

Changes that Lloyds TSB is making from 1 November 2007 to its CSN terms and conditions resulting from MiFID (Markets in Financial Instruments Directive)

Change	New wording
At the end of the Risk Warning, add the following:	We will not assess the suitability of shares held for you or other services provided to you under these terms and conditions and you do not benefit from the FSA Rules on assessing suitability.
At the end of paragraph 2(a) (Definitions) add the following:	The Financial Services Authority is located at 25 North Colonnade, Canary Wharf, London E14 5HS
At the end of paragraph 3(b), add the following:	This means that the Shares continue to belong to you even if NomineeCo becomes insolvent.
Replace paragraph 3 (c) with the following:	Your shares will be held by NomineeCo in a pooled or omnibus account. We will keep a record of your Shares but your individual holding may not be identifiable via separate share certificates or other paper or electronic proof of title. This means that in the event of a default (for example, if NomineeCo improperly fails to retain all of the assets entrusted to it), any shortfall in the investments registered in NomineeCo's name may be shared pro rata by all the investors whose holdings are so registered.
Replace paragraph 3 (d) with the following:	You will be classified for the purposes of the FSA Rules as a retail client. If however you would otherwise be an eligible counterparty or a professional client, you may not necessarily have the rights of a retail client under the Financial Services Compensation Scheme
At the end of paragraph 14 (a) (Charges) add the following:	In addition to the charges outlined above, we receive fees from the Company sponsoring the service. The Company sponsors this service so that you can benefit from holding your shares in an electronic account at low cost. The fees are negotiated regularly with the Company, with the actual charge made to the Company reflecting the size, complexity and value of the service and the overall relationship with the Company. We also receive fees from brokers with whom the Company has set up arrangements for you to sell your shares or buy additional shares. These fees are charged by us for trade settlement and register access administration. The broker should give you details of these fees at the time of your trade. More information about these fees is available on request.

Continued overleaf...

**Replace paragraph 18
(Material interests and conflicts)
with the following:**

We have established and implemented a Conflicts Policy (which may be revised and updated from time to time) in line with the FSA Rules, which sets out how we must seek to identify and manage all material conflicts of interest. Such conflicts of interest can occur in our day to day business activities; for example, where one of our clients could make a gain at the direct expense of another client, or we might be faced with an opportunity to make a gain but this would be to the direct disadvantage of one or more of our clients. Depending on the exact nature of the conflict of interest involved, we may take certain actions in accordance with the Conflicts Policy to mitigate the potential impact of the conflict. Such actions may include putting in place controls between the opposing sides of the conflict, which may control or prevent the exchange of information and/or involve the appropriate management of staff activities and segregation of duties. Where such controls would be insufficient to eliminate the potential material risk of damage to clients from specific conflicts, then we will disclose the general nature and/or source of those conflicts to you prior to us undertaking the relevant business. You're welcome to contact us and ask us for a printed copy of our policy. At the time of issue of this document no material conflicts of interest were identified which could not be managed in accordance with the above.