

Marital Status  Single  Co-habiting

Married

Country of Residence

Nationality

Address

Post Code

Tel (Home)

Tel (Work)

Tel Mobile

Email

If you have resided at the above address for less than three years, please give details of your previous address:

Address

Address

**Required Services**

**Please Tick One**

**Managed Portfolio**

This service is designed to take away the hassle of managing an investment portfolio. Once we have established your investment objectives and risk profile we will manage the portfolio within the agreed mandate, making specific investment decisions without discussing these with you. We will keep you updated with contract notes after each trade and provide you with portfolio valuations and progress reports at agreed intervals.

**Advisory**

This service is for those wishing to retain overall control of their investments whilst benefiting from our knowledge and expertise. After establishing your objectives and risk profile we will give you advice on investments and any investment decision is taken solely by you. You will receive a contract note for each trade and be provided with a portfolio valuation at agreed intervals.

**Execution Only**

This service is for investors who want to make their own decisions. We will act on your specific instruction and will give no advice on the merits or drawbacks of the investment. You will receive a contract note for each trade and be provided with a portfolio valuation at agreed intervals.

**Investment Objectives (Mandatory Information)**

Investment Aims and Risk Factors

Before completing this section you should carefully consider your personal financial circumstances and read the guide to Investment Aims, Risk Factors and Risk Warnings on pages 6 & 7.

**Objectives**

**Please Tick One**

Growth

Income

Income & Growth

**Overall Risk Profile**

**Please Tick One**

Lower Risk

Low/Medium Risk

Medium Risk

Medium/High Risk

Higher Risk

Important Note: It is your responsibility to inform us if you subsequently change your objectives or attitude to risk.

**Your Investment Restrictions and Preferences**

You may apply restrictions as outlined below to any advice we give you or to the composition of your portfolio.

Country or geographical

Ethical restrictions

Capital gains or income tax prefer-

Time or expenditure objectives

(Please use the page at the back of this fact find for any additional relevant information)

## Investment Experience (Mandatory Information)

Please answer questions below concerning your knowledge, experience and understanding of the financial markets. If you have any particular experience or qualifications that would assist your understanding of our services, please give details on page 8.

|   |   |   |  |                              |
|---|---|---|--|------------------------------|
| How many years experience do you have investing in shares?          | Less than 1 year <input type="checkbox"/>             | 1 - 4 years <input type="checkbox"/>                  | over 5 years <input type="checkbox"/>        |                              |
| Experience investing in Small-Cap Equities (AIM) or unlisted shares | Less than 1 year <input type="checkbox"/>             | 1 - 4 years <input type="checkbox"/>                  | over 5 years <input type="checkbox"/>        |                              |
| Any experience investing in:  | Derivatives (CFD's, Options) <input type="checkbox"/> | Corporate Bonds or Govt Debt <input type="checkbox"/> | Structured Products <input type="checkbox"/> |                              |
| How many times have you traded in the past 12 months                | 10 or fewer <input type="checkbox"/>                  | 10-20 <input type="checkbox"/>                        | 40-50 <input type="checkbox"/>               | 50+ <input type="checkbox"/> |
| Average trade size  | FTSE/ AiM <input type="text" value="£"/>              | Unlisted shares <input type="text" value="£"/>        |  |                              |

## Financial Details (Mandatory Information)

Please complete the following section to help us understand your personal financial circumstances and to ensure we offer you suitable investment opportunities.

### Income

In the case of joint investors, please give details of both.

|                     |                        |
|---------------------|------------------------|
| Earned Income       | £ <input type="text"/> |
| Investment Income   | £ <input type="text"/> |
| Property Income     | £ <input type="text"/> |
| Total Annual Income | £ <input type="text"/> |

### Assets and Liabilities

In the case of joint investors, please give details of both.

| Assets              | Amount                 | Liabilities                      | Amount   |
|---------------------|------------------------|----------------------------------|--|
| Home                | £ <input type="text"/> | Mortgage                         | £ <input type="text"/>                                   |
| Investment property | £ <input type="text"/> | Property Loans                   | £ <input type="text"/>                                   |
| Bank deposit        | £ <input type="text"/> | Other Loans                      | £ <input type="text"/>                                   |
| Investments         | £ <input type="text"/> | Other Liabilities                | £ <input type="text"/>                                   |
| ISAs                | £ <input type="text"/> | Do you have a pension            | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| Other assets        | £ <input type="text"/> | Monthly contributions to pension | £ <input type="text"/>                                   |
| Type of pension     | <input type="text"/>   | Value of pension                 | £ <input type="text"/>                                   |

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## Bank Details

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Please note: to open an account we need your bank details. Any funds payable to and from your Merchant Securities account must be via this bank account.

