

# Key features of the HSBC InvestDirect Stocks and Shares ISA (Individual Savings Account)

Available to HSBC InvestDirect and  
HSBC InvestDirect Plus customers

**Effective date on and from 31 August 2020.**

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# How to contact us

If you've any questions or need to contact us, you can phone or write to us.

## Telephone

Call us on **03456 080 848**  
(text phone **03456 088 877**).

Our opening hours are:

Monday to Friday: 7.30am to 9.30pm

(excluding bank holidays)

Saturday: Closed

Sunday: Closed

To ensure we carry out your instructions accurately, to help us to continually improve our service and in the interest of security, we may record and monitor your communications with us. All calls that lead or may lead to transactions will be recorded and kept for seven years. We'll also keep records of all Secure e-messages relating to transactions for seven years. You may ask for a copy of these records at any time in the applicable seven year period. We'll always communicate with you in English.

**Please note** that during busy periods you may experience delays on the telephone.

## Post

You can post requests, queries, comments and suggestions to us at:

**HSBC InvestDirect**

**PO Box 716**

**Forum 1**

**The Forum**

**Parkway**

**Whiteley**

**Fareham**

**PO14 9QD**

**Please note** always send valuable documents to us, such as share certificates, by recorded delivery.

Please refer back to these contact details whenever this document refers to telephoning or writing to us.

# Key Features of the HSBC InvestDirect Stocks and Shares ISA

The purpose of this document is to provide you with important information to help you decide whether our InvestDirect or our InvestDirect Plus ISA is right for you. You should read this document carefully along with the HSBC InvestDirect/InvestDirect Plus Terms and Conditions, so that you understand the service you're applying for, and then keep it safe for future reference. This document forms an integral part of the Key Features of HSBC InvestDirect and HSBC InvestDirect Plus and should be read with it.

## Aims

The aims of an HSBC InvestDirect Stocks and Shares ISA are:

- To enable you to hold and trade investments in a tax efficient way.
- To allow trading in a range of investments available under the HSBC InvestDirect service, subject to the additional requirement that the investment can be held in a Stocks and Shares ISA under the ISA regulations.

## Your commitment

- You should view this as a medium to long term investment and should aim to keep it for at least five years.
- To subscribe to the HSBC InvestDirect Stocks and Shares ISA you must be at least 18 years of age, have a sole HSBC InvestDirect or InvestDirect Plus account and, subject to some exceptions relating to UK Crown servants working overseas, be resident in the UK for tax purposes and provide us with any information that we reasonably require to provide the service.
- An application for an HSBC InvestDirect Stocks and Shares ISA allows subscriptions in the current tax year only.
- If you wish to subscribe in future tax years you'll need to complete a new Application Form for each new tax year.

## Risks

The following is a brief summary of some of the risks that you should consider.

- A share is an instrument representing a shareholder's rights in a company. When purchasing a share you're becoming a co-owner of the company.
- The value of shares can fall as well as rise and is not guaranteed. You may get back less than the amount you invested.
- There is an extra risk of losing money when shares are bought in some Alternative Investment Market (AIM) companies including penny shares.
- Past performance must not be viewed as an indication of future performance.
- You'll be able to deal in a range of investments each of which carries a different level of risk.
- The favourable tax treatment of ISAs may not be maintained in the future if UK tax law and HM Revenue & Customs practice change.

**Full details of the risks can be found under the 'Further Information' section of the HSBC InvestDirect and HSBC InvestDirect Plus Key Features Documents.**

# Questions and answers

## What is an ISA?

An ISA is a tax efficient way of saving or investing as all income and capital gains arising within an ISA are exempt from any personal liability to UK Income Tax and Capital Gains Tax.

There are various types of ISAs available. Before taking out an ISA, you should choose an option that is suitable for your needs.

The option that HSBC InvestDirect and HSBC InvestDirect Plus offer is a:

- Stocks and Shares ISA

This is self-directed, which means that you choose the individual investments to be held within your ISA.

When you make a payment into an ISA, in any tax year, it is called a subscription. You can only subscribe to one of each type of ISA per tax year. However, you can have more than one type of ISA per tax year.

ISAs can only be held in a sole name. Which means ISAs held in joint names are not permitted.

For more information on what other ISAs are available please visit [gov.uk](https://www.gov.uk).

## How much can I subscribe to an ISA?

Because of their tax advantages ISAs are subject to annual subscription limits. For tax year 2021/2022:

- Your subscription allowance is £20,000.

