

SHIPMAN FINANCIAL PLANNING LTD

CLIENT AGREEMENT (PART A)



SHIPMAN FINANCIAL PLANNING

This agreement sets out the terms under which we will provide our services to you and our respective obligations, so it is important that you read it fully and in conjunction with our **About our services and costs** document which has also been provided to you. If there is something you do not understand, please ask us to explain it.

If you have a question or concern about any aspect of our services, please contact us at:

- **Telephone:** 01392 278491
- **Email:** info@shipmanfp.co.uk
- **Website:** www.shipmanfp.co.uk
- **In writing:** Peter Ellis, Shipman Financial Planning Ltd,
Ground Floor, Eagle House, 1 Babbage Way, Exeter Science Park, Exeter, EX5 2FN

Section 4 (Useful information about our services) and Section 9 (Agent as Client – Discretionary investment management services) include details of the different protections available to you under UK financial services regulation. The services we provide and the cost for those services are detailed in our 'About our services and costs document' which will be provided to you separately.

Shipman Financial Planning Ltd is part of the Shipman Group of companies.

1. Our Obligations

Our recommendations

- Before providing advice, we will assess your needs, consider your financial objectives and assess your attitude to any risks that may be involved. If you do not want to discuss a particular area of financial planning and that area should not form part of the advice given, we can exclude it, if you instruct us to do so. This might, of course, have a bearing on the advice that might have been given.
- Before making any recommendations, we will carry out a suitability assessment so that we are able to act in your best interests.
- We will confirm any recommendations we make in writing (our suitability report) along with details of any special risks that may be associated with the products or investment strategies we have recommended.
- Where we agree to provide you with a service that includes an ongoing review of the suitability of the investments we have recommended, we will carry out this review at least annually. To do this we will need to make contact with you to assess whether the information we hold about you remains accurate and up to date. We will issue you with a report setting out the results of our assessment and, if relevant, any updated recommendations.
- Please be aware that investments can fall, as well as rise, and that you may not get back the full amount invested. The price of investments we may recommend may depend on fluctuations in the financial markets, or other economic factors, which are outside our control. Past performance is not necessarily a guide to future performance.

- Specific warnings relevant to the investments, investment strategies or other products we arrange are provided in the relevant product literature provided.
- We may, where appropriate, recommend holding some, or all, of your investments with a discretionary investment manager (DIM), a professional investment manager appointed to monitor your portfolio and make investment decisions on your behalf. In such cases we will explain the respective responsibilities of ourselves and the DIM in relation to your investments.
- In some circumstances we may need to act as your ‘agent’ in relation to the part of your portfolio held with a DIM. This means that you will not have a direct contractual relationship with the DIM and the DIM will instead treat our firm as its client. For further information, please refer to Part B, Section 9).
- We may occasionally recommend investments that are not readily realisable. We will only do this where appropriate but, if we do, we will draw your attention to the risks associated with the investments in our suitability report. There is a restricted market for such investments and in some circumstances, it may not be possible to deal in the investment or obtain reliable information about its value.

Financial crime

- We are obliged to put in place controls to prevent our business from being used for money laundering and other forms of financial crime.
- We will verify your identity before undertaking any business with you. To do this we may use electronic identity verification systems and we may conduct these checks from time to time throughout our relationship, not just at the beginning. The check may leave a “footprint” on your credit file but it will not affect your credit rating.

Best execution

- Where we send investment applications on your behalf to third parties (e.g. to put an investment into force), we will take all sufficient steps to ensure that we obtain the best possible result for you. This is referred to as “best execution”.
- We have a Best Execution Policy. If you want to see a copy of it please ask us.

Conflicts of interest

- Although we will always try to act in your best interests there may be situations where we or one of our other clients has some form of interest in the business being transacted for you. If this happens or we become aware that our interests, or those of one of our other clients, conflict with your own interests, we will write to you and ask for your consent to proceed before we carry out any business for you. We will also let you know the steps we will take to make sure you are treated fairly.
- We have a Conflicts of Interest Policy. If you would like to see a copy of it, please ask us.
- Shipman Group Holdings Ltd is the parent company of Cathedral Financial Management Ltd who we may appoint to provide discretionary investment management services in respect of some or all of your investments. This relationship does not alter our regulatory responsibility to provide you with impartial advice, and so should not influence our advice to you. Please ask if you want to discuss this in further detail.

