

# Charles Schwab, U.K., Limited Client Agreement

## Background

Charles Schwab, U.K., Limited ("Schwab U.K.") informs and helps U.K. residents access the products and services of our affiliate Charles Schwab & Co., Inc. ("CS&Co.") in the U.S. In this role, we are pleased to assist you from time to time. This Client Agreement relates to those services Schwab U.K. will provide to you in connection with your existing or prospective Account (as defined below) with CS&Co. The terms and conditions set out in this Client Agreement are personal to you and are agreed to by you for your own benefit or for the benefit of any other person you have a valid authority to act for, and not for the benefit of any other unrelated third party.

## Definitions

In this Client Agreement, the following words have the following meanings:

**Account** means the account established with CS&Co. under the terms of your Account Agreement.

**Account Agreement** means the agreement or agreements under which you have opened, or will open, an Account with CS&Co.

**Account Information** means your Personal Data, any statement of income including employment details, any statement of asset and liability, information relating to your tax status, and any other financial information about you for the purposes of establishing and maintaining an Account.

**Applicable Law** means all applicable laws, charters, rules, regulations, regulatory policies, guidelines, industry codes, regulatory permits, and licences of any jurisdiction which are in force from time to time with respect to the Client Agreement.

**Client Agreement** means this agreement between Schwab U.K. and you.

**CS&Co.** means Charles Schwab & Co., Inc., a broker-dealer and investment advisor registered in the U.S., and any of its U.S. affiliates.

**Data Protection Law** means applicable laws, enactments, regulations, and orders relating to the processing of Personal Data under or pursuant to the Client Agreement, including: (i) the U.K. Data Protection Act 2018; (ii) the EU General Data Protection Regulation (Regulation EU 2016/679); and (iii) the EU General Data Protection Regulation (Regulation EU 2016/679) as it forms part of retained EU law (as defined in the European Union [Withdrawal] Act 2018), in each case, as in force from time to time.

**FATCA** means the Foreign Account Tax Compliance Act of the U.S.

**Financial Crime** means money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, and/or any acts or attempts to circumvent or violate any Applicable Laws relating to these matters.

**FOS** means the Financial Ombudsman Service.

**GIIN** means Global Intermediary Identification Number.

**Personal Data** means information relating to an individual (such as you) who can be identified or who is identifiable directly from the information, or who can be indirectly identified from the information in combination with other information.

**Privacy Policy** means the GDPR Privacy Notice issued by Schwab U.K. and CS&Co., from time to time, which is available from Schwab U.K.'s website (<https://www.schwab.co.uk/privacy-and-security>).

**Schwab U.K.** means Charles Schwab, U.K., Limited.

**We, us, and our** mean Schwab U.K.

**You and your** mean each person who enters into this Client Agreement.

## About Us and Our Services

### 1. About Us

- 1.1 Schwab U.K. is authorized and regulated by the Financial Conduct Authority ("FCA") in the U.K. to arrange certain investment services under Firm Reference Number 225116. Schwab U.K.'s registered office is 78-84 Colmore Row, Birmingham B3 2AB. The Financial Conduct Authority's address is 12 Endeavour Square, London E20 1JN.
- 1.2 Schwab U.K. is an affiliate of CS&Co., and both are subsidiaries of The Charles Schwab Corporation, which is incorporated in the state of Delaware in the U.S. CS&Co. is regulated under U.S. securities laws and registered with the Securities Exchange Commission as a broker-dealer and investment advisor, and is a member of the Financial Industry Regulatory Authority. You should read the Account Agreement carefully, as it contains information about your and CS&Co.'s respective rights and responsibilities under the Account Agreement and applicable U.S. laws, including protections, complaint processes, and compensation arrangements.

### 2. About Our Services

Schwab U.K. provides arranging and related services in connection with Accounts held with CS&Co., as defined in a formal inter-company agreement, and it is compensated for these activities by CS&Co. This Client Agreement therefore sets out the terms under which we will provide certain services to you in connection with your Account, including helping CS&Co. provide you with services under your Account Agreement.

### 3. Communications

- 3.1 You can contact us or provide instructions to us by any reasonable means relating to the services we provide under this Client Agreement, and we shall be entitled to rely and act on any such communications or instructions if we reasonably believe that such communications or instructions have been given by you or a person acting on your behalf.
- 3.2 You agree that we may communicate with you and provide you with relevant information in an electronic format, including (without limitation) by use of websites, email to any email address provided by you, or text message to any mobile device number provided by you, including where we are required to provide you with information by way of a durable medium to the extent permitted by Applicable Law. We will always communicate with you in English.

## Regulatory Disclosures and General Information

### 4. Privacy and Data Protection

- 4.1 We will collect and process your Personal Data in accordance with Data Protection Laws and our Privacy Policy. Our Privacy Policy describes how Schwab U.K. and CS&Co. treat your Personal Data and contains important information about your rights under Data Protection Laws.
- 4.2 To help in opening and/or maintaining your Account, you understand that Schwab U.K. and CS&Co. need to share your Personal Data and will do so consistent with our Privacy Policy and this Client Agreement.

