

SUMMARY OF THE SCHEME DOCUMENT

Summary of the proposed banking business transfer scheme

M&S
— BANK —

Summary of the proposed banking business transfer scheme under Part VII of the UK Financial Services and Markets Act 2000 for the transfer of the banking business of Marks and Spencer Financial Services plc to HSBC UK Bank plc.

1. **Introduction**

- 1.1 It is proposed that Marks and Spencer Financial Services plc (the **Transferor**) will transfer all business conducted by the Transferor (being banking, deposit taking, financial services and general insurance intermediation activities), as further described in paragraph 3, (the **Transfer**) to HSBC UK Bank plc (the **Transferee**).
- 1.2 The Transfer is to be effected by a statutory banking business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (the **Act**) (the **Scheme**) and is subject to the approval of the High Court of England and Wales (the **Court**) under section 111 of the Act. The application to the Court is expected to be heard for sanction on or around 23 March 2026.

2. **Transfer Date**

The Scheme shall become operative at 00:01am (UK time) on 1 June 2026 or on such other time and date as the Transferor and the Transferee may agree (being a date and time falling after the order of the Court sanctioning the Scheme) and in any case no later than 00:01am (UK time) on 1 September 2026 or such later date and/or time, if any, as the Court may allow upon the application of the Transferor and the Transferee, after which the Scheme shall lapse (the **Effective Date**).

3. **The Business To Be Transferred**

The business that is proposed to be transferred to the Transferee under the Scheme is comprised of all business conducted by the Transferor (being banking, deposit taking, financial services and general insurance intermediation activities and associated assets, liabilities and contracts), including credit cards, personal loans, savings products and the sale of general insurance products provided by third party insurers and any liability associated with the historic business of the Transferor or mis-selling of any products and any liability identified by the Financial Ombudsman Service, unless expressly excluded under the Scheme (the **Transferring Business**).

4. **The Effect Of The Transfer**

- 4.1 The Transferring Business shall transfer to, vest in and become assets, liabilities and contracts (as the case may be) of the Transferee on the Relevant Date without any further act or instrument, such that the Transferee shall succeed to the Transferring Business as if in all respects it was the same person in law as the Transferor.
- 4.2 The **Relevant Date** of the transfers are:
 - a) the Effective Date, for the assets, liabilities and contracts of the Transferring Business (other than those identified in paragraph 4.2(b)); and

b) the date on which each present or future asset, liability and contract of the Transferor, which is to be transferred pursuant to the Scheme but whose transfer to and vesting in the Transferee does not take place on the Effective Date (the **Residual Assets, Residual Liabilities** and **Residual Contracts**, as the case may be), is transferred to the Transferee (each being a **Subsequent Transfer Date**), being:

- (i) the date on which transfer and perfection steps have been concluded for:
(A) foreign law governed assets, liabilities and contracts or any deposit or asset which form part of a frozen account by virtue of a foreign court order; (B) sanctioned customer accounts; and (C) assets, liabilities and contracts in respect of which security has been granted in favour of the Transferor and which will only be transferable under the Scheme if the relevant security transfers at the same time (and vice versa); and
- (ii) as determined by the Transferor and Transferee in all other cases.

4.3 Residual Assets, Residual Liabilities and Residual Contracts shall, as from their respective Subsequent Transfer Dates, be respectively vested in and owned by the Transferee in all respects on the same terms as if they had been transferred under the Scheme on the Effective Date.

4.4 References

With respect to anything falling to be done on, or with effect from, the Relevant Date in relation to the Transferring Business, a reference to the Transferor shall be construed as, and take effect as, a reference to the Transferee, and the sort code and account numbers allocated by the Transferor to each of the customer accounts within the Transferring Business shall be construed as, and take effect as, references to the sort code and account numbers allocated by the Transferee for each such customer account following the Relevant Date.

4.5 The transfer under the Scheme shall be deemed to take effect on the basis that there is no requirement to obtain the consent of any person, there is no contravention, liability or interference with any interest, right or requirement, and it does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified.

