

## Modular ISA

# Permitted Investments List

(For Modular ISAs applied for on or after 16 October 2014)

### What is this document about?

- This document sets out the types of investments you may and may not hold in your Modular ISA. Please note that the inclusion of any type of investments does not mean that we endorse or recommend them, and returns on your investments are not guaranteed.
- As we are not regulated to provide advice, you should read and discuss this information with your Financial Conduct Authority (FCA) regulated financial adviser so they can help you choose the right investments to suit your circumstances.
- All investment transactions must be carried out on a commercial basis. Please note that we reserve the right to decline making an investment if the provider will not provide us with suitable monthly reconciliation data, or for any other reason we deem appropriate.
- The information in this document is based on our current understanding of HM Revenue & Customs (HMRC) guidelines for ISAs and our own policies, both of which may be subject to change in the future.

You should also read:

- **The Modular iPlan Technical Guide:** A guide which explains how the investment modules mentioned in this document work and how investments can be purchased.
- **How your Money and Investments are held within James Hay Products:** This document provides details of how your assets are held, as well as the protections provided under UK regulations .

Please ensure that you always access our documents from our website [www.jameshay.co.uk](http://www.jameshay.co.uk) in order to access the most up-to-date information.



## What investments can I make in the Modular ISA?

Any investment types detailed in this document that are traded on a stock exchange must be purchased and held by a panel stockbroker on behalf of your product. If you are unsure which investment types this applies to, please contact us.

The Modular ISA is split into two investment modules:

### Core investments

- Units or shares in funds held on our Investment Centre
- Any cash held in the ISA product bank account
- Investments held by a panel stockbroker, including:
  - Shares
  - Securities
  - Government securities
  - Core Capital Deferred Shares (CCDS)
  - Shares in qualifying Investment Trusts
  - Depositary interests
  - Depositary receipts

### Whole of Market module

- Units or shares in a UK UCITS
- Units or shares in a recognised UCITS
- Share emerging from Schedule 3 SAYE Options Schemes or Schedule 2 Share Incentive Plans
- Units in collective investment schemes specified as stakeholder products

Please note that these types of investments may require you to be following financial advice in order to purchase them. Please see the Complex Investments section below for more information.

- Securities (structured products)
- Units or shares in qualifying Non-UCITS Retail Scheme (NURS)



Please check the investment definitions section of this document to help you and your adviser to consider which of these investment types would be suitable for you.

## Non-permitted investments

Please note that this list is not exhaustive and does not cover all non-permissible investment types for the Modular ISA. If you are unsure about the permissibility of a certain investment, please contact us.

- Direct purchase of residential or commercial property (UK or overseas)
  - Direct purchase of tangible, moveable property (such as art or antiques)
  - Indirect investment in tangible or residential property with a majority shareholding/control
  - Property limited liability partnerships
  - Residential ground rents
  - Intellectual property
  - Premium bonds
  - Loans
  - Investment grade gold bullion
  - Investment manager accounts (other than a panel stockbroker)
  - Cash panel deposit accounts
  - National Savings and Investments products (NS&I)
  - US mutual funds
  - Land banking (as defined by the FCA)
  - Direct holdings in commodities
  - Wasting assets
  - Direct investment in cryptocurrency or cryptoasset derivatives and cryptoasset exchange traded notes
  - Crowdfunding
  - Investments into Contracts for Difference (CFD) or Futures and Options (as defined by the FCA)
  - Investments into second hand/traded endowment policies
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## Complex Products

We will only allow you to invest in Complex Products if you have received advice from a regulated financial adviser in respect of the proposed investment.

Under regulations, there is no definition of Complex Products. However, the regulations define Non-Complex Products as follows:

- Units/shares in a UCITS qualifying Collective Investment Scheme;
- Shares, bonds and other forms of securitised debt admitted to trading on a trading venue;
- Structured deposits;
- Money market instruments; and
- Other products that meet certain criteria, including:
  - having frequent opportunities to trade at publicly available prices,
  - do not involve potential liability that exceeds the original investment,
  - do not include exit charges that have the effect of making the investment illiquid, and
  - where adequate comprehensive information on the investment is publicly available and likely to be readily understood by the average retail client.

Complex Products are therefore anything that is outside of this definition of Non-Complex products. Broadly speaking, Complex Products are investments involving derivatives or where the opportunity to sell is infrequent.

