

30 May 2012

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Mr Paul Lisewski  
40d Gledstones Road  
Barons Court  
London  
W14 9HU

Dear Mr Lisewski

Thank you for investing with Interactive Investor. More than ever individuals need to take increasing control of their own financial futures as successive governments and employers reduce their responsibilities in this area.

At Interactive Investor we consider it our duty to provide you with the dealing tools and information you require to actively manage your financial future, to do so with confidence and charged at a fair price. This is why we are now announcing important changes to our charging structure to take effect from **1 July 2012**.

#### **New Pricing Changes**

- We are introducing a quarterly fee of £20, which gives you:
  - The first two real time trades (funds or equities) you make in each quarter, or
  - A combination of regular monthly investments and real time trades up to the value of £20 in each quarter.
- To buy or sell funds we are introducing the standard charge of £10 for a real time trade or £1.50 for regular monthly investments
- We will pass on to you **ALL** income we receive from any fund investment you hold with us. On a typical fund with a 1.5% Annual Management Charge, this would be 0.64% of the value of your investment every year.

This is in addition to our existing highly competitive pricing that you will continue to benefit from:

- Buying or selling shares at £10 per real time trade or £1.50 for regular monthly investments
- International share trading also at £10
- Our frequent trader rate, which allows you to buy or sell shares from just £5.

#### **Why introduce a £20 quarterly fee?**

We believe that customers should be engaged with their investments and actively manage their portfolios. To support this, we are introducing a quarterly fee of £20. This fee is the only one we will charge you and you will not have to pay any other management, ISA or administration fee.

If you already trade twice or more a quarter then this fee will make no difference to what you pay – it is effectively an advance payment of those first two trades for the quarter. If you are trading less than that then you will still have the right to your two trades in each quarter without any additional payment and hopefully feel encouraged to more actively manage your investments.

We will, of course, continue to provide you with the day-to-day custody services, including corporate actions and dividend processing, regardless of the investment types you choose.



**We will repay all income we receive from your fund investment**

We are not alone in believing that ongoing commission does not fit with independent investing. The FSA is banning it for investment business introduced by financial advisers from 1 January 2013. The FSA has not yet banned this income for execution only business, so we are leading the way by passing on all income that we receive back to our customers.

Our competitors may repay a portion of the income they receive but do not always make it clear how much they are keeping. We will pass on ALL of the income we receive on your fund investments. This can make a significant difference to your overall returns, for example:

- If you invested £10,000 each year for the next ten years, the rebate you'd receive with Interactive Investor would be worth £3,520. After 20 years, the total rebate would be £13,440. See how much you can save with our income rebate calculator at [www.iii.co.uk/newpricing/incomecalculator](http://www.iii.co.uk/newpricing/incomecalculator).

If you have fund holdings elsewhere, you can benefit even more by consolidating your investments with us.

These changes to pricing will take place automatically with effect from 1 July 2012. To find out more information please visit our FAQ page at [www.iii.co.uk/newpricing/faq](http://www.iii.co.uk/newpricing/faq).

**Continuing to improve our service to you**

We will also continue to introduce special trading days, new tools and research for trading customers to further support informed and confident trading decisions. For example:

- Our free ISA and free US stock trading days
- Our new mobile trading app available on iPhone and iPad being introduced this summer
- Privileged access to trading insights and new tools coming later this year
- Our recently launched model portfolios which invest in a range of different assets – and we'll continue to expand this range.

**What you need to do?**

It is now six months since we launched our new trading platform and migrated your account. In order to set-up your account, simply login to your account at [www.iii.co.uk](http://www.iii.co.uk) where you will be prompted with all the information you need.

If you haven't already, you will need to read and accept the terms and conditions for our new trading platform. You will then be asked to set up your new account details.

This should only take a few minutes. If you would like any support in setting up your new account details, contact us on 0845 88 00 267 (Option 1).

We look forward to supporting your trading and investing now and in the years to come.

Yours sincerely



Tomás Carruthers

CEO Interactive Investor

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