
British Smaller Companies EIS Fund

A new Growth Capital EIS fund from the top performing¹ VCT investment team

diversified portfolio
of established
UK growth
businesses

benefit from
EIS tax relief

Transforming Small Businesses

www.bsceis.com



Investment Accolades

YFM Equity Partners

Winner 'VCT of the Year'

Investor Allstars 2011

YFM Equity Partners

Winner 'VCT Deal of the Year'

The Unquote British Private Equity Awards 2011

YFM Equity Partners

Small/Medium Size Private Equity Firm of the Year 2009

Acquisition Finance Awards

British Smaller Companies VCT plc (managed by YFM Private Equity Ltd)

Best Shareholder Communication 2009

Association of Investment Companies

North West Business Investment Scheme (managed by YFM Private Equity Ltd)

UK Equity Gap Fund Manager of the Year 2007

Investor Allstars

YFM Private Equity

**VCT Fund Manager of the Year 2007
(British Smaller Companies VCT plc)**

The Growth Company Investor Awards

Important Notice

This Information Memorandum has been approved as a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000 by YFM Private Finance Limited which is authorised and regulated by the FSA. YFM Private Finance Limited is the Fund Manager of the Fund and is a subsidiary of YFM Equity Partners Limited.

You are strongly recommended to seek independent professional advice from an appropriately authorised independent financial adviser as to whether this is suitable for you when considering an investment in an EIS fund. The value of shares can go down as well as up, and if you cannot afford a total loss of all the money you invest in the Fund, you should consider carefully whether the Fund is an appropriate investment for you before subscribing. No guarantee is given of a return of the Investor's capital, or of the investment performance of the Portfolio.

The Fund will invest in shares issued by unquoted companies. There is a restricted market in such non-readily realisable Investments and it may therefore be difficult for the Fund Manager to deal in such Investments or to obtain reliable information about their value. You should be aware that there may be difficulty in selling such Investments at a reasonable price and, in some circumstances, it may be difficult to sell them at any price.

Subscription to the Fund should be viewed as a longer-term investment. Although Investors have certain rights to withdraw capital invested in the Fund, any withdrawal within the three year period following the closing of the Fund will result in the loss of EIS reliefs described in this Information Memorandum. Furthermore, due to the relative lack of liquidity – particularly during the early years of the Investments – the shortfall versus the original subscription to the Fund could be large. You are warned that withdrawal of any part of your invested capital is also conditional on the Fund having sufficient liquidity to allow such withdrawal without prejudicing holdings of Investments already made by the Fund prior to the date on which such withdrawal is requested. Under no circumstances will the Manager be obliged to realise any Investment in order to generate cash to fund a withdrawal.

Past performance of any fund advised or managed by the YFM Equity Partners or any of its subsidiaries is not a guide or a guarantee of the future performance of any fund advised or managed by YFM Equity Partners or any of its subsidiaries. The value of tax reliefs available depends on personal circumstances and is subject to Investors retaining their shares for a three-year period. In addition, the availability of tax reliefs depends on the companies invested in maintaining their qualifying status. Please refer to the HM Revenue & Customs website for further guidance on the tax reliefs available on EIS investments. Tax reliefs and concessions under the EIS tax regime are not guaranteed to remain unchanged for the life of the Fund, as the regime for taxation of investors in funds such as the Fund is liable to change from year to year. You are strongly recommended to consider the generic tax information appearing on page 15 of this Information Memorandum, and to seek further specific tax advice on or in relation to your personal circumstances before investing.

Investment in the Fund carries a high degree of risk. Certain generic risk factors are set out in the section entitled Risk Factors commencing on page 14, and Investors are encouraged to read and consider these in detail.

In compliance with the provisions of the FSA rules that implement the EC Marketing Directive, if you have received this Information Memorandum directly from YFM Equity Partners and have neither sought advice from an Independent Financial Adviser on a face-to-face basis nor met with representatives of YFM Equity Partners itself, you may have certain rights to cancel your investment. Your rights in this respect are more fully set out in the Investment Management Agreement which forms part of this Information Memorandum.

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Part A

Information Memorandum

1. Welcome to YFM

Dear Investor

YFM Equity Partners¹ has been making equity investments in unquoted companies for nearly 30 years and has been using Venture Capital Trust vehicles for 15 years. British Smaller Companies VCT plc is one of the select group of generalist VCT funds that have backed the UK's leading high growth businesses since the inception of the VCT programme in 1995. It is currently the top performing² Venture Capital Trust. This performance is a result of our ability to take a long term view to backing and bringing value through transformational change to the UK's fast growing companies. I am delighted that in 2011 we were awarded VCT Deal of the Year at the Unquote British Private Equity awards and VCT of the Year at the Investor Allstars awards.



YFM Equity Partners has been the most active investor group in the UK's sub £5 million deal range (Private Equity Insight: five years to October 2011) with over 200 portfolio companies. We have built an experienced team of 30 Investment Directors and Managers dedicated to investing in the UK SME sector. Our team manages over £375 million of committed funds for institutional investors and over 5000 private investors.

As manager³ of the best performing VCT², our VCT shareholders have asked us to apply our expertise in generating consistently strong investment returns to the EIS market, and I am therefore delighted to announce the British Smaller Companies EIS Fund. We believe that this is the right time for experienced investors to invest in British Smaller Companies EIS Fund (The Fund). EIS tax benefits are the only common factor between EIS products. Whilst these tax benefits are attractive in their own right, unless your money is invested in a portfolio of opportunities with good growth potential, your investment will not be maximised. That's where YFM Equity Partners is different.

Some funds will focus on capital preservation (where the tax benefit is the major part of the return), whilst others invest in high risk early stage opportunities that can often fail – looking for the "Big Winner". Our approach is different – we will invest in businesses undergoing transformational growth, where we target strong investment returns that will be further enhanced by the EIS tax benefits. For all realised and partially realised unquoted investments, of which there are 20 from within the VCT portfolios since 2004, we have achieved average cash multiples of 3.4x original cost.

Our approach is to take the philosophy we have brought to the top performing British Smaller Companies VCT plc and to maintain our focus on delivering consistent medium term value growth and strong investment returns first and foremost, whilst also enhancing this with valuable tax reliefs in a new EIS product. Our track record endorses our approach and we hope that you enjoy reading the Information Memorandum with the Application Form on page 47 and we look forward to your participation as an investor in British Smaller Companies EIS Fund.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'David Hall', with a long horizontal flourish extending to the right.

David Hall
Managing Director
YFM Equity Partners

1 Refers to YFM Equity Partners Limited together with its investing subsidiary companies

2 British Smaller Companies VCT plc is the top performing VCT (by Net Asset Value growth) over 1, 3 and 10 years (Citywire data, August 2011)

3 British Smaller Companies VCT plc is managed by YFM Private Equity, a wholly owned subsidiary of YFM Equity Partners

2. Introduction

Objectives

Generating capital growth and preserving wealth while sheltering from tax with a diversified portfolio of EIS qualifying investments.

A market that offers access to businesses with high value growth

Smaller UK businesses which are not listed on a stock exchange continue to be at the heart of the UK's entrepreneurial drive and can deliver significant growth and profits over the medium term. For many years access to this market was the preserve only of the institutional investor. Increasingly, individuals have sought the opportunities that are available for, potentially, strong returns within this market. YFM Equity Partners, through its national reach, UK wide organisational structure and specialist investment team are able to offer access to local and regional networks producing the widest range of investment opportunities in businesses offering transformational growth and consequent financial returns.

Why YFM?

Performance

Specialising in investing in the UK's unquoted companies for nearly thirty years, YFM has delivered 112 successful realisations across all managed funds. This, in turn, has provided returns that have put British Smaller Companies VCT plc as the top performing VCT over 1, 3 and 10 years (Source: Citywire data to August 2011). British Smaller Companies EIS Fund is looking to utilise this expertise, flow of investment opportunities, experience and infrastructure by partnering with and co-investing alongside the British Smaller Companies VCTs.

Team

We have 30 full-time investment and portfolio directors and managers operating throughout the country in four principal investing locations: London, Leeds, Manchester and Bristol. This provides access to investment opportunities through local networks that are not always available to those firms based in a single location.

Why EIS funds?

In addition to the investment opportunities one of the principal reasons to invest in EIS funds has been for the tax benefits. These benefits serve to both reduce the risk to your capital as well as enhancing the returns.

Subject to certain conditions, investment in the Fund by a UK taxpayer enjoys:

- Tax free capital gains (on any gains made by the Fund investments)
- Income tax relief
- Inheritance tax relief

- Capital gains tax deferral
- Loss relief

Structure

The Fund will be in the form of a discretionary portfolio investment management service, managed by YFM Private Finance Limited. We are able to mitigate risk by investing in mature, profitable, growing businesses that provide both income and capital return. We aim to create a portfolio that creates a mix of later stage businesses operating in traditional industries with those that offer opportunities in high growth innovative industries.

Why Now?

We believe the current economic conditions create a unique opportunity to invest in growing UK companies where the constraints on other forms of finance have led to a shortage of capital.

Over the last 30 years we have gained long experience of investing in similar investment funds through varying cycles of economic expansion and contraction and changing tax structures. From this experience we intend to build a portfolio over the next 12 to 24 months that can realise value over the medium to long term.

Key Features

British Smaller Companies EIS Fund

Growth Capital EIS Fund

Minimum individual subscription: £15,000

Anticipated fund size £10 million

Investments made over a 12-24 month period

Investment size: £250,000 - £2,000,000

Focus: Diversified portfolio of UK businesses

Launch November 2011

Initial closing date: 5 April 2012

3. Tax benefits explained

British Smaller Companies EIS Fund provides UK tax resident investors with the opportunity to benefit from Enterprise Investment Scheme ("EIS") tax reliefs. The Fund will build a diverse portfolio of investee companies that have substantial assets and benefit from predictable revenue streams while also allowing the Investor to benefit from EIS tax relief on each Investment. The Fund is seeking to realise these Investments over a period of typically 3 to 7 years.

Tax benefits are available and can be claimed by qualifying Investors on a per investment basis by reference to the date on which each such investment in an EIS qualifying company is made by the Fund. The availability of tax reliefs depends on the companies invested in maintaining their qualifying status. Please refer to HM Revenue & Customs website for further guidance on the tax reliefs available on EIS investments. Income tax benefits will relate to the tax period in which the investment in the company is made or may be carried back to the previous tax year. Income tax relief is available to those with UK source income. It is necessary to be UK resident at certain times to benefit from deferral relief.

The following tax reliefs should be available to Investors provided they are "Qualifying Individuals" (as defined in the relevant EIS legislation: Sections 162 to 171 Income Tax Act 2007):

Capital Gains Tax (CGT) deferral: Unlimited for gains arising within 36 months prior to and 12 months following the date when the Fund invests your monies in a qualifying company.

Income tax relief at 30% on up to £500,000 (£1,000,000 per couple) invested in EIS Qualifying Companies provided the monies stay vested in those companies for at least three years. This relief may now be carried back to the previous tax year.

Tax free gains: Capital Gains Tax free treatment for capital gains made on Investments through the Fund where income tax relief has been claimed and retained and the conditions are met.

In the event of any investments being realised during the three year qualifying period, this may lead to a full or partial withdrawal of the EIS tax reliefs.

Inheritance Tax (IHT) relief at up to 100% after each investment has been held for 2 years.

Loss relief up to 65% (against either income subject to income tax or capital gains subject to Capital Gains Tax) on investments. A loss on any qualifying Investment made by the Fund irrespective of the portfolio performance can be offset by individuals.

Income tax carry back relief: Investors can claim income tax relief in the tax year in which the Investment is made or on the preceding tax year. This allows you to take tax relief in the most advantageous tax period for you. Tax relief claimed for the preceding year will be at the previous rate of 20%.

4. The Fund Manager

The Fund Manager is YFM Private Finance Limited which is a subsidiary of YFM Equity Partners and has been created to act as Fund Manager for the management of British Smaller Companies EIS Fund.

YFM Equity Partners has one of the largest and most experienced fund management teams in the UK specialising in unquoted equity investments. YFM Equity Partners' ethos is to take an active approach to the management of investments from initial investment through to realisation.

With one of the UK's largest combined portfolios of over 200 unquoted investments, we have extensive experience that we can bring to bear on the growth of our investee companies. As Fund Manager, YFM Private Finance Limited, will be actively involved with the businesses in which you have invested, appointing non-executive directors, attending board meetings and helping to direct company strategy on your behalf. The depth of experience in the management team, particularly in achieving realisations of unquoted investments, allows the Manager to offer practical support to the businesses particularly in relation to acquisitions, re-financing and strategy as a precursor to maximising the value of the Fund's investments.

5. Principal Investment Management Team

The Investment Management Team is drawn from YFM Private Equity, which manages the British Smaller Companies VCTs, and of which British Smaller Companies VCT plc is the top performing VCT over 1, 3 and 10 years (Source: Citywire data to August 2011).

The YFM team has, together, had over 100 years experience investing in and managing venture capital opportunities. The Principal Investment Management Team has access to the wider team of Investment and Portfolio Directors and Managers from YFM Equity Partners, who are able to provide support, contacts and expertise.

The Investment Management Team has built up a rigorous approach to evaluating investment opportunities. This involves in-depth analysis of the management team, their business model, competitors and markets with a keen attention to the profile of the opportunity and its fit with the British Smaller Companies' portfolio.

David Hall – Managing Director

David took over responsibility for all YFM Equity Partners investment activities in December 2009 having been the Managing Director of YFM Private Equity Limited since 2003 where he was responsible for a number of funds including the British Smaller Companies VCTs. He is a Chartered Accountant qualifying with PwC.



David Gee – Director of Investments

David has 22 years experience in the venture capital field with YFM Private Equity Limited. He has managed funds for both institutional and private investors including the award-winning British Smaller Companies VCT plc. He qualified as a Chartered Accountant with Grant Thornton, specialising in corporate finance.



Joseph Bergin – Investment Director

Joseph joined YFM in March 2011 and is responsible for the Manchester and Liverpool offices with their six strong investment team as well as a current portfolio of 40 companies. Prior to joining YFM Equity Partners Joseph was Director at NBGI Private Equity. He has over 16 years experience in private equity and has held senior positions at Octopus Investments and 3i Group plc. He started his career in the North West of England at Astra Zeneca.



David Bell – Portfolio Director

David joined YFM in 2009 to lead portfolio management activities and is a director of YFM Private Equity Limited. Prior to joining YFM he spent 10 years at 3i where he was also portfolio director and had extensive experience of managing and realising in excess of £100 million from private equity investments from the small and medium sized investments portfolio. He sits on the board of RMS Europe Limited as well as on the board of several other YFM investments. He has a first class degree in Maths from Imperial College and also spent 5 years working as a management consultant focusing on supply chain solutions.



Paul Cannings – Director

Paul joined YFM in 2006 to raise new funds and to make and manage investments. He is a director of YFM Private Equity Limited. Prior to joining YFM he spent 14 years at 3i where he was also a director, latterly with responsibility for leading the small buy-out and development capital team. He has led several new investments and currently sits on the boards of Harvey Jones and Harris Hill as well as representing interests on a number of others. He was responsible for the recent successful partial exit of GO Outdoors. He has a first class degree in Economics from Bristol University and qualified as a Chartered Accountant with PwC.



Robert Desborough – Investment Director

Robert joined YFM in 2006 as an Investment Manager working on investment in early stage high growth businesses. He currently manages and represents funds' interest of 13 portfolio investments. Previously, he worked as a strategic marketing consultant in both Silicon Valley and Ireland. He has a BSc (Hons) in Biomedical Sciences from Glasgow University.



6. Investment objectives

The focus will be on investment opportunities across diversified sectors in privately held UK companies which are well placed to undergo transformational growth. The Fund is structured to manage risk and preserve capital as well as benefit from capital appreciation by seeking to build a broad portfolio, comprising investments in more mature profitable businesses with higher capital growth potential.

Between £20 million and £45 million invested into UK SMEs per annum 2008-2010

Participated in deals worth over £200 million per year

200 investee companies within managed portfolios

20 unquoted investments realised or partially realised since 2004 at an aggregate return multiple of 3.4x cost

(N.B. Figures cover calendar years 2008 and 2009)

These opportunities are expected to have the following characteristics:

- Sustainable and growing profitability
- Low levels of debt
- Leading positions in niche markets
- Opportunity to build a strong brand with an innovative approach or a proprietary technology advantage
- Experienced and ambitious management teams focused on maximising strategic value on realisation and shareholder value
- Co-investment opportunity with British Smaller Companies VCTs

We aim to invest the capital over a period of approximately 12-24 months intending to build a diversified portfolio of investments.

