

# SIPP

## Terms of Service

These Terms of Service set out the way in which your Self Invested Personal Pension Plan will be managed. By signing your Application Form to establish a TD Waterhouse Self Invested Personal Pension Plan you are agreeing to accept these terms of service, including:

- \_ the Investment terms of service set out in Appendix 1
  - \_ the range of acceptable Investments set out in Appendix 2
  - \_ the Charges, set out in TD Waterhouse's current ISA, PEP and SIPP Rate Card
- Further information can be obtained from the Scheme Rules (the Rules), a copy of which will be made available to you upon written request.

### **Taking out a TD Waterhouse Self Invested Personal Pension Plan means joining the scheme run by Capita Life & Pensions Regulated Services Limited.**

The Personal Pension Management Scheme ("The Scheme") is a Personal Pension Scheme approved by the Inland Revenue under Chapter IV, Part XIV, Income and Corporation Taxes Act 1988, under reference SF87/180/1A. Capita Life & Pensions Regulated Services Limited (Capita SIP Services) is the Trustee of the Scheme and Scheme Administrator.

Capita SIP Services is authorised and regulated by the Financial Services Authority (FSA) and is entered on the FSA Register, number 145540.

All monies received by the Scheme on your behalf will be applied to an individually designated arrangement (Plan) for your benefit alone, which will comprise 10,000 segments.

You make the investment decisions and you will give instructions as to what investments should be bought and sold within your Plan. Capita SIP Services will open an execution-only investment dealing account with TD Waterhouse Investor Services (Europe) Limited (TD Waterhouse) and you will give dealing instructions directly to TD Waterhouse.

Instructions to Capita SIP Services regarding the administration of your Plan must be made in writing. Urgent instructions may be made by telephone or facsimile but must be confirmed in writing. Capita SIP Services will act on verbal or faxed instructions, but is not responsible for instructions not received in writing and it is suggested that receipt of a facsimile is verified by telephoning Capita SIP Services. Capita SIP Services will acknowledge your instructions to them in writing.

The sole purpose of an approved Personal Pension Scheme is the provision of annuities or lump sums as required by Section 633 of the Taxes Act and the investment objectives of your Plan must have due regard to this.

### **Contributions**

You may make contributions to the Scheme at any time, provided you remain eligible to do so, and your contribution is within Inland Revenue limits.

Cheques in respect of lump sum contributions should be made payable to Capita SIP Services and sent to Capita SIP Services with your Application Form or an Additional Contribution form as appropriate.

You will pay contributions net of basic rate tax, which will be reclaimed from the Inland Revenue for the benefit of your Plan. The tax relief will not be available for

investment until it is received from the Inland Revenue, which will take six to ten weeks depending on the timing of your contribution. You may reclaim any higher rate tax relief due through your local tax office.

If you are employed, your employer may also pay contributions to your Plan. These are paid gross, and must not, when combined with your own contributions, exceed Inland Revenue limits. You will not receive tax relief on contributions paid by your employer.

### **Transfers In**

You may also arrange for a transfer of other approved pension benefits into the Scheme. Transfer values may be accepted from the following types of scheme:

- \_ Other personal pension schemes
- \_ Retirement annuity contracts
- \_ Occupational schemes
- \_ Free standing AVCs
- \_ Section 32 contracts

Transfer values may be received either in cash or assets, provided the assets fall within the range of acceptable investments in Appendix 2.

The Scheme cannot be used for contracting out, and is therefore unable to accept transfers of Protected Rights or Guaranteed Minimum Pensions.

It is the responsibility of yourself and your adviser to ensure that such a transfer of benefits would be in your best interests. Neither Capita SIP Services nor TD Waterhouse are authorised to provide advice. Nor does Capita SIP Services check applications for suitability other than to confirm eligibility.

### **Bank Account**

All contributions and transfers-in relating to your Plan will be banked in a global account in the name of Capita SIP Services, as Trustee with The Royal Bank of Scotland plc (RBS) or another bank selected by Capita SIP Services. Capita SIP Services, as Trustee, will be the authorised signatory to these accounts.