4.6 Consequences of vesting

The transfer and vesting of any asset, liability or contract under the Scheme shall not invalidate, discharge, render non-binding, unenforceable or cancellable any contract, security or other thing, allow any party to a contract to terminate, default or cross-default any contract (when such party would not otherwise have been able to do so) or vary the terms of any contract (when such party would not otherwise have been able to do so), impose any greater or lesser obligations on any party to a contract, require any further registration or amendment of existing registration in respect of any security or other instrument registered in the United Kingdom, constitute a breach of, or default under, or require compliance with, any notice or consent provision or require any obligation to be performed sooner or later than would have otherwise been the case, affect the enforceability, priority

or ranking of any security, require or deem any representation or warranty to be made or repeated, enable any person to bring a claim to the extent that they would not otherwise have been able to do so or constitute a breach of, or default under, any court order by any court of any jurisdiction, a customer contract or other agreement by the relevant customer.

4.7 **Customer accounts**

Any account and overdraft (if any) between the Transferor and a transferring customer will become an account and overdraft (if any) between the Transferee and that customer as if it had always been and will be subject to the same terms and conditions as applied immediately prior to the Relevant Date.

4.8 **Mandates**

Any existing instruction, order, direction, mandate, power of attorney, authority, consent, direct debit instruction or standing order given to or by the Transferor in respect of the Transferring Business shall have effect on and from the Relevant Date as if given to or by the Transferee.

- 4.9 Any negotiable instrument, cheque, warrant, draft, letter of credit or order for payment of money relating to any part of the Transferring Business, drawn on or by, or given to, or accepted or endorsed by, the Transferor, or payable at any place of business of the Transferor, whether so drawn, given, accepted, endorsed or payable before, on or after the Relevant Date, shall have the same effect on and from that date as if it had been drawn on or by, or given to, or accepted or endorsed by, the Transferee and, if relevant, as if the place of business at which it is payable were a place of business of the Transferee.

4.10 **Restrictions on contractual rights**

The Scheme will impose certain restrictions on the Transferee in relation to exercising certain rights, which may arise as a result of the Scheme.

- a) **Set-off rights:** On, and with effect from, the Effective Date, the Transferee shall not be entitled to apply any rights of set-off to reduce or discharge any liability under: (i) any agreement of the Transferor using credit balances held pursuant to an existing agreement of the Transferee; or (ii) any existing agreement of the Transferee using credit balances held pursuant to any agreement of the Transferor. Such restrictions shall cease to apply: (A) where the credit balance is at the Relevant Date held for a fixed term, the date that falls three months after the expiry of that term; (B) where the credit balance is at the Relevant Date held on terms that a promotional rate of interest will be lost if the deposit is withdrawn before the end of a certain period, on the date that falls three months after the expiry of that period; and (C) in all other cases, on the date that falls three months after the Relevant Date.
- b) **All monies rights:** On, and with effect from, the Effective Date, the Transferee shall not be entitled to apply any “all monies” rights under: (i) any existing agreement of the Transferee to secure any liability under any agreement of the Transferor; or (ii) any agreement of the Transferor to secure any liability under: (A) any existing agreement of the Transferee; or (B) any agreement

entered into by the Transferee on or after the Relevant Date, unless expressly stated to the contrary in that new agreement.