We look for the following business characteristics

- Strategic value on exit
- Opportunity for the investee company to develop a strong brand, niche product or an innovative approach to its market
- Scalability
- Modest purchase prices with sensible levels of debt
- Entrepreneurial management teams

7. Our investment reach and portfolio

Sourcing Investment Opportunities

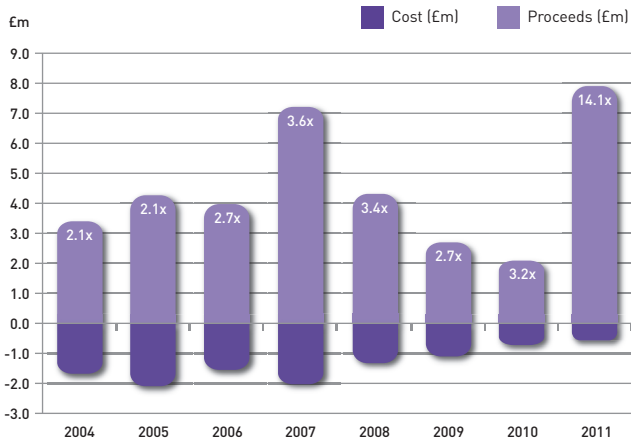
As the most active investment group in the UK's sub £5 million deal range (Private Equity Insight: 5 years to October 2011), we have over £375 million in committed funds with a combined portfolio of more than 200 investments. We have achieved this with an investment team of more than 30 investment and portfolio directors and managers through four principal offices in London, Leeds, Manchester and Bristol. This coverage gives YFM access to a wide range of investment opportunities across the UK. The existing portfolio of high growth and innovative companies offers further qualified opportunities for British Smaller Companies EIS Fund to co-invest in those companies that are the most successful and that fit within the investment strategy of the Fund.

British Smaller Companies EIS Fund will utilise the existing flow of investment opportunities from within YFM Equity Partners and will co-invest alongside many of the existing funds managed by YFM or in some cases independently. By adopting such a co-investment strategy, we intend to build a stable and diversified portfolio and invest on similar or better terms than we could if we invested independently. Additionally this allows us to establish an independent valuation before investment.

8. YFM Equity Partners' investments

Consistent track record of profitable realisations in similar investment funds

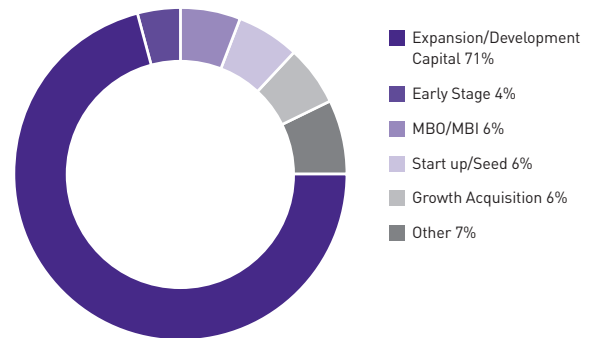
British Smaller Companies VCT plc and British Smaller Companies VCT2 plc ("BSC and BSC2") realisation and investment return multiples.



In the period 2004-2011 BSC and BSC2 have realised or partially realised a total of 20 investments that were unquoted at the point of investment, with an aggregate cost of £10.7 million, realised proceeds of £36.1 million and an aggregate return multiple of **3.4x cost**. Past performance of funds managed by YFM is no guide to future performance and the value of investments may go down as well as up and you may not get back the full amount invested.

Creating and giving value at all points on the company lifecycle

Typical YFM Equity Partners' investments by company stage



Examples

In building portfolios of investments we seek to achieve a balance of sector and stage of investments. The investment strategy of the Fund will seek to replicate this balance, with enhanced returns due to the tax benefits available to an EIS investor. The case studies below provide examples of some of those opportunities that form part of the portfolios in funds that YFM manages.

GO Outdoors

Location	Sheffield, with stores throughout the UK
Sector	Outdoor clothing and equipment retailer
Deal type	Development
Initial investment	1998
Date of partial exit	2011
Total return to date	30x cash invested
Current holding	14% stake still held



GO Outdoors was a small company that set out on a big adventure more than 40 years ago. Sheffield's 'Camping & Caravanning Centre' first opened its doors in 1969, and soon became known simply as 'CCC' to locals. CCC quickly earned a strong reputation for excellent customer service and became a landmark within Yorkshire's outdoor community.

YFM backed the acquisition of GO Outdoors' first store in Sheffield in 1998. Since then YFM has worked closely with the management team as it has expanded across the UK to 30 stores, generating sales of more than £115 million to become the number 1 store in its market place. YFM managed funds made a partial exit from the investment in 2011 selling a minority stake realising £6.5 million in cash with a 14% stake still held. The total return to date represents a 30x cash multiple, winning VCT Deal of the Year 2011 (Unquote British Private Equity Awards).

"Without the active involvement and strategic advice from YFM Equity Partners, GO Outdoors wouldn't be the business it is today. We have grown from one store in 1998 with sales of £2 million to 30 stores with sales of £115 million."
John Graham, CEO, GO Outdoors

DxS

Location	Manchester
Sector	Personalised medicine
Deal type	Early stage
Initial investment	2004
Date of exit	2009
Total sale value	\$135m
Return	11x capital, 60% IRR



Based in Manchester, DxS offers products, technology and services to the healthcare industry, enabling the delivery of safe and effective medicines.

In 2004 the business had 13 staff, operated in the North West and had sales in the region of £400,000.

The funding from YFM managed funds allowed the business to develop and secure a landmark success in bringing the world's first companion diagnostic to market. Large contracts were won with major players such as Amgen and the company was named Bionow Biomedical Company of the Year 2008. The business now employs 80 staff, has operations across the USA and forecasted sales of £20 million.

"We identified the rapid growth potential of DxS when we made our first investment in 2004. With our support DxS became a major player in the personalised medicine revolution and launched the first anti-cancer drug and diagnostic combination with a major pharmaceutical company, Amgen. The sale of DxS to the international technology giant Qiagen for up to \$135 million has generated an 11x return for YFM's investors."

David Hall – Managing Director YFM Private Equity

Waterfall Services Ltd (Trading as Caterplus)

Location	Watford
Sector	Catering services
Deal type	MBO/MBI



The investment in 2007 supported the £5 million management buy-in/management buy-out of this specialist supplier of catering services to the residential and care home sector.

There has been both organic and acquisitive growth which has broadened and diversified the customer base with significant progress being made in expanding services provided to the education sector.

In 2008 Caterplus acquired Warrington-based Taylor Shaw. The combined businesses have a turnover in excess of £35 million and employ more than 1,600 staff and service over 350 educational establishments, care homes, welfare shelters and office/factory canteens in the UK.

It is now one of the largest privately-owned contract catering firms in the UK.

"Our strategy for Caterplus was to build the business through acquisition. We have provided hands-on support in helping them locate, negotiate and integrate the acquisition, positioning them for further rapid growth."

Joseph Bergin, Investment Director, YFM

9. Value through to realisation

As Fund Manager we are always mindful to take an actively involved approach to the management of your portfolio of investment companies. This involves attendance at regular monthly board meetings and appointing non-executive directors (frequently as Chairmen). This has the objective of giving strategic direction for the business in order to realise the investment at the point of maximum value to you. The depth of experience in the management team allows us to offer practical support to portfolio companies and assist in adding value particularly in relation to acquisitions, re-financing and strategy prior to the realisation of the investment.

Where applicable we will utilise the operational or sector specific skills of those executives that form part of our extensive network of YFM Equity Partners' contacts to bring further value to the investee companies.

There are many ways in which holdings may be realised. This can be through the sale of the company to a strategic acquirer or through listing on quoted markets. YFM Equity Partners has successfully listed 12 companies and the YFM Equity Partners team has delivered 112 successful realisations in total.

The Fund will endeavour to maximise the value from the realisation of investments within a reasonable timescale. Generally, this is envisaged to be within a period of three to seven years from the date of investment. Of all the 20 unquoted realisations in the Venture Capital Trusts since 2004 the average time between initial investment and realisation was 6.6 years. The net proceeds of all Investments which are realised will be returned to Investors after deduction of all relevant costs (see charges and fees).

10. Reporting to Investors

We take pride in our relationship with our Investors and encourage interaction on the status of our managed funds. We will formally report on a half yearly basis to you with information on Investments that we have made. We will also run an annual Investors workshop where you will have the opportunity to meet some of our investment team and see presentations from businesses within your portfolios. Our website www.bsceis.com will also be continually updated with news and information on your portfolio and the broader activity at YFM Equity Partners. In addition the Administrator (Share Centre) will provide six monthly statements to you of all current shareholdings in the Fund for so long as such shareholdings are held by the Administrator through a nominee.

Valuation Principles

All Investments in the Fund will be valued according to best practice as set out under the International Private Equity and Venture Capital Valuation Guidelines, on a half yearly basis. The overriding principle of these valuation guidelines is to show a fair valuation of the Investment to Investors based on what would be a fair transaction between informed parties at arm's length. Prudence is a central concept of the valuation guidelines.

11. Charges and fees

Initial Charges and Set-Up Costs

The application fee, payable to the Fund Manager, will be 5% plus VAT of the subscription monies as at the Closing Date on 5 April 2012, and will be deducted from the subscription monies. Out of this fee, the Fund Manager will meet the legal and set up costs, commissions and other expenses of setting up the Fund.

Management and Monitoring Fees

The annual management fee ('the Management Fee') will be 2.0% (plus VAT) of the initial subscription for the first three years. After three years the fee will be 2.0% (plus VAT) of the Net Portfolio Cost (NPC). On completion of an Investment the investee company will typically be charged a one-off fee of 3% plus VAT to assist in covering transaction costs.

Administration Fees

The Administrator will be The Share Centre Limited. The Share Centre provides back office administration and share nominee facilities. Administration includes:

- A custodian service to ensure the safekeeping of your investments
- Application handling, including anti-money laundering procedures
- Maintenance of your Investor register
- Statements and valuations twice a year to all Investors
- Share dealing and placing of Fund Investments

The Share Centre Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority under reference 146768. Established in 1990 to provide share services for private investors, they also provide assistance for corporate clients including Share Incentive Plans and Sharemark, the stock market for smaller companies with trading at a single price (no bid/offer spread). The Share Centre has been administering EIS funds for eight years and is now one of the largest EIS fund administrators in the UK.

All Investments made on behalf of Investors will be held on behalf of each Investor (but subject to instructions from the Fund Manager only) by the Fund's Nominee (Share Nominees Limited) under arrangements that enable each Investor's entitlements to be separately identified. Further details of the Nominee arrangements are set out in clause 4 of the Investment Management Agreement.

Dealing Charge

Investors in the Fund will pay the Administrator a commission on each purchase or sale of the underlying Investments at the rate of 0.35% of the value of the total amount invested or the total proceeds realised (plus VAT). In relation to a purchase, the Investor will have to pay such fees in addition to the purchase price or such fees will be deducted from total proceeds realised in relation to a sale.

Performance Contribution

In line with standard industry practice there is a performance incentive payable to YFM incentivising the maximisation of capital value. The fee is equal to 20% of the net profit achieved by each Investor's individual company investment. The performance contribution will be subject to a performance hurdle whereby each Investor's individual company investment must achieve a return in excess of 25% of the investment sum before the performance contribution.

All fees (including the performance fee) may be subject to VAT.

Re-registration Fee

Although there are no charges for changes within the Administrator's Nominee, the Administrator may charge a re-registration fee of £15 (plus VAT) per holding if an Investment is to be transferred out of the Nominee's name (for example, upon termination or in the event of a transfer to the Nominee of a new Administrator).

12. Risk factors

Investors should be aware of the high risk nature of this, an investment in an EIS fund.

The taxation summary should not be viewed as constituting tax advice.

It is strongly recommended that Investors seek the advice of their own independent financial adviser or other appropriately qualified professional. If in any doubt whatsoever, Investors should not consider subscribing.

The following specific issues are drawn to the attention of Investors:

Investment Issues

1. The valuations of the underlying investee companies, and dividends payable, can go down as well as up, and the Fund may be subject to sudden and large falls in value. Investors should not consider subscribing unless they can afford the total loss of their subscription monies.

Past performance is no guide to future performance and the value of investments may go down as well as up and you may not get back the full amount invested.
2. The Fund will substantially or wholly comprise non-readily realisable investments for which there is a restricted market and it may, therefore, be difficult to deal in the Investments or to obtain reliable information about the value or level of risk attached to them. Investors should be aware that there may be difficulty in selling such Investments at a reasonable price and, in some circumstances, it may be difficult to sell them at any price. Careful consideration as to affordability and suitability should be given before making an investment decision. If in doubt, independent financial advice should be sought.
3. If any of the Investments are listed on any public market or share trading facility, the market on which the Investment is traded may be restricted. In other words, there may be no market maker. In other instances there may be only one market maker or the market maker may be the communicator of the financial promotion or an associate of the issuer.
4. The Investments will normally be securities in unlisted and unquoted companies. Unquoted securities have more risks than quoted securities or shares. They may be difficult to sell. Market makers may not be prepared to deal in them.
5. The Fund will comprise Investments in private companies and restrictions may apply to the transfer of the Investments.
6. Proper information for assessing the current value of the Investments will not normally be available.
7. Subscription to the Fund should not be viewed as a short-term investment. Any realisation within three years of investment in an investee company will result in the whole or partial loss of EIS relief.
8. It may not be possible to realise Investments prior to the termination of the Fund in which case any remaining Investments will be transferred to Investors.
9. The Fund Manager may have a position or holding in Investments within the Fund or in a related investment. They may have a material interest in any Investment within the Fund. They may also be providing, or have provided within the previous twelve months, significant advice or investment services in relation to the Investment concerned or a related investment.
10. Products developed by a Portfolio Company may not be commercially or technically successful.
11. Investee companies may borrow funds from third parties. This exposes the Fund to additional risk and means that shareholders will rank as creditors behind lenders in an insolvency situation.
12. One or more Portfolio Companies may fail, their securities may be sold for substantially less than their acquisition cost or those securities may have no market at all. Accordingly, an Investor may potentially lose the total amount of an investment in one or more companies.

Tax Issues

1. The summary of the tax reliefs set out in page 7 is based on the position as at October 2011 and such reliefs are subject to changes of law and interpretation. The Fund Manager will not take account of the circumstances of individual Investors in recommending or sanctioning Investments. The Fund will not be a HMRC Approved Fund. The approval given by HMRC to Approved Funds relates only to certain administrative matters and affects the timing of the claim for income tax relief and sets requirements as to the timescale over which investments must be made to retain approval. Investors in this Fund have greater flexibility as to timing of investment and claiming the tax reliefs.
2. The amount of relief an Investor may gain from an Investment through the Fund depends on the Investor's individual circumstances and all Investors should take advice from their own tax adviser in relation to their circumstances. Future changes to taxation laws and interpretation may adversely affect the performance of the Fund and, consequently, the return to the Investors.
3. Any loss of status of an investee company as an EIS Qualifying Company, whether through actions taken by the investee company or otherwise, may lead to the loss of EIS relief for Investors on that particular Investment. No guarantee can be given that all Investments will qualify, or continue to qualify, for EIS relief.
4. Investors should be aware that EIS relief is only available on the amount invested in each EIS Qualifying Company, not on the total amount of the subscription to the Fund, some of which is applied to meet expenses and does not attract EIS relief.
5. The Fund Manager retains complete discretion to realise an EIS Investment at any time (including within the three year period from the date of the investment) that it considers appropriate at its sole discretion. In such case, some or all of the Tax Advantages relating to that particular Investment will be lost. In exercising its discretion to make such a disposal, the Fund Manager is not obliged to take into account the tax position of Investors (individually or generally); the explanations given in this document of EIS tax reliefs is an outline only and you should seek your own advice to ensure the investment is suitable for you and that you understand the conditions.
6. Following the March 2011 Budget, HM Treasury has entered into a consultation process on reforms to the EIS Scheme. As such the scheme may be subject to change in the 2011-2012 tax year.