Cleared funds will be transferred to a designated brokerage account held for you by TD Waterhouse as quickly as possible, so that normally no cash will be retained at Capita SIP Services (consequently, no interest will be paid on funds held in the Capita SIP Services account, interest is paid on funds held by TD Waterhouse in accordance with the Investment terms of service).

If you choose to use the Income Drawdown option, cash will be transferred back from TD Waterhouse to Capita SIP Services and held in a designated account to fund your income payments. Normally, a float sufficient to cover 6 months income will be required. Designated accounts with RBS attract interest on credit balances at a rate specially negotiated with RBS.

Overdrafts are not permitted.

Capita SIP Services does not accept liability for default by any bank or authorised institution which holds cash for the purpose of your Plan. Capita SIP Services reserves the right to sell assets in your Plan in order to clear unauthorised overdrafts.

# Self-Invested Personal Pension Plan

## Terms of Service

### Investments

Investment dealing and administration services for your Plan will be provided by TD Waterhouse on an execution only basis under an investment agreement completed between Capita SIP Services and TD Waterhouse. You will be responsible for making all investment decisions and giving investment instructions directly to TD Waterhouse. TD Waterhouse's Investment terms of service are set out in Appendix 1. These will apply to all execution-only stockbroking services provided by TD Waterhouse to your Plans dealing account. Please read these carefully. The Plan permits a broad choice of investments, full details of which are set out in Appendix 2, but in order to comply with legislative and Inland Revenue requirements certain restrictions apply. Capita SIP Services does not and is not authorised to act as Investment Manager to the Plan, or give investment advice, nor does it accept any liability for the performance or choice of investments or performance or choice of any investment manager. Capita SIP Services will act as Principal when monies are invested for your Plan through TD Waterhouse. You may terminate the appointment of TD Waterhouse as provider of investment services at any time, in which case there may be disinvestment or other termination charges and Capita SIP Services's standard terms of service (available on request) will thereafter apply.

### Charges

The Plan charges and payment procedures are set out in the current TD Waterhouse ISA, PEP and SIPP Rate Card (available on request). Charges are automatically payable from the Plan on the appropriate date. Any fee which is not collected on the due date remains due until such time as it is debited from the Plan or otherwise settled. Capita SIP Services reserve the right to dispose of assets in order to meet outstanding charges. Capita SIP Services reserve the right to charge interest on the overdue amounts. All charges quoted are exclusive of VAT, which is chargeable in addition where applicable. Currently, Capita SIP Services's charges are not subject to VAT. Drawdown charges will be increased on 6th April each year by the average of the annual increase in the National Average Earnings Index over 12 months to the previous October. All charges are reviewed annually.

### Retirement Benefits

You can draw retirement benefits from the Plan at any time between 50 and 75. You may elect to receive up to 25% of the funds in your Plan as a tax free lump sum. The residual fund must then be used to provide you with an income; this can be taken in the form of an annuity or income drawdown. Please note: if your fund has derived from an occupational scheme (or certain other schemes) either directly or indirectly there may be a restriction on the tax free lump sum that can be taken.

### Annuity Purchase

After payment of your tax-free lump sum the residual fund is used to purchase an annuity through an insurance company of your choice, this will provide you with an income for the remainder of your life.

The annuity available will depend upon the value of your Plan, your age and annuity rates at the time the annuity is purchased.

The annuity provider will pay the income net of tax and will deal with all aspects of PAYE.

### Income Drawdown

If during the course of this agreement you elect to go into income drawdown, we will send you a copy of our then current Income Drawdown terms of service, which will set out the terms under which we would provide you with income drawdown services.

A copy of our current Income Drawdown terms of service are available on request.

Income drawdown enables you to receive an income direct from the fund rather than purchase an annuity.

The maximum income that can be taken is based upon the annuity rate provided by the Government Actuaries Department, the minimum income you can receive is 35% of the maximum figure. These figures are calculated at your pension date and reviewed every three years.

The payments can be taken at intervals that suit your circumstances, subject to the Inland Revenue minimum and maximum limits; you must take the minimum level of income within 12 months of your pension date and subsequent 12-month periods.