You don't need to subscribe the maximum amount and you can also split your allowance between the different types of ISAs available but you cannot exceed the overall maximum ISA annual allowance in a tax year. For example you could have money invested in a Stocks and Shares ISA and a cash ISA. For more information on your ISA limits please visit [gov.uk](https://www.gov.uk).

ISAs may be transferred to another ISA with the same or a different ISA manager. When an ISA is transferred in this way, the amount transferred is not a subscription and therefore does not count towards the subscription limit explained above.

However please note that if you transfer to a Lifetime ISA from an ISA that is not a Lifetime ISA, the amount transferred does still count towards the Lifetime ISA 'current year payment limit'. The current year payment limit is £4,000 for the 2021/2022 tax year.

Current tax year subscriptions must be transferred in whole, but previous tax year(s) subscriptions can be transferred in whole or in part.

**Please note** that if a current tax year ISA subscription (which is not a Stocks and Shares subscription) is transferred to a Stocks and Shares ISA, under the ISA regulations the subscription is retrospectively deemed to have been subscribed directly to the Stocks and Shares ISA.

You can apply to make Additional Permitted Subscriptions into your Account following the death of your spouse or civil partner. The Additional Permitted Subscription won't count towards your current Tax Year ISA subscription limit.

**Please note** that each year all ISA managers are required to report details of ISA subscriptions made by their customers to HM Revenue & Customs (HMRC) so that HMRC can check that individuals don't exceed the limit.

## How do I apply?

To apply for an HSBC InvestDirect Stocks and Shares ISA, log in to your online InvestDirect or InvestDirect Plus account and select 'ISA' from the 'Products and Services' page and follow the guidelines provided. Alternatively, use the contact details on page 3 to call us.

We don't provide any investment advice or personal recommendations. This means that we're not required to assess the suitability of any investment for you and you'll not be protected by the Rules on assessing suitability. If you've any doubt as to the suitability of an investment you should speak to a financial adviser for advice. The value of your investments (and the level of income you receive from them) can fall and so you may not get back the amount you originally invested. Any instructions placed will be on an execution only basis.

We're not giving advice on whether any investment you make into your Sharedealing Account is appropriate to meet your needs. The investment is your own decision and HSBC won't be required to assess the appropriateness of the investment for and you'll not be protected by the Rules on assessing appropriateness. If you've any doubts about whether this service or any investment is appropriate for your needs, you should seek advice from a Financial Adviser. You may be charged for any advice you receive.

**Please note** that you may incur a charge for any advice sought.

## How long does it take to open an HSBC InvestDirect Stocks and Shares ISA?

The online application, once completed, will be reviewed and if everything is in order your account will open within three business days.

If you apply over the telephone your account will also be open within three business days. We'll send you a post sale declaration confirming the answers given over the telephone, which you must check and contact us if any of the information on the declaration is incorrect.

### **How do I fund my HSBC InvestDirect Stocks and Shares ISA?**

You can transfer funds from your HSBC InvestDirect Settlement Account or HSBC InvestDirect Plus Sterling Cash Account as applicable to your HSBC InvestDirect Stocks and Shares ISA by using the transfer between accounts section on our website. Your ISA will be credited immediately and this subscription will count towards your annual ISA limit.

Also, once your ISA has been opened, we'll provide you with the six digit sort code and eight digit account number for your HSBC InvestDirect Stocks and Shares ISA, which you can use to make electronic payments using Internet Banking.

You'll not be able to trade inside your HSBC InvestDirect Stocks and Shares ISA until it has been funded. We'll send you a statement in relation to your Investment Account, either online or by post (depending on your communication preferences) every three months. Statements will be dated in March, June, September and December.

You can check and update your communication preferences online. Once you've logged in to your Online Banking, select 'My Documents' which can be found under the 'My Banking' tab. From here, click on the 'Update your preferences' tab and scroll down to the 'My Documents' section. You can select how you'd like to receive your statements in the future.

If 'Yes' is selected under the My Documents section, we'll send you an electronic version of your service related correspondence for your other HSBC products as well (where available) and will no longer provide a paper copy. You'll receive an email alert to let you know there is correspondence ready to be viewed online.

### **Can I transfer my existing ISA to an HSBC InvestDirect Stocks and Shares ISA?**

We accept transfers of existing Stocks and Shares ISAs and Cash ISAs. However, we don't currently accept transfers from innovative finance ISAs or Lifetime ISAs.