- c) **Cross-default rights:** On, and with effect from, the Effective Date, the Transferee shall not be entitled to apply any cross default rights to accelerate or alter payment or other obligations, or exercise other rights (unless the Transferor would have been entitled to exercise such rights or obligations as a result of a breach of the agreement prior to the Effective Date) under:
(i) any existing agreement of the Transferee as a result of the breach of any agreement of the Transferor; or (ii) under any agreement of the Transferor as a result of the breach of: (A) any existing agreement of the Transferee; or (B) any agreement entered into by the Transferee on or after the Relevant Date, unless expressly stated to the contrary in that new agreement.
- d) **Consolidation rights:** On, and with effect from, the Effective Date, the Transferee shall not be entitled to apply any consolidation rights to prevent the release of security given in relation to: (i) any existing agreement of the Transferee until any obligations have been satisfied under any agreement of the Transferor; or (ii) any agreement of the Transferor until any obligations have been satisfied under: (A) any existing agreement of the Transferee; or (B) any agreement entered into by the Transferee on or after the Relevant Date, unless expressly stated to the contrary in that new agreement.
- e) **Other rights:** On, and with effect from, the Effective Date, the Transferee shall not be entitled to apply any other right, benefit, interest, discretion, authority or power under or in relation to: (i) any existing agreement of the Transferee to terminate, reduce, suspend, delay, alter, discharge or otherwise secure any liability under any agreement of the Transferor; or (ii) any agreement of the Transferor to terminate, reduce, suspend, alter, discharge or otherwise secure any liability under any existing agreement of the Transferee.
- f) **Entire agreement clauses:** On and with effect from the Effective Date, where: (A) an agreement of the Transferor; (B) an existing agreement of the Transferee; or (C) an agreement entered into by the Transferee on or after the Relevant Date contains an entire agreement clause:
 - (i) the relevant clause in the agreement of the Transferor shall be read and construed as if it referred only to the products or services comprised in the Transferring Business and shall not apply to, and an agreement of the Transferor shall not supersede, any existing agreement of the Transferee; and
 - (ii) the relevant clause in an agreement of the Transferee (whether existing or new) shall be read and construed as if it referred only to products or services of the Transferee not comprised in the Transferring Business and shall not apply to, and the agreement of the Transferee shall not supersede, any agreement of the Transferor.
- g) **Guarantees and indemnities:** On, and with effect from, the Effective Date, the Transferee shall not be entitled to exercise any rights arising under a

guarantee, indemnity, undertaking or commitment given to: (i) the Transferee under any existing agreement of the Transferee to secure the obligations of a customer under any agreement of the Transferor; or (ii) the Transferor under any agreement of the Transferor to secure the obligations of a customer under: (A) any existing agreement of the Transferee; or (B) any agreement entered into by the Transferee on or after the Relevant Date, unless expressly stated to the contrary in that new agreement.

4.11 **Savings to Rights**

The provisions of paragraph 4.10 shall not diminish any right, benefit, interest, discretion, authority or power which: (i) immediately prior to the Relevant Date, the Transferee or its counterparty has in respect of agreements of the Transferor or vice versa; or (ii) the Transferee, Transferor or a customer may acquire other than as a result of the Scheme.

- 4.12 If on or after the Relevant Date, the Transferee acquired any rights to exercise any of the rights, benefits, interests, discretions, authorities or powers referred to in paragraph 4.10 in relation to agreements entered into with other HSBC group companies (the **Acquired Rights**) either: (i) as a result of any contractual variation; or (ii) through other means, other than as a result of the Scheme, paragraph 4.10 shall not apply to restrict the Transferee's right to exercise the Acquired Rights provided that such variation without the express consent of the relevant customer is not used to limit or adversely affect the mitigations referred to in paragraph 4.10.

4.13 **Financial Services Compensation Scheme**

Any customer of both the Transferor and the Transferee who holds deposits which are eligible for coverage by the Financial Services Compensation Scheme immediately prior to the transfer of such customer's customer account to the Transferee on the Relevant Date (**FSCS Covered Deposits**) may request the withdrawal of all, or part, of such part of that customer's FSCS Covered Deposits that exceeds the Financial Services Compensation Scheme limit (as calculated in accordance with the Depositor Protection chapter of the PRA Rulebook) (the **Excess Deposit**) at any time for a period of three months starting from one month prior to the Relevant Date until two months thereafter. Such withdrawal shall take effect and a withdrawal request may be made in respect of all, or part, of any Excess Deposit that the relevant customer holds with the Transferor and/or the Transferee (as applicable) on any business day without that customer complying with any requirement to give notice to which that customer would otherwise be subject. Such a withdrawal shall be without loss of any accrued interest and other benefits on the Excess Deposit from the last interest payment date to the date of withdrawal and without the relevant customer incurring any charge or penalty that would otherwise apply. The Transferee or the Transferor shall not be obliged to permit a customer to withdraw any Excess Deposit where the Excess Deposit relates to a frozen account or sanctioned account or where such withdrawal would breach applicable financial crime laws and regulations.