13. How to claim your tax reliefs

British Smaller Companies EIS Fund is a discretionary managed portfolio service. We will make the investments on your behalf and the Administrator, the Share Centre, will hold the investments in your name as nominee. The tax reliefs will be generated as and when the investments are made into individual EIS Qualifying Companies as opposed to the date of your investment into the Fund. The level of your investment will be pro rata to your investment in the Fund. We anticipate making all the Investments over a period of 12 to 24 months. Following investment, in a timely manner, an application will be made to HMRC on your behalf for EIS 3 certificates for each of your underlying Investments. These will allow you to claim, on presentation, the relevant tax reliefs.

Fund Issues

The Fund Manager will seek to realise each Investment in an orderly fashion within seven years of the Closing Date of each underlying company investment, but it cannot be guaranteed that the Investments made can be easily realised within this period and, even where they can be realised, that this can be done on an advantageous basis.

14. How to apply

1. Please read the Investment Management Agreement and complete the Application Form(s) within this brochure.
2. Remember, one application only per Investor (no joint applications, but spouses can apply separately; two separate forms are included for this purpose).
3. Investors must satisfy the Money Laundering regulations as set out in appendix C on the reverse of the Application Form.
4. Investors should attach their cheques, made payable to "The Share Centre Limited".
5. Investors should return their completed and signed Application Forms, with their cheques and money laundering documentation to: The Administrator, British Smaller Companies EIS Fund 2011, c/o The Share Centre Limited, PO Box 2000, Aylesbury, Bucks HP21 8ZB.
6. Investors must include and return a completed Client Suitability Form as set out in Appendix B on page 45.

Subscription

The subscription period for the Fund closes on 5 April 2012 which can be extended at the Fund Manager's discretion. The Administrator reserves the right to close the Fund earlier.

The minimum subscription by each Investor is £15,000 (in multiples of £5,000 thereafter). As part of YFM Equity Partners the Fund is able to access and build a diversified portfolio from a minimum Fund size of £1 million. If, at the Closing Date, the amount of total subscriptions made is less than this minimum figure, the Fund Manager reserves the right to instruct the Administrator to return subscription monies to the Investors (such monies to be returned without interest) within 14 days of the Closing Date. The Fund is seeking to raise a maximum of £10,000,000 and will be closed to new Investors thereafter.

Following the Closing Date of the Fund, the Fund Manager intends to invest at least 80% of the total subscriptions in the Fund into EIS Qualifying Companies within 12-24 months.

15. Fund Manager and Advisers

Fund Manager:

YFM Private Finance Limited
Saint Martins House
210-212 Chapeltown Road,
Leeds, LS7 4HZ

Legal Adviser to the Fund Manager:

Howard Kennedy LLP
19 Cavendish Square,
London, W1A 2AW

Adviser on EIS matters:

PriceWaterhouseCoopers LLP
1 Embankment Place,
London, WC2N 6RH

Administrator and Custodian:

The Share Centre Limited
Oxford House, Oxford Road,
Aylesbury, Bucks, HP21 8SZ

Nominee:

Share Nominees Limited
Oxford House, Oxford Road,
Aylesbury, Bucks, HP21 8SZ

Each of the professional firms above has been detailed for information purposes only and takes no responsibility for any statement in or omission from the Information Memorandum.

16. Definitions

Administrator	The Share Centre Limited registered in England and Wales with company number 246949 whose registered office is at Oxford House, Oxford Road, Aylesbury, Buckinghamshire HP21 8SZ (or such other party as assumes the role and responsibilities of “the Administrator” pursuant to the Agreement).
Agreement	the agreement to be entered into amongst the Administrator, the Fund Manager and the Investors relating to the Fund in the form set out in Part B.
Allocation Policy	The allocation policy refers to the rules for the allocation of funds as defined by the Fund Manager.
Application Form	the application form in the form set out on pages 47 to 48.
British Smaller Companies VCTs	British Smaller Companies VCT plc (Co. No. 03134749) together with British Smaller Companies VCT2 plc (Co. No. 04084003).
Closing Date	the closing date for the Fund is 5 April 2012 which may be extended at the Fund Manager’s discretion.
Company	YFM Private Finance Limited.
EIS	the Enterprise Investment Scheme.
EIS Relief	EIS relief consists of a range of tax reliefs including income tax relief on the amount subscribed for shares in Qualifying Companies, a CGT free disposal for shares which attracted income tax relief, the possibility of deferral of capital gains tax and potential relief for a loss on disposal.
Financial Services Authority (FSA)	The Financial Services Authority (FSA) the regulator of the financial services industry in the UK. 25 The North Colonnade, Canary Wharf, London E14 5HS.

Fund	British Smaller Companies EIS Fund, as described in this Information Memorandum.
Fund Manager	YFM Private Finance Limited.
Investments	investments in the Fund.
Investors	those persons who invest in the Fund.
Net Portfolio Cost	the aggregate cost of Investments less the costs of amounts realised including any liquidated Investments.
Nominee	Share Nominees Limited which is an associate of the Share Centre Limited.
Portfolio Companies	companies which receive an investment from the Fund.
Qualifying Companies	“qualifying companies” for the purposes of EIS Relief.
YFM Equity Partners/YFM	Refers to YFM Equity Partners Limited together with its investing subsidiary companies. YFM Equity Partners Limited (Co. No. 4848599) together with YFM Private Equity Limited (Co. No. 2174994) YFM Venture Finance Limited (Co. No. 4195617) and YFM Private Finance Limited (Co. No. 7316055) each having their Registered Office at Saint Martins House, 210-212 Chapeltown Road, Leeds, LS7 4HZ and their subsidiary companies.
YFM Private Finance Limited	YFM Private Finance Limited (Co. No. 7316055) is the Fund Manager for the Fund.

Appendix A

Investment Process

Execution policy

We maintain a best execution policy in relation to the Fund. An overview of the principles and processes are set out below. The execution policy exists as a separate document within our Compliance Manual, which is available on request.

Pre-investment process

A structured appraisal process is followed to reach an investment decision involving a number of steps which are summarised below:



Investment criteria

What we principally look for can be summarised as:

- Sustainable and growing profitability
- Low levels of debt
- Leading positions in niche markets
- Opportunity to build a strong brand with an innovative approach or a proprietary technology advantage
- Experienced and ambitious management teams focused on maximising strategic value on realisation and shareholder value
- Co-investment opportunity with British Smaller Companies VCTs

All investment decisions are made by the Fund Manager's Investment Committee based on a detailed written submission. The members of the Investment Committee will be drawn from the Board of YFM Private Finance Limited.

Realisation process

One of the important criteria prior to the selection of each Portfolio Company will be the potential to realise the Investment within the life of the Fund. We will seek to realise, where possible, each Investment within a period of three to seven years from the date of the Investment in order that the original subscription capital in the Fund is returned to Investors as soon as possible, leaving the balance of the portfolio to grow and produce capital gains over a medium-term horizon. Of the 30 realisations in the British Smaller Companies VCTs since 2004 the average time between investment and realisation was 6.6 years. We will maintain absolute discretion over the realisation strategy, making all individual decisions.

The intention is that, where possible, the Fund's Investments will be sold or taken to market (flotation on either the London Stock Exchange (LSE), AIM, PLUS or Sharemark markets) during the term of the Fund in order that a market value may be established for each Investment within this period.

The options for realisation of Investments include:

- Sale to third parties including trade sales
- Management buy outs, purchases by other shareholders or by the investee company itself
- Listing on the LSE, AIM, PLUS or Sharemark markets
- Sale of investee company's assets

In all cases the Fund will endeavour to realise the Investors' Investments.

Co-investment policy

The Fund is seeking to build a diversified portfolio and leverage the capabilities of British Smaller Companies VCTs as, predominantly, co-investment partners. The flow of investment opportunities experienced has given rise to an excess capacity for investment alongside these VCT funds and the Fund is looking to leverage the opportunities this provides. The Fund may invest sums of between £250,000 and £2,000,000 in any one opportunity, alongside British Smaller Companies VCTs or other funds managed by YFM Equity Partners. Investments will only be made in EIS eligible companies and will not be made in start-up businesses. Where the Fund co-invests with other funds managed through YFM Equity Partners such an Investment will be designed to best mirror the economic return taking account of such factors as tax or legal considerations.

General EIS eligible enquiries received by YFM may be introduced to the Fund and, in that case, the other funds under YFM's management will have first priority in accordance with its internal allocation rules, subject to which the Fund may invest in companies in which other funds under the management of YFM are proposing to invest. General EIS eligible enquiries received by YFM, to the extent that funding remains available after priority allocations to YFM funds, will be introduced to the Company for investment by the Fund before such opportunities are offered for syndication by third parties.

Enquiries received specifically by or addressed to YFM Private Finance Limited for the Fund and which would be eligible for investment are first considered by YFM Private Finance for the Fund alone. However, the Fund will be marketed under the YFM brand and it is not envisaged that direct enquiries will be received and the merits of investing alongside the YFM managed funds will always be considered.

To the extent that the Fund is unable or unwilling to fund the business in part or in full the Company may, but is not obliged to, offer the balance of funding for such opportunities for investment by other funds under the management of YFM Private Equity Limited ("YFM PE"). Any amount offered to YFM PE will be allocated to its funds under management according to its internal allocation rules.

Client conflicts policy

- 1 In dealing with and for its clients, YFM Private Finance must observe two fundamental principles:
 - that YFM Private Finance does not disclose any information which has been given to it by its clients on a confidential basis, and does not use such information for its own benefit or for the benefit of any other client, without the original client's consent; and
 - that YFM Private Finance acts at all times in a way which ensures the fair treatment of all of its clients. This means identifying and dealing with the potential for any conflicts of interest which may arise either between a client and the interests of the Company, or between two or more clients.
- 2 YFM Private Finance cannot act for a client in a transaction if it has a material interest in a security or related transaction, unless the conflict is first disclosed to the client. The test is an objective one; is the interest such that it could reasonably be assumed to lead to the Company acting against the client's interests? If we discover such a conflict of interest during the course of an assignment, this will immediately be brought to the attention of the Company's Compliance Officer.
- 3 The interests of our clients is paramount and YFM Private Finance will so conduct itself as to minimise the risks that those interests are compromised through the Company's acts and/or omissions and that when conflicts do arise they are managed effectively and in a way consistent with industry best practice.

The Board will review at least annually its policy on the management of conflicts with a view to keeping up to date with market practice.

Part B

Investment Management Agreement

Discretionary investment management agreement relating to the management of Investors' subscriptions to the YFM British Smaller Companies EIS Fund.

This Agreement represents the basis upon which the Manager (defined below) agrees to provide discretionary investment management services to you and, in parallel, to all other Investors in the Fund (defined below). It is scheduled to the Memorandum (defined below) and makes various cross-references to the Memorandum. It is, however, the only contractual document in force between the Manager and each of the respective Investors.

1. Definitions and interpretation

- 1.1 This Agreement uses terms already defined in the Memorandum, and unless separately defined here, the same meanings apply here as in the Memorandum.
- 1.2 This Agreement also uses terms defined in the FSA Rules, and those meanings apply here as well. Investors should in such cases refer to the on-line glossary of defined terms in the FSA Rules which may be accessed at www.fsa.gov.uk/pages/handbook.
- 1.3 Subject to clauses 1.1 and 1.2, the following terms are defined for the purposes of this Agreement:

the Act	the Financial Services and Markets Act 2000;
Applicable Law	all relevant UK legislation and regulation which applies to the structure, management, governance and taxation of the Fund and its Investments and the Investors, including but not limited to the Act, the FSA Regulations and relevant tax legislation underpinning the EIS;
Application Form	in relation to each Investor, the form completed by him to apply to subscribe to the Fund, as appended to that Investor's copy of the Memorandum;
Associate	in relation to any person, companies in that person's corporate group and that person's or any such group company's employees;
the EIS	the Enterprise Investment Scheme, as constituted under prevailing United Kingdom tax legislation, pursuant to which the Manager has structured the Fund;
EIS Qualifying Company	a company whose ordinary share capital is eligible for investment in accordance with the EIS;
FSA	the Financial Services Authority (or its successor regulator);
the Fund	the YFM British Smaller Companies EIS Fund;
Investment Objectives	the investment objectives of the Fund, as stated in the Memorandum (to be found on page 9 thereof) under the heading "Investment objectives";
Investor/you	you, as party to this Agreement and subscriber to the Fund (and Investors shall refer collectively to you and all other such parties to this Agreement who have subscribed to the Fund);
the Manager/we/us	YFM Private Finance Limited, as manager of the Fund;
the Memorandum	the information memorandum for the Fund dated 2 November 2011, to which this Agreement is attached;

your Net Subscription	the net money subscribed by you to the Fund, after deduction of initial charges and expenses, if any;
Nominee	Share Nominees Limited, whose functions are summarised at clause 4;
Nominee Agreement	the Agreement which exists between the Manager and Share Nominees as an associate of The Share Centre Limited;
your Portfolio	the shares acquired with your Net Subscription, together with all uninvested cash constituting part of your Net Subscription and/or received by the Manager from time to time on account of your shares and other investments managed by us in accordance with this Agreement;
Tax Benefits	the tax benefits that accrue to you under the EIS (provided that you are an individual who is a UK taxpayer or has gains you want to defer that are subject to UK Tax law), which are explained on page 7 of the Memorandum;
your Total Subscription	the total amount you have subscribed to the Fund (including fees and commissions, if any), as stated in your Application Form.

1.4 Further to the preceding provisions of this clause 1:

- (a) masculine terms import the feminine and neuter;
- (b) singular expressions import the plural and vice versa;
- (c) references to legislation or regulations are to such legislation or regulations as modified or reenacted from time to time;
- (d) reference to clauses are to the clauses of this Agreement; and
- (e) clause headings appear for ease of reference only.

2. Commencement and cancellation rights

2.1 This Agreement comes into effect on the last to occur of the following:

- (a) the date on which we receive your completed and signed Application Form;
- (b) the date on which the Nominee informs us that it is holding your Total Subscription;
- (c) the date on which we confirm to you and to the Nominee that we have concluded all relevant client due diligence in relation to you and are on such basis prepared to accept you as an Investor in the Fund; or
- (d) the lapse of any right you may have to cancel this Agreement under clause 2.2.

2.2 If you completed an Application Form and returned it directly to us without face-to-face involvement with either us or a financial intermediary, you are entitled to cancel this Agreement. In such circumstances, we will forward to you a cancellation notice. You will have a period of 14 (fourteen) days from receipt of that notice to inform us of your wish to cancel this Agreement. If you exercise your right to cancel, please note that the following provisions apply:

- (a) we will return to you (at your address as stated in the Application Form, within 30 days of your exercising your rights, and at your risk) that proportion of your Total Subscription as remains after deduction of our and the Nominee's reasonable expenses of processing the cancellation;
- (b) you may not cancel in relation to part only of your Total Subscription;
- (c) you will not be entitled to interest on the Total Subscription (or any part thereof) while such money has remained on deposit with the Nominee pending exercise of your cancellation rights.