Income is paid to you net of tax depending on your tax code; Capita SIP Services will deal with all aspects of PAYE.

Income drawdown allows you to decide the most appropriate time to purchase an annuity depending on your individual circumstances; however, you must purchase an annuity by age 75. No contributions can be paid or transfers received into any segments that are being used to pay benefits. If during the course of this agreement you elect to go into income drawdown, we will send you a copy of our then current Income Drawdown terms of service, which will set out the terms under which we would provide you with income drawdown services. A copy of our current Income Drawdown terms of service are available on request.

### Death before Pension date

In the event of death before your pension date, the full fund value can normally be paid to your nominated beneficiaries. However, if any element of your fund derived either directly or indirectly from an occupational scheme and you were a Regulated Individual\*:

\_ only 25% of the fund can be paid out as a tax-free lump sum, the remaining 75% must be used to provide an annuity for the spouse. If there is no spouse and no pension payable to a dependant then the nominated beneficiaries may receive 100% of the fund as a tax free lump sum

\_ the spouse or dependant may elect to take income drawdown rather than purchase an annuity immediately

\*you are a Regulated Individual if, at the date of the transfer, you were a Controlling Director (or had been so in the previous ten years), or if you were aged over 45 and had earnings in any of the previous six years of more than the earnings cap applicable at the date of transfer.

### Death after Pension date

If death occurs during the income drawdown period then the value of the fund can be paid to your spouse or dependant net of a 35% tax charge. If there is no spouse or dependant (or if the Member prefers) then the fund, less the tax charge, may be paid to your nominated beneficiaries as a lump sum.

The spouse/dependant may elect to use the fund to purchase an annuity or defer the annuity purchase using income drawdown. Under either of these methods the 35%

tax charge will not be deducted.

If income drawdown is elected Capita SIP Services will re-calculate the minimum and maximum amounts using the fund value at the date of death and the appropriate annuity rates stipulated by the Government Actuary for the spouse/dependant. The spouse or dependant may not receive an income greater than the maximum income the deceased could have received.

Income drawdown may continue to the earlier of the spouse/dependants 75th birthday and the date the deceased member would have attained 75. At any time during this period the spouse/dependant may choose to purchase an annuity.

### **Investment Matters**

If your investment fund is fully liquidated to purchase an annuity or to be transferred to another scheme, there may be outstanding dividends or share entitlements which will not be available at the time of the purchase or transfer. Capita SIP Services will endeavour to establish the amount of any such sums and to include them in the purchase or transfer value, subject to an early payment discount where appropriate. If any additional sums subsequently arise, Capita SIP Services will endeavour to pass them on as an additional purchase or transfer value, but this is frequently not possible, in which event the sums will be retained by Capita SIP Services to assist with Scheme administration costs.

Where Capita SIP Services need to liquidate investments on your behalf to fund Plan fees or income drawdown payments, or otherwise, investments will be sold on a last in first out basis.

### **Telephone Recording**

Both Capita SIP Services and TD Waterhouse operate a telephone recording system, and all calls may be recorded and monitored.

### **Compensation**

As Capita SIP Services is a regulated company, certain of its customers are covered by the Financial Services Compensation Scheme (the "FSCS"). You may be entitled to compensation from the FSCS if Capita SIP Services cannot meet its obligations to you. Your entitlement will depend on the circumstances of your claim. The FSCS only covers investment business as defined under the Financial Services and Markets Act 2000. Therefore not all investments that can be held by your Plan will be covered by the FSCS if Capita SIP Services cannot meet its obligations. For example, investments in commercial property are not covered by the FSCS. Our understanding is that where the FSCS applies, the level of compensation available is 100% of the first £30,000 of covered investments and 90% of the next £20,000, i.e. the maximum compensation is £48,000. You should refer to the FSCS (address below) for details and further information.