|              |  |
|--------------|--|
| Bank name    | <input type="text"/>   |
| Bank address | <input type="text"/>   |
| Account Name | <input type="text"/>   |
| Account No   | <input type="text"/>   |
| Sort Code    | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |

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## Other Advisers

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Some of our clients have more than one adviser and we believe working together as a team results in a better financial plan and execution, therefore, please provide details of your other advisers below.

|                              |   |
|------------------------------|---|
| Name                         | <input type="text"/>  |
| Address                      | <input type="text"/>  |
| Post code                    | <input type="text"/>  |
| Type of adviser              | <input type="checkbox"/> Stockbroker <input type="checkbox"/> Investment Manager <input type="checkbox"/> IFA <input type="checkbox"/><br><input type="text"/> Other (describe) |
| Services provided by Adviser | <input type="checkbox"/> Advisory Yes / No <input type="checkbox"/> Discretionary Yes / No <input type="checkbox"/> Execution only Yes / No                                     |
| Accountant or Tax Adviser    | <input type="text"/>  |
| Legal Adviser / Lawyer       | <input type="text"/>  |

|  |                          |
|--|--------------------------|
| Please tick here if you consent to us providing information regarding your account to your Tax Adviser or Accountant upon their direct request to ourselves. | <input type="checkbox"/> |
|--|--------------------------|

(Please use the section at the back of this fact find for any additional relevant information)

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## Receiving your instructions

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In addition to receiving instructions directly from you, you can also authorise your spouse, agent or other person to give us instructions on your behalf. Please provide details below.

I/We authorise the following to give investment instructions on my/our behalf:

|  |  |
|--|--|
| Name                                     |  |
| Relationship to you                      |  |
| Signature of Spouse, agent, other person |  |

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## Declaration and documentary disclosures

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Before we are able to open a new investment account we have to comply with the UK Anti-Money Laundering Regulations. The information you have provided will therefore be used to verify your identity. Please note, however, in certain circumstances we may have to request further documentary information from you.

Please read the following declarations and sign in the space provided:

I/We confirm that:

- This application form has been completed to the best of my/our knowledge and that the information provided is accurate.
- I/We acknowledge receipt of Merchant Securities Limited's Terms of Business and have read and agreed the terms.
- I/We undertake to advise Merchant Securities Limited of any change in my/our circumstances relevant to the services provided to me/us.

I/We expressly consent to the following:

- Merchant Securities Limited may execute any order on my/our behalf in any instrument outside of either a Regulated Market or a Multilateral Trading Facility.
- For Merchant Securities Limited not to make public any limit orders that are not immediately executed, unless I/we specifically instruct otherwise in relation to a specific limit order.

(Please note this consent is to be read in conjunction with our Execution Policy)

Main Investor - Name (please print)

Signature

Date

Joint investor - Name (please print)

Signature

Date

We will send you a copy of this completed fact find for your records.

Detailed below for your reference is a broad outline of the main investment objectives and how we view these:

### Maximise income:

This is mainly for clients whose income requirement is greater than the need for capital growth. Please bear in mind that maintaining a significant income component over the longer term will likely erode the real value of your capital especially in a high inflation environment.

### Maximise capital growth:

This is usually appropriate for those whose income requirements are met from other sources and are willing to accept a lower than average portfolio income yield in order to focus on capital appreciation. Investment portfolios with this strategy may be subject to above average volatility in certain market conditions.

### Balanced return:

This is for people requiring a combination of the above two objectives and who may have a specific income objective, or are simply willing to accept the natural yield of a portfolio.

The following is general guidance on Investment Portfolio Risk. What is suitable for you will be tailored to your individual circumstances. Therefore when we provide you with investment advice we must have a reasonable basis for believing the advice meets your stated investment objectives, that you can bear the financial risks and that you understand the risks involved.

### 1) Lower Risk:

Generally sovereign debt or stocks guaranteed by governments providing potential income and capital gain. Other high grade securities such as certain structured products and selected bonds with a high credit rating may qualify but this category will usually exclude significant investment in equities. Unless you instruct us to the contrary, a portfolio in the lower risk category may contain a mixture of securities providing variations or risk levels, but must predominantly be made up of lower risk investments.

### 2) Low / Medium Risk:

A diversified portfolio usually 25 holdings or more composed of investments falling across the risk spectrum but predominantly made up of low risk investments, including a proportion of investments from medium to higher risk categories.

### 3) Medium Risk:

Most types of securities from the leading 350 UK listed companies or their equivalents from overseas markets are considered suitable for investment. Also the majority of collective investments which are not highly geared and structured products. Unless you instruct us to the contrary, a portfolio in the medium risk category may contain a mixture of securities providing variations or risk levels, but must not have undue emphasis on higher risk securities. However, to ensure a diversified spread of assets this may include a proportion of assets from higher risk categories.