3. Our appointment and functions

- 3.1 Under this Agreement, you appoint us as discretionary manager of your Portfolio. We will undertake to use our discretion to invest your Net Subscription and, from time to time, to reinvest your Portfolio, provided that:
- (a) all such investment and reinvestment shall take place strictly in accordance with the Investment objectives and the guidelines and restrictions applicable to the Fund; and
 - (b) subject to certain limited technical exceptions explained in clause 3.4 below, we shall be required and entitled to apply identical discretionary criteria to each and every person who is party to this Agreement as a subscriber to the Fund.
- 3.2 We have classified you as a retail client for the purposes of the FSA Rules.
- 3.3 All monies forming part of your Net Subscription will be transferred to the Nominee, which shall hold them as client money subject to the provisions of the FSA Rules in a segregated omnibus account in the name of the Fund. We shall have a mandate over such account in relation to the use of all Net Subscriptions for the making of Investments for each Investor's Portfolio and discharge of the expenses and fees associated with the management of the Fund.
- 3.4 As exceptions to the proviso in clause 3.1(b), please note as follows:
- (a) Under the EIS, each Investor is required to hold a defined whole number of shares in each EIS Qualifying Company, and fractional entitlements to shares are not permitted. Accordingly, it may be necessary to round (sometimes up, sometimes down) your investment in any given EIS Qualifying Company in order to ensure that your Portfolio contains only whole numbers of shares.
 - (b) The EIS requires us to apply a lower limit to your participation in any Investment made by the Fund of £500. If the value of your Net Subscription, coupled with the proportion of the Fund which we determine to invest in a given investment, would lead to an allocation to you of under £500 in the investment in question, this Investment will not be allocated to your Portfolio and resulting surplus shares will be allocated by us to other Investors' Portfolios accordingly.
 - (c) You are required to notify us if, within three years of the date of acquisition for your Portfolio of shares in an EIS Qualifying Company, you become "connected" with or receive "value" from such company (as such expressions are defined in the legislation relating to the EIS). In such circumstances, we are then required to transfer the shares in question out of your Portfolio and will reallocate them to other Investors in the Fund.
- 3.5 The Manager operates an execution policy (governing the process for acquisition and disposal of Investments for the account of the Fund) and a conflict management policy (addressing the management of conflicts of interest which may arise from time to time in relation to the Fund and its Investments). These have been referred to in summary form in the Memorandum and the full policy documents are available from us upon written request.
- 3.6 Occasionally, we will be subscribing for an Investment for the account of the Fund and for the account of other clients for whom we or one of our Associates may act. In such circumstances, we are entitled to aggregate the orders for such Investments, and this could have a minor detrimental or minor beneficial effect on the Fund. Overall, we will use our reasonable endeavours to manage the Fund in such a way that the effect of all such aggregations taken together over the life of the Fund is at worst neutral.
- 3.7 We undertake in general, and subject to items (a) and (b) below, to manage the Fund so as to protect your entitlement to the Tax Benefits. However, we have the discretion:
- (a) to retain for your Portfolio Investments in companies that cease to be EIS Qualifying Companies; and/or
 - (b) to realise Investments in EIS Qualifying Companies prior to the end of the minimum qualifying period under the EIS notwithstanding that this may prejudice your entitlement to the Tax Advantages if in our judgment we consider that doing so will return better value to you than would otherwise be the case.

4. The Nominee

- 4.1 We have entered into the Nominee Agreement with the Nominee for the provision of its services to the Fund and to ourselves. Investors are not, and are not required to be, party to the Nominee Agreement. We have selected the Nominee in good faith, using reasonable skill and judgment, and consider that the Nominee is competent to perform the functions stipulated in the Nominee Agreement. We accordingly undertake to all Investors to monitor the performance of the Nominee under the terms of the Nominee Agreement and to use all reasonable endeavours to enforce the Nominee Agreement for the benefit of Investors.
- 4.2 Under the Nominee Agreement, the Nominee has, in summary, agreed to do the following:
- (a) to hold all Investors' uninvested cash from time to time in a segregated client bank account in the name of the Fund, and to credit to that account from time to time all monies received by the Fund on account of dividends, distributions, investment sales and tax reclaims (or any other like receipt);
 - (b) at our direction, to discharge promptly the cost of all Investment purchases made by us for the account of the Fund;
 - (c) to ensure a record is kept in relation to each Investor's Portfolio of the precise number of shares in each Investment acquired for the account of that Portfolio;
 - (d) to generate written reports not less frequently than once per every six months of the Investments and uninvested cash held for the account of each Investor's Portfolio, in order to facilitate the Manager's reporting function in clause 10; and
 - (e) to promptly pay or attend to the payment of all fees and expenses due under this Agreement and the Nominee Agreement and all costs and taxes arising from time to time in relation to the operation of the Fund.
- 4.3 Under the Nominee Agreement, the Nominee:
- (a) has power to delegate its functions, but remains liable to us for the acts and omissions of its Associates as though they were its own, and may only delegate functions to third parties with our prior approval;
 - (b) confirms it remains liable to us for death or personal injury which may result from its or its Associates' acts or omissions, and for any matters for which it cannot exclude liability under the terms of the Act or the FSA Rules; and
 - (c) confirms that it is otherwise not liable for its or its Associates' acts or omissions, except where these are the result of its fraud, wilful default or negligence or arise from a material breach of the FSA Rules.
- 4.4 The Nominee Agreement may be terminated by us or by the Nominee on 6 months' written notice, and summarily by us in the event of the Nominee's insolvency, material breach unremedied after 20 days of being notified, cessation of authorisation by the FSA and in certain other circumstances.
- 4.5 The terms of the Nominee Agreement are also summarised in the Memorandum. and a full copy thereof is available from the Manager upon request. We will notify all Investors in the event of any material changes which may need to be made from time to time to the Nominee Agreement.

5. Fees and expenses

- 5.1 From the Total Subscription made by you to the Fund, the Manager shall be entitled to deduct a preliminary charge of 5% (plus VAT), before remitting the Net Subscription to the Nominee.
- 5.2 In consideration of managing your Portfolio, the Manager is entitled to an annual management fee of 2.0% (plus VAT) of funds raised, and after three years 2.0% (plus VAT) of Net Portfolio Cost (plus applicable VAT).
- 5.3 The Manager is also entitled to a performance incentive equal to 20% of the profit after the 25% hurdle, on realisation for your Portfolio's account of each investment therein, and reserves the right to structure the nature of this commission in such fashion as it sees fit, having regard to tax efficiency.
- 5.4 Both the Manager and the Nominee are entitled to reimbursement of all out of pocket expenses (and any associated VAT) reasonably incurred in relation to the management of the Fund and the performance of the Nominee Agreement, respectively.

6. Your representations to us

6.1 You represent and warrant to us that:

- (a) you have read and understood the terms of the Memorandum;
- (b) you are legally permitted to enter into this Agreement;
- (c) you are entering into this Agreement for your sole benefit; and
- (d) the information you have provided to us in the Application Form (generally, but in particular in relation to your name, address and tax reference) is accurate and correct.

6.2 It is a further condition of this Agreement that should any material details provided by you in the Application Form change in the future, you provide us forthwith with details of all such changes.

7. Termination and withdrawal rights

7.1 Under the EIS, you are entitled in limited circumstances to make a withdrawal from your Portfolio. If you wish to make a withdrawal, we require a minimum of 30 days' written notice. You should contact the Manager and request a withdrawal form, which you should then complete and return to us. The 30 day notice period commences with the date on which we acknowledge receipt of the completed form. Please note as follows:

- (a) you may generally only withdraw uninvested cash held in your Portfolio;
- (b) we will not undertake to realise investments held for the account of your Portfolio. You were advised in the Memorandum that investments made by the Fund are liable to be illiquid in nature and difficult to realise;
- (c) further to (b), while we will if possible realise investments in order to satisfy a withdrawal request, we will not attempt to do so if we consider that this would not be in the best interests of the Fund or of Investors generally;
- (d) cash once withdrawn may not be reinvested with the Fund;
- (e) depending on the amount or value of the withdrawal and the effect (if any) which it has on the number or value of Investments held within your Portfolio, withdrawal may significantly affect or prejudice your entitlement to the Tax Advantages; and
- (f) should you wish to withdraw more than half of your Portfolio by value, or such amount as would leave a value in the Portfolio of cash and investments of less than £7,000, we may at our option elect to treat this as notice by you to terminate this Agreement.

7.2 Subject to clause 7.3, this Agreement remains in full force until the seventh anniversary of the Closing Date, and may thereafter be extended by the Manager (giving you written notice) for up to two further one-year periods, and will thereupon terminate. If after such period (and extensions, if any) there remain any unrealised investments in your Portfolio, we will contact you to discuss with you the continuing basis upon which we might provide services to you in relation to them.

7.3 This Agreement may be terminated prior to the conclusion of the period (and extensions, if any) referred to in clause 7.2 in the following circumstances:

- (a) by us where:
 - (i) clause 7.1(f) above applies; or
 - (ii) you have been in material breach of any of your obligations under this Agreement and have not remedied such breach following written notice from us to do so within 20 days of the date of such notice; or
 - (iii) the Nominee Agreement has terminated for any reason, and we have been unsuccessful in securing the services of a replacement for the Nominee; or
 - (iv) we are advised that changes in Applicable Law (including the legislation underpinning the EIS) have made it, or are to make it, illegal or impractical to continue to run the Fund.
- (b) by you upon three months' written notice; and

(c) automatically if we:

- (i) have been in material breach of any of our obligations under this Agreement and have not remedied such breach following written notice from you to do so within 20 days of the date of such notice; or
- (ii) have become insolvent or gone into administration (other than where this is for the technical purpose of a reconstruction of YFM Equity Partners which has been notified to you in advance); or
- (iii) have ceased to be appropriately regulated by the FSA to perform this Agreement.

7.4 Upon termination under clause 7.3, we will instruct the Nominee:

- (a) after deducting any as yet unpaid fees and expenses pursuant to clause 5, to pay all uninvested cash in your Portfolio into the bank account, details of which you have provided to us; and
- (b) if we are unable to realise any Investments in our Portfolio within three months of termination, to transfer to you and into your sole name (and at your expense) all such Investments and deliver to you (or arrange for the investee companies concerned to deliver to you) certificates representing the same.

7.5 Clauses 11 and 12 of this Agreement shall survive its termination.

8. Delegation

We may delegate any of our functions under this Agreement. We will select delegates with due skill and care and review all such appointments, but (except where a delegate is our Associate, for whom we will remain directly responsible to you for all acts and omissions as if they were our own), we will not be responsible for the acts and omissions of any such delegate.

9. Assignment and transmission

9.1 This Agreement is personal to you. You may not assign it without the prior consent of the Manager.

9.2 In the event of your death, we will continue to deal with your personal representatives.

9.3 We may assign this Agreement to an Associate, giving you written notice of our intention to do so, provided that such Associate is authorised and regulated to perform all of our functions hereunder.

10. Reporting to Investors

10.1 Not less frequently than once in every six months, we will furnish you with:

- (a) a general report on the Fund as a whole, as sent to each and every Investor; and
- (b) a statement of the composition of your Portfolio on the date on which the statement is produced, which will:
 - (i) summarise all transactions in Investments since the date of the last such statement (or, in the case of the first statement produced, since the Closing Date); and
 - (ii) as from the third year following the Closing Date, provide a measure of performance.

10.2 We will not provide contract notes in relation to individual investment transactions for your Portfolio.

11. Liability and indemnity

11.1 We acknowledge full responsibility for performance of all matters which are our obligation under the Act and the FSA Rules and in relation to which we may not exclude our liability. We also acknowledge full responsibility for any acts or omissions of ours or of our Associates which cause death or personal injury.

11.2 Subject to clause 11.1 and to our general obligation to manage the Fund and your Portfolio with due skill and care, we shall not be responsible for our acts or omissions or the consequences of arising from the performance of this Agreement, nor for any losses you may sustain or costs you may incur except to the extent that such arise from our fraud, wilful default, bad faith, negligence or material breach of this Agreement or of the FSA Rules.

11.3 You agree to indemnify us in relation to all costs, expenses, claims, damages and losses which we or they may incur in the course of performing this Agreement or any aspect of it, except to the extent that such arise from our fraud, wilful default, bad faith, negligence or material breach of this Agreement or of the FSA Rules. For these purposes, we may have recourse to your Portfolio in satisfaction thereof. The limit of your indemnity hereunder shall be your Net Subscription, less the amount of any fees and expenses which we have already deducted from your Portfolio under clause 5 at the time such an indemnity claim is made. We undertake to inform all Investors promptly in case of making such an indemnity claim, and where it is appropriate that the Fund as a whole bears the cost of such claim, to ensure that it is allocated fairly among all Investors.

11.4 Please note for the avoidance of doubt that we are not in any circumstances liable for:

- (a) indirect or consequential losses; or
- (b) subject to our obligation to manage the Fund and your Portfolio with due skill and care, poor investment performance or loss of value in investments made for the Fund or for your Portfolio.

12. Confidential information

12.1 We acknowledge that we hold certain confidential information concerning you, as provided in the Application Form and potentially provided from or through other sources. You also hold certain confidential information concerning the Fund, us and our investment activities.

12.2 Neither party may use any such confidential information about the other party or divulge it to third parties, other than in the following circumstances:

- (a) we may (and in many circumstances, will be required to) share your confidential information with our Associates and with the Nominee and its Associates for the proper performance of this Agreement;
- (b) both you and we may share confidential information with the FSA (or any other competent regulator), HM Revenue & Customs or upon the order of a court of competent jurisdiction;
- (c) both you and we may share confidential information with legal, financial, tax or other professional advisers (but in appropriate circumstances, we may require your advisers to provide us with a written assurance that they will similarly treat any such information as subject to the same confidentiality provisions as are binding on you under this clause 12); and
- (d) you and we may share generally any former confidential information which has wholly lost its confidential character by reason of having entered the public domain other than through breach of this clause.

13. Complaints and compensation

13.1 The Manager has established procedures in accordance with the FSA Rules for consideration of complaints. Details of these procedures are available from us upon request. Should you have a complaint, you should contact the Manager. If the Manager cannot resolve the complaint to your satisfaction, you may be entitled to refer it to the Financial Ombudsman Service.

13.2 The Manager participates in the Financial Services Compensation Scheme, established under the Act, which provides compensation to eligible investors in the event of a firm being unable to meet its customer liabilities. Payments under the scheme are limited to a maximum of £50,000. Further details (including as to eligibility) may be obtained from www.fscs.org.uk.

14. Notices, instructions and communications

14.1 Notices of instructions to the Manager should be in writing and signed by the Investor, except as otherwise specifically indicated.

14.2 We may rely and act on any instruction or communication which purports to have been given by you or (if arranged with us in advance) a financial adviser acting on your behalf. However, we will not be liable for failure to act on communications which are ambiguous or incomprehensible.

14.3 We will communicate with all Investors in English, and require that you communicate with us in English.

14.4 We will communicate with you at the address which we hold on our records as being your last registered address with us.

15. Amendments

We may amend this Agreement by giving you not less than ten days' written notice. We may also amend these terms by giving you written notice with immediate effect if this is necessary in order to comply with HM Revenue & Customs requirements in relation to the EIS or in order to comply with the FSA Rules.

16. Data protection

All data which you provide to us is held by us subject to the Data Protection Act 1998. You agree that we or our Associates may pass personal data to the Nominee and to other parties insofar as is necessary in order for them to provide their services as set in this Agreement (or, in the case of the Nominee, the Nominee Agreement) and to the FSA and any regulatory authority which regulates any of us and in accordance with all other Applicable Laws.

17. Entire agreement

This Agreement, together with the Application Form, comprise the entire agreement of the Manager with you relating to the management of your Portfolio.

18. Rights of third parties

18.1 The Nominee shall have the right to enforce any provision of this Agreement which refers to its rights and duties towards you, or towards Investors generally.

18.2 Any of our Associates which is a beneficiary of an indemnity under this Agreement shall be entitled to enforce such indemnity against you under this Agreement.

18.3 Subject to clause 18.1 and 18.2, no person who is not a party to this Agreement has the right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of such third party which exists or is available apart from that Act.

19. Severability

If any term, condition or provision of this Agreement will be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision will not affect the validity, legality or enforceability of the remainder of this Agreement.

20. Governing law

This Agreement and all matters relating thereto will be governed by and construed in accordance with English Law and the parties submit to the exclusive jurisdiction of the English Courts.

The Share Centre

Administrator's terms of business

Section 1

Applicable to all accounts

1. Introduction

1.1 **It is important that you read and understand these standard terms of business, which apply when you open an account with The Share Centre (the "Account"), and provide you with information about how it will be operated. Some paragraphs are included to ensure there is no misunderstanding as to who will do what and when, and some are included simply because different pieces of legislation (which include Acts of Parliament) say that we must include them. We have tried to make them as readable as possible. For your own benefit and protection you should read these terms carefully. If you do not understand anything, please contact us on 01296 41 41 41.**

1.2 Where you see the words "you" or "your" in these terms of business, it means you as the individual, or if opening a joint Account, all individuals named on the joint Account. If you are applying as an official of a company or a trust, then it is referring to the company or trust, and not you personally.

1.3 The Share Centre Limited ("TSC") is a limited company incorporated in England and Wales and its registered office address is Oxford House, Oxford Road, Aylesbury, Buckinghamshire HP21 8SZ. TSC is authorised and regulated by the UK's financial services 'watchdog', the Financial Services Authority ("FSA") to provide share dealing and administration services. The FSA reference number for TSC is 146768. You can check this on the FSA's website at www.fsa.gov.uk/register. The FSA's address is 25 The North Colonnade, Canary Wharf, London E14 5HS.