Financial Services Compensation Scheme 7th Floor,  
Lloyds Chambers, 1 Portsoken Street, London E1 8BN  
Tel: 020 7892 7300  
[www.fscs.org.uk](http://www.fscs.org.uk)

Under current rules only long-term insurance contracts held by your Plan are covered by the FSCS if the provider of the policy is unable to meet its obligations to your Plan. Our understanding is that where the FSCS applies in these circumstances the compensation available is 100% of the first £2,000 and 90% of the remaining value of the insurance contract. Capita SIP Services would make the claim on your behalf.

### **Making a complaint**

A copy of Capita SIP Services's complaints procedure is available on request from the Customer Liaison Manager at the Capita SIP Services correspondence address. Should you wish to register a complaint in relation to your Plan, you should write to the Customer Liaison Manager at Capita SIP Services's correspondence address.

### **Ombudsman Services**

If you have filed a complaint with the Customer Liaison Manager and are dissatisfied with Capita SIP Services's response, you may be entitled to refer the matter to: Financial Ombudsman Service

South Quay Plaza  
183 Marsh Wall  
London  
E14 9SR

Tel: 0845 080 1800

If your complaint concerns the operation of your Plan, you may be referred to the Pensions Advisory Service (OPAS). OPAS may be contacted at:

11 Belgrave Road  
London  
SW1V 1RB  
Tel: 0845 601 2923

### **Unsolicited Calls**

Capita SIP Services reserves the right to telephone you to discuss any administrative aspects without having been expressly invited by you to do so.

### **Variation of the terms and service**

This agreement may be varied by Capita SIP Services upon providing you with ten (10) days written notice.

### **Variation of the Scheme**

The Trust Deed and Rules and the operation of the Scheme may be varied by the Provider from time to time and/or changes in legislation may require change to this agreement. Such changes may necessitate changes to this agreement and while Capita SIP Services will endeavour to provide you with notice of any such change it reserves the right to effect such changes without the provision of prior notice.

### **Cancellation Rights**

This agreement begins on the day we accept your application. We will then issue a cancellation notice to you. The cancellation notice gives you 30 days in which to change your mind about entering into this agreement. The 30 day cancellation period begins on the date we acceptance your application.

Should you decide to cancel your Plan any contributions received would then be refunded and any transfer values returned. However all investments made within your plan will need to be disinvested upon cancellation. As a consequence you may not receive the full value of your contribution or transfer if there has been a fall in the value of the investments made. We will also deduct charges for any services provided during the cancellation period. If you wish to cancel this agreement under these procedures you should complete the cancellation notice, or write to us at Capita SIP Services's correspondence address.

If you do not wish to cancel this agreement, simply ignore the cancellation notice. After this, you can normally only get access to your pension benefits from age 50.

### **Law and Judication**

This Agreement is governed by and construed in accordance with the Laws of England and the courts of England will have exclusive jurisdiction to settle any

dispute, which may arise out of or in connection with it.

**Termination**

The Plan shall continue until terminated by the payment of a transfer value to another approved scheme or the provision of retirement/death benefits in the appropriate form. Either Capita SIP Services or you have the right to terminate your Plan immediately upon written notice to the other (subject to the Rules of the Scheme and relevant legislation). Termination will be without prejudice to the completion of transactions already initiated and Capita SIP Services will continue to operate the bank accounts relating to the Plan for the purpose of settling or receiving monies in respect of transactions already initiated and paying any expenses or fees due to Capita SIP Services or other parties. Capita SIP Services reserves the right to withdraw all online services and to convert all assets to cash pending a transfer to alternative arrangements.

**Confidentiality**

Capita SIP Services undertakes not to disclose at any time information coming into its possession during the continuance of the Plan except where expressly authorised to do so or where required to do so by law.

**Note**

The value of investments, and the income from them, may fall as well as rise, and you may not recover the amount of your original investment. The tax reliefs referred to are those available under current legislation, which may change, and their availability and value depend on individual circumstances.

## Appendix 1

### Investment terms of service

This Appendix sets out the basis on which TDWaterhouse will provide execution-only stockbroking services in respect of your membership of the TD Waterhouse Self Invested Personal Pension Plan and forms part of the Plan terms of service.