### 4) Medium / High Risk:

A diversified portfolio composed of investments falling across the risk spectrum but mainly made up of high risk investments. However, to ensure a diversified spread of investments this may include a proportion of investments from lower and high risk categories.

### 5) Higher Risk:

Generally all types of securities including smaller companies, especially those with a short trading history and/or involved in mineral exploration or technology, which may be illiquid and difficult to sell. It may include larger companies experiencing known trading or financial difficulties and some investment and collective funds whose investment policies involve known levels of high risk, e.g. some single country funds, warrant funds, and derivatives, which may also be leveraged to the underlying investment and or have exposure to political and currency risk.

The investment strategy may also be based on a short timeframe with securities being bought and sold within a matter of hours or days but can also be held as open positions for much longer periods.

### Important Note:

If you do not inform us of any investments or types of investment which you do not wish us to recommend to you or purchase for you, we may recommend to you any investment which falls within any of the categories set out above. However, under the rules of the Financial Services Authority, we may recommend to you only investments which we have reasonable grounds for believing are suitable for you and for certain types of investments such as derivatives for which you have signed (and returned the necessary Risk Warning)

## IMPORTANT RISK WARNINGS

### GENERAL

Past performance is not a guarantee of future performance. Investments may go down in value as well as up and you may not get back the full amount invested.

### EQUITIES

Equities are high risk investments if bought separately and the downside risk to your investment could be significant. A well diversified portfolio with 25 holdings or more is regarded as medium risk.

### UNIT TRUSTS & COLLECTIVE INVESTMENT SCHEMES

The value of units in collective investment schemes, including unit trusts, and hence the value of your investment may go down as well as up and therefore upon withdrawal you may receive back less than the full amount invested.

The value of units in collective investment schemes, including unit trusts, that use derivatives such as options and futures, may under certain circumstances, be more volatile than non derivative schemes and therefore, upon withdrawal, you may receive back substantially less than the full amount invested. In extreme circumstances you may receive nothing back.

You should carefully consider in the light of your financial resources whether investing in stocks, shares or collective investment schemes is suitable for you.

### SHORT TERM TRADING

The risks attaching to trades of this kind are usually different from, and can be much greater than, those attaching to ordinary equity transactions where it is the intention to pay fully for or deliver all shares traded. Short term trading is speculation as opposed to investment.

**GEARING** □ Short term trading in derivatives usually involves a high degree of "Gearing" or "Leverage". This means that a small movement in the price of the underlying asset e.g. share price, may have a disproportionately dramatic effect on the value of your investment (position).

A relatively small adverse movement in the price of the underlying asset can result in a substantial loss, moreover because of the limited time that the trade can remain open due to the "settlement period". The trade may have to be liquidated and any losses settled within the settlement period. When short term trading, the risk and liability of a long position is the total underlying value of the assets (e.g. shares) traded while for a short position the liability is theoretically unlimited. You should carefully consider if this type of dealing is suitable for you.

**COSTS** □ Short term trading will inevitably lead to a larger number of trades and higher overall dealing and commission costs.

### FOREIGN EXCHANGE RISK

Changes in rates of exchange may have an adverse effect on the value of price of investments in sterling terms.

### AN INTRODUCTION TO OPTIONS AND WARRANTS

This Warning Notice draws your attention to some of the risks associated with options and warrants. The risks attached to instruments and transactions of this kind are usually different from, and can be much greater than, those attached to securities such as shares, loan stock and bonds, such transactions often having the characteristics of speculation as opposed to investment.

### GEARING

Options and warrants may involve a high degree of "gearing" or "leverage". This means that a small movement in the price of the underlying asset may have a disproportionately dramatic effect on your investment. A relatively small adverse movement in the price of the underlying asset can result in the loss of the whole of your original investment. Moreover, because of the limited life of options and warrants, they may expire worthless.

### WARRANTS

A warrant is a right to subscribe for shares, debentures, loan stock or government securities, usually exercisable against the original issuer of the securities.

### OPTIONS

There are many types of option with different characteristics and subject to different conditions. Trading in options may be more a matter of speculation than investment. Trading in options may be more a matter of speculation than investment.

**INDEX OPTIONS** are investments in which the profit or loss is calculated by reference to fluctuation in an index: e.g. the FT-SE 100 Index or the FT-SE Eurotrack 100 Index.

**LEAPS**, or Long Term Equity Anticipation Securities provide the owner with options expiring up to three years in the future on US equities. Due to the extra time value inherent in these securities there is frequently a higher premium to be paid and higher costs.