Just complete the Transfer ISA form, which can be found by selecting 'Share Transfer' on the 'Products and Services' page of our website. Once we receive your completed form we'll liaise with your current ISA manager to complete the transfer.

You can instruct us to arrange with your current ISA manager to either transfer your shares to us or to sell them and transfer the settlement proceeds. Your existing ISA manager may make a charge for the transfer. The transfer for a Stocks and Shares ISA may take up to 30 days. For Cash ISAs, the transfer will usually take up to 15 business days. If you choose to transfer shares to us, you'll not be able to sell your shares until the transfer process is complete.

**Please note** your existing ISAs may contain investments which are not traded by HSBC InvestDirect. These investments will need to be sold by your existing ISA manager and the proceeds transferred as cash.

You must not withdraw your cash and/or investments from an ISA and re-invest them in another ISA yourself, as it will count against your annual ISA allowance. Both the shares and cash must pass directly from your current ISA manager to us.

### **Can I transfer my existing shares into my HSBC InvestDirect Stocks and Shares ISA?**

Under the ISA Regulations it is not normally possible to transfer shares currently held outside of a Stocks and Shares ISA directly into a Stocks and Shares ISA. In most instances such shares would normally need to be sold (outside of an ISA), and then the cash sale proceeds used to make a cash subscription to an ISA, following which shares of the same type can be purchased in the ISA. Please note that selling such shares outside an ISA in this way is usually a disposal for UK capital gains tax purposes.

To complete this process please contact us via the telephone and one of our representatives will be able to assist you. The process of selling shares out of your investment account and reinvesting them into an ISA, is sometimes called a Bed and ISA.

There is one exception to the position outlined above. Shares acquired from an HMRC approved all employee share scheme, namely a Save As You Earn (SAYE) Scheme or Share Incentive Plan (SIP), can be directly subscribed (transferred) to a Stocks and Shares ISA if the ISA manager accepts this type of subscription. The HSBC InvestDirect ISA does allow subscriptions to be made in this way. As such shares don't have to be sold outside the ISA this avoids a disposal for UK capital gains tax purposes from taking place.

Such subscriptions must be made within 90 days of either the date the option was exercised (SAYE schemes) or the date the shares ceased to be subject to the plan (SIP), and the shares must have remained in your sole name as beneficial owner. Subscriptions made in this way are still subject to the annual ISA subscription limit. The market value of the shares on the date they're subscribed to the ISA is used to calculate the appropriate subscription amount.

### **Can I cancel my application?**

#### **Applications to subscribe**

Yes. For a period of 14 days from when we accept your HSBC InvestDirect Stocks and Shares ISA application you'll have the right to cancel your application. You must tell us in writing that you wish to cancel.

Cancellation only applies to the ISA "wrapper". If you cancel your application, any shares or cash held in your HSBC InvestDirect Stocks and Shares ISA in relation to the application being cancelled will, unless otherwise instructed, be transferred to your HSBC InvestDirect Investment and Settlement Accounts or InvestDirect Plus Investment and Sterling Cash Accounts, as applicable.

Cancellations made within the 14-day period will preserve your eligibility to open a current tax year stocks and shares ISA with us or another ISA manager, as HMRC treat such cancelled subscriptions as if they never took place.

If you cancel within the 14-day period you'll not pay any charges for cancelling. However, please note that you'll not be able to cancel any transactions undertaken, once placed in the stock market, where the price depends on fluctuations in the financial market place. You'll also have to pay us any money due to us at the time you cancel/terminate your HSBC InvestDirect Stocks and Shares ISA, for example trading fees if a trade has been placed but yet to settle.

#### **Applications to transfer in**

A request to transfer-in an existing ISA from another ISA manager has a seven-day cancellation period starting from the time we receive your transfer request, after which the transfer process will commence and cannot be cancelled. You must tell us in writing that you wish to cancel your transfer request.

If you cancel within the seven-day period you'll not pay any charges for cancelling.

#### **Closing your account**

If you don't cancel within the seven-day or 14-day period (as applicable) above, thereafter you can terminate your contract and close your InvestDirect Stocks and Shares ISA at any time by writing to us.

For full details please refer to section 8 of the HSBC InvestDirect Stocks and Shares ISA Terms and Conditions.

