



how can we help you?

## FNB TAX-FREE SHARES ACCOUNT TERMS AND CONDITIONS

### 1. FNB TAX-FREE SHARES ACCOUNT

- The terms and conditions of your FNB Tax-Free Shares Account with First National Bank (“FNB”) is based on the FNB Tax-Free Shares Account Mandate, the FNB General Terms and Conditions, the Remote Banking Agreement and all other instructions which you provide and which FNB accepts.
- Your FNB Tax-Free Shares Account allows you to purchase units in the RMB Top 40 and RMB MidCap exchange traded fund (hereinafter referred to as ETF units).
- In order to invest in the FNB Tax-Free Shares Account, you have to be either an existing FNB client and must have an FNB transactional account or you will have to open a transactional account if you are new to FNB.
- Initial investments in the FNB Tax-Free Shares Account may be subject to such minimum amounts as determined by FNB from time to time.

### 2. YOUR INVESTMENT GOALS & ADVICE

- I have entered into this agreement with FNB to take advantage of the tax-free saving offering allowed by Section 12T of the Income Tax Act (No 58 of 1962). FNB acknowledges these goals and will at all times act in my best interests, subject to this agreement.
- FNB Share Investing cannot and does not provide advice or guidance about my investment needs and objectives.

### 3. THE RISKS INVOLVED IN SECURITIES TRADING

- I understand the risks involved in investing and trading in ETF units.
- I also understand that there may be a delay between the time that FNB receives my instruction and the time that the instruction is executed on the JSE. During this time the price of the ETF units may change.
- I understand that investing and trading in ETF units can result in a financial loss to me. I will not hold FNB liable for such financial loss if the investment was made according to this agreement.
- If, for any reason, trading cannot take place via the JSE and/or the trader/broker, FNB will notify me of such trade failure via SMS. I will then be responsible for re-submitting the instruction to FNB if I still wish to have it carried out. FNB will not be liable to me for any financial loss, damage or costs of any nature due to such trade failure or if I fail to resubmit the instruction.

### 4. MY FNB TAX-FREE SHARES ACCOUNT CASH ACCOUNT & FEES

- I understand that my FNB Tax-Free Shares Account consists of two separate accounts – a portfolio account and a cash account.
- I understand that I must have sufficient funds in my cash account in order to buy ETF units and that I have to place an instruction for the purchase of ETF units.
- I understand that FNB will deduct an administration fee at the end of each month from my nominated transactional account. These fees will then not form part of my Tax-Free Shares Account.
- I understand that the pricing per trade is as per FNB Tax-Free Shares Account pricing as contained in the pricing schedule.

### 5. MY OBLIGATIONS UNDER THIS AGREEMENT

- In addition to all my other obligations, I will do the following:
  - I must check my transaction history and records on this account. I will notify FNB immediately if I become aware of any incorrect information and / or suspicious transactions. I understand that FNB will not be liable to me for any loss or damage I suffer if I don't notify FNB of this within 24 hours of my becoming aware of such information. FNB will not be liable to me if it could not reasonably have prevented any such loss from occurring even if I notified them of the loss immediately.
  - I will comply with all the procedures and requirements set out in any agreement I have with FNB and any user manual(s) or instructions communicated by FNB from time to time whether via the website or otherwise.

- I alone am responsible for safeguarding any access codes (user identity numbers or personal identification numbers) necessary to gain access to the service via the access channels. I will take all reasonable steps to prevent fraudulent or unauthorised access to my account.
- I will contact FNB's Contact Centre immediately by telephone and shall also confirm the telephone call by giving FNB written notice within 24 (twenty four) hours of such call, if I have any reason to suspect that my access codes have been compromised, or may have been compromised, or if I suspect that any unauthorised transactions have occurred or may occur. Provided I have notified FNB in the required manner and within the required time I will not be responsible for any transactions if FNB is still able to reverse the transaction. If FNB is unable to reverse the instruction I agree that FNB shall not be liable to me in any manner. I will follow FNB's instructions and recommendations and will assist FNB in any way possible, including by providing FNB with any information it may require and will co-operate with FNB in any related investigation.
- I must comply with all provisions in the Share Investing mandate.
- I understand that deposits into my FNB Tax-Free Shares Account during any tax year may not exceed the annual limit (per tax year) as determined by income tax legislation. I also understand that the limit will apply across all my tax-free savings products held by me across product suppliers and that I am responsible to ensure that these accounts do not exceed the annual or lifetime limits imposed by legislation. Should I exceed the annual or lifetime limit, I acknowledge that I will become liable for a penalty as determined by legislation from time to time.
- I understand that deposits into tax-free investment accounts may not exceed the annual limits as determined by the Income Tax Act N58 of 1962 and as amended from time to time. This limit is currently R30 000. In addition to the annual contribution limit a lifetime contribution limit will also apply. This limit currently is R500 000.
- I understand that any contributions exceeding the annual and/or lifetime limit(s) will attract a SARS penalty of 40% of the amount in excess of the annual contribution limit as determined by the Income Tax Act N58 of 1962 and as amended from time to time.
- I understand that any withdrawals of accumulated savings from my FNB Tax-Free Shares Account cannot be replaced and all contributions will be subject to the annual and lifetime limits.
- I understand that any withdrawals of accumulated savings from my FNB Tax-Free Shares Account must be paid out into a FNB account held in my name. This also applies to transfers to other financial institutions.

