

Our SIPP Permitted Investments List

If you would like a copy of this document in braille, large print or audio format please contact us on 0330 124 1505.

Introduction

This document sets out the types of investments, which may be held within our SIPP.

It's **not** a list of investments which we guarantee will make money, or a list of investments approved by our regulator the Financial Conduct Authority. It's simply a list of the **types of investment** asset classes, which may be held within your SIPP that are allowed by HM Revenue & Customs (HMRC) without a tax charge on your SIPP.

If you are unsure if an investment is permitted please call our investments team on 0330 124 1505 or email enquiries@optionspensions.co.uk and they will be happy to help you.

We will not permit investments that may attract tax penalties for your SIPP and, potentially, you personally.

The Financial Conduct Authority classifies investments within all SIPPs as either standard or non-standard assets. These classifications are to show the differences in responsibilities we have as a SIPP operator when holding the different types of investments. This classification isn't an indication of the potential risk or reward of any investment. Please bear in mind that both standard and non-standard assets may be high risk.

A **Standard Asset** is usually easy to value and can be easily sold within 30 days, whenever required. Examples of standard assets are cash bank accounts, unit trusts, stocks and shares listed on a recognised stock exchange, and most UK commercial property.

A **Non-Standard Asset** is anything that is not a standard asset. The Financial Conduct Authority has produced a list of standard assets and any asset not on that list will be a non-standard asset.

If an asset that is on the standard asset list - but can't be valued or sold within 30 days - then we must classify it as a non-standard asset.

If you have any questions regarding if an asset is standard or non-standard, please call our investments team on 0330 124 1505 or email enquiries@optionspensions.co.uk.

Permitted Investments

- Cash
- Deposit Accounts
- Listed Securities
- AIM Securities
- Derivatives (including Futures, Options) Limitations apply
- Government & Corporate Bonds
- Loan Notes
- Unit Trusts
- Open Ended Investment Companies (OEICs)
- Exchange Traded Funds
- Investment Trusts
- Real Estate Investment Trusts
- Offshore Life Assurance Bonds
- Insurance Company Managed Funds and Unit Linked Funds
- Investment Plans and Investment Bonds
- National Savings & Investments (NS&I)
- Structured Products
- Structured Deposits
- UK Commercial Property
- Unquoted Shares
- Secured Third Party Loans
- Venture Capital Trusts
- Investment grade gold bullion
- Depositary Interests

Non-Permitted Investments

- Brands and Trademarks
- Carbon Credits
- Contracts for Difference
- Cryptocurrency investments
- Direct holdings of commodities, including investment grade gold bullion
- Direct holdings of off-plan and development plots
- Direct investment in Partnerships and Limited Liability Partnerships
- Exchanged Traded Commodities
- Goodwill
- Government and Corporate Bonds rated below BBB- by Standard & Poor's (or equivalent)
- Intellectual Property
- Land banking as defined by UK FCA
- Life Settlements
- Loans to any connected third parties
- Overseas Property
- Peer to Peer (P2P) Lending
- Qualified Investor Schemes
- Residential Property
- Self-Storage Units
- Shares in a 'Special Purpose Vehicle' as defined by the UK FCA

- Shares quoted on the Over The Counter market
- Tangible Moveable Property
- Unquoted corporate bonds in private limited companies
- Unsecured Third Party Loans
- Unlisted Warrants

This list of permitted investments is correct at the time of this publication, but we regularly review the contents and we may change the permitted investments without prior notice.

We may decline an investment if:

- a. it does not fall under one of the categories listed in this document
- b. there is insufficient money available in your designated SIPP bank account to make the investment
- c. it is contrary to our internal investment and/or risk policies
- d. it conflicts with the scheme trustee's duties imposed by trust law, in particular the scheme trustee's duty to act in the best interests of you as the holder of the SIPP, a beneficiary, or a potential beneficiary
- e. it could expose the us to a liability greater than the value of your SIPP
- f. it is a complicated investment and expensive to administer
- g. we are unable to value the investment regularly

Important Information

We may restrict access to some investments where you have not received advice or not appointed an investment manager to make decisions on your behalf. If you wish to purchase some unregulated investments without obtaining advice you must be an experience investor and sophisticated client. We'll request further information from you before we'll allow such transactions to proceed.

If you're a member trader and you're directly placing and managing your own investment trades in your SIPP without advice from your adviser or investment manager, please read this document carefully. If you have any questions, or if you don't understand any point or the content is unclear, please contact your adviser or our investments team.

We will always be happy to answer any of your questions but we are unable to offer any advice about the suitability of an investment. If you have any doubts about the suitability of any investment we would recommend that you seek advice from an appropriately authorised financial adviser.

In addition to this document, please read associated literature and documentation including:

- Your SIPP key features document
- Your SIPP terms and conditions
- Investment trader agreement
- Investment literature supplied by your selected investment provider

Always consider very carefully any investments you may make and remember that:

- past performance is not necessarily a guide to future returns
- exchange rate fluctuations can and do affect the value of investments
- inflation can and will affect the future worth of the capital value of any investment, as well as any income received from it

Any investment where the loss could be greater than the amount originally invested, we will not permit within your SIPP.

Important Information (continued)

If you, your adviser or investment manager purchase an investment product that falls outside our list of Permitted Investments without our knowledge, we will exercise our right to sell the investment. In doing so, you may sustain a financial loss for which we'll accept no liability because you or those acting on your behalf will not have acted within the terms and conditions of the SIPP, and any other agreements we may have in place.

We may apply additional initial and annual fees for some investments - further details about the additional fees that may apply can be found in your SIPP schedule

of fees which is available on our website. Alternatively, please call us and we can provide a copy to you directly. Certain investments may not be as easy to sell as others. Where this is the case, we may request that a minimum cash balance is held on your designated SIPP bank account, or in investments which are easier to sell.