### 5. Limitation of Liability

- 5.1 Nothing in this Client Agreement will exclude or limit any duty or liability:
  - (a) we have to you under Applicable Law; or
  - (b) that Applicable Law does not allow to be excluded or limited.
- 5.2 We are not otherwise liable to you for any losses, damages, costs, and expenses, of any character, unless directly caused by our negligence, wilful default, or fraud.

- 5.3 We are never liable to you for any losses, damages, costs, and expenses, of any character, resulting from or caused by:
  - (a) us acting on your instructions under this Client Agreement;
  - (b) us refusing to act on your instructions or any delay in passing on your instructions to CS&Co. where, in our reasonable opinion, to do so would breach any Applicable Law or market practice;
  - (c) you breaching any of the terms within this Client Agreement;
  - (d) anything lawfully done by us in accordance with this Client Agreement or at your request;
  - (e) us complying with any direction, request, or requirement of any regulatory authority; or
  - (f) any events or circumstances which we cannot reasonably control.
- 5.4 We are not liable to you as a result of any referral made by us to CS&Co. Any services provided to you by CS&Co. will be provided under arrangements separately agreed to between you and CS&Co. in accordance with the Account Agreement.

### 6. Compliance With Applicable Law

- 6.1 We will take any actions we consider necessary to comply with Applicable Law, and we cannot be required to do anything which, in our reasonable opinion, would breach any Applicable Law.
- 6.2 You will provide to us all relevant Personal Data required by us for the purpose of Schwab U.K.'s compliance with Applicable Laws, such as passport details for know your client ("KYC") and anti-money laundering requirements. We are not required to take any other action or perform any obligation under, or in connection with, this Client Agreement if we are not satisfied as to your identity, or if we suspect on reasonable grounds that by doing so we may breach the Applicable Laws, including those relating to Financial Crime. As a result, we may delay, block, or refuse your instructions if we believe on reasonable grounds that to do so may breach Applicable Law.

### 7. Consumer Duty Obligations

Schwab U.K. is obligated to ensure that it complies with its obligations under the FCA Consumer Duty, including:

- 7.1 Providing you with clear communications (that you can understand) to help you make effective, timely, and properly informed decisions about available products and services at CS&Co.;
- 7.2 Educating and informing you about products and services available through CS&Co., and ensuring those products are designed to address the general needs, characteristics, and objectives of U.K. investors;
- 7.3 Providing customer services with the support you need; and
- 7.4 Evaluating products and services from CS&Co. to ensure a reasonable balance between price and overall benefit (fair value).

Schwab U.K. will work to ensure you receive the best customer experience by providing relevant support when needed and monitoring selection and availability of products and services for U.K. clients from CS&Co.

### 8. Conflicts of Interest

- 8.1 Payment for Order Flow

All accounts are opened and held at CS&Co. This means you will be protected by Best Execution rules in the U.S. and not those in the U.K. CS&Co. receives payment for order flow for client orders it routes to U.S. liquidity providers and certain exchanges. In particular, it receives rebates from them based upon the order flow executed at each destination. For more information about CS&Co.'s order routing and best execution practices, see <https://www.schwab.com/legal/order-routing-1>. Payment for order flow creates a conflict of

interest and under U.K. rules would be considered an inducement and contrary to best execution. Schwab U.K. does not receive any remuneration from CS&Co. related to payment for order flow.

8.2 You understand that under this Client Agreement, we may refer you to CS&Co. and/or other affiliates within the CS&Co. group. CS&Co. pays us a fee to provide these services. We have a financial interest and therefore a conflict of interest in referring you to CS&Co. You should understand that our referral is not a personal recommendation to you and that you should do your own research and make your own decision as to whether to enter into an Account Agreement with CS&Co.

8.3 We have put in place and will maintain effective organisational and administrative arrangements with a view to taking all appropriate steps to identify and manage conflicts of interest between us and our clients and relevant third parties, so as to prevent conflicts of interest from adversely affecting the interests of our clients. This includes conflicts of interest caused by our own remuneration and incentive structures. If a conflict of interest arises, we will try to ensure that all clients are treated fairly. In cases where such organisational and administrative arrangements are not sufficient to ensure, with reasonable confidence, that the risks of damage to your interests will be prevented, we will inform you of the nature and/or sources of the relevant conflicts of interest and the steps taken to mitigate those risks in order to allow you to make an informed decision as to whether to continue to transact with us.

## 9. Options & Margin Trading

9.1 U.K. investors who wish to access options trading services need to ensure that they are familiar with the risks of trading options. Due to the risk of loss in options trading being substantial, with certain strategies exposing investors to unlimited losses, investors are required to undergo an appropriateness assessment prior to options trading being made available. This assessment is undertaken by CS&Co. staff in the U.S. and is necessary to validate that access to these services is appropriate to each investor. Any assessment may require U.K. investors to confirm they are aware of the inherent risks of options trading and that they are financially able to bear such risks and withstand options trading losses, including the loss of their entire investment. Options involve risk and are not suitable for all investors. For more information, please contact CS&Co.'s U.S.-based client service team on 00800 0826 5001 (freephone from U.K. landlines, 24 hours a day, 6 days a week).