Protecting personal information

- To provide our services properly we will need to collect information on your personal and financial circumstances. We take your privacy seriously and will only use personal information to deliver our services. For further details on how we process personal data, please refer to our GDPR Consent and Marketing document.

Communicating with you

- Our normal ways of communicating with you are by telephone, post, e-mail, SMS text message or in person. Our communications will be in English.
- We may ask you to confirm your instructions to us in writing as this helps to avoid any future misunderstandings.

Services offered as part of a package

- Where we offer services or products as part of a package, we will tell you whether it is possible to buy the different components separately and, if relevant, disclose the costs and charges of each component. We will also tell you if the risks resulting from the package are likely to be different from the risks associated with the individual components and explain how (if relevant) the package modifies the investment risk.

2. Your obligations

This section sets out your obligations in agreeing to receive our services.

Providing information about your circumstances

- Our advice will be based on the information that you give so it is important that you provide us with accurate and up to date information when we request details about your circumstances and objectives. This will allow us to provide you with suitable advice. If the information you provide is inaccurate, incomplete or if you limit the information provided this could affect the suitability of the advice we give.

Payment for services

- The cost of our services will be agreed with you before we commence any work for you. These may comprise initial and/or ongoing charges and the options for paying for these are explained in our 'About our services and costs' document. Some of our services are subject to VAT at the appropriate rate. We will advise you if any payments are subject to VAT.
- Our **initial** charges are payable once we have completed our agreed work and must be settled within 30 days.
- Any products we have arranged for you will only be kept under review as part of an ongoing service for which you have agreed to pay. Our ongoing services are optional, but if you agree to purchase an ongoing service, unless otherwise agreed, the ongoing service will be provided as a follow up to the initial service.
- Our charges for ongoing services will start on the first annual review meeting or may be deducted monthly if taken as a percentage of funds under management. Our charges are payable within 30 days of the end of the relevant period.
- Ongoing services can be cancelled at any time by informing us in writing (see Section 3 – Cancellation and amendments) but please note that we do reserve the right to charge you for services we have provided before cancellation.

- Where our charges are based on a percentage of your investments, the amount of our ongoing charges may increase as the size of your fund grows.
- In some limited circumstances (for protection planning business only) we may receive a commission payment from a product provider. Typically, the commission payment will be offset against the charges you owe us for our services. If the commission payment relates to a regular contribution policy and you stop paying premiums on that policy, we may be obliged to refund the commission received back to the policy provider. In such cases, we reserve the right to request the full payment of any outstanding balance of charges for our services.
- In some circumstances, we may receive ongoing payments (commission) from product providers relating to existing investments you hold. Such payments may be taken into account when determining the charges for ongoing services. We will discuss and agree this with you where relevant.

Legal and accounting advice

- We are not qualified to provide legal or accounting advice or to prepare any legal or accounting documents. This means that the onus is on you to refer any point of law or accountancy that may arise during the course of discussions with us, to a solicitor or accountant.

3. Cancellation and amendments

Ending the agreement

- You or we may terminate the agreement at any time, without penalty.
- Notice of termination must be given in writing and will take effect from the date of receipt.
- Any transactions already initiated will be completed according to the agreement unless otherwise agreed in writing.
- You will be liable to pay for any services we have provided before cancellation and any outstanding fees, if applicable.

Amendments

- From time to time it may be necessary to amend the terms set out in this document where it is not necessary to issue a new client agreement. If this is the case, we will write to you with details of the changes at least 30 days prior to the changes becoming effective. Where a material change is to be made, for example in relation to services or costs, we will issue a new client agreement.

Product cancellation rights

- Full details of any financial products we recommend to you will be provided in the relevant product information you will receive. This will include information about any product cancellation rights along with any other early termination rights and penalties.

