

Financial Services Compensation Scheme

The Financial Services Compensation Scheme

(FSCS) is the UK's statutory fund of last resort and only provides protection in instances whereby a company based in the United Kingdom, against which the claim is made, is unable, or likely to be unable, to pay any claims against it, for example, when it becomes insolvent or is in liquidation (which the FSCS describes as being in "default"). All other alternatives for a client to recover their losses must have been exhausted. It is a fund of last resort for customers of UK authorised financial services firms.

It is the view of Fidelity that it would be unlikely that FSCS protection would need to be invoked by clients if a Fund Provider or Fidelity becomes insolvent, for the reasons listed below:

- a) Assets held on our platform are legally owned by a nominee, which is legally separate from Financial Administration Services Limited ("FASL"), the regulated Fidelity company which offers the platform to clients in the UK;
- b) Clients' money is invested in the funds of the Fund Providers and those assets remain strictly entrusted in each case to an independent custodian for safekeeping. The investments, therefore, are effectively ring-fenced from both FASL and the Fund Provider(s), in the event of insolvency of either, and, therefore, would not be lost to the client in this event;
- c) In the unlikely event that FASL (or any other associated company in the Fidelity Group) were to go into liquidation, the assets held by the nominee company would not be available to creditors of such company – they would be held safely for our clients, into whose names (as beneficial owners) the units can be transferred. Please note, in the case of Fidelity's default, the Administrator appointed is entitled to claim their costs for distributing Client Money and Assets from the Client Money pool. Any shortfall in Client Money and Assets will be covered by the FSCS up to a limit of £85,000 per client.

FSCS protection will, therefore, only become available if a Fund Provider based in the UK or FASL was insolvent and had also caused actual loss to the client's assets. In this situation:

- a) Claims that can be made by the client under the FSCS are per defaulting UK Provider, not per fund;
- b) £85,000 is the maximum which can be recovered in a single claim (by any single investor) under the FSCS;
- c) The maximum amount could potentially be claimed from multiple UK Fund Providers, if they were in default, as separate claims.

A claim against FASL would be restricted to one claim to the value of £85,000. Claims cannot be made for Fund Providers or funds based outside the UK.

For the administration of your accounts, we hold cash balances (including any cash in your account) in one or more UK-based bank accounts. Deposits held in UK-based bank accounts are covered by the FSCS up to a maximum of £85,000 in the event of the deposit taker's Default. However, any other deposits you hold with the relevant bank(s) will also count towards this limit.

Non-UK domiciled fund providers are not covered by the FSCS. Details of compensation schemes available in relation to non-UK domiciled fund providers may be found in the relevant fund's KID, prospectus or other supporting documents provided by the fund provider.

In summary, therefore, clients should be assured that they are not exposed to more risk in real terms by investing via an adviser than they would be by investing directly, as regards to FSCS protection.

Please note for investments in Investment Trusts, Exchange Traded Products and offshore funds, claims cannot be made under the Financial Services Compensation Scheme against the providers of these products.

Further information about the Financial Services Compensation Scheme can be found at

www.fscs.org.uk

Adviser Solutions