### 9.2 Risks of Margin Trading

U.K. investors have the option to request a margin facility through their Schwab account. Margin trading can mean engaging in a transaction in which securities are purchased through a margin loan extended by CS&Co., for which the purchaser's securities act as collateral. Trading on margin is only for experienced investors with an appropriate level of risk tolerance; investors using margin may lose more than their initial investment. For information about how margin works, please go to <https://www.schwab.com/margin>. CS&Co. charges investors interest for using margin as part of their trading strategy; for additional information regarding margin loan rates, please go to <https://www.schwab.com/margin>.

It is important that U.K. investors fully understand the risks involved in trading securities or futures contracts on margin. These risks include the following:

- (a) You can lose more than you deposit in a margin account.
- (b) CS&Co. can force the sale of securities or other assets in your account(s).

(c) CS&Co. can sell your securities or other assets without contacting you. You are not entitled to choose which securities or futures contracts or other assets in your account(s) are liquidated or sold to meet a margin call.

(d) A decline in the value of securities or futures contracts that are purchased on margin may require you to provide additional funds to CS&Co. to avoid the forced sale of those securities or futures contracts, or other assets in your account(s).

(e) Depending on your financial circumstances, margin trading may not be suitable for you.

## 10. FATCA

Schwab U.K. and/or other affiliates within the CS&Co. group may have an obligation under FATCA to conduct due diligence on new and existing client accounts to identify U.S. account holders, and carry out periodic compliance review on clients' accounts. This is to support CS&Co.'s obligations to report to the relevant tax authority and withhold tax on certain accounts under the prescribed circumstances. You consent to the collection of the information about you, including Personal Data, in relation to your U.S. resident or taxpayer status, your GIIN, the subsequent reporting of your Account Information, and any tax withholding on your Account by us to satisfy our FATCA obligation.

## 11. Account Protections

Because your account is or will be held by CS&Co. in the U.S., the Financial Services Compensation Scheme (FSCS) in the U.K. will not apply to your account in the event of loss of cash and securities. Instead, Securities Investor Protection Corporation (SIPC) coverage in the U.S. will apply. For more information about asset protection and SIPC coverage at CS&Co., see <https://www.schwab.com/legal/sipc-account-protection>.

## Additional Information About Our Relationship With You

### 12. Changes to This Client Agreement

12.1 As this Client Agreement has no fixed end date, we may occasionally need to make changes to terms and conditions within it. These changes could be for any of the following reasons:

- (a) to take account of legal or regulatory requirements that apply to us;
- (b) to reflect changes to our business due to changes in the systems or technology which we use; or
- (c) if we reasonably consider that the change will benefit you or is not to your disadvantage.

12.2 We may also make changes for other reasons not covered above. Where this is the case, we will provide reasonable notice of not less than 30 days of the changes to you.

12.3 We will tell you about any changes that we make to the Client Agreement under clauses 12.1 and 12.2 in writing, by post, email, online, text message, or any other form of written communication. You will be free to terminate the Client Agreement in accordance with clause 12.2 if you do not agree to the changes.

### 13. Ending This Client Agreement

13.1 This Client Agreement has no fixed term; therefore it will continue until you or we decide to terminate. We may terminate this Client Agreement at any time and for any reason. We will provide you with reasonable notice of our intention to terminate.

13.2 You may terminate this Client Agreement by giving us 30 days' written notice.

13.3 Termination of this Client Agreement will not release us or you from any existing obligations or from any liabilities for any pre-existing breach of any of the terms or conditions of this Client Agreement, and will not relieve you from any obligations you may owe to us under this Client Agreement prior to its termination.

13.4 Termination of this Client Agreement will have no bearing or impact on your Account Agreement with CS&Co.

#### **14. If You Have a Complaint**

If you have a complaint, please contact our Compliance Officer at 33 Ludgate Hill, London EC4M 7JN, or call at +4420 3795 2704. If you are not happy with the way we deal with your complaint, you may be able to refer the matter to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR or via their website at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

#### **15. Assignment and Novation**

15.1 We may assign or transfer any or all of our rights and obligations under this Client Agreement at any time to any affiliate, successor, or third party. We may do this without telling you. Your rights under this Client Agreement will not be affected.

15.2 You may not assign or transfer any of your rights and obligations to anyone else.

#### **16. Governing Law**

16.1 This Client Agreement, but not the Account Agreement, and any non-contractual obligations arising out of or in connection with this Client Agreement, shall be governed by the laws of England and Wales.

16.2 Any dispute, claim, or controversy arising out of or in connection with this Client Agreement (including a dispute, claim, or controversy relating to any non-contractual obligations arising out of or in connection with this Client Agreement) will be dealt with by the courts in England or Wales, unless your address is in:

(a) Scotland, in which case it will be dealt with by the courts of Scotland; or

(b) Northern Ireland, in which case it will be dealt with by the courts of Northern Ireland.

The logo for Charles Schwab, featuring the word "charles" in a lowercase, italicized serif font above the word "SCHWAB" in a bold, uppercase, sans-serif font. The logo is set against a black rectangular background.