

first direct

**Best Execution Disclosure
Statement for first direct
shares Clients**

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In this Best Execution Disclosure Statement, “HSBC”, “we”, “us” and “our” means the **first direct** shares business of HSBC UK Bank plc and “you” and “your” means our **first direct** shares clients.

Other words which have a specific meaning in this Best Execution Disclosure Statement are highlighted in bold text and explained in section 7 below.

1. Purpose and scope

This Best Execution Disclosure Statement provides a summary of the steps we will take to achieve the Best Possible Result for Client Orders, taking into account the factors set out below, under our Execution Policy.

2. Best execution factors

When executing Client Orders, we will take all sufficient steps to achieve the Best Possible Result on a consistent basis, including, where possible, in situations of market stress, 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 Client Orders. Price and execution costs will be paramount although other factors such as the type of Client Order, the type of Financial Instrument and the choice of Execution Venue will also be considered where necessary to achieve the Best Possible Result. If applicable any Execution Venue costs will be disclosed to you.

3. Execution venue

In most cases, HSBC UK Bank plc will be the Execution Venue for Client Orders. In other cases, HSBC UK Bank plc will either choose another Execution Venue or will route the transaction through HSBC Global Markets (a business line within HSBC UK Bank plc) which will choose the Execution Venue. You agree that Client Orders may be executed off a Regulated Market, Multilateral Trading Facility or Organised Trading Facility. Where we do execute a Client Order other than on a Regulated Market, Multilateral Trading Facility or Organised Trading Facility, there may be an increase in counterparty risk. If you have any questions regarding the consequences for such Client Orders please contact us using the details given at the beginning of these terms.

In selecting any Execution Venue, consideration is given to the cost of executing, liquidity available for the Financial Instrument, the speed of execution, reliability, continuity of trading, the creditworthiness of the Execution Venue and the quality of any related clearing and settlement facilities.

Execution Venues

UK and European equities

HSBC Global Markets (a business line within HSBC UK Bank plc).

Bonds

HSBC UK Bank plc will execute usually via Tradeweb or Bloomberg using a panel of HSBC approved market makers and any selected Multilateral Trading Facility, typically sourcing the best price from Barclays Bank, Deutsche Bank, HSBC UK Bank Plc, Lloyds Bank and Winterflood Securities.

Unit Trusts and Open Ended Investment Companies

The Authorised Corporate Director or fund manager of the relevant unit trust or OEIC.

We keep our choices of Execution Venue under regular review. Execution Venues may vary depending on market conditions from the ones listed above. Where we use a single internal Execution Venue this choice is kept under review to ensure that their execution arrangements continue to meet the Best Possible Result obligation that we owe to you.

Information regarding execution and the top five Execution Venues for each class of Financial Instrument can be accessed via our website hsbc.co.uk. For unit trusts and open-ended investment companies the fund manager is the relevant Execution Venue.

4. Limit orders

Where you have placed a Limit Order in shares admitted to trading on a Regulated Market, Multilateral Trading Facility or Organised Trading Facility and the Limit Order is not immediately executed under prevailing market conditions; we will make your Limit Order public to ensure that it is executed at the earliest opportunity, unless you instruct us otherwise.

There is no requirement for a Limit Order to be made public if it involve shares which are not admitted to trading on a Regulated Market, Multilateral Trading Facility or Organised Trading Facility or if it is significantly large in scale compared with the normal market size.

5. Specific Instruction warning

We will only execute your instruction as set out within these terms and we will process your Client Order in accordance with our Execution Policy. We are not able to accept any additional specific instructions you give us as to how to execute a Client Order e.g. to use a specific broker or Execution Venue.

Where you are permitted to give a specific instruction this may prevent us from achieving the Best Possible Result in accordance with our Execution Policy in respect of the aspects covered by the specific instruction.

6. Effective date, review, amendments and Monitoring

Our Best Execution Disclosure Statement is reviewed at least annually. Where necessary we may amend it, in the event a material change has occurred. We will inform you of any changes either in writing or by publishing the amended Best Execution Disclosure Statement on our website. We will also monitor our effectiveness in achieving best execution of Client Orders on a regular basis.

You may ask us at any time in the seven years following a Client Order to provide confirmation of how we obtained the Best Possible Result on the Client Order.

7. Explanation of Defined Terms

Best Execution Disclosure Statement refers to this document setting out how HSBC will deliver the Best Possible Result when executing Client Orders;

Best Possible Result refers to the best possible result for an executed Client Order in terms of total consideration, representing the price of the Financial Instrument and the related execution costs;

Client Order refers to an instruction received and accepted by HSBC from an InvestDirect client to buy or sell a Financial Instrument;

Execution Policy refers to our internal policy setting out how HSBC will deliver the Best Possible Result when executing Client Orders;

Execution Venue refers to a trading venue that we or HSBC Global Markets believe offers the best prospects for HSBC to obtain the Best Possible Result on a consistent basis;

Financial Instruments refers to those financial instruments (e.g. Equities, Bonds, OEICs and Unit Trusts) that fall within the scope of the Markets in Financial Instruments Directive and are subject to a best execution obligation under the FCA Rules;

FCA refers to the Financial Conduct Authority, an independent body that regulates the financial services industry in the UK, or any successor regulatory body;

FCA Rules refers to the Conduct of Business sourcebook within the Handbook published by the FCA with effect from 1 November 2007 (or such other replacement rules as may be published from time to time by the FCA);

HSBC Global Banking and Markets refers to the division of HSBC UK Bank plc, carrying out the global markets business of HSBC UK Bank plc (or such other division of HSBC UK Bank plc as may supersede it from time to time);

Limit Order refers to a Client Order to buy or sell a specified Financial Instrument at a fixed price or better;

Multilateral Trading Facilities refers to computer systems through which multiple parties can buy and sell certain types of Financial Instrument;

Organised Trading Facility or **OTF** is a computer system through which multiple parties can buy and sell certain types of Financial Instrument and which is not a regulated market or MTF;

Regulated Market refers to the computer systems of an authorised market through which multiple parties can buy and sell the types of Financial Instrument which are admitted to trading under the rules of the market.

first direct is a division of HSBC UK Bank plc.

We are a member of the HSBC Group, one of the world's largest banking and financial services organisations with around 8,500 offices in 86 countries and territories.

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