Capita SIP Services will open an account with TD Waterhouse for your Plan. Capita SIP Services is TD Waterhouse's customer, but you can give instructions directly to TD Waterhouse for the purchase or sale of investments within your Plan, subject to these Investment terms of service. As such, you also have responsibilities and obligations as set out here.

#### 1 TD Waterhouse

1.1 TD Waterhouse Investor Services (Europe) Limited ('TD Waterhouse') is authorised and regulated by the Financial Services Authority ('FSA') and is a member of the London Stock Exchange and the Association of Private Client Investment Managers and Stockbrokers. Its registered office is Exchange Court, Duncombe Street, Leeds LS1 4AX and its company registration number is 2101863.

1.2 These Investment terms of service as set out in this Appendix ('Terms') shall apply to all execution only stockbroking services ('Services') which TD Waterhouse supply in respect of the purchase or sale of investments within your Plan.

1.3 In these Terms, references to FSA Rules shall mean the rules and regulations issued by the FSA from time to time, references to Nominee shall mean TD Waterhouse Nominees (Europe) Limited (registered number 979423) whose registered office is at Exchange Court, Duncombe Street, Leeds LS1 4AX, and references to TD Group shall mean any company that is in relation to TD Waterhouse, a parent undertaking, or a subsidiary undertaking or a subsidiary undertaking of its parent undertaking or any other person controlled by or under the same control either directly or indirectly.

#### 2 The Services

2.1 These Terms shall take effect once Capita SIP Services have opened an account with TD Waterhouse for your Plan. You will be notified once the account has been opened.

2.2 Subject to any variation agreed under clause 2.3, all orders placed by you for the Services will be on these Terms. All other terms of service which you may try to introduce under any order, confirmation of order or similar are excluded.

2.3 Except where TD Waterhouse vary these Terms under clauses 15 & 16, these Terms may not be varied and any representations about the Services shall have no effect unless expressly agreed in writing and signed by TD Waterhouse's Chief Legal and Compliance Officer.

2.4 You agree that your completion and signature of the TD Waterhouse Self Invested Personal Pension Plan application form constitutes your:

2.4.1 acceptance of these Terms; and

2.4.2 agreement to any risk disclosures contained in these Terms.

2.5 TD Waterhouse provides an execution-only dealing service. TD Waterhouse will not provide investment advice to you. Accordingly, when giving orders or instructions to TD Waterhouse,

you must rely upon your own judgement.

Independent advice should be sought if you are in any doubt. TD Waterhouse may carry out any transaction in respect of your Plan as principal (that is to say when you give instructions to buy or sell an investment it is bought from TDWaterhouse or sold to TDWaterhouse), or as your agent or partly as principal and partly as agent.

2.6 The type of investments which may be acquired for your Plan must fall within the range of Acceptable Investments set out in Appendix 2. In the event of investments being acquired which fall outside this range of Acceptable Investments, it may be necessary for those investments to be sold and neither Capita SIP Services nor TD Waterhouse accept any responsibility for any costs or losses incurred by your Plan arising from any such sale.

2.7 Certain types of investments or services may not be available for dealing through all communication channels, and you should contact a TD Waterhouse Investment Representative for further information on product availability.

2.8 TD Waterhouse and/or any associate and / or TD Waterhouse's or their representatives or employees may communicate an unsolicited real-time communication to you in such circumstances as TD Waterhouse reasonably believe to be appropriate. You accept that TD Waterhouse may make such communications.

2.9 TD Waterhouse may enter into transactions on behalf of your Plan in penny shares. There is an extra risk of losing money when shares are bought in some smaller companies including penny shares. There is a big difference between the buying and selling price of these shares. If they have to be sold immediately, your Plan may get back much less than was paid for them. Participation in penny shares is at all times subject to the individual investment being a permitted investment for inclusion within a SIPP portfolio.

#### 3 Your Classification

3.1 For the purposes of the FSA Rules TDWaterhouse will treat you as a Private Customer.

#### 4 Orders

4.1 Each order you place for the Services on behalf of your Plan constitutes an offer to purchase the Services subject to these Terms. TDWaterhouse may, in its absolute discretion, decline to accept any particular order or instruction from you or TDWaterhouse may accept your order subject to certain conditions which TD Waterhouse notify to you.