1.4 On the application form for your Account, you will be asked to sign and accept these terms of business (or click on an 'I accept' button if TSC has enabled you to open your Account via the Internet), which creates a legal agreement between you and TSC, referred to in these Terms as "the Agreement", provided TSC accepts your application to open an Account. This Agreement includes not only these terms of business, but also:

- the literature that describes your Account in more detail; and
- the Account tariff;

all of which may be amended by TSC from time to time, subject to paragraph 1.7 below, where TSC has a valid reason. A valid reason means in the following circumstances only:

- to give effect to a change in law, regulations, industry guidance or codes of practice;
- as a result of new market practices;
- for economic reasons, including a variation in taxation rates or costs incurred in supplying a product or service (in which case TSC will respond proportionately). No other terms and conditions will apply, unless indicated below or as notified to you.

1.5 Before your application can be considered you must agree to abide by the terms of this Agreement in the manner described above. However, a legally binding agreement will only arise once TSC notifies you that it has accepted your application by sending you a welcome letter. If TSC decides not to accept your application, there will be no Agreement, and if you have provided any documentation in support of your application it will be returned to the address shown on your application form.

1.6 Unless TSC otherwise informs you in writing, you will be treated as a 'retail client' under the rules of the FSA, which means that you are entitled to the full extent of applicable regulatory protections. You have the right to request in writing re-categorisation as either a 'professional client' or 'eligible counterparty' subject to meeting specific criteria; however, as a consequence, there will be limitations to the level of applicable regulatory protections. Such limitations will include loss of access to the Financial Ombudsman Service and Financial Services Compensation Scheme (which are explained further in paragraph 12). Further details on different client categorisations can be obtained from TSC's Compliance and Legal Services team.

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- 1.7 Although TSC may change this Agreement in accordance with paragraph 1.4 above, no change will affect any rights or obligations of yours arising prior to such change becoming effective. TSC will give you at least 30 days advance notice, either by post or email (if applicable to you), of any such changes. Where a change results in an increase in charges to you, you are free to terminate this Agreement within a further 30 days of the change becoming effective without any additional charges over and above those that were applicable prior to the change taking effect.
- 1.8 This Agreement is in English and all future communications with you will also be in English. The Agreement is governed by English law and in the event of a serious dispute, will be subject to the exclusive jurisdiction of the English courts.
- 1.9 Any transactions undertaken for you in stocks and shares will be subject, where applicable, to the rules of the London Stock Exchange ("LSE"), Sharemark, Crest (the system used for transferring shares between sellers and buyers), Cofunds Nominees Limited ("Cofunds", which is used to safeguard holdings in some collective investment funds such as unit trusts), the FSA, PLUS Markets and all other applicable laws, rules and regulations. TSC will act as your agent in any such dealings. Where there is a conflict between this Agreement and any such laws and regulations, the latter will prevail. You must also comply with the City Code on Takeovers and Mergers (and the FSA's Disclosure and Transparency Rules regarding the notification of major shareholdings), which may be relevant if you are dealing in large quantities of shares. Further details can be obtained from TSC's Compliance and Legal Services team.
- 1.10 There may be occasions where a conflict of interest develops between you and TSC or between you and another customer. TSC has taken all reasonable steps to identify such conflicts of interest and has a "Conflicts of Interest Policy" in place, designed to prevent conflicts of interest from adversely affecting the interests of its customers. A summary version of this Policy is set out within Schedule 1 of these terms of business.
- 1.11 Unless you have sought specific investment advice from TSC's Advice team in accordance with the Advice terms of business set out within Section 4 of these terms of business, all transactions are carried out on your own initiative (i.e. 'execution only'). TSC is, therefore, not responsible for advising you on the suitability of the services or transactions provided or offered by TSC. You will not benefit from the protection of the FSA's rules relating to suitability which would require TSC to ensure that a product or service is suitable for you when taking into account your knowledge and experience in the relevant investment field, your financial situation and your investment objectives.
- 1.12 Where you have received a personalised communication (as defined by FSA) from TSC or wish to deal in a 'complex' investment (e.g. a warrant, covered warrant or 'securitised derivative') on an execution only basis, you may be required to complete an appropriateness test. This requires TSC to ensure that you have sufficient awareness of the risks involved in a product or service when taking into account your knowledge and experience in the relevant investment field before TSC can accept your dealing instruction. TSC reserves the right not to accept an instruction to deal where you fail such a test.
- 1.13 TSC does not provide advice on the legal implications of accepting this Agreement and, unless otherwise specifically indicated to you by the Advice team, does not provide advice on aspects of taxation.

2. Cancellation Rights

- 2.1 You have the right to cancel this Agreement for a period of up to 14 days (or 30 days if this Agreement relates to a pension) from the day on which TSC accepts your application (i.e. the date of the welcome letter that will be sent to you).
- 2.2 However, the right to cancel cannot apply to any transactions undertaken during the cancellation period, where the prices of the investments concerned can fluctuate within the financial marketplace and where those fluctuations are not within TSC's control (e.g. TSC is unable to have any control over the movement of share prices).
- 2.3 In order to cancel the Agreement, you must ensure that your written instructions to cancel are sent to TSC (or its nominated agent) before the end of the 14 day (or 30 day, for pensions) cancellation period.
- 2.4 If you do decide to cancel, you must still pay for any services that TSC has actually provided (which may include re-registration and commission charges), based on the published tariff sheet.

3. Customer Information

- 3.1 You will supply TSC with all information reasonably requested as soon as practical. You confirm that all information will be, to the best of your knowledge and belief, correct when supplied and that you will notify TSC of any changes.

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- 3.2 TSC will treat all personal information about you and your financial affairs as confidential. TSC may however disclose any such information to its authorised agents or if required to do so by law or regulation, or requested by a financial regulator, or where you have given your consent to the disclosure. The information may also be shared with other financial organisations to protect TSC and its customers, and other financial organisations and their customers, against financial crime. Further information on safeguarding customer data is contained within TSC's Privacy Policy available from TSC's website, www.share.com.
- 3.3 You agree that TSC may hold information about you and your affairs in order to:
- verify your identity and financial standing (among other things TSC is likely to consult a credit or mutual reference agency, which may retain a record of our enquiry);
 - provide you with TSC's services (which may also necessitate TSC liaising with third parties, such as companies and their registrars, and disclosing some aspects of your personal information in order to verify, or otherwise discuss, your investments in the proper provision of TSC's services);
 - keep you up-to-date regarding other services which TSC considers may be of interest to you (if you would prefer not to receive direct marketing information, please advise TSC on 01296 41 41 41).
- 3.4 Due to anti-money laundering regulations (which aim to prevent criminal property being used or disguised as legitimate wealth) you may have to produce satisfactory evidence of your identity, or the identity of any person on whose behalf you are placing the dealing instruction, before TSC can do any business with you, and from time to time thereafter. This identification process is designed to assist in the prevention of crime within the financial services industry and society at large. If you do not provide the information when requested, TSC may be unable to accept any instructions from you or provide you with any other services.
- 3.5 TSC will only accept applications from residents of certain qualifying countries, details of which are available from TSC. Where applications are received from such residents, additional identification requirements may apply.
- 3.6 TSC is registered to use your personal information under the Data Protection Act 1998 (as may be amended). Under the terms of this Act, you are entitled to a copy of any personal information TSC holds on computer and on certain written records, upon payment of the appropriate fee.

4. Charges

- 4.1 You will pay all applicable fees, commissions and other charges in accordance with TSC's published tariff sheet. You must also pay any applicable taxes and levies (e.g. Stamp Duty) that TSC is required to charge you. All such charges may be deducted from your Account or any other account you hold with TSC. Other taxes and costs (e.g. Capital Gains Tax) may also exist that are not collected or deducted by TSC.

5. Your Money and Investments

- 5.1 Your money will be handled in accordance with the client money rules of the FSA and unless otherwise agreed all money received or paid from or to you must be in British Pounds Sterling.
- 5.2 The cash balance held on your behalf, and as shown in your Account, will be deposited with an authorised banking institution in the name of TSC under customer trust status (i.e. separate from TSC's money), together with cash balances belonging to other customers of TSC. TSC may debit or credit your Account for all sums payable by or to you (including dividends you may receive in cash, fees and other amounts payable by you).
- 5.3 All payments to your Account must be drawn on your own bank account. You may credit money to your Account by using an acceptable form of debit card, providing the sum to be credited does not exceed such limit as TSC may advise. All payments received, either individually or collectively, in excess of £25,000 may be subject to clearance, at TSC's absolute discretion, prior to the acceptance of dealing instructions thereon. Money being sent to TSC from overseas will only be accepted from certain qualifying countries, details of which are available from TSC.
- 5.4 TSC has the right to return money, whether received by cheque, bank transfer or debit card, to 'source' (i.e. from where it came). All money returned will be done so at your own risk and will be subject to the normal timings of the banking clearance system. Where requested, money will only be transferred overseas to certain qualifying countries, details of which are available from TSC.

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- 5.5 Interest will be payable quarterly on credit balances on money in your Account at the rates published from time to time by TSC. Where you make a payment to TSC to be credited to your Account, no interest will start to be calculated on this sum until the payment has cleared.
- 5.6 In the event that TSC does not hear from you for a period of 6 years, has made reasonable attempts to contact you, and such attempts have been unsuccessful, any money held in your Account may be released to the benefit of TSC. Should you subsequently contact TSC and make a valid claim, TSC will reimburse the money to you. However, interest will not be due to you from the date of release of the money to TSC
- 5.7 TSC has the right to delay the return of any money received from you until 10 business days after the date of clearance for credit control purposes.
- 5.8 All investments held within your Account will be registered either in the name of TSC's 'pooled' nominee company, Share Nominees Limited (the "Nominee"), Cofunds (in the case of certain unit trusts and open-ended investment companies ("OEICs")) and/or Legal & General Assurance Society ("LGAS") (in the case of certain types of pensions) and held for you as the beneficial owner, together with investments belonging to other customers of TSC. This means that there are no separate certificates, documents evidencing legal ownership or external electronic records of your individual investment holdings.
- 5.9 The Nominee, Cofunds and LGAS hold the investments on trust, such that when customers buy or dispose entirely of an investment in accordance with this Agreement, their interest in relation to that investment within the trust is created or extinguished respectively.
- 5.10 On some occasions, because settlement is carried out on a pooled basis, your investments may be used by TSC to settle another customer's transaction (for instance, where another customer wishes to sell a holding they have only just bought and TSC has not yet received that customer's stock). This will not affect the record TSC maintains which shows how much stock is held on your behalf.
- 5.11 TSC may deliver or accept delivery of certificates and/or investments via Crest on behalf of the Nominee.
- 5.12 TSC accepts responsibility for holdings in the name of the Nominee and for acts and omissions of the Nominee, but not in relation to Cofunds or LGAS, nor the acts or omissions of Cofunds or LGAS.
- 5.13 Dividends from investments will usually only be received as cash.
- 5.14 Overseas investments may be held on behalf of TSC by an overseas custodian, its sub-custodian or an investment clearing system. TSC and the Nominee do not accept responsibility for any losses arising from the default of such an appointed custodian or clearing system. It should be noted that there may be different settlement, legal and regulatory requirements in overseas jurisdictions from those applying in the UK and different practices for the separate identification of investments.
- 5.15 Overseas investments held by the Nominee may be in the form of Crest Depositary Interests ("CDIs"). CDIs cannot be registered into certificates. CDIs may be liable for withholding tax from the country of origin of the underlying investment. TSC is not obliged to reclaim any foreign withholding tax deducted. If you are unsure about the tax implications of dealing in overseas investments, you should seek independent tax advice.
- 5.16 On some occasions, money relating to overseas investments not held by the Nominee may be deposited in a client bank account outside the United Kingdom ("UK"). Money held in its country of origin will be held with an approved bank or depositary unless the money relates to the settlement of a transaction or a series of transactions or the distribution of income which is subject to the law or market practice of a jurisdiction outside the UK and because of the applicable law or market practice, it is not possible to hold your money in a client bank account with an approved bank or depositary. In some cases, the bank or depositary with which your money may be held outside the UK may not have accepted that it has no right of set off or counterclaim against your money in respect of any sum owed by TSC on any other account held by TSC at the bank. The legal and regulatory regime applying to such bank or depositary outside the UK will be different from that of the UK and, in the event of a failure of the bank or depositary, your money may be treated in a different manner from that which would apply if the money was held by an approved bank in the UK.
- 5.17 Your money may be passed to another person, such as an exchange, clearing house or an intermediate broker, for the purposes of a transaction on your behalf through or with that person. Where such a person is located outside of the UK, the legal and regulatory regime applying to those persons will be different from that of the UK and in the event of the failure of such a person, your money may be treated in a different manner from that which would apply if the money was held by such a person in the UK.
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5.18 You shall not charge or pledge the investments held under this Agreement (e.g. use them as security for a loan) or dispose of all or part of them otherwise than in accordance with this Agreement. Your investments and cash held by TSC or under TSC's control shall at all times be subject to a general lien and right of set off against all amounts owing to TSC from time to time. In other words, any sums due to TSC in respect of commissions, costs, fees, expenses or other amounts payable under this Agreement (plus any applicable value added tax) may be deducted or withdrawn (upon 3 business days prior notice) from any of your investments or cash held by TSC and TSC may have recourse against and sell, realise or dispose of any such assets and apply the proceeds in or towards the discharge of such sums. Any such sale, realisation or disposal may be at whatever price and in whatever manner TSC sees fit in its absolute discretion (without being responsible for any loss or reduction in price) and, subject to compliance with the FSA's rules in connection with any such disposal,

TSC shall not be liable to you in respect of any loss arising nor in respect of any choice made by TSC in selecting the investments sold or disposed of. The proceeds of any sale or disposal of such assets (net of costs) will be applied in or towards the discharge of your liabilities and TSC will account to you for any balance. In the event that such proceeds of sale are insufficient to cover the whole of your liabilities, you remain liable for the balance. A certificate in writing from TSC that any power of sale or other disposal has arisen and is exercisable shall be conclusive evidence of the fact in favour of a purchaser or transferee of the whole or any part of any such assets.

5.19 Subject to paragraph 5.12 above, in the event of there being a shortfall in the total quantity of money or an investment held in a pooled nominee or client money bank account, compared with the quantity or balance which should be held for customers, or in the event of an authorised banking institution, the Nominee, Cofunds, LGAS or any other third party custodian, bank or counterparty used by TSC defaulting (e.g. if they become insolvent), customers may have to bear that shortfall on a pro-rata basis.

5.20 Unless you are otherwise informed, TSC will send you a statement either in paper or electronically of your investments at least once in any 6 month period, which will be based on deal date information (i.e. the effect of purchases or sales which are unsettled at the statement date will be reflected).

5.21 Unless otherwise indicated, TSC will not accept or make third party payments on your behalf. All receipts and withdrawals of money and investments must be received from, or paid to, an account in your name or, in certain circumstances such as your death or incapacity, our legal representatives.

6. Dealing

6.1 TSC may carry out transactions in such investments as are shown on the published tariff sheet, unless you are a permanent resident of a country outside the UK, in which case restrictions may apply. TSC will not deal in investments which have been suspended from dealing. TSC may also decide not to accept your dealing instructions or other instructions relating to your Account in certain circumstances (for example, where TSC is concerned about the lawfulness of the transaction or instruction). TSC may refuse to accept any dealing instructions from individuals who are resident or domiciled in any overseas country, if acceptance of a dealing instruction would require TSC to comply with any governmental or regulatory procedures or other formalities of such country.

6.2 All instructions to TSC to deal in investments must be on either a 'limit price' basis (where you set the maximum or minimum price at which you are prepared to deal) or 'best price' basis (where TSC will take all reasonable steps to obtain the best possible result for you). For both types of order, TSC will seek to obtain the best possible result, subject to any limit price specified in the case of a limit price order, in accordance with its Order Execution Policy, which is detailed within Schedule 2 of these terms of business. By placing an order to deal, you acknowledge that you have read, understood and accepted the Order Execution Policy. **Please note that with effect from 12 July 2010 TSC will discontinue limit order monitoring in non-UK securities to coincide with the change to its dealing service highlighted in section 6.5 below.**

6.3 Where you instruct TSC on a best price basis and the number of shares or units to be dealt is larger than the investment's normal market dealing size, the price obtained may differ from the price indicated to you at the time your instruction to deal was placed.