#### **6. CERTAIN ACCESS CHANNELS MAY NOT BE AVAILABLE FROM TIME TO TIME**

- I understand that some or all of the service channels may not be available to me at certain times including, during periods of scheduled and unscheduled maintenance or during other unexpected periods of unavailability regardless of the reason of such unavailability.
- I will have no claim against FNB because of such service channels being unavailable.
- I agree to use other service/communication channels for the duration of such unavailability.

#### **7. LIABILITIES AND INDEMNITIES**

- FNB will not be liable for any loss whatsoever which I may incur or suffer arising out of my access and/or use of the service in a manner contrary to this agreement.
- FNB will not be liable to me for any loss whatsoever if FNB is prevented from providing the services because of any cause which it cannot reasonably control, including but not limited to:
  - the unavailability of any communication network or any other system (including, without limitation, the internet) or data becoming unavailable, scrambled, lost in transmission or wrongly communicated due to any reason whatsoever including defects in any communication network, or direct or indirect failure of internal systems, power supplies, equipment, data processing and communication systems or transmission links;
  - circumstances where FNB is prevented from providing the service because of a strike or other industrial action;
  - fire, flood, explosions and civil disturbances;
  - a direction or ruling of any regulatory or other authority having jurisdiction to cease supplying, or alter the form or manner of supplying, the service.
- FNB shall not be liable for any loss whatsoever should my investment objectives not be achieved for any reason.
- I hereby indemnify FNB and any third party with whom FNB contracts on my behalf and hold FNB and any such third party harmless for any:
  - loss incurred by FNB or such third party because of a bona fide investment made by me in terms of this agreement or service provided to me under this agreement. Nothing in this agreement will however absolve FNB or such third party from liability for loss suffered by me because of fraud, theft, negligence or wilful misconduct on the part of FNB, the third party or FNB's officers, employees, directors or representatives;
  - claims, damages, liabilities, costs and expenses, including reasonable attorneys fees which may be brought against

FNB by virtue of the services. Nothing in this agreement will absolve FNB from liability for claims, damages, costs and expenses suffered or incurred by me because of any act of fraud, theft or negligence or wilful misconduct on the part of FNB, its officers, employees, directors or representatives.

- loss incurred by FNB or such third party because I did not have sufficient funds in my account or I failed to comply with any rules, regulations or law.

## **8. WHEN CAN THIS ACCOUNT BE TERMINATED**

- FNB can terminate this agreement in writing, for any reason, by giving me at least 30 (thirty) days prior notice of termination in writing.
- I can give FNB an instruction to close this account at any time. FNB will then follow the closure procedure as set out below within the quickest possible time.
- FNB can also close my account if I am liquidated, sequestered or placed under judicial management whether provisionally or finally.
- If I become an emigrant or non-resident of South Africa, my account will automatically be converted to such an emigrant or non-resident account. I agree that the terms and conditions as well as the pricing of such account will then apply to me. The Share Investing mandate will remain applicable. The account will however no longer be classified as a tax-free investment for South African tax purposes.
- Dormancy:
  - FNB may close my account and terminate this agreement should the account become dormant. I will be given reasonable notice of such closure to the address FNB has on file for me before FNB takes such steps.
  - My account will be regarded as dormant if I don't use it in a manner that is considered normal based on the function and purpose of the type of account concerned.
- If the agreement is terminated under any of the circumstances envisaged in this section, the termination will be treated as a withdrawal from your Tax-Free Shares Account and will be reported to SARS as such.