4. Useful information about our services

Who authorises us to advise you?

- We are authorised and regulated by the Financial Conduct Authority (FCA), 12 Endeavour Square, Stratford, London, E20 1JN. www.fca.org.uk. Our firm reference number is 513289.
- Our permitted business is advising on and arranging pensions, savings and investment products, non-investment insurance contracts and mortgages.
- You can check our details on the Financial Services Register by visiting the FCA's website www.fca.org.uk/firms/systems-reporting/register or by contacting the FCA on 0800 111 6768.
- Unless we tell you otherwise, we will treat you as a retail client for investment business. This means that you are given the highest level of protection available under the UK's regulatory system.

What if things go wrong?

- If you are unhappy with our advice or any aspect of our services, we encourage you to contact us as soon as possible. We will do our best to resolve your concerns.

Telephone: 01392 278491

Email: peter.ellis@shipmanfp.co.uk

In writing: Peter Ellis, Shipman Financial Planning Ltd,
Ground Floor, Eagle House, 1 Babbage Way, Exeter Science Park, Exeter EX5 2 FN

- We have a complaints procedure and we can provide further details on request. If you do have a complaint, and you are not happy with our response, the Financial Ombudsman Service (FOS) may be able to help. The FOS settles disputes between financial services business and their clients. Full details are available at www.financial-ombudsman.org.uk.

Additional peace of mind

- The Financial Services Compensation Scheme (FSCS) is the UK's statutory compensation fund for customers of authorised financial services firms who are unable to pay claims against them, usually because they have gone out of business. Please note, however, that if a discretionary investment manager is appointed to provide investment services, they may categorise Shipman Financial Planning Ltd as a professional client as your agent, rather than you as the retail client. Please refer to Part B, Appendix 1 of this agreement for further information.
- You may be able to claim compensation from the FSCS if we cannot meet our obligations. The amount of compensation available will depend on the type of business and the circumstances of the claim. We can provide more specific information on request, but as a guide:

Investments - eligible claims related to most types of investment business are covered for up to 100% of a claim up to a maximum of £85,000 per person per firm

Insurance - in the majority of cases, eligible claims related to advising and arranging of protection products are covered for 90% of the claim, without any upper limit

- Further information is available from the FSCS at www.fscs.org.uk.

Benefits we may receive

- Under the rules of our regulator, the FCA, as a firm providing independent advice we are unable to accept or retain payments or benefits from other firms (e.g. product providers) as this would conflict with our independent status.
- From time to time we may attend training events funded and /or delivered by product providers, fund managers and investment platforms. These events are designed to enhance our knowledge and ultimately therefore enhance the quality of service we provide to our clients. As such, this does not affect our obligation to act in your best interests. Please ask us if you want further details.

5. Investment Services – Discretionary or Advisory

We offer our financial planning services on a **discretionary** or **advisory** basis. There are a number of differences between investment management conducted on a discretionary and advisory basis.

The initial process is the same – understanding your circumstances and requirements before drawing up a recommended portfolio. You and your financial planner will start your relationship by working out your investment objectives and risk appetite, and then devising an investment strategy that fits your profile and requirements. How much investment risk you are willing to take, the level of returns you aim to receive for taking that risk will be addressed and the distinctions below refer to the on-going management of your account after this point. Both types of management provide access to your financial planner and benefit from the expertise of a dedicated investment management team:

Advisory Investment

For those clients who would like to be consulted about all investment recommendations made by Shipman’s research advice and execution services, an active advisory relationship is probably the most suitable. This option will provide you with professional investment management services but the ultimate investment decision will remain with you.

Advantages

- + Active involvement in changes to portfolio.
- + You make the final decision on purchases and sales.
- + Allows you to reflect your own investment views and any restrictions you may wish in place.
- + May have lower fees.

Disadvantages

- Portfolios are reviewed less frequently.
- Likely time lag between recommendation and transaction.
- You must commit time to consider any recommended changes.