6.4 TSC may aggregate (i.e. combine) your orders with those of other customers, which may operate on some occasions to your disadvantage. Further information is contained within TSC's Order Allocation Policy, which is detailed within Schedule 3 of these terms of business.

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- 6.5 Where you submit a dealing instruction to TSC, and depending upon the type of Account you have and the investment you are seeking to deal in, you may choose whether your dealing instruction is subject to 'realtime dealing' or 'batch dealing'.

'Realtime dealing' orders are dealt as soon as reasonably practicable in the circumstances. For many investments (predominantly equities), if submitting a best price order via TSC's Internet dealing facilities, if the market is open and a price is available, a price quotation will be displayed on your Internet screen, and will be valid for a period of 10 seconds, during which time you must confirm your dealing instruction in order to obtain that price (subject always to that price quotation not being withdrawn by the relevant Retail Service Provider). If you fail to do so, you can obtain a revised price quotation later or opt for batch dealing. Please note that although the price quotation is held for 10 seconds, the prevailing price within the marketplace could have risen or fallen during this 10 second period. If you specify a limit price on your dealing instruction, and that limit price can be achieved within the market, your dealing instruction will be dealt immediately without the display of any price quotation. 'Batch dealing' means that your dealing instruction will be undertaken during the next scheduled dealing session. Dealing sessions normally take place 3 times each business day, at around 9am, 1pm and 4pm. Orders must be received and validated by TSC before the start of a dealing session if the dealing instruction is to be included within that dealing session. Orders received less than 5 minutes before the start of a dealing session will not be included within that dealing session. Orders received less than 15 minutes before the start of a dealing session (but more than 5 minutes) may be included within that next dealing session at TSC's discretion, which will depend upon the prevailing volume of orders received. All orders submitted for dealing on Sharemark or within most unit trusts and open ended investment companies ('OEICs') are classified as 'realtime dealing' orders and are not subject to batch dealing. Where a choice between realtime and batch dealing is not provided, this is because of the type of Account you have with TSC or the nature of the investment you are seeking to deal in. **Please note that with effect from 12 July 2010 TSC will discontinue batch dealing in response to advancements in market practices, with all orders being subject to realtime dealing.**

- 6.6 Where you have submitted a dealing instruction via TSC's Internet dealing facility for realtime dealing outside the usual business hours of the LSE or relevant market, the realtime dealing instruction will be executed as soon as reasonably practicable after 8.00am on the next day that the LSE or relevant market re-opens. You acknowledge that TSC may not necessarily obtain the official opening market price and that price movements may be more volatile when the market first opens. The difference between the buying and selling prices on some securities may also be greater at, or around, this time. It may be advisable for you to enter a limit price, as opposed to a best price, dealing instruction, outside the normal hours of the LSE or relevant market, or when submitting realtime dealing instructions.
- 6.7 If a realtime dealing instruction cannot be executed automatically for whatever reason, it will, if possible, be manually executed as soon as reasonably practicable.
- 6.8 Limit prices may be placed on dealing instructions for up to 365 calendar days. Limit prices may be cancelled and re-submitted at your discretion, provided the dealing instruction has not been executed. Where any limit order cannot be immediately executed, you agree that TSC need not disclose or publish details of your unexecuted limit orders.
- 6.9 Batch dealing instructions may be cancelled and re-submitted up to 5 minutes before the start of a dealing session.
- 6.10 Dealing instructions may not be altered once they have been accepted and executed by TSC. Where the dealing instruction submitted was incorrect, you agree to be responsible for any costs or losses incurred by TSC, which a reasonable person would consider to be the probable result of correcting the previous transaction, should TSC decide to accept an instruction to effect such a correction.
- 6.11 TSC cannot guarantee that limit price dealing instructions will be executed even if the limit price is reached. This could be due to prevailing market conditions (such as a 'fast market', where the market is so volatile that prices quoted in the stock market are only indicative rather than guaranteed), other customers having placed similar dealing instructions but then having an earlier time priority than your dealing instruction and their dealing instruction being executed in priority to your dealing instruction, or other factors beyond TSC's control.
- 6.12 All realtime dealing instructions are only dealt automatically if they can be completely satisfied; if not, they will be passed to the Dealing team for manual action. Dealing instructions, other than dealing instructions in Sharemark investments (see paragraph 7 below), will not be partially filled.

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- 6.13 Dealing instructions to purchase investments will only be executed if there is sufficient money in your Account to meet the potential cost of execution (including all applicable charges) or, where you are due to receive proceeds from a sale, sufficient sale proceeds to cover the intended purchase. Subject to this, TSC has the discretion to reduce the size of a purchase dealing instruction in the event of adverse price fluctuations, if there are insufficient funds in your Account when submitting a dealing instruction. Dealing instructions to sell investments will only be executed if there are sufficient investments recorded within your Account that can be transferred to the purchaser, which shall not be adversely affected by paragraph 5.10 above.
- 6.14 In the event of a change in the share capital of an investment, or other corporate action, which could significantly impact on any current limit price dealing instruction, TSC will endeavour to delete such pending dealing instruction. However, TSC is under no obligation to do so, and it remains your responsibility to ensure limit price dealing instructions remain valid and to make any adjustments you consider necessary or desirable to reflect any changes to prevailing market conditions.
- 6.15 You recognise and accept that certain features (where available) and risks apply to the use of different types of limit price dealing instructions:
- stop-loss dealing instructions should initiate when the price falls to or below the specified level;
 - tracking stop-loss dealing instructions should initiate when the price falls by the specified amount from the monitored peak price;
 - sale price limit dealing instructions should initiate when the price rises to or above the specified price level;
 - purchase price limit dealing instructions should initiate when the price falls to or below the specified price level;
 - certain factors may cause the bid-offer spread of an investment to increase, even momentarily, to a wide level, thereby causing a stop-loss dealing instruction to be initiated.

These wide bid-offer spreads may nevertheless be the most favourable prices quoted for the investment at that time.

- 6.16 Limit price dealing instructions and automated price alerts (only available to Internet users) that reach the end of their expiry date are deleted after close of business on the expiry date: it is your responsibility to renew them if you require this.
- 6.17 Limit price dealing instructions for realtime dealing and price alerts are monitored each working day from 8.00am until 4.30pm. Limit price dealing instructions for batch dealing are monitored at each scheduled batch dealing session.
- 6.18 TSC may retain any commissions received from a third party arising from transactions carried out for you and the amount of such commission and the identity of the third party will be available upon request. Such instances can include payments of 'trail' commission to TSC from fund managers when you purchase their funds through TSC; this amounts to approximately 0.5% per annum on the value of the fund investment. In addition, TSC may pay a share of the fees or commissions charged to you with third parties and the amount paid to the third party and its identity will be available upon request. Such instances can include where a third party has introduced you to TSC.
- 6.19 You accept that the prices and values of stock market investments, and products related to them, together with the income that they produce, can go down as well as up and you may get back less than your initial investment. In addition, the levels and bases of taxation may also change, both generally and in relation to specific products and investments. Consequently, TSC cannot accept responsibility for any movements in the value of your investments or for monitoring whether they continue to be suitable for you, even where TSC initially provided you with investment advice. Past performance is no indication of future performance. Where you are dealing in more complex investments, there may be a greater risk that you could lose your initial investment.
- 6.20 You will be sent a contract note, either in paper or electronic format, following a transaction, except where otherwise permitted by the FSA's rules. Any query in relation to the contract note should be raised by you within 5 business days of receipt so that any matters arising can be promptly resolved, otherwise TSC will assume that you have accepted the contents of the contract note. Prior to receiving the contract note, for information about the status of your order, you can contact a member of TSC's Dealing team or view the status online at www.share.com.
- 6.21 Where you instruct TSC to deal or otherwise act in relation to your money or investments by tone-phone, internet or other automated access route, provision of your customer reference number, personal identification number/ password ("PIN") and part of your own chosen memorable word shall be sufficient authority for TSC to act upon such instructions. The PIN and memorable word must remain your personal secret. You must change the PIN and memorable word if you believe anybody else knows them and notify TSC immediately if you discover that they have been lost or compromised. TSC will not be liable for any unauthorised use of a PIN or memorable word resulting from negligence on your part or loss arising there from. TSC may withdraw the PIN where the wrong number is entered more than once or in other circumstances.
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6.22 If you intend to purchase a unit trust or OEIC, you may request a copy of the relevant simplified prospectus, where applicable, from TSC's Dealing team. When dealing in unit trusts or OEICs administered by Sharefunds Limited, TSC's sister company, dealing instructions must normally be received and validated by midday for dealing that day. All other unit trust and OEIC dealing instructions must be received and validated by 10.00am if they are to be dealt that day.

6.23 HM Revenue and Customs ("HMRC") may challenge any purchase or sale prices in less liquid investments for open market valuation purposes (for instance, for assessing capital gains tax liability). When assessing tax liabilities arising from a transaction in less liquid investments, you should seek independent tax advice, and should not necessarily rely upon any transaction price or contract note as evidence of an open market value.

7. Sharemark

7.1 Dealings in Sharemark investments are subject to the terms and conditions set out in Schedule 4 of these terms of business.

8. Settlement

8.1 Once TSC has executed your dealing instruction, sale proceeds (if a sale) or investments (if a purchase) will only become available to you once those sale proceeds or investments have been received in full by TSC.

8.2 Where the anticipated sale proceeds or investments are not received in full, you will, along with all other applicable customers of TSC:

- if purchasing investments: be entitled, in the chronological order in which instructions were received by TSC, to the relevant investments actually delivered to TSC and, in the event of any delivery shortfall, to the repayment of a cash sum from TSC's client settlement bank account equal to the whole or relevant part of the sum debited from your Account in respect of the relevant investments;
- if selling investments: be entitled, in the chronological order in which instructions were received by TSC, to cash actually received by TSC and in the event of any payment shortfall, to the return of the relevant investments held by the Nominee, Cofunds or LGAS, as appropriate, equal to the whole or relevant part of the number of shares, bonds, warrants or units originally sold.

9. Investment Communications

9.1 In the case of changes in the share capital of your investments, receipt of a notice of conversion or proposal to wind-up, amalgamate or take-over a company or other corporate action where the investments are held for you by TSC:

- a bonus or capitalisation issue will be automatically credited to your Account and details will be sent out to you after the event;
- otherwise (where appropriate and subject to paragraph 9.2 below) you will be sent a summary of the proposal prior to the event and the required action to be taken (if any);
- if, on a rights issue, open offer or exercise of warrants, no instruction is received from you, the Nominee will allow the rights, entitlements or warrants (as applicable) to lapse. Lapsed proceeds received by the Nominee in excess of £1 will be returned to you. Sums less than this may be retained for the benefit of TSC;
- all offers will be accepted upon them being declared as going 'compulsory' whether or not any instructions have been received from you;
- your entitlement to shares will be to the nearest whole share, rounded down, and the aggregate of fractional entitlements may be held by the Nominee for TSC. Cash received by the Nominee representing fractional entitlements in excess of £1 will be returned to you. Sums less than this may be retained for the benefit of TSC.

9.2 Whilst TSC undertakes to notify you of all corporate actions relating to your investments, there may be instances where TSC is not advised of a corporate action by the company or its registrar, either at all or in sufficient time, and consequently cannot notify you of the terms of the corporate action. In such event, TSC will accept the default option of the corporate action on your behalf and cannot be held responsible for any loss that you may incur or any other outcome imposed by the company or its registrar.

9.3 Sometimes the terms of a corporate action will require an election to be made on behalf of the Nominee's entire holding in a company on an 'all or nothing' basis. In these circumstances, TSC may be unable to obtain appropriate instructions from all customers holding that investment within the Nominee. In such event, TSC reserves the right not to offer this entitlement to you, but will use its reasonable efforts to offer you an alternative entitlement, which may not match the entitlement offered by the company.

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- 9.4 If partly paid shares held for you are the subject of a claim for any due balance and no valid instruction is received from you, TSC may sell sufficient of your investments to meet the claim.
- 9.5 Where instructions are sought from you, TSC and the Nominee will (other than as referred to elsewhere within this Agreement or in accordance with any other notified procedure) only act if instructions are received from you (or are reasonably believed to have been received from you or from your authorised agent). Where TSC has not received your instructions by the date specified by TSC within the summary of the corporate action, TSC will accept the default option of the corporate action on your behalf and cannot be held responsible for any loss that you may incur. For the avoidance of doubt, even where you have sufficient funds within your Account, TSC will not exercise any rights, entitlements or warrants (as applicable) on your behalf without your specific instructions.
- 9.6 As your investments are pooled with other customers, there may be occasions when your entitlement to such corporate actions referred to in paragraph 9.1 above may have been different had you held the shares in your own name. In such a situation TSC shall take such steps as it considers to be fair in the circumstances, which may include dividing the whole entitlement received from the corporate action between you and other customers or treating any fractional entitlements in the same way as the company concerned, acting through its registrars.
- 9.7 If TSC receives notice of a class action or group litigation order that is being proposed or taken concerning your investments, TSC will not be obliged to inform you or act upon that notification.
- 9.8 An investment will be removed from your Account either upon confirmation from HMRC that the investment is of 'negligible value' for the purposes of a claim for Capital Gains Tax purposes under section 24(2) Taxation of Chargeable Gains Act 1992 or if it is declared as dissolved at Companies House.
- 9.9 You may apply to TSC for a 'proxy' directing how voting rights are to be exercised by the Nominee in respect of each of your investments.
- 9.10 If you wish to receive communications direct from listed companies in which you are a shareholder (such as an annual report and accounts and any other information issued to shareholders), you may opt-in for these Shareholder Rights (as defined in Part 9, Companies Act 2006) either via TSC's website or by telephoning TSC's Customer Service team. While it is compulsory for listed companies to provide this information to those that opt-in, unlisted companies (such as those on AIM) are not obliged to respond to such opt-in instructions. You may also apply for a proxy certificate to attend meetings of shareholders in companies in which you have invested. TSC may inform the relevant company in which you hold such an investment, or its agent, of your name, address and any other necessary details.
- 9.11 Shareholder benefits will only be available to you if the relevant company has agreed with TSC to provide them.

10. Liability

10.1 You agree to be responsible for any costs or losses incurred by TSC and/or the Nominee, which a reasonable person would consider to have been incurred by them and be reimbursable to them:

- as a result of your specific request, fault, omission or dishonesty; and
- arising from the proper performance of their

functions or exercise of their rights under or otherwise in connection with this Agreement, except where such costs or losses are due to their fraud, wilful default or negligence. TSC and/or the Nominee shall not be responsible for any costs or losses incurred by you, except where this is due to TSC's and/or the Nominee's fraud, wilful default or negligence. Neither this paragraph nor anything else within this Agreement will restrict or exclude any duty or liability owed to you under the rules of the FSA, the Financial Services and Markets Act 2000 ("FSMA") or under common law.

10.2 If TSC fails, interrupts or delays performing its obligations under this Agreement because of a breakdown, failure or malfunction of any telecommunications or computer services or systems (internally or externally) or any other event not reasonably within its control, then TSC will not be liable to you. TSC will not be responsible for any loss or damage caused by such an event or suffered by you as a result of such events. This includes, but is not restricted to, any delay, breakdown or failure of any transmission or telecommunication or computer systems or facilities, strikes or other industrial action or dispute, or the failure of any relevant exchange, clearing house, broker, independent software vendor, settlement agent or bank to perform its obligations or to operate efficiently and correctly or any other event which is reasonably outside TSC's control.

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- 10.3 TSC may, at any time where it reasonably considers it necessary or desirable to do so, suspend all or any of its services including, without limitation, to carry out repairs, or to upgrade hardware or software or to correct any hardware or software error and it shall not be liable for losses arising from the suspension.
- 10.4 Whilst TSC will use its reasonable endeavours to ensure that its Internet Websites are available at all times, it will not be liable for any loss or damages resulting from the Internet Websites being inaccessible. Access to the Internet Websites may be suspended temporarily or permanently and without notice.
- 10.5 Where TSC provides certain calculator tools on its Internet Websites, TSC does not accept responsibility for the validity or results produced by these tools. It is your responsibility to verify the accuracy of their output.
- 10.6 TSC is not responsible for the security or transmission of electronic instructions either from TSC or from you.
- 10.7 Where information, or links to other information, on TSC's Internet Websites consists of pricing or performance data, or other information which has been obtained from third parties, TSC will not normally have carried out any independent verification of such data and does not accept liability for any reliance placed upon such data, where that data is proven to be inaccurate or incomplete. Furthermore, you undertake not to distribute, sell or license any content contained on TSC's Internet Websites. You agree that TSC or its authorised agents may at all reasonable times and on reasonable notice have access to and inspect your computer systems, accounts, records and other documents (in both hard copy and machine readable form) in relation to any suspected re-distribution, re-sale or sub-licensing of the content.
- 10.8 The information contained within TSC's Internet Websites originated by TSC is believed to be correct, but cannot be guaranteed.