#### **Once my HSBC InvestDirect Stocks and Shares ISA is open, what will I receive from you?**

Once we've set up your account we'll send you confirmation that your account is open.

We'll send you a statement in relation to your Investment Account, either online or by post (depending on your communication preferences) every three months. Statements will be dated in March, June, September and December. We'll send you a contract note (trade confirmation) for each deal you undertake which will be posted to you not later than on the business day following the day the trade was made.

#### **Can I withdraw money?**

Yes. You can withdraw money from your HSBC InvestDirect Stocks and Shares ISA at any time by transferring money to your HSBC InvestDirect Settlement Account or HSBC InvestDirect Plus Sterling Cash Account. The transfer is immediate.

Please remember that if you make a withdrawal from your HSBC InvestDirect Stocks and Shares ISA, you will lose the tax benefits of holding the money within an ISA on those funds withdrawn.

#### **Can I transfer my HSBC InvestDirect Stocks and Shares ISA to another ISA manager?**

Yes. You can transfer your HSBC InvestDirect Stocks and Shares ISA to another ISA manager at any time by telling us in writing. The new ISA manager must agree to the transfer.

Charges may apply. Full details of our charges can be found by selecting 'rates and fees' on our website, or in our HSBC InvestDirect and HSBC InvestDirect Plus Key Features document, or our Costs and Charges Disclosure Document.

#### **Can I continue to hold my HSBC InvestDirect Stocks and Shares ISA if I no longer live in the UK?**

Subject to the paragraph below about Crown employees:

If you become a permanent resident outside of the UK, subject to you continuing to meet the eligibility criteria for an InvestDirect Account, you can continue to hold your ISA but cannot make any further subscriptions.

However if you make a subscription to your ISA in the tax year you become non resident, these will be classed as being invalid and will have to be removed from your ISA.

If you become a permanent resident outside of the UK, and don't continue to meet the eligibility criteria for an InvestDirect sharedealing account, you've the following three options:

- transfer your HSBC InvestDirect Stocks and Shares ISA to another ISA manager to retain the ISA tax benefits. As the ISA Regulations allow you to keep your ISA open, you'll still be entitled to the tax benefits on the investments held in the ISA, but you'll not be allowed to subscribe any more money into it
- transfer the investments held into your own name to be held outside of an ISA
- sell any investments in the ISA, and have all the cash held in the ISA returned to you and close the ISA.

If you don't instruct us to transfer your HSBC InvestDirect Stocks and Shares ISA we may restrict the service or close it along with your HSBC InvestDirect or HSBC InvestDirect Plus account and pay the proceeds into your HSBC InvestDirect Settlement Account or HSBC InvestDirect Plus Sterling Cash Account as applicable.

Please remember that once your HSBC InvestDirect Stocks and Shares ISA is closed, you'll lose the tax benefits of holding the money within an ISA on those funds.

Non-UK residents who are Crown employees, such as a diplomat or a member of the armed forces, working overseas and paid by the UK Government, can still open and/or maintain an HSBC InvestDirect Stocks and Shares ISA and can continue to make subscriptions to it while resident outside the UK. This also applies to a non-UK resident spouse or civil partner of such a Crown employee.

### **What happens to my investments if my account is closed?**

When your account is closed, we'll seek to transfer investments in accordance with your instructions. If you don't tell us what you want to do with your investments within a reasonable time, we may take necessary reasonable steps to return your investments to you. If we've not heard from you and where you've a cash ISA with us, we'll transfer the proceeds into the cash ISA (where we're permitted to do so under relevant laws). If this is not possible we may pay the proceeds into your nominated HSBC bank account (where you're an InvestDirect customer) or other personal HSBC bank account in your name, or send the proceeds of sale to you. This may mean that we'll send a cheque to the last address we hold on record for you where it is reasonable for us to do so.

We'll give you advance notice if we intend to sell your investments in this way.

### **Will my HSBC InvestDirect Stocks and Shares ISA be taxed?**

ISAs are exempt from any personal liability to UK income tax and capital gains tax.

As a result you don't have to declare any income and capital gains from an ISA on any self assessment tax return you may need to send to HMRC.

If you sell shares within your InvestDirect Stocks and Shares ISA, the cash proceeds from the sale will remain in your ISA, along with any other cash you may have in your ISA. You'll receive interest on the cash that is being held.

Dividend income from UK shares (and subject to certain conditions some non-UK shares) is paid as gross (without deduction of tax).

