

## Modular GIA

### Permitted Investments List

This document details the permissible investments for the Modular GIA. For information relating to the purchase of these investments, please refer to the Modular iPlan Technical Guide. Please also refer to the Important Notes section at the end of this document.

## Permitted Investments

### Core GIA

GIA Bank Account
Cash deposits from our Cash Panel
Unit trusts and OEICs held on the Investment Centre platform
Investments traded via a Panel Stockbroker, including: <ul style="list-style-type: none"> <li>• stocks and shares traded on the London Stock Exchange or Alternative Investment Market (AIM)</li> <li>• stocks and shares traded on a recognised overseas stock exchange</li> <li>• Investment Trusts</li> <li>• UK REITs (Real Estate Investment Trusts)</li> <li>• Government Securities, loan stocks and other securities traded on a recognised stock exchange</li> </ul>

### Whole of Market Module

Financial Conduct Authority (FCA) regulated OEICs, unit trusts and units/shares in other collective investment schemes not held on the Investment Centre <sup>1</sup>
Insurance company managed funds
Structured products <sup>1</sup>
Managed portfolios of collective investments <sup>1</sup>
Investment plans and income bonds <sup>1</sup>
Investments held by a third party investment manager or stockbroker not on our Panel (please refer to the chosen investment manager/stockbroker for full details). The investment manager/stockbroker must be UK based and FCA regulated and agree to our operational requirements.
Investment grade gold bullion

<sup>1</sup> These investment types could be 'Complex Products' and where they are, we will only allow clients to invest in them if they have received financial advice. Please see the section on Complex Products below.

## Non-Permitted Investments

Direct purchase of residential property or commercial property
Direct purchase of tangible, moveable property
Commodities
Loans
Wasting assets (defined as having an expected life span of 50 years or less)

Property limited liability partnerships
Premium bonds
Residential ground rents
US mutual funds

## Permitted Investments (under certain circumstances)

If you already hold one of these types of investments in your Modular GIA, you may be able to make additional investments (top ups) into the same investment, subject to our due diligence review and requirements in place at the time the investment is requested. If you wish to top up an existing investment, please read our Specialist Investments (also known as Non-Standard Investments) Guide for Clients and Advisers which is available from our website at [www.jameshay.co.uk](http://www.jameshay.co.uk).

New investments (other than top ups) are not permitted into these types of investments.

Non-Mainstream Pooled Investments (NMPs) - this includes Unregulated Collective Investment Schemes (including Overseas UCIS) and similar vehicles

Shares in unquoted private companies - both UK and overseas

Second hand/traded endowment policies

## Complex Products

We will only allow clients to invest in Complex Products if they have received advice from a financial adviser in respect of the proposed investment.

Under regulations, there is no definition of Complex Products. However, the regulations do define Non-Complex Products as follows:

- Units/shares in a UCITS qualifying Collective Investment Scheme;
- Shares, Bonds and other forms of securitised debt admitted to trading on a trading venue;
- Structured deposits;
- Money market instruments; and
- Other Non-Complex Products that meet certain criteria, including having frequent opportunities to trade at publicly available prices, do not involve potential liability that exceeds the original investment, do not include exit charges that have the effect of making the investment illiquid and where adequate comprehensive information on the investment is publicly available and likely to be readily understood by the average retail client.

Complex Products are therefore anything that is outside of the above definition of Non-Complex. Specifically, Complex Products are anything involving derivatives or where the opportunity to sell is infrequent. This will include:

- Structured Products;
- Units/shares in some Non-UCITS Retail Schemes (NURS) (this will depend on the individual fund); and
- Futures and Options.

If you are investing without having received financial advice and are unsure if your proposed investment is a Complex Product, please ask the provider of your investment.

If you are investing in a Non-Complex Product without having received financial advice, please note that we will not assess whether the proposed investment is appropriate for you.

## Investments Guidance

The following are general guidance notes on the criteria for the permitted investment types. For further information, please refer to your financial adviser.

### STOCKS AND SHARES

Stocks and shares that are listed, or dealt in, on a recognised stock exchange. These must be purchased and held by a UK based stockbroker/investment manager who is FCA regulated. A recognised stock exchange for these purposes is either:

- The London Stock Exchange or the AIM, or
- an overseas exchange recognised by HM Revenue & Customs (HMRC), or
- an exchange recognised by the FCA as either a Recognised Investment Exchange, a Recognised Overseas Investment Exchange, a Designated Investment Exchange or a regulated market in the European Economic Area (EEA).