Discretionary Investment

Discretionary investment management services are a popular option for those who have little experience in investing, or lack the time or inclination to be involved in every decision. Your discretionary investment manager will take charge of all investment decisions and will not require consent for individual transactions (you have signed over permission for this). This option does not involve you in day-to-day investment management decisions and requires less administration. Typically, there are two types of discretionary management, these are the Discretionary Managed Portfolio Service (DMPS) or the Discretionary Bespoke Service (DBS) or you may have a combination of these. Your adviser will discuss this with you and agree the most suitable option to meet your circumstances and objectives.

Advantages

- + Portfolio is reviewed continuously.
- + The investment manager can react quickly to unfolding events and opportunities, making changes to your portfolio in a timely manner.
- + Your portfolio reflects all the views of the manager, rather than those agreed by you.
- + You do not need to allocate time to review ongoing investment recommendations.

Disadvantages

- Portfolio decisions are made without your input.
- May involve additional fees.
- Portfolio may not reflect your own individual views.

6. Roles and responsibilities of the adviser and discretionary investment manager

Shipman Financial Planning Ltd will:

Our DIM selection

We shall ensure we have conducted sufficient research and due diligence on the discretionary investment managers that we select to provide discretionary investment management services.

KYC and Suitability

We shall assess your circumstances and financial planning objectives, knowledge and experience to ensure that a discretionary investment management service is appropriate. We shall ensure that the discretionary investment management service and the investment policy or investment strategy of the model portfolios we recommend are suitable such that you are able financially to bear the investment risks and have the necessary experience and knowledge in order to understand the risks involved in the management of the investments.

On-going suitability of the discretionary investment management service and model portfolio

We shall ensure that the discretionary investment management services and the investment policy or investment strategy of the model portfolios we recommend remain suitable for your investment objectives and attitude to risk on at least an annual basis.

On-going monitoring of our selection and the discretionary investment management service

We shall monitor the performance of the discretionary investment management services to ensure the on-going appropriateness of our selection for your overall financial planning and investment objectives.

Reporting

You will be notified in the event that your discretionary investment portfolio depreciates by 10% (as measured from the beginning of a reporting period) and any subsequent depreciation in multiples of 10%. If you are invested in a model portfolio, this notification will be provided to you via the investment platform provider's online portal.

Fees and charges

We shall be responsible for notifying you of the fees and charges of the discretionary investment management service we select for you.

Tax

We shall be responsible for providing advice to you on the tax implications of the discretionary investment management service.

The discretionary investment will:

- Manage your investments in accordance with the investment policy, investment strategy and investment mandate of the model portfolios we have selected for you.
- Ensure its decisions to trade and all transactions are consistent with the terms of the investment policy, investment strategy and investment mandate of the model portfolios we have selected for you.

The discretionary investment will not:

- Provide you with financial planning or tax advice or assess your suitability for their investment management service.

7. Services agreed

Advisory or Discretionary

Please select the most appropriate investment management service (**please tick to confirm**):

Advisory Arrangement	<input type="checkbox"/>
Discretionary Arrangement	<input type="checkbox"/>
1. DIM (non-AAC)	<input type="checkbox"/>
2. DIM (Agent as client) Please read and complete Part B, Section 9	<input type="checkbox"/>

You will receive a personalised fee agreement before we undertake any work for you.

8. Declaration

- I/We acknowledge that the client agreement will come into effect once it has been signed by all parties and will remain in force until terminated.
- This agreement is governed, and shall be interpreted, in accordance with English law and both parties shall submit to the exclusive jurisdiction of the English Courts.