5. Conduct Of Proceedings

- 5.1 On and with effect from the Relevant Date, any regulatory, judicial, quasi-judicial or right of action under any dispute resolution proceeding and any remedy available in consequence thereof, which accrues, arises or becomes enforceable or available, whether before, on or after the Relevant Date, by or against the Transferor and which relates to any part of the Transferring Business shall be enforced or availed by or against the Transferee.
- 5.2 On and with effect from the Relevant Date, any regulatory, judicial, quasi-judicial or arbitration proceedings or any complaint to any ombudsman, other dispute resolution proceedings or other claims or complaints which may be brought in the future including those not yet in contemplation by or against the Transferor concerning the Transferring Business, whether before, on or after the Relevant Date, shall be continued or commenced by or against the Transferee without the need for further order. The Transferee shall be entitled to all defences, counterclaims and rights of set-off that would have been available to the Transferor in relation to those proceedings or complaints, and the Transferor shall have no liability under those proceedings or complaints.

6. Confidentiality And Data Protection

- 6.1 As part of the Scheme, all personal data obtained by the Transferor from its customers in respect of the Transferring Business will be disclosed to the Transferee, who will become a data controller in respect of such data. Any consent given by customers in relation to the use of their data will be deemed to have been given in relation to the Transferee. The Transferee will use this data in order to carry on the Transferring Business and references to the Transferor (or any member of the Transferor group) in any such information data protection statements or consents will be construed as references to the Transferee. The Transferee shall owe, to any transferring customer and to any person who had previously been a customer of the Transferring Business, the same duties of confidentiality and privacy on, and with effect from, the Relevant Date.
- 6.2 On and with effect from the Effective Date, the Transferee shall have the benefit of the marketing preferences of the transferring customers (other than to the extent unlawful under, or inconsistent with, data protection laws).

7. Modifications Or Additions

The Transferor and Transferee may consent jointly to make any modification of or addition to the Scheme which the Court may approve prior to its sanction of the Scheme and the Transferor and the Transferee shall respectively be at liberty to apply to the Court for consent to amend the terms of the Scheme, provided that in any case the Prudential Regulation Authority and the Financial Conduct Authority have been notified 30 days prior to the application to the Court of and, where required, not objected to the proposed modification or addition and have the right to be heard at any hearing of the Court at which such application is considered.

8. Further Information

- 8.1 The information in this document is only a summary of the Scheme. Further information and a copy of the Scheme document, a customer booklet and some frequently asked questions can be obtained free of charge by visiting bank.marksandspencer.com/transfer-scheme/ or by:
- a) calling 0800 028 9001, or if calling from outside the UK, +44 0800 028 9001. The lines will be open from 09:00 to 17:00 (UK time), Monday to Friday; or
 - b) writing to M&S Bank Transfer Scheme at PO Box 325, Wymondham, NR18 8GW.
- 8.2 More information on how to express your views or participate in the formal court process in relation to the Scheme can be found at: bank.marksandspencer.com/transfer-scheme/ and following the link for the Scheme.

9. Governing Law

The Scheme is governed by and construed in accordance with English law.

Accessibility

At M&S Bank we understand that everyone has different needs. Whether you're dealing with a life event, want information sent to you in a certain format, such as large print, Braille or audio, or if you have any health and accessibility needs, we're here to help.

Let us know how we can support you.

Visit marksandspencer.com/accessibility, use our 'Chat with us' service or call us on 0800 028 9001.

M&S Bank is a trading name of Marks & Spencer Financial Services plc. Registered in England and Wales No. 1772585. Registered office: Kings Meadow, Chester, CH99 9FB. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Marks & Spencer Financial Services plc is entered in the Financial Services Register under reference number 151427. M&S Bank is part of the HSBC Group. Marks & Spencer is a registered trademark of Marks and Spencer plc and is used under licence. © Marks & Spencer Financial Services plc 2025. All rights reserved.