4.2 When TD Waterhouse accepts your order on behalf of your Plan, TD Waterhouse will use all reasonable endeavours to carry it out. However, TD Waterhouse will not be liable to you or your Plan for any loss or expense you or your Plan may incur if TD Waterhouse is unable to carry out an order for whatever reason (other than its negligence) or where there is a delay or change in market conditions before the transaction is completed.

4.3 Once accepted by TD Waterhouse, your order is irrevocable unless, prior to execution of a particular order, you receive confirmation from TD Waterhouse of any amendment or cancellation of your order.

4.4 When placing an order for the Services by telephone TD Waterhouse's representative will repeat your instructions back to you to confirm the terms of your order prior to TD Waterhouse accepting it. It is your responsibility to check that the terms of your order are correct. The terms of the order accepted by TD Waterhouse will be those repeated back to you subject to any amendments you may notify to the TD Waterhouse representative.

4.5 In respect of all orders placed by you via TD Waterhouse's website, no contract will be created until you have received a message from TD Waterhouse confirming the acceptance of your order. If you do not receive such confirmation within a reasonable time of submitting your order you should contact TD Waterhouse to check if your order has been received.

4.6 You acknowledge and accept that:

4.6.1 the market price of any order placed by you on behalf of your Plan in response to, and within the timescales given for acceptance of a fixed quotation, may have moved during the time between TD Waterhouse sending/giving the fixed quotation to you and the execution of your order. Such movement may be in favour of or against your Plan;

4.6.2 There may be a delay in the execution of an order because all orders are executed strictly by reference to time of receipt. In particular, an order received when the relevant exchange is closed will not be executed until after it next re-opens. TD Waterhouse will present that order for execution when the exchange next re-opens or, where a large number of orders have been received while the market is closed, as soon as reasonably practicable after the exchange next re-opens;

4.6.3 TD Waterhouse may aggregate your orders on behalf of your Plan with those of other customers (including those of connected customers or its associates). On occasions, such aggregation may result in you or your Plan obtaining a less favourable price.

4.7 TD Waterhouse will only accept orders from you or execute instructions on behalf of your Plan where sufficient funds are held in your Plan's account with TD Waterhouse to settle the transaction:

4.7.1 in the event any order to buy securities takes your Plan's account with TD Waterhouse into a debit position, you authorise TD Waterhouse to apply any proceeds, due to be received in the account from a prior sale of securities, to cover the debit balance. In the event funds or proceeds are not received, you authorise TD Waterhouse to sell a sufficient number of shares in your Plan's account to cover any outstanding balance;

4.7.2 TD Waterhouse will not accept orders from you or execute instructions on behalf of your Plan in respect of investments which are not held in your Plan's account. TD Waterhouse will only sell investments which are held in your Plan's account.

4.8 Demand for the Services may fluctuate and whilst TD Waterhouse will use all reasonable endeavours to meet increased demand for the Services, TD Waterhouse cannot accept responsibility for any actual or potential

economic loss that may arise if you are unable to contact TD Waterhouse to place an order by any of TD Waterhouse's current dealing methods except where such inability is caused by TD Waterhouse's negligence.

4.9 Subject to paragraph 4.1, if TD Waterhouse receive an order from you on behalf of your Plan in response to, and within the time given for acceptance of, a fixed quotation, then your order will be carried out in accordance with the quotation.

4.10 Subject to clause 2.6 any Securities, Unit Trusts, Mutual Funds or Warrants may be dealt in using the Services. Risk warning notices for Overseas Markets, Warrants, Securitised Derivatives and options are contained within these terms in Appendix A.

## **5 Charges and Taxes**

5.1 The charges for the Services are published in TD Waterhouse's ISA, PEP and SIPP Rate Card, available on request.

5.2 TD Waterhouse may share charges with its affiliates and other third parties, or receive and retain remuneration from them in respect of transactions carried out on behalf of your Plan. Details of any such remuneration or sharing arrangements are available on request.

