

## **Clarification on Investor Protection and the Financial Services Compensation Scheme**

In light of the recent economic events, Alliance Trust Savings would like to provide you with an overview of the firm's responsibilities in relation to the provision of financial services and to clarify 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 and regulated by the Financial Services Authority (FSA) 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 FSA Register (<http://www.fsa.gov.uk/register/firmSearchForm.do>), 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 FSA is the independent regulator set up by Government to regulate the financial services industry and protect consumers. The FSA has four key objectives (established under an act of law): to maintain confidence in the financial system; to promote public understanding of the financial system; to secure the appropriate degree of protection for consumers and to reduce the extent to which it is possible for a business to be used for a purpose connected with financial crime. These objectives are achieved through specific guidelines and practices which firms, authorised by the FSA, must have regard to in the operation of their business. Failure to operate in accordance with these guidelines can result in the FSA taking action against a firm, including prohibiting a firm from conducting the business for which it is authorised.

For more information regarding the role of the FSA or for specific information regarding financial services, you can contact the FSA on the FSA Consumer Helpline on 0845 606 1234 or by visiting their consumer website, Money Made Clear, and completing their online Contact Form, which can be located at [www.moneymadeclear.fsa.gov.uk/contactus.aspx](http://www.moneymadeclear.fsa.gov.uk/contactus.aspx).

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

As an FSA authorised firm, Alliance Trust Savings is a member of 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 (either a Select Account or a Full SIPP Account) you hold with Alliance Trust Savings and how your funds are held within the product.

## **Select Accounts – Investment Dealing Accounts, ISA & Select SIPP**

### **Cash on Deposit**

Where cash is held on deposit in an Alliance Trust Savings Account, and the firm is unable to meet its liabilities, you may be entitled to compensation from the FSCS. Where cash is held (on deposit) in Alliance Trust Savings, the scheme affords 100% protection up to a maximum of £50,000 per person (this amount was increased from £35,000 on 7 October 2008).

It is important to note that the compensation limit of £50,000 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  
[http://www.fscs.org.uk/consumer/FAQs/Deposit\\_claims\\_FAQs/](http://www.fscs.org.uk/consumer/FAQs/Deposit_claims_FAQs/)

## Investments

Alliance Trust Saving clients typically (or with the assistance of an adviser) select their own investments and are therefore 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 an investment with Alliance Trust Savings, rather than the underlying investment risks, is different.

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 FSA and is therefore not a member of the FSCS. However the contractual arrangement between Alliance Trust Savings and you is such that Alliance Trust Savings guarantees the obligations of its nominee company. 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 a maximum of £48,000 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  
[http://www.fscs.org.uk/consumer/FAQs/Investment\\_claims\\_FAQs/](http://www.fscs.org.uk/consumer/FAQs/Investment_claims_FAQs/)

For other information on the details of FSCS please call them on **020 7892 7300** or visit the Financial Services Compensation Scheme website at [www.fscs.org.uk](http://www.fscs.org.uk).

## Full SIPP Accounts

If you have a Full SIPP Account we can provide you with further information on request

**We recommend that you seek professional financial advice if you are in any way unsure as to the risks associated with investing through an Alliance Trust Savings product.**



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