This is a guide to the Key Features of the product and is based on our understanding of current UK tax law and HMRC practice.

Tax benefits, law and practice may of course change in the future. Your tax liability will depend on your own individual circumstances, including your country of residence for tax purposes. If you're unsure about your own situation, you should seek appropriate professional advice.

### **How are dividends treated?**

You've the option to receive dividends in cash or, where available, as shares or other non-cash assets (in other words, scrip). Dividends will be credited to your ISA Investment Account as Shares, or to your ISA Cash Account in cash, depending on the standing instruction that you give us or gave to us on opening your Investment Account. You can check or amend the status of your standing instruction by calling us on the number found in the 'How to contact us' section on page 3 of this document.

HSBC InvestDirect and HSBC InvestDirect Plus don't currently offer a Dividend Re-investment Plan (DRIP).

### **How can I obtain further information?**

We may provide you with information including documentation via our website [hsbc.co.uk](https://www.hsbc.co.uk) as permitted by the FCA rules and where you've agreed to this. We'll let you know the website address electronically when we put information up on the website, where it will be updated from time to time. We may in particular provide the following to you via a website:

- our terms in relation to trading;
- a general description of the nature and risks of financial instruments;
- our published fee tariffs, Costs and Charges Disclosure Document, Costs and Charges Statements and other information on our costs and charges;
- details of our Best Execution policies; and
- key investor information documents.

## Further information

The Account Manager for the HSBC InvestDirect Stocks and Shares ISAs is HSBC UK Bank plc.

HSBC UK Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under reference number 765112.

The Financial Conduct Authority's website is [fca.org.uk](http://fca.org.uk), where contact details can be found. The Prudential Regulation Authority's website is [bankofengland.co.uk/prudential-regulation](http://bankofengland.co.uk/prudential-regulation), where contact details can be found.

HSBC UK Bank plc is established at **1 Centenary Square, Birmingham B1 1HQ**, which is its registered office.

### How to complain

If you're unhappy in any way with our products and services then please let us know. On receipt of your complaint, we'll send you a copy of our leaflet 'Listening to your comments' which explains how we'll handle your complaint. A written copy of our complaint procedures is available on request. If we cannot resolve your complaint in the first instance, you can refer it to:

**Financial Ombudsman Service**  
**Exchange Tower**  
**Harbour Exchange Square**  
**London**  
**E14 9SE**

Telephone: **0800 0234 567**  
 or to call from abroad **+44 20 7964 0500**

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Website: [financial-ombudsman.org.uk/contact/](http://financial-ombudsman.org.uk/contact/)

The Financial Ombudsman Service will generally review complaints from retail customers. However, their criteria for reviewing complaints may mean that even if you've been categorised by a provider of products and services as a retail client they may not regard you as an eligible complainant. Complaining to the ombudsman won't affect your legal rights.

### Compensation

We're covered by the Financial Services Compensation Scheme (FSCS). You may be eligible to compensation from the scheme if you've a valid claim against us in respect of investment business and we cannot meet our obligations. Most types of investment business are covered. Your eligible deposits (including cash balances in your cash account) are covered separately by the FSCS. The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations. Most depositors are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to the current FSCS limit for deposits. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, each depositor would have a separate claim up to the FSCS deposit limit and so the maximum amount that could be claimed in total would be twice the current FSCS deposit limit. The FSCS deposit limit relates to the combined amount in all the eligible depositor's accounts with the bank, including their share of any joint account, and not to each separate account.

first direct and HSBC are both trading names of HSBC UK Bank plc and customers who hold deposits under both trading names will only be eligible for one claim of up to the FSCS deposit limit in total. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) please refer to the FSCS website [fscs.org.uk](http://fscs.org.uk) or call the FSCS on **0800 678 1100** or **020 7741 4100**.

**Please note** only compensation related queries should be directed to the FSCS.

## Accessibility

To find out more about our accessible services please visit [hsbc.co.uk/accessibility](https://www.hsbc.co.uk/accessibility) or ask at any of our branches.

**If you'd like this in another format such as large print, Braille or audio, please contact us.**

A textphone service is also available for customers with hearing and/or speech impairments.

If you use your own textphone you can call us on **03457 125 563 (+44 207 088 2077** from overseas).

**hsbc.co.uk**

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Customer information: PO Box 716, Forum 1, The Forum, Parkway, Whiteley, Fareham PO14 9QD.

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