This covers most transferable securities, including:

- Shares in companies (equities)
- Fixed interest securities issued by government or other bodies
- Debenture stock and other loan stock
- Warrants (for Equities)
- Permanent Interest Bearing Shares (PIBS)
- Convertible securities
- Exchange Traded Funds (ETFs).

### INVESTMENT TRUSTS

Investment Trusts that are listed, or dealt in, on an HMRC or FCA recognised stock exchange as defined above. These must either be purchased and held by a UK based stockbroker/investment manager that is FCA regulated, or purchased and held through an Investment Trust savings scheme operated by a UK based and FCA regulated company.

### UK REAL ESTATE INVESTMENT TRUSTS (REITs)

REITs that are resident in the UK for tax purposes and listed on the London Stock Exchange (this does not include the AIM) or any overseas exchange recognised by HMRC. These must either be purchased and held by a UK based stockbroker/investment manager that is FCA regulated or purchased and held through an Investment Trust savings scheme operated by a UK based and FCA regulated company.

### VENTURE CAPITAL TRUSTS (VCTs)

Venture Capital Trusts (VCTs) that are listed, or dealt in, on an HMRC or FCA recognised stock exchange as defined above. These must be purchased and held by a UK based stockbroker/investment manager that is FCA regulated.

The Modular GIA can only buy shares in a VCT through the stock exchange and not directly through a new issue.

### UNITS/SHARES IN COLLECTIVE INVESTMENT SCHEMES

- Authorised Unit Trusts, which are based in the UK and FCA regulated.
- Open Ended Investment Companies (OEICs):
  - Listed on an HMRC or FCA recognised stock exchange, or
  - Within the meaning of section 236 of the Financial Services and Markets Act 2000 (FSMA 2000) and are UK incorporated and FCA regulated, or
  - Constituted in an EEA member State and are recognised schemes under section 264 FSMA 2000, or
  - Collective Investment Schemes constituted outside the UK and EEA but satisfy the authorisation requirements under section 270 of the FSMA 2000 as being managed and authorised in a designated country or territory.
- Closed Ended Investment Funds.
- Undertaking for Collective Investments in Transferable Securities (UCITS) which are recognised schemes within the meaning of section 264 of the FSMA 2000.

### MANAGED PORTFOLIOS OF COLLECTIVE INVESTMENTS

Managed portfolio arrangements provided by an FCA regulated company which invests in collective investment schemes that qualify as permissible investments in accordance with the Units/Shares in the Collective Investment Schemes section of this document.

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### INSURANCE COMPANY MANAGED FUNDS AND UNIT LINKED FUNDS

The insurance company must either be:

- based and authorised within the UK or EEA in accordance with Article 3 of Directive 92/96, or
- based and authorised on the Isle of Man under the Manx Insurance Act 1986 and authorised to carry out investment business in the UK by the FCA.

### DEPOSIT ACCOUNTS

Other than the GIA Bank Account held with Santander and selected cash deposit accounts on our Cash Panel, any other deposit account must be held by an investment manager in their nominee's name.

### STRUCTURED PRODUCTS

The structured product must either be:

- a deposit account with a licensed deposit taker, based in the UK on terms under which any interest or premium paid is according to a formula which involves the performance of an index or combination of indices (other than money market indices). The term must be for a specified period with access being available during the term, albeit at possible penalties, but partial withdrawals are not allowed; or

- an equity based product which provides an agreed level of income or growth over a specified investment period, with the return of initial capital at the end of the investment period linked by a pre-set formula to the performance of an index or a combination of indices or a basket of listed shares. The underlying equity investment must itself be listed on a recognised stock exchange.

### INVESTMENT PLANS AND INCOME BONDS

- Investment Plans provided by an FCA regulated company.
- Income bonds provided by an insurance company that is based and authorised within the UK or EEA in accordance with Article 3 of Directive 92/96.

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## Important notes

- Top-up investments within the Specialist Investments Module must be assessed by us prior to purchase. We reserve the right to decline making an investment for any reason deemed appropriate.
- We reserve the right to decline making an investment if the investment provider will not provide us with suitable monthly reconciliation data.
- We are not regulated to provide investment advice and we will not assess whether any investment is appropriate for you. You are responsible in conjunction with your financial adviser and/or investment manager (if applicable) for choosing investments that are suitable for your individual circumstances.
- We will only appoint UK based stockbrokers/ investment managers who are regulated by the FCA and who agree to our operational requirements.
- The Investment Centre range of funds for the Modular GIA are a mixture of authorised Unit Trusts and OEICs, which qualify as Collective Investment Schemes.

**We are able to provide literature in alternative formats. For a Braille, large print or audio version of this document call us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).**

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