11. Termination

- 11.1 This Agreement may be terminated immediately on written notice being given by you or TSC to the other. Termination is without prejudice to the performance by both parties of any transactions already initiated, and to your paying any outstanding charges or other amounts due to TSC, whether incurred before or after the effective notice of termination.
- 11.2 In the event of your death, upon receipt of a sealed copy of the UK grant of representation of your estate, TSC will instruct the Nominee to deliver your investments to your personal representatives. Anti-money laundering regulations may apply.
- 11.3 If you have a joint Account, in the event of your death, the Account will continue in the name(s) of the surviving Account holder(s). TSC will require proof of death (e.g. an original or office copy of a death certificate) prior to the Account converting to the surviving Account holder's(/holders') name(s).

12. Complaints and Compensation

- 12.1 If you have a complaint, please contact TSC on 01296 41 41 41 or write to the Compliance manager, Compliance and Legal Services team, The Share Centre, Oxford House, Oxford Road, Aylesbury, Buckinghamshire HP21 8SZ. If TSC cannot resolve the complaint to your satisfaction, you may be entitled to refer it to the Financial Ombudsman Service, the independent complaints handling body for the financial services industry. A copy of TSC's complaints handling procedure is available upon request.
- 12.2 TSC participates in the Financial Services Compensation Scheme, established under the FSMA, which provides compensation to eligible investors in the event of the firm being unable to meet its customer liabilities. Payments under the protected investment business scheme are limited to a maximum of the first £50,000 of the claim. Further information is available from TSC's Compliance and Legal Services team.

13. General

- 13.1 All written or electronic communications TSC sends you will be to the latest address notified by you to TSC and shall be assumed received by you on the second day after posting or on the day after dispatch in the case of electronic communication. Communications sent by you shall be deemed received only if actually received by TSC.
- 13.2 Telephone calls may be recorded for the purpose of training, monitoring quality and regulatory compliance.
- 13.3 Should you cease to live in a qualifying country (details of which are available from TSC), your Account will be terminated and all investments held can either be transferred to you, or sold; any money or sale proceeds will be returned to you.

13.4 You agree that TSC may from time to time telephone or otherwise contact you to discuss potential or existing investments or investment services, subject to compliance with the rules of the FSA, and you are willing to accept such calls, unless you advise otherwise.

13.5 TSC and the Nominee may employ agents on such terms as they think fit. TSC will satisfy itself that any person to whom it delegates any of its functions or responsibilities under the terms agreed with you is competent to carry out those functions and responsibilities. TSC will take reasonable care in the selection and supervision of such agents but shall not otherwise have any liability for the performance of such functions or responsibilities.

13.6 Should any clause within this Agreement or part thereof become or be declared illegal, invalid or unenforceable for any reason, the remainder of the clause and Agreement shall be unaffected and shall remain in full force and effect.

13.7 The Contracts (Rights of Third Parties) Act 1999 will not apply to this Agreement, which means that only you and TSC have the right to enforce any of the terms and conditions mentioned.

Section 2

Additional Terms of Business for Enterprise Investment Scheme Accounts

The terms of business in this section are only relevant to you if you are opening an Enterprise Investment Scheme ("EIS") Account, in which case, the terms of business in paragraphs 1 to 13 shall also apply, where relevant. Should any terms within paragraphs 1 to 13 conflict with these Additional Terms of Business, the Additional Terms of Business will prevail.

14. EIS Accounts

14.1 You acknowledge that TSC:

- is the administrator and custodian of your EIS Account;
- is not the fund manager of the EIS Account and is not responsible for the suitability or appropriateness of the EIS Account, either at the point of sale or thereafter;
- may only act upon the instructions of the fund manager in relation to your EIS account;
- is not responsible for the contents of any documentation relating to the EIS Account, other than these terms of business or other documentation required to be sent to you by TSC in discharge of TSC's regulatory obligations. In particular, TSC is not responsible for the contents of the EIS Account brochure or prospectus, and has not issued or approved the contents of these documents in accordance with Section 21 FSMA.

Section 3

Schedule 1

Conflicts of Interest Policy – Summary Version

TSC aims to identify and prevent conflicts of interest which may arise between itself and its customers, and between one customer and another, in order to avoid any adverse effect on its customers. This Policy sets out procedures, practices and controls in place to achieve this.

The avoidance of potential conflicts of interest is a key consideration, so operational structures and procedures, password-controlled systems, data hierarchy, and the clear segregation of roles and responsibilities are all designed to work preventing any conflicts arising in the first place. This Policy applies to all officers (whether Executive or Non-Executive), employees and any persons directly or indirectly linked to the Share plc group of companies ("the Group") and refers to all interactions with all customers of the Group.

Scope

Types of conflict which may carry a material risk of damage to the interests of a customer include, but are not limited to, the following.

Where the Group or any person directly or indirectly linked to the Group:

- is likely to make a financial gain or avoid a financial loss at the expense of the customer;
- has an interest in the outcome of a service provided to, or of a transaction carried out on behalf of, the customer which is distinct from that customer's interest in that outcome;
- has a financial or other incentive to favour the interest of another customer or group of customers over the interests of the customer;
- carries on the same business as the customer;
- receives, or will receive, from a person other than the customer an inducement in relation to the service provided to the customer in the form of monies, goods or services, other than the standard commission or fee for that service;
- designs, markets or recommends a product or service without properly considering all the Group's other products and services and the interest of their customers.

Guarding against conflicts of interest

A number of different safeguard systems and processes are in place in order that the potential for conflicts of interest is minimised:

- Personal account dealing requirements upon all officers, employees and certain associates of TSC in relation to their own investments;
- An Investment Research Policy covering the production and dissemination of investment research by TSC;
- A Register of Information logging receipt and use of any 'inside information' by TSC;
- Chinese Walls restricting the flow of price sensitive information within TSC;
- A Gifts and Inducements Log registering the solicitation, offer or receipt of certain benefits;
- External business interests conflicting with TSC's interests are prohibited for TSC's officers and employees, unless Board approval is provided;
- Job roles and system access is subject to appropriate segregation of duties considerations, detailed within a separate Policy;
- Remuneration packages within TSC are structured to minimise any link with levels of business generated with retail customers;
- Corporate governance requirements are followed as appropriate to the size and nature of Share plc;
- Legal and regulatory record keeping requirements are followed, including the maintenance of a Privacy Policy for Internet users;
- A Public Interest Disclosure Policy ("whistleblowing") is in place for TSC employees;
- Where a conflict of interest arises, TSC will, if known, disclose it to a customer prior to undertaking investment business for that customer.

A full version of the Conflicts of Interest Policy is available on request from TSC's Compliance and Legal Services team.

Schedule 2

Order Execution Policy

Part One: The Quality of Execution

When executing orders on behalf of customers in relation to financial instruments, TSC will take all reasonable steps to achieve what is called "best execution" of customer orders. This means that TSC will have in place a policy and procedures which are designed to obtain the best possible execution result, subject to and taking into account, the nature of customer orders, the priorities the customer places upon TSC in filling those orders and the market in question, and which provides, in TSC's view, the best balance across a range of sometimes conflicting factors.

TSC will take into consideration a range of different factors which include not just price, but which may also include such other factors as the cost of the transaction, the need for timely execution, the liquidity of the market (which may make it difficult to execute an order), the size of the order and the nature of the financial transaction. TSC's commitment to provide its customers with "best execution" does not mean that TSC owes customers any fiduciary responsibilities over and above the specific regulatory obligations placed upon TSC or as may be otherwise contracted. While TSC will take all reasonable steps based on those resources available to it to satisfy itself that it will have processes in place that can reasonably be expected to lead to the delivery of best execution of customer orders, TSC cannot guarantee that it will always be able to provide best execution of every order executed on each customer's behalf.

Part Two: Order Execution Policy

- 1 Customer orders must be received on either a 'best price' or 'limit price' basis and can be executed immediately or as part of a 'batch' order containing multiple customer orders of the same security. Both best and limit customer orders are subject to the requirements of this execution policy.
- 2 Where a customer order is received with specific instructions relating to how the order should be executed, the order will be executed in line with those instructions; any such specific instructions from a customer may prevent TSC from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of customer orders covered by those instructions.
- 3 Customer orders received for transferable securities, i.e. shares, exchange traded funds/commodities, warrants, covered warrants and investment trusts will be executed on one of the following markets:
 - (a) London Stock Exchange ("LSE"); the LSE is a regulated market and one of the larger better known European markets for dealing in both UK and international shares;
 - (b) Alternative Investment Market ("AIM"); a market for smaller-capitalisation growth companies. AIM is not a regulated market, but is an exchange-regulated market owned by the LSE;
 - (c) PLUS Markets ("PLUS"); PLUS is a regulated market. PLUS is an independent provider of equity market services. Formally known as OFEX, PLUS specialises in primary markets for both domestic and international companies and also operates a secondary market quote driven trading platform for small and mid-capitalisation companies;
 - (d) Sharemark; Sharemark is an MTF and not a regulated market. Sharemark is a share trading facility, owned by TSC, specifically designed for emerging or smaller companies whose shares are infrequently traded. Customer orders for companies traded on Sharemark must be submitted to TSC, or their chosen broker, on a limit price basis with shares being traded at a single price;
 - (e) and such other markets as TSC considers appropriate in the circumstances.
- 4 The choice of market depends on which market or MTF a particular security is traded on, for example, where a security is only traded via the LSE, the customer order can only be executed via the LSE; however, where the same customer order can be executed on either of two separate markets, e.g. LSE or PLUS, the market that will result in the best possible result for that customer order will be chosen.
- 5 For venues other than Sharemark, customer orders are executed via specialist market makers known as Retail Service Providers ("RSPs"). TSC deals with a number of RSPs, all of whom are members of the LSE and are authorised and regulated by the FSA. The RSPs quote a price and size in securities in which they are registered and make this information available via various information vendors.
- 6 TSC's process for achieving the best possible result for a customer order is initiated by the receipt of the order from the customer. The order is then passed, via an information vendor, to an automated polling system, which connects directly to the RSPs registered with that information vendor and in the security concerned. The automated polling system will then identify the RSP offering the best price for the customer order; this information is then sent back to TSC for acceptance. The range of RSPs available to TSC will be dependent on which RSPs are accessible through the information vendor used; currently TSC is linked to a single information vendor, Proquote, which provides access to a wide range of RSPs.
- 7 On some occasions, where the RSP is unwilling or unable to execute the customer order electronically, the order will have to be executed manually with the RSP over the telephone.
- 8 There may be occasions where, as a result of either specific customer instructions, the nature of the security being traded, or the services being provided, that customer orders will not be executed on either a regulated market or MTF. Where such instances arise, TSC will obtain the customer's prior express consent before proceeding to execute such orders. The customer's prior express consent may either be in the form of a general agreement or in respect of individual transactions.
- 9 Any customer orders received for collective investment schemes (e.g. unit trusts and/or OEICs) are executed either directly via the relevant fund manager, or via Cofunds or LGAS.

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- 10 Where a customer order is received for a bond or gilt-edged security, it will be either:
- electronically executed via Bondscape, an automated service designed primarily for brokers and other professional investment advisers trading small sizes of fixed interest securities. Two-way prices are provided by participating market makers. The service automatically selects the best price for execution from the competing market makers; or
 - executed with an RSP.
- 11 Generally, there are a number of different execution factors which can affect the outcome of customer orders e.g. price, cost, speed, the likelihood of execution and settlement, the size and nature of the order. However, as TSC does not differentiate charging structures or settlement processes between execution venues, the most significant factor is considered to be the price at which the order can be executed. By achieving the best price possible given the execution venues available, TSC delivers the best possible result for customer orders received.

Part Three: Client Acknowledgement

By placing an order with TSC, a customer acknowledges that they have been made aware of and accept the nature, policy and processes which TSC has in place for providing best execution as defined in this Order Execution Policy and that, in the absence of any express instructions from a customer, TSC shall have full discretion to choose a relevant venue from its current list of venues for executing any order or orders, but in doing so shall assess and balance a range of all relevant factors, including those set out in this policy disclosure statement which, in its reasonable determination, TSC considers relevant to achieving the best result for a customer order.

Schedule 3 Order Allocation Policy

Where a customer provides instructions for orders to be traded within one of the batch dealing sessions available at TSC, the order may be aggregated (i.e. combined) with orders received from other customers.

Customers should be aware that aggregating orders in this way may work to their disadvantage. Because their shares will be bought or sold alongside those of other customers, the price a customer pays or receives may not be the same as when buying or selling the shares immediately. The market may also quote a different price because of the larger number of shares being bought or sold together. The price the customer pays or receives could, therefore, be higher or lower than if their shares had been bought or sold on their own.

With the exception of orders executed on Sharemark, customer orders will only be carried out where the total, aggregated order can be dealt; in other words, customer orders will not be partially filled. Partially filled orders are allowable on Sharemark, such that a single order within any Sharemark auction may be partially filled, to the extent of the maximum executable volume of securities within that auction and at the prevailing Sharemark auction price.

Where a customer applies for a new issue of securities (e.g. within an initial public offer or a placing) and that offer is oversubscribed, the customer may receive a partial allocation of securities or none at all. The allocation guidelines of the offer will be followed wherever practicable by TSC when deciding how to allocate securities where more than one customer has applied within the same offer. In the absence of any guidelines, TSC will allocate the securities pro rata to each customer's application within the offer.

Schedule 4 Sharemark

- 1 Sharemark, a Multilateral Trading Facility and a trading division of TSC, is a trading system especially developed for buying and selling infrequently traded shares. The Sharemark facilities are designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. Further details on how Sharemark operates are contained on the Sharemark website (www.sharemark.com).
- 2 Dealing instructions in Sharemark investments must be submitted to TSC on a limit price basis. Where the investment is traded only on Sharemark, the dealing instruction will be included within the next scheduled Sharemark dealing session. Where the investment is also traded on another market, the dealing instruction will be tested regularly against the prevailing price on the other market and dealt earlier than the next scheduled Sharemark dealing session wherever possible.

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- 3 Other users of Sharemark may be retail clients, professional clients (e.g. large corporate customers or other stockbrokers) or eligible counterparties (e.g. large institutional investors), based within or outside the UK.
 - 4 TSC will act as the settlement and clearing agent for Sharemark. TSC will be the counterparty to all transactions with you or, where you are a retail client and have not placed a deal via TSC, your Sharemark Authorised Broker will take on this counterparty role. All transactions will be settled in accordance with this Agreement.
 - 5 Unlisted investments are traded on Sharemark. Sharemark will on request advise you how to obtain any publicly available information about such investments of which it is aware.
 - 6 All transactions in Sharemark securities are subject to the FSA's transaction reporting requirements. Transactions in Sharemark securities also dealt on other markets may be subject to that market's trade reporting requirements. Where you are a retail client dealing through TSC, TSC will ensure compliance with the relevant requirements.
 - 7 In the event of system or operational malfunction, Sharemark has the right to postpone or cancel any auction and to refuse to accept or to subsequently delete your orders.
 - 8 Sharemark has the right in its reasonable absolute discretion to cancel or suspend your access to Sharemark.
 - 9 Trading errors and dealing disputes should be referred initially to the Dealing manager at TSC. Should the matter not be satisfactorily resolved, it should be escalated to the Compliance and Legal Services team at TSC.
 - 10 With the exception of investments which are also dealt on the LSE, Alternative Investment Market or PLUS Markets, none of the investments traded on Sharemark are qualifying investments for the purposes of the FSA's markets abuse regime.
 - 11 The investments traded on Sharemark may not be listed on the LSE or any other Recognised Investment Exchange ("RIE"). It may be difficult for you to sell the shares and obtain reliable information about their value or the extent of the risks to which the share price is exposed. The share price and dividend yield of shares in Sharemark investments may fluctuate and fall. You may get back less than your initial investment. The share price may be subject to sudden and large falls in value, given the restricted marketability of the shares. Sharemark is not an RIE, Recognised Clearing House or regulated market within the meaning of the Markets in Financial Instruments Directive (which is a piece of European legislation that among other things identifies formally operated exchanges in the European Union).
 - 12 Sharemark and TSC have not conducted due diligence to ensure the truth or accuracy of the statements contained in any information originating from the Sharemark company and provided by Sharemark or TSC to you.
 - 13 You acknowledge that Sharemark and TSC may share your personal details with any company with securities traded on Sharemark where this is necessary to allow that company to act in accordance with its Articles of Association (for instance, where it may refuse to register the transfer of shares to a particular person).