Details of the minimum balance and additional fees (if applicable) for a given investment type are available upon request.

Definitions Of Permitted Investments

Cash

At a scheme bank or other regulated bank or building society within the EEA. The cash must be able to be withdrawn in less than 30 days. Unbreakable long-term deposits aren't permitted.

Listed Securities

Securities listed on an HMRC recognised stock exchange (such as Shares, Fixed Interest Securities, Permanent Interest Bearing Shares, Loan Stock, Debenture Stock, Convertible Securities, Warrants, Closed Ended Investment Companies).

Alternative Investment Market (AIM) Securities

Securities bought and sold on the AIM Exchange. AIM is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive 2004 (MiFID).

Derivatives

This is a type of investment that is a financial security with a value based on, or derived from an underlying asset or group of assets. Common underlying investments include bonds, commodities, currencies, interest rates, market indexes, and stocks.

Government & Corporate Bonds

Listed on an HMRC recognised regulated venue, with a minimum credit rating of BBB - (Standard & Poor's or equivalent). Bonds with lower credit ratings aren't permitted within the SIPP, due to the increased risks associated with these investments.

Loan Notes

This is a type of financial arrangement; it is a contract for a loan that specifies the amount being loaned, when the loan must be repaid and the interest payable. The loan

notes may have security provided to protect the party providing the loan to the borrower.

Unit Trusts & Open Ended Investment Companies (OEICs)

Authorised Unit Trusts and OEICs as defined, authorised, and regulated by the Financial Conduct Authority (FCA) under the terms of the Financial Services and Markets Act 2000, or constituted in an EEA member state and are within the terms of the European directive for undertakings for collective investments in transferable securities (UCITS).

Investment Trusts / Real Estate Investment Trusts

Quoted on an HMRC recognised stock exchange.

Exchange Traded Funds

These investments are compliant with the European directive for undertakings for collective investments in transferable securities (UCITS) or listed on an HMRC recognised stock exchange.

Offshore Life Assurance Bonds

Issued by a non-UK Insurer that has been accepted by us for this purpose. Investments held in these policies are not permitted if they do not meet the restrictions laid out in this Permitted Investments List.

Insurance Company Managed Funds via a Trustee Investment Plan / Trustee Investment Bond

Issued by a regulated Insurer that has been accepted by us for this purpose. Investments held in these policies are not permitted if they do not meet the restrictions laid out in this Permitted Investments List.

Definitions Of Permitted Investments (continued)

Exempt Property Unit Trusts (EPUTs)

EPUTs are UK onshore unit trusts used by tax exempt investors to pool assets to acquire commercial property.

National Savings & Investments (NS&I)

Products allowed by NS&I to be held by a corporate trustee.

Structured Deposits

Structured deposits are savings accounts where the rate of return you receive is dependent on a market index or other measure. To be permitted these must be issued by a bank or building society regulated within the EEA. Structured deposits are only permitted where they have received prior Trustee approval.

Structured Products/Structured Notes

Structured investments often vary in their terms. Typically, the return you receive is dependent on certain stock market indices while there is the risk that you might lose some or all of your original investment should the market perform badly. Structured investments are only permitted where they have received prior Trustee approval.

Depository Interest

Is a security issued by an investment bank in one country representing ownership of an underlying interest in a security from a different country.

Investment Grade Gold Bullion

This is gold of a purity not less than 995 thousandths.

Secured Third Party Loan

A loan to a third party who is not the member or connected to the member (as defined by HMRC in Section 993 of the Income Tax Act 2007). The loan must be secured by a first charge on assets owned by the borrower, but the asset must not be taxable property such as residential property.

UK Commercial Property

Please read our property leaflet for further information this is available on our website optionspensions.co.uk or please call us on 0330 124 1505 or email us at enquiries@optionspensions.co.uk and we will send you a copy for further information on acceptable property permitted.

Unquoted Shares

These are company stocks that are not listed on a regulated exchange. Unquoted shares are not regularly traded or easily valued.

Unregulated Collective Investment Schemes (UCIS)

UCIS are collective investment schemes that have not been authorised or recognised by the FCA.

Venture Capital Trusts (VCT)

A VCT is a company whose shares trade on the London stock market. A VCT aims to make money by investing in other companies. These are typically very small companies which are looking for further investment to help develop their business.

Other Terms Explained

European Economic Area (EEA)

At the time of writing, this is made up of current member states of the European Union (EU), plus Iceland, Liechtenstein, and Norway.

HMRC recognised exchange

A list of these stock exchanges can be found on the HMRC website.

Land banking

Land banking companies divide land into smaller plots to sell them to investors on the basis that once they are available for development they will soar in value.

Life Settlements

A life settlement is the sale of an existing life insurance policy to a third party for more than its cash surrender value, but less than its net death benefit.

Retail Clients / Retail Investors

This is the term used by the FCA for normal clients from the general public.

Special Purpose Vehicle (SPV)

An SPV is a legal entity created solely to serve a particular function, such as the facilitation of a financial arrangement or creation of a financial instrument.

Other Terms Explained (continued)

Tangible Moveable Property

This is a term to describe a physical property that can be moved, which includes assets such as art, antiques, classic cars and heavy plant machinery as might be owned by a business. Tangible Moveable Property falls into the category of Taxable Property, which is subject to large tax charges when held within a pension scheme.

Undertakings for Collective Investments in Transferable Securities (UCITS)

UCITS are investment funds that have been established in accordance with European Law. A fund that has been authorised in one EU Member State can be freely marketed in any other Member State.

Should you require further information about our SIPP or any of our other pension solutions, then please contact us at:

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FOR MORE INFORMATION PLEASE CONTACT

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