Date of Issue:		
Client name(s):		
Client signature(s):		
Date:		

Signed on behalf of Shipman Financial Planning Ltd

Adviser name	
Adviser signature:	
Date:	



9. Agent as Client - Discretionary investment management services

- We may, where appropriate, recommend you place some, or all, of your investments with a discretionary investment manager (DIM). In this scenario, the DIM will manage a portfolio of your investments on a bespoke basis or as part of a model portfolio service. Decisions on whether to buy and sell investments within your portfolio are made at the absolute discretion of the DIM.
- Where we make such a recommendation, we will confirm the respective responsibilities of us as your adviser and agent, you as the Investor, and the DIM. Please refer to the 'Roles and responsibilities of the adviser and DIM' section in Part A, Section 6 of this agreement.
- Our relationship with you is that we will act as your agent, at least insofar as it means that you give us your authority to act on your behalf in relation to the DIM. This means that we will be acting as your agent and will use all reasonable steps to discharge our responsibilities to you with care and due diligence. We will undertake appropriate due diligence on the DIM and ensure that the services provided by the DIM meet your investment objectives and risk profile.
- The DIM that we have recommended to you operates on an 'Agent as Client' basis. This means that the DIM will treat us – acting as your agent - as their regulatory client. We become the client of the DIM on your behalf. There is no direct written contract between you and the DIM. Depending on the services they provide, the DIM may not even know your identity. This type of arrangement is different from an arrangement whereby you have a direct relationship with the DIM. All communication in relation to the discretionary investment management service will be between the DIM and us acting as your agent. There will normally be no direct communication between you and the DIM. You should be aware that with this type of arrangement, you may lose some protections afforded to investors (retail clients) who have a direct relationship with the DIM. The DIM will treat us as their client, not you. Typically, they will classify us as a Professional Client. The consequences for you of us being categorised as a professional client are set in Appendix 1.

Authority and consent

Please read this carefully

We need your explicit authority and consent to enter into this type of arrangement with a DIM on your behalf. In signing this agreement, you confirm your consent.

I confirm Shipman Financial Planning Ltd authorised by me to act as my agent and on my behalf in selecting a discretionary investment management service. I authorise Shipman Financial Planning Ltd to enter into discretionary investment management agreements as agent on my behalf and create a binding legal relationship between me and the relevant DIM. For these purposes, I authorise Shipman Financial Planning Ltd, acting on my behalf, to sign any documents, and take any further steps, that are required to form or administer discretionary investment management agreements of the type described in this Agreement.

Under these discretionary investment management agreements, Shipman Financial Planning Ltd will instruct the relevant DIM to exercise discretion and decide the manner in which my portfolio is invested, based on the investment risk profile / investment policy / strategy selected by Shipman Financial Planning Ltd acting on my behalf.

Although each discretionary investment management agreement will create a legal relationship between me and the relevant DIM, I understand that the DIM will be entitled to treat Shipman Financial Planning Ltd, rather than me, as the DIM's client. This may affect the legal and regulatory rights I would otherwise have in respect of the way in which the DIM manages my portfolio, as more fully described in Appendix 1 of this Agreement.

In particular, I understand that this may mean that neither I am, nor Shipman Financial Planning Ltd acting on my behalf is, able to complain to the Financial Ombudsman Service.

Client name(s):		
Client signature(s):		
Date:		

Part B: Appendix 1 – Consequences of categorisation as a professional client

1. Information

Regulatory consequences of categorisation as a professional client	Our response
a) Communication with clients	
<p>A firm must ensure that its communications with all clients are fair, clear and not misleading. The way in which a firm may communicate with professional clients (about itself, its services and products, and its remuneration) may be different from the way in which the firm communicates with retail clients. A firm's obligations in respect of the level of detail, medium and timing of the provision of information are different depending on whether the client is a retail or professional client.</p>	<p>Although the DIM may treat us as a Professional Client, we will treat you, our investor, as a retail client. We will ensure that the risks of any Discretionary Investment Management Service we select is explained to you clearly and the risks are clearly disclosed.</p>
b) Information on costs and charges	
<p>A firm must provide clients with information on costs and associated charges. The information provided may not be as comprehensive for professional clients as it must be for retail clients.</p>	<p>We will provide you with clear information on the costs and charges of any services we provide you as well as the costs and charges involved in any DIM Service we may select.</p> <p>Under the regulatory system, we are obliged to provide you aggregated costs and charges disclosure on an annual basis. This will include all the costs and charges of investments that we have arranged for you or recommended. The costs and charges of the DIM would be included in this disclosure</p>
c) Disclosure of risks	
<p>A firm is entitled to assume that a Professional Client has the requisite knowledge and experience to understand the risks involved in investing.</p>	<p>Although the DIM may treat us as a Professional Client, we will treat you, our investor, as a retail client. We will ensure that we assess your knowledge and experience in the investment field relevant to the specific type of investment or service we may recommend. We will also ensure that the risks of any DIM service we recommend are explained to you clearly.</p>