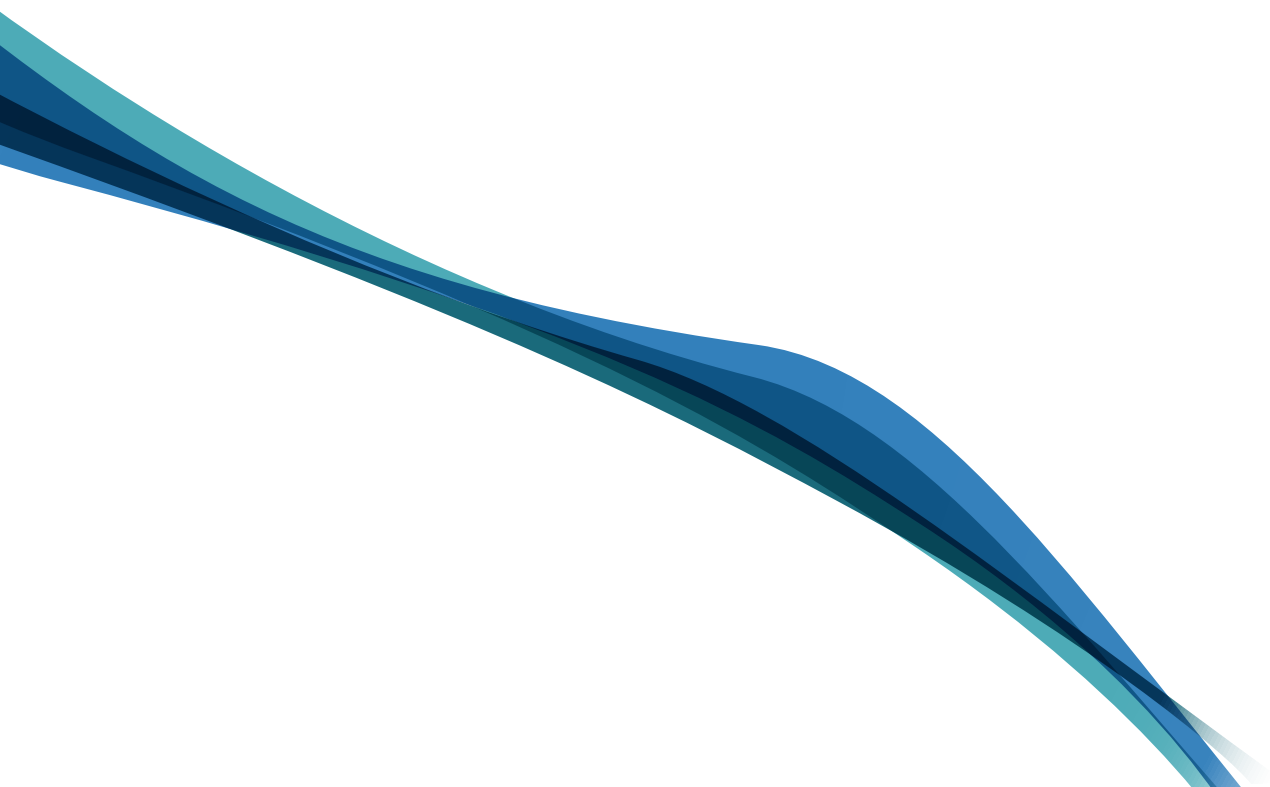
**If you are investing without having received financial advice and are unsure if your proposed investment is a Complex Product, please ask the investment provider.**

## Permitted investment definitions

<b>Shares</b>	<p>Shares that are issued by a company that is incorporated anywhere in the world, and that are either listed on the official list of an HMRC recognised stock exchange, or admitted to trading on any market of a recognised stock exchange in the UK or in the European Economic Area (EEA).</p> <p>For a list of current HMRC recognised stock exchanges, please visit <a href="http://www.gov.uk/guidance/recognised-stock-exchanges">www.gov.uk/guidance/recognised-stock-exchanges</a>. For shares in qualifying Investment Trusts, please see the separate section below.</p>
<b>Securities</b>	<p>Securities issued by a company that is incorporated anywhere in the world, and that satisfy at least one of the following conditions:</p> <ul style="list-style-type: none"> <li>• The securities are listed on the official list of a recognised stock exchange</li> <li>• The shares in the company issuing the securities are so listed</li> <li>• The company issuing the securities is a 75% subsidiary of a company whose shares are so listed</li> <li>• The securities are admitted to trading on a recognised stock exchange in the UK or the EEA</li> <li>• The shares in the company issuing the securities are so admitted to trading</li> <li>• The company issuing the securities is a 75% subsidiary of a company whose shares are so admitted to trading.</li> </ul> <p>Securities include loans, loan stocks (secured or unsecured), debentures and eurobonds.</p>
<b>Government Securities</b>	<p>This includes gilts and gilt strips, plus government securities issued by or on behalf of a government of the UK, or the government of any EEA State, and their strips.</p>
<b>Core Capital Deferred Shares (CCDS)</b>	<p>Core Capital Deferred Shares (as defined in the Building Societies (Core Capital Deferred Shares) Regulations SI 460/2013) issued by a UK Building Society.</p>
<b>Units or shares in a UK UCITS</b>	<p>A UK UCITS is a collective investment scheme authorised under section 31(1)(a) of the FSMA 2000 that complies with the requirements to be a UCITS scheme for the purposes of the Collective Investment Schemes Sourcebook. Collective Investment Scheme is as defined by section 235 of the FSMA 2000. Please note that a Qualified Investor Scheme (QIS) does not qualify as an investment for an ISA.</p>
<b>Units or shares in a recognised UCITS</b>	<p>A recognised UCITS is a collective investment scheme that is constituted in an EEA state and is a recognised scheme for the purposes of Part 17 of FSMA.</p>
<b>Units or shares in qualifying Non-UCITS Retail Scheme (NURS)</b>	<p>A NURS is either a collective investment scheme to which Collective Investment Schemes Sourcebook 5.1, 5.4 and 5.6 apply, or a non-UK scheme that is a recognised scheme for the purposes of Part 17 of FSMA that would be such a scheme if it were a UK scheme. In addition, the NURS must allow for redemptions at least fortnightly.</p>
<b>Shares in qualifying Investment Trusts</b>	<p>An Investment Trust is as defined in section 1158 of the Corporation Tax Act 2010. The shares in the Investment Trust must be listed on the Official List of the London Stock Exchange.</p>
<b>Shares emerging from Schedule 3 SAYE Option Schemes or Schedule 2 Share Incentive Plans</b>	<p>Shares acquired by employees which have emerged from a Schedule 3 SAYE option scheme or a Schedule 2 Share Incentive Plan are qualifying investments for stocks and shares ISAs. The shares must be listed on a recognised stock exchange to be held in a James Hay ISA.</p>