Section 4

Advice Terms of Business

- 1 These terms of business are additional to the terms of business of your existing Account, as may be amended, and form part of your Agreement with The Share Centre (TSC). Defined terms used in these terms of business have the meaning attributed to them in your Account Agreement. In the event of a conflict between any parts of them, these Investment Advice terms of business will prevail.
- 2 To ensure the appropriateness of the advice you receive, no advice will be given until you have registered to receive investment advice from the Advice team and, if you are a new customer, your Account with TSC has been opened. In addition, you will be requested to provide information relating to your financial standing, investment objectives and attitude to risk. The investment advice you receive is given on the basis of the information provided during the registration process and any subsequent amendments. Any material changes to your personal circumstances or investment objectives should be notified to TSC immediately. Confirmation of the accuracy of the information provided will be issued annually and you agree to let the Advice team know if anything is inaccurate. Please note that TSC reserves the right not to provide advice on investments that are held other than in the name of the Nominee.

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- 3 TSC shall take reasonable care in giving investment advice. All advice is given on the basis of best information normally available under TSC's research supply arrangements. Full details of the research supply arrangements are available upon request. TSC accepts no liability for any movements in the price of investments unless due to its fraud, wilful default or negligence. Nor shall TSC be responsible for monitoring your Account(s) or the suitability of any investment on an ongoing basis. This does not exclude or restrict any duty owed to you under the rules of the FSA or FSMA in respect of previous advice you have received. TSC will be under no obligation to put forward recommendations without a specific request from you and will not be acting in the capacity of an investment manager. This does not preclude TSC from contacting you from time to time to discuss investments or investment services.
- 4 TSC may provide investment advice in:
- UK investments quoted on the London Stock Exchange, PLUS Markets and the Alternative Investment Market, including UK Government Gilts and corporate bonds;
 - Authorised collective investment schemes, including unit trusts and OEICs;
- and such other investments as TSC may from time to time advise.
- TSC will not provide advice on options, futures or any other derivative investment including warrants, or on stock traded solely on Sharemark.
- 5 You should note that there is an extra risk of losing money when shares are bought in some smaller companies including penny shares. There is a big difference between the buying and the selling price of these shares. If they have to be sold immediately, you may get back less than you paid for them. The price may change quickly and it may go down as well as up.
- 6 Some investments, mainly in smaller companies or special forms of investments (e.g. Venture Capital Trusts or other specialist funds) may not be 'readily realisable'. In other words, you may have difficulty in selling these investments at a reasonable price and, in some circumstances, it may be difficult to sell it at any price. You should not invest in such securities unless you have carefully thought about whether you can afford them and whether they are right for you.
- 7 It is possible that advice may be provided on a stock subject to 'stabilisation'. Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.
- 8 Certain investment trusts and other securities may be permitted to borrow money to increase their investment portfolios, and/or may invest in other investment trusts or securities that are permitted to borrow money for the same purpose. Consequently, movements in the price of the investment trusts or securities may be more volatile than the movements in the price of their underlying investments. Such investment trusts or securities may be subject to sudden and large falls in their value and an investor may get nothing back.
- 9 All investment research is prepared and published by TSC's Advice team in accordance with the Investment Research Conflicts of Interest Policy, a copy of which is available from www.share.com or TSC's Customer Services team.
- 10 Should TSC provide you with advice in an investment in which TSC has a mutual interest, or where it would give rise to a conflict of interest, TSC will either disclose this interest to you or decline to provide advice in this investment.

Tob 0410

PO Box 2000 Aylesbury Bucks HP21 8ZB

Phone 01296 41 41 41 Fax 01296 41 41 40

Email info@share.co.uk Visit www.share.com

The Share Centre Limited is a member of the London Stock Exchange and is authorised and regulated by The Financial Services Authority under reference number 146768.

Registered in England number 2461949 Registered office Oxford House Oxford Road Aylesbury Bucks HP21 8SZ



Appendix B

Client Suitability Form

Introduction

Under the regulations introduced by MiFID on 1st November 2007, YFM Private Finance Limited is required to obtain information from you in order to enable us to demonstrate that the transactions that we carry out for you within this product are suitable for you.

Please be aware that we are unable to begin investigating your subscription until we have received the completed and signed form. Please ensure that you have signed the reverse of the form before returning it to:

British Smaller Companies EIS Fund
YFM Equity Partners
Saint Martin's House
210-212 Chapeltown Road
Leeds LS7 4HZ

Investment Objectives

British Smaller Companies EIS Fund is designed to provide investors with access to a portfolio of investments in unquoted companies and which qualify for tax advantages under the Enterprise Investment Scheme. You should be aware that shares in unquoted companies are generally higher risk than shares quoted on the main market of the London Stock Exchange.

British Smaller Companies EIS Fund is designed for growth rather than for income.

The investment is likely to be held for the medium to long term, as investments in EIS qualifying companies have to be held for at least 3 years in order to benefit from the income tax relief and capital gains tax deferral available from the Fund.

Please tick the box to confirm that you are aware of and understand the investment objectives of British Smaller Companies EIS Fund and that these are consistent with your own personal financial objectives.

Your Profession

Please state your current profession, or, if you are retired, your previous profession

Please state your first language, if it is not English

Investment Experience

Your experience and understanding of various types of investments is a factor in determining the suitability of British Smaller Companies EIS Fund for you.

Please complete the table on the following page to show in which types of shares you have had personal experience.

Tick those which apply to you and state the number of years experience.

In what capacity have you had this experience?

Shareholder

Director

Adviser/consultant/auditor

Other (please specify)

Financial Situation

Please tick one of the boxes to indicate your approximate annual net disposable income:

- More than £100,000
- £50,000 – £100,000
- £25,000 – £50,000
- Less than £25,000

Please tick one of the boxes to indicate your approximate net investable assets (i.e. your assets other than your principal home):

- More than £1,000,000
- £500,000 – £1,000,000
- £100,000 – £500,000
- Less than £100,000

Type of Shares

Number of years of experience:

- Large quoted companies
- Smaller quoted companies
- AIM-listed or unquoted companies
- No previous shareholdings

British Smaller Companies EIS Fund Client Suitability Form

Please sign and date this Form to confirm that the information provided is accurate to the best of your knowledge.

Full name of Applicant

Signature

Date

Should you have any questions regarding this Form, please contact Rob Desborough on 020 7887 7543 or Tracey Nice on 0113 294 5055.

For YFM Private Finance Internal Use:

Assessment completed:

Suitability criteria met:

Signed _____

Signed _____

Date _____

Date _____

Appendix C Application Form for YFM British Smaller Companies EIS Fund – INDIVIDUAL

Subscription Details:

I wish to invest £ (min £15,000) in British Smaller Companies EIS Fund ("the Fund")

Title	<input type="text"/>	
Forename/s (in full)	<input type="text"/>	
Surname	<input type="text"/>	
Date of Birth	<input type="text"/>	
Permanent Residential Address (in full)	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	
Postcode	<input type="text"/>	
Time at Current Address	<input type="text"/> Years	<input type="text"/> Months
Previous Address (if less than 3 years at current address)	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	
Postcode	<input type="text"/>	
Daytime Telephone Number	<input type="text"/>	
Email	<input type="text"/>	
Nationality	<input type="text"/>	
Place of Birth (Town & Country)	<input type="text"/>	
Tax District	<input type="text"/>	
Tax Reference Number	<input type="text"/>	
National Insurance Number	<input type="text"/>	

Continued

The investment is on the terms set out in Part B of the Information Memorandum (which Investment Management Agreement I have received and read) (the "Agreement"). I recognise that on acceptance of this Application Form by the Administrator that the Agreement will be deemed to have been entered into as a binding agreement between me, and the Fund Manager. I have read, understood and agree to the Administrator's terms of business as set out in Section 1 of the Agreement. I appoint the Fund Manager as my attorney for the term of the Agreement and shall not terminate the appointment during such term.

I confirm, in relation to my investment in the Fund, that:

1. I wish/do not wish* to seek EIS Relief; [*delete as appropriate];
2. I am applying on my own behalf;
3. I will notify the Manager of any Investment through the Fund in any company with which I am connected within sections 166, 167, 170 and 171 of the Income Tax Act 2007; and
4. I will notify the Manager if, within three years of the date of issue of shares by an EIS Qualifying Company which is allotted to my portfolio through the Fund, I become connected with the EIS Qualifying Company or receive value from such a company.

In respect of my British Smaller Companies EIS account I authorise the intermediary overleaf (if applicable) to request information on my account and to receive copies of contract notes confirming the Investments made.

Unless the context otherwise requires, words and expressions defined in the Agreement shall have the same meaning herein.

I attach my cheque for the amount shown above and enclose two forms of identification – (see note 5 below).

NB: We can only accept cheques drawn on an account held in your name. Third party cheques cannot be accepted. If sending a banker's draft or Building Society cheque, please ask them to print your name on the reverse as confirmation that the funds came from your own account.

I undertake to notify you immediately if any of the above mentioned changes or there are other relevant circumstances of which you should be aware in relation to managing or administering British Smaller Companies EIS Fund on my behalf.

Cheques should be made payable to:
"The Share Centre Limited"

Executed as a Deed

by _____ (PRINT FULL NAME) _____ (SIGNATURE)

Before this witness:-

Witness:

_____ (PRINT FULL NAME) _____ (SIGNATURE)

Address: _____

Date: _____

Notes:

1. This Application Form must be returned to The Administrator, British Smaller Companies EIS Fund, c/o The Share Centre, PO Box 2000, Aylesbury, Buckinghamshire, HP21 8ZB, duly completed by 6 April 2012.
2. The Closing Date for British Smaller Companies EIS Fund is 5 April 2012.
3. The Administrator reserves the right to reject an Application Form if it has reasonable cause to do so; for example, if relevant information is not included or the Application Form is received late.
4. If the Administrator accepts an Application Form, the Applicant will have entered into the Agreement and will have made a subscription prior to the Closing Date.
5. Due to Money Laundering Regulations, you will need to provide two different, original forms of identification (see below), which are less than three months old and which confirm your name and permanent residential address. These will be returned to you.
6. If you are a lawyer or an accountant or other professional person who is subject to professional rules preventing you from making investments in particular EIS Qualifying Companies, please advise the Administrator.

Money Laundering Regulations 2007

Important note for Applicants:

The verification of identity requirements in the Money Laundering Regulations 2007 will apply and verification of the identity of the Applicant may be required. Failure to provide the necessary evidence of identity may result in your Application being treated as invalid or result in a delay.

You must ensure that enclosed with the Application Form is one document from list A below and one document from list B below. Each item must be original, less than three months old and should show your name and permanent residential address. Original documents will be returned by post at your risk. Alternatively, verification of the Applicant's identity may be provided by means of a "Confirmation of verification of identity" in the prescribed form from an EEA financial institution or other regulated person who is required to comply with EU Money Laundering Directives. Please contact the Administrator on 01296 414141, for further information if you intend to provide such a confirmation.

For All Applications:

(One item from List A AND one item from List B)

List A

Bank Statement

OR

Building Society Statement

The statement you provide must show transactions and relate to the bank/building society account from which your payment is drawn.

Please note that statements printed via the Internet cannot be accepted.

List B

Utility bill (but not a mobile telephone bill)

OR

Council Tax bill (for the current year)

OR

Benefits notification letter from the Benefits Agency confirming the right to benefits (e.g. child benefit, working families tax credit)

OR

Original correspondence or tax notification from HM Revenue & Customs

We reserve the right to request additional documentary evidence.

Name of Financial Adviser (if applicable): _____

Stamp of Financial Intermediary, or full address:

FSA Regulatory No: _____

Telephone Number: _____



Appendix C Application Form 2 for YFM British Smaller Companies EIS Fund – INDIVIDUAL

Subscription Details:

I wish to invest £ (min £15,000) in British Smaller Companies EIS Fund ("the Fund")

Title	<input type="text"/>	
Forename/s (in full)	<input type="text"/>	
Surname	<input type="text"/>	
Date of Birth	<input type="text"/>	
Permanent Residential Address (in full)	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	
Postcode	<input type="text"/>	
Time at Current Address	<input type="text"/> Years	<input type="text"/> Months
Previous Address (if less than 3 years at current address)	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	
Postcode	<input type="text"/>	
Daytime Telephone Number	<input type="text"/>	
Email	<input type="text"/>	
Nationality	<input type="text"/>	
Place of Birth (Town & Country)	<input type="text"/>	
Tax District	<input type="text"/>	
Tax Reference Number	<input type="text"/>	
National Insurance Number	<input type="text"/>	

Continued

The investment is on the terms set out in Part B of the Information Memorandum (which Investment Management Agreement I have received and read) (the "Agreement"). I recognise that on acceptance of this Application Form by the Administrator that the Agreement will be deemed to have been entered into as a binding agreement between me, and the Fund Manager. I have read, understood and agree to the Administrator's terms of business as set out in Section 1 of the Agreement. I appoint the Fund Manager as my attorney for the term of the Agreement and shall not terminate the appointment during such term.

I confirm, in relation to my investment in the Fund, that:

1. I wish/do not wish* to seek EIS Relief; [*delete as appropriate];
2. I am applying on my own behalf;
3. I will notify the Manager of any Investment through the Fund in any company with which I am connected within sections 166, 167, 170 and 171 of the Income Tax Act 2007; and
4. I will notify the Manager if, within three years of the date of issue of shares by an EIS Qualifying Company which is allotted to my portfolio through the Fund, I become connected with the EIS Qualifying Company or receive value from such a company.

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Unless the context otherwise requires, words and expressions defined in the Agreement shall have the same meaning herein.

I attach my cheque for the amount shown above and enclose two forms of identification – (see note 5 below).

NB: We can only accept cheques drawn on an account held in your name. Third party cheques cannot be accepted. If sending a banker's draft or Building Society cheque, please ask them to print your name on the reverse as confirmation that the funds came from your own account.

I undertake to notify you immediately if any of the above mentioned changes or there are other relevant circumstances of which you should be aware in relation to managing or administering British Smaller Companies EIS Fund on my behalf.

Cheques should be made payable to:
"The Share Centre Limited"

Executed as a Deed

by _____ (PRINT FULL NAME) _____ (SIGNATURE)

Before this witness:-

Witness:

_____ (PRINT FULL NAME) _____ (SIGNATURE)

Address: _____

Date: _____

Notes:

1. This Application Form must be returned to The Administrator, British Smaller Companies EIS Fund, c/o The Share Centre, PO Box 2000, Aylesbury, Buckinghamshire, HP21 8ZB, duly completed by 6 April 2012.
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3. The Administrator reserves the right to reject an Application Form if it has reasonable cause to do so; for example, if relevant information is not included or the Application Form is received late.
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You must ensure that enclosed with the Application Form is one document from list A below and one document from list B below. Each item must be original, less than three months old and should show your name and permanent residential address. Original documents will be returned by post at your risk. Alternatively, verification of the Applicant's identity may be provided by means of a "Confirmation of verification of identity" in the prescribed form from an EEA financial institution or other regulated person who is required to comply with EU Money Laundering Directives. Please contact the Administrator on 01296 414141, for further information if you intend to provide such a confirmation.

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(One item from List A AND one item from List B)

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Bank Statement

OR

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OR

Original correspondence or tax notification from HM Revenue & Customs

We reserve the right to request additional documentary evidence.

Name of Financial Adviser (if applicable): _____

Stamp of Financial Intermediary, or full address:

FSA Regulatory No: _____

Telephone Number: _____

British Smaller Companies EIS Fund



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