

# Clarification on Investor Protection and the Financial Services Compensation Scheme

This document provides you with an overview of Alliance Trust Savings' responsibilities in relation to the provision of financial services and clarifies the application of the Financial Services Compensation Scheme, and what protections your investments and monies held within your accounts are afforded.

## What are the firm's general responsibilities?

Alliance Trust Savings Limited is a bank which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority for a number of regulated activities including, amongst other things; deposit taking, arranging and dealing in investments and arranging, safeguarding and administration of assets. Full details of the firm's permissions can be found on the FCA Register (<http://register.fca.org.uk>), under its Firm Reference Number 116115.

As a regulated firm, Alliance Trust Savings is required to maintain many controls and restrictions around the operation of its business to ensure the security of its clients' investments to mitigate the various risks faced by a financial institution. As a bank, it is subject to stringent requirements concerning its liquidity arrangements and the minimum capital which it must hold. These arrangements are made in line with our banking policy and are reviewed on a daily basis.

The FCA is the independent regulator set up by the Government to regulate the financial services industry and protect consumers. The FCA has three key objectives (established under an act of law): To secure an appropriate degree of protection for consumers; To protect and enhance the integrity of the UK financial system; To promote effective competition in the interests of consumers. These objectives are achieved through specific guidelines and practices which firms, authorised by the FCA, must have regard to in the operation of their business. Failure to operate in accordance with these guidelines can result in the FCA taking action against a firm, including prohibiting a firm from conducting the business which it is authorised for.

For more information regarding the role of the FCA or for specific information regarding financial services, you can contact the FCA on the FCA Consumer Helpline on **0800 111 6768** or by visiting their website at <http://www.fca.org.uk/consumers/consumer-helpline>

## What protections are afforded to my investments and how does the Financial Services Compensation Scheme apply?

As an FCA regulated firm, Alliance Trust Savings is covered by the Financial Services Compensation Scheme (FSCS), an independent body set up under the Financial Services and Markets Act 2000 (FSMA). The FSCS can help private individuals, some small businesses and all policyholders of compulsory insurance policies. The Scheme can pay compensation to clients if a regulated firm is unable, or likely to be unable, to pay claims against it. Under this Scheme, compensation limits apply.

The protections which apply and the application of the FSCS depend on what type of product you hold with Alliance Trust Savings and how your funds are held within the product.

## Cash on Deposit

Where cash is held on deposit in an Alliance Trust Savings Account, and the firm is unable to meet its liabilities and declared in default, you may be entitled to compensation from the FSCS. Where cash is held (on deposit) in an Alliance Trust Savings Account, the Banking Deposit Guarantee affords 100% protection up to a maximum of £75,000 per person.

**It is important to note that the compensation limit of £75,000 applies to each depositor for the total of their deposits with an organisation, regardless of how many accounts they hold or whether they are a single or joint account holder. In the case of a joint account, FSCS will assume that the money in that account is split equally between account holders, unless evidence shows otherwise.**

Please see the following link for FAQs on the FSCS Deposit Claims process [www.fca.org.uk/what-we-cover/questions-and-answers/](http://www.fca.org.uk/what-we-cover/questions-and-answers/)

An information sheet outlining the basic information and exclusions to eligible deposits is available at [www.alliancetrustsavings.co.uk/fscs/](http://www.alliancetrustsavings.co.uk/fscs/). The information has been provided in a format prescribed by the regulator.

## Investments

Alliance Trust Savings clients typically (or with the assistance of an adviser) select their own investments, therefore they are subject to the returns and risks afforded by these investments. The value of an investment may go up or down and you may not get back the amount you invested. The risks associated with your holding of an investment with Alliance Trust Savings is different to the underlying investment risks associated to the actual investment, e.g. volatility, currency risk.

Investments in securities are held in the name of a nominee company and do not appear on the Alliance Trust Savings Limited balance sheet. They would not be available to creditors of Alliance Trust Savings in the event of insolvency, which should ensure that you receive the full value of these investments. The nominee company's sole purpose is to act as a vehicle to safely hold the investments of clients on their behalf.

The nominee company is not authorised and regulated by the FCA, therefore it is not covered by the FSCS. The nominee company is a subsidiary of Alliance Trust Savings and Alliance Trust Savings accepts responsibility for any losses from the nominee. Therefore, in the event that Alliance Trust Savings was unable to meet its liabilities and some issue arose affecting the ability of the nominee company to deliver your investments to you, there may be additional protection. You may, in those circumstances, be eligible for compensation under the FSCS although this would be considered on a case by case basis. In this case, the maximum compensation would be up to £50,000 per person as this would be based on holding an investment product rather than a deposit where the higher limit applies.

Please see the following link for more information on the FSCS Investment Claims FAQs [www.fca.org.uk/what-we-cover/questions-and-answers/](http://www.fca.org.uk/what-we-cover/questions-and-answers/)

For further information about the scheme (including the amounts covered and eligibility to claim) please call us on **01382 573737**, refer to the FSCS website [www.FSCS.org.uk](http://www.FSCS.org.uk) or call **0800 678 1100**.

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