## Permitted investment definitions (continued)

Units in collective investment schemes specified as stakeholder products	The collective investment scheme must be specified as a stakeholder product under regulation 5 of the FSMA 2000 (Stakeholder Products) Regulations 2004.
Depository Interests	UK regulation requires securities to be electronically settled in CREST. For companies registered outside the UK, this is achieved through a depository interest mechanism. The Depository Interest is effectively an electronic 'wrapper' around the ordinary share, to facilitate securities to be held electronically rather than in paper form. A company applies for Depository Interests representing ordinary shares to be admitted to CREST with effect from its admission to the market. For further information on the criteria for Depository Interests to be held in the ISA, please contact us.
Depository Receipts	Depository Receipts are a type of security and should not be confused with Depository Interests. A Depository Receipt can be held in an ISA providing the underlying shares represented by the Depository Receipt are in the beneficial ownership of the holder and are themselves ISA-qualifying. For further information on the criteria for Depository Receipts to be held in the ISA, please contact us.
Cash	Please note that there are currently no fixed term cash deposit accounts available within the ISA. Any cash must be held in sterling in the ISA product bank account.



## What do I do next?

**Please note:** We do not provide financial advice. Any questions about investment selection should be directed to your financial adviser.

If you are unsure whether a particular investment is permitted, or you have questions about your James Hay product, please contact us via secure message or write to us at:



**James Hay Partnership, Dunn's House**  
St Paul's Road, Salisbury, SP2 7BF

You can call us on the number below:



**03455 212 414**

Lines are open from 8.30am to 5.30pm  
Monday to Friday. To help us improve our  
service, we may record or monitor calls.

When you have decided on your investment options, you can tell us how you would like to invest by completing the relevant form(s), which can be found on:



**[www.jameshay.co.uk](http://www.jameshay.co.uk)**

We are able to provide literature in alternative formats. For a Braille, large print, audio or E-text version of this document call us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).

James Hay Partnership is the trading name of Nucleus Group Services Limited (NGSL) (registered in England number 02538532); James Hay Services Limited (JHS) (registered in Jersey number 77318); IPS Pensions Limited (IPS) (registered in England number 2601833); James Hay Administration Company Limited (JHAC) (registered in England number 4068398); James Hay Pension Trustees Limited (JHPT) (registered in England number 1435887); James Hay Wrap Managers Limited (JHWM) (registered in England number 4773695); James Hay Wrap Nominee Company Limited (JHWNC) (registered in England number 7259308); PAL Trustees Limited (PAL) (registered in England number 1666419); Sarum Trustees Limited (SarumTL) (registered in England number 1003681); The IPS Partnership Plc (IPS Plc) (registered in England number 1458445); Union Pension Trustees Limited (UPT) (registered in England number 2634371). JHS has its registered office at Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH. NGSL, IPS, JHAC, JHPT, JHWM, JHWNC, PAL, SarumTL, IPS Plc, and UPT have their registered office at Dunn's House, St Paul's Road, Salisbury, SP2 7BF. JHAC, JHWM, IPS and IPS Plc are authorised and regulated by the Financial Conduct Authority. (2/23)