2. Suitability and appropriateness

Regulatory consequences of categorisation as a professional client	Our response
<p>If a firm makes a personal recommendation or manages investments for a client, it is required to obtain and consider the following information in relation to the client:</p> <ul style="list-style-type: none"> • The client's knowledge and experience in the investment field relevant to the specific type of investment or service • The financial situation of the client, and • The client's investment objectives <p>However, when making a personal recommendation or managing investments to or on behalf of a professional client, a firm is entitled to assume that, in relation to the products, transactions and services for which the professional client is so classified, the client has the necessary level of experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio. This assumption cannot be made for a retail client and firms must assess this information separately.</p>	<p>We will treat you, our Investor, as a retail client.</p> <p>Under the regulatory system we are required to obtain and consider the following information in relation to you.</p> <ul style="list-style-type: none"> • Your knowledge and experience in the investment field relevant to the specific type of investment or service • Your financial situation, and • Your investment objectives <p>Where we recommend You use the services of a DIM, we will ensure that the services of the DIM are suitable for you at outset and on an ongoing basis.</p>

3. Client money

Regulatory consequences of categorisation as a professional client	Our response
<p>The definition of 'client' in CASS includes 'if a person ('C1'), with or for whom the firm is conducting or intends to conduct designated investment business, is acting as agent for another person ('C2'), either C1 or C2 in accordance with the rule on agent as client COBS 2.4.3 R'. Therefore, in the absence of agreement to the contrary, the client would be the adviser and a per se professional client.</p> <p>A firm can obtain written acknowledgement from a professional client to confirm that their money is not subject to the client money rules (CASS 7.10.9 – 10). If a professional client opts-out, its money will be segregated from the money of the firm and used by the firm in the course of its own business, and the professional client will rank only as a general creditor of the firm.</p>	<p>Although the professional client opt-out is available, we will not be agreeing to the opt-out and will request our money is treated as client money in accordance with the client money rules.</p>

4. Financial Ombudsman Service (FOS)

Regulatory consequences of categorisation as a professional client	Our response
<p>The FOS handles complaints about investments and resolves disputes for free between financial services companies and their customers without having to go to court.</p> <p>The services of the Financial Ombudsman Service in the UK may not be available to professional clients, unless they are, for example, consumers, small businesses or individuals acting outside their trade, business, craft or profession. Given that we will be classified as a professional client and our trade is financial services, we may not be able to take a complaint on your behalf to the FOS.</p> <p>Given that you have no direct contractual relationship with the DIM you may not be able to take your complaint to the FOS.</p>	<p>We operate our own complaints procedure, a copy of which is available on request. Should you wish to make a complaint about the DIM we recommend you would need to complain to us in the first instance.</p>

5. Financial Services Compensation Scheme (FSCS)

Regulatory consequences of categorisation as a professional client	Our response
<p>The FSCS exists to protect customers of financial services firms that have failed.</p> <p>If a company you have been dealing with has failed and cannot pay claims against it, the FSCS can step in to pay compensation.</p> <p>We are a member of the UK Financial Services Compensation Scheme. You may be entitled to claim compensation from the FSCS if we cannot meet our obligations to you. This will depend on the circumstances of the claim.</p>	<p>Any DIM that we select will also be a member of the FSCS and your money should be protected.</p> <p>COMP 5.5.1 confirms that 'protected investment business' includes: 'designated investment business carried on by the relevant person with, or for the benefit of, the claimant (so long as that claimant has a claim), or as agent on the claimant's behalf'.</p> <p>COMP 12A.2.2 states: 'If a claimant has a claim as agent for one or more principals, the FSCS must treat the principal or principals as having the claim, not the claimant'.</p>