**CALL OPTIONS** give the owner the right but not the obligation to BUY the underlying asset at a specified price on or before a specified date. **PUT OPTIONS** give the owner the right but not the obligation to SELL the underlying asset at a specified price on or before a specified date.

### NON-READILY REALISABLE INVESTMENTS

These are investments which are not listed on the exchange or for which there is no active market. You may have difficulty selling these investments at a reasonable price. Under some circumstances it may be difficult to sell at any price. Where there is no active trading in the investment, the liquidity and market price of the investment may be adversely affected. Such investments may be subject to considerable price fluctuations as opposed to investment.

### CLEARING HOUSE PROTECTIONS OPTIONS

On many exchanges, the performance of a transaction by the third party with whom he is dealing on your behalf is "guaranteed" by the exchange or its clearing house. However, this guarantee is unlikely in most circumstances to cover you, the customer, and may not protect you if your broker or another party defaults on its obligations to you. On request, your broker must explain any protection provided to you under the clearing guarantee applicable to any on-exchange securities in which you are dealing. There is no clearing house for traditional options, nor normally for off-exchange instruments which are not traded under the rules of a recognised or designated investment exchange.

### OPTION STRATEGIES

**BUYING OPTIONS** (Call Option) normally involves a limited risk because if the price of the underlying asset moves against you, you can simply allow the option to lapse, but you should not buy an option unless you are prepared to sustain a total loss of the premium paid plus any commission or other transaction costs.

**SELLING OPTIONS** □ (Sometimes known as "writing" or "granting" an option) is potentially much more risky. If you sell an option you accept a legal obligation to buy, or sell, the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you are selling "covered options" (i.e. if you already own the underlying asset which you have contracted to sell) the risk is less and only that of losing the opportunity to enjoy a greater profit from the underlying asset if the option is exercised against you and the price rises above the exercise price. If you are selling "naked" or "uncovered" options (i.e. you do not already own the underlying asset) then the risk is very great indeed. If you have granted an option that may require you to sell an asset you do not own, and that option is exercised, you will have to go to the market place to buy the asset at the prevailing price in order to fulfill your contract. The risk is therefore potentially unlimited. Only experienced persons should contemplate trading in options and then only after securing full details of the applicable conditions and potential risk exposure.

### INVESTMENTS SUBJECT TO STABILISATION

Stabilisation is a price supporting process that applies to some new issues. The market price is pegged or fixed during the period in which a new issue of securities is sold to the public. Stabilisation may take place in the securities of the new issue, or in other securities associated with the new issue, in such a way that the price of these other securities may affect the price of the new issue, or vice versa.

As long as he obeys a strict set of rules, the "stabilisation manager", normally the issuing house chiefly responsible for bringing a new issue to market, is entitled to go into the market to buy or agree to buy securities in order to stabilise or maintain the market price of the securities he is offering. The effect of this may be to keep the price at a higher level than would otherwise be the case during the period of stabilisation.

Stabilisation is permitted because, when a new issue is brought to market, the sudden glut of the securities on offer will sometimes force the price lower for a time, before buyers are found for them.

The statutory stabilisation rules, among other things, limit the period in which a stabilising manager may stabilise a new issue, fix the price at which he may stabilise (in the case of shares and warrants, but not bonds), and require him to disclose in advance that he may be (but not necessarily that he is) stabilising. The fact that a new issue or an associated security may be subject to stabilisation does not in itself mean that investors are uninterested in the issue, but nor should the existence of transactions in an issue where stabilisation may take place be taken to indicate that investors are interested in the new issue or interested in purchasing at the price at which transactions are taking place.

### FOREIGN MARKETS

Foreign markets will involve different risks to UK markets. In some cases the risks will be greater. On request, your broker must provide an explanation of the relevant risks and protections (if any) which will operate in any relevant foreign markets, including the extent to which he will accept liability for any default of a foreign broker through whom he deals.

### INSOLVENCY

Our insolvency or default, or that of any third party involved with your transaction, may lead to positions being liquidated or closed-out without your consent.

In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payment in cash. On request, your broker must provide an explanation of the extent to which he will accept liability for any insolvency of, or default by, other brokers involved with your transactions.

### TAX IMPLICATIONS

There may be tax consequences to using any of the above investments and you should consult your tax adviser or accountant for further guidance.

### COMMISSIONS

Before you begin to trade you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value) you should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms.

PLEASE USE THIS SECTION TO NOTIFY US OF ANY OTHER RELEVANT INFORMATION

Merchant Securities Limited

51 - 55 Gresham Street, London, EC2V 7HQ

T +44 (0)20 7628 2200 F +44 (0)20 7375 9011 E [info@merchantsecurities.co.uk](mailto:info@merchantsecurities.co.uk) [www.merchantsecurities.co.uk](http://www.merchantsecurities.co.uk)

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