## **9. WHAT HAPPENS ON TERMINATION**

- The termination will be treated as a withdrawal for the purposes of reporting to SARS and the account will no longer be treated as a tax-free investment for income tax purposes
- Upon termination, FNB will carry out, conclude and settle all transactions that were initiated by me.
- I will not be able to re-open the account. A new account will be opened with encumbering agreement.
- I will pay:
  - FNB's fees on a pro rata basis to the date of termination; and
  - any additional expenses necessarily incurred by FNB in terminating the agreement based on these terms and conditions.
  - On termination, FNB may direct any third party agent to, retain, and/or realize such assets as may be required to settle transactions already initiated and to pay any of my outstanding liabilities including any outstanding fees. If there is a dispute about fees, the disputed amount is to be held in an escrow account pending resolution of the dispute.
- If my account is terminated FNB will:
  - return any remaining cash due to me;
  - give me a detailed final statement of account (a final cost calculation -including any interest calculations- this will be done by FNB;
  - issue an instruction to the Nominee to sell the relevant financial products and pay the realised amount less expenses to me; or
  - issue an instruction to the Nominee to transfer the financial products into the name of an independent nominee specified by me, provided that the written instruction has been signed by me personally and is accompanied by written confirmation from me that I have received full disclosure of the relevant implications and costs and incentives which may arise because of the transfer.
- Any credit balance on the account, which I don't claim by the time the account is closed, will be transferred to an FNB suspense account for safekeeping and will be treated as a withdrawal for tax purposes. I have the right to claim such unclaimed funds for a period of 60 years from the day the account became dormant, provided I complete the necessary claim form and I can substantiate my claim.

## **10. GENERAL**

- If I pass away, the name in which the account is held will be changed to an "Estate Late" account. FNB will only accept instructions from the nominated executor of my estate.

- I understand that the FNB Tax-Free Shares Account provides a limited selection of securities to trade/invest in and this selection can change from time to time. These changes will be at FNB's discretion. FNB will not exchange or sell any holdings I have if any selected ETF should become unavailable.
- I will send technical queries and lodge complaints with FNB branches or by calling the FNB Share Investing call centre.
- I am not allowed to pledge or cede my rights arising from my investment as security for a loan without FNB's consent. FNB will only consider cessions or pledges for other FNB accounts.
- I acknowledge that all services provided to me by FNB are subject to the terms and conditions, as amended from time to time.
- FNB can change or discontinue the service at any time by giving me written notice.
- FNB can change or replace this agreement or add new terms and conditions at any time. I agree to receive notifications of alterations electronically or via the website. I agree that FNB can assume that I have agreed to any changes if I continue to use the service after the changes are posted on the website or communicated to me.
- I agree that FNB may record my communications (including telephone communications) with it to ensure that amongst other things, it will have a full record of all transactions. Such records will serve as prima facie evidence of all my instructions unless I can produce satisfactory evidence to the contrary. I agree that FNB can monitor the electronic channels including intercept my communications with it in terms of the Regulation of Interception of Communications and Provision of Communication-Related Information Act, 2002, in order to help FNB improve the quality of its services to its clients.

## 11. COMPLAINTS

Where an FNB customer experiences possible misrepresentation or suspects or encounters possible non-disclosure of a material fact regarding an investment advice, or where they are not satisfied with the financial service rendered by a Representative of the Bank, they must contact their local FNB Branch.

For further information on FAIS or to lodge a formal complaint, FNB Office is available to assist.

Physical and Postal Address:

6<sup>th</sup> Floor, 1 First Place, Simmonds Street, Bankcity, 2001  
PO Box 1153, Johannesburg, 2000

Contact details for general enquiries:

Tel:	0860 11 22 44/ +27 11 369 1088 (International)
Website:	<a href="http://www.fnb.co.za">www.fnb.co.za</a>
Compliance Officer	Tel: 011 371 7953 Fax: 011 371 2192
Complaints	Tel: 0860 11 22 44
Fax Number:	011 632 2317
Email:	<a href="mailto:care@fnb.co.za">care@fnb.co.za</a>

## Particulars of the FAIS (Financial Planning and Advisory Services) Ombud

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