5.3 Taxes:

5.3.1 all sums payable by your Plan under these Terms are exclusive of all applicable taxes, which taxes will be payable out of your Plan's account to TD Waterhouse at the same time as the sums to which they relate;

5.3.2 Capita SIP Services will be responsible for filing any and all tax returns and for providing any relevant tax authorities with all necessary information in relation to the Services TD Waterhouse carry out in respect of your Plan or any money and investments in your Plan's account. Any taxes due will be borne by your Plan and any claims made will be credited to your Plan;

5.3.3 TD Waterhouse will forward to Capita SIP Services composite tax vouchers relating to money and investments in your Plan's account for reclaim where possible.

5.4 Any charges or amounts due to TD Waterhouse (or agents used by TD Waterhouse) plus any applicable VAT may be deducted from any funds in your Plan's account.

5.5 TD Waterhouse may, subject to compliance with all applicable regulatory requirements, select brokers that provide soft commissions, that is to say, furnish, directly or through correspondent relationships, services which can reasonably be expected to assist in the provision of investment services to its customers and which are in fact used for this purpose. These selections, and the total amount of commissions given to a particular broker, may be made under an agreement that requires TD Waterhouse to compensate the broker for the services they provide. TD Waterhouse may endeavour to direct sufficient commissions to a broker who, pursuant to such arrangements, provides services in order to ensure the continued receipt of those services. Details of these softcommission arrangements can be seen in the Appendix B.

## **6 Client Money and Custody**

Capita SIP Services's charges will be increased on the 5th April each year in line with the average annual rise in the Average Earning Index during the 12 months to the end of the previous October, rounded to the nearest £5.00. Capita SIP Services may make other amendments or increases to charges, subject to one month's notice  
As regards your Plan's money held by TDWaterhouse:

6.1 It will be held in an account designed to facilitate efficient settlement of transactions and earn interest at the same time. TD Waterhouse will deal with your Plan's money in accordance with FSA's client money regulations, which require TD Waterhouse to hold it in a client bank account, segregating your Plan's funds from its own at a bank approved by the FSA. Such money may be held by the approved bank with other clients' money in a pooled client account. This means that in the event a default by the bank causes any unreconciled shortfall in the money held in the pooled account, then your Plan may share proportionately in that shortfall.

6.2 TD Waterhouse may deposit your Plan's money with TD Waterhouse Bank N.V. which is an approved bank and a member of the TD Group.

6.3 Interest will be payable on such amounts and at such rates as are set out in TDWaterhouse's Rate Card. All such interest will be paid gross.

6.4 TD Waterhouse may hold your Plan's money with a bank which is not an approved bank if all of the following circumstances are met:

(a) your Plan's money relates to the settlement of a transaction or a series of transactions or the distribution of income, subject to the law or market practice of a jurisdiction outside the United Kingdom;

(b) because of the applicable law or market practice of that overseas jurisdiction, it is not possible to hold your Plan's money in a client bank account with an approved bank; and

(c) TD Waterhouse hold your Plan's money with such bank for no longer than is necessary to effect the transaction, or series of transactions. You agree that in such circumstances, your Plan's money will not be held with an approved bank and that in such circumstances the legal and regulatory regime applying to the approved bank with which your Plan's money is held will be different from that of the United Kingdom.

6.5 TD Waterhouse may hold your Plan's money with a bank in an account outside the United Kingdom. You hereby agree that your Plan's money will be held outside the United Kingdom and that in such circumstances, the legal and regulatory regime applying to the approved bank with which your Plan's money is held will be different from that of the United Kingdom. You may notify TD Waterhouse in writing if you do not wish your Plan's money to be held in a bank located in a particular jurisdiction. In that case TD Waterhouse will either deposit the money in a client bank account in a jurisdiction to which you have not objected or return the money to your Plan.

As regards your Plan's investments:

6.6 Investments either purchased by TDWaterhouse on behalf of your Plan or transferred to

TD Waterhouse will be held by the Nominee or another eligible custodian on trust for your Plan subject to the remaining terms of this clause 6. Your Plan will at all times remain the beneficial owner of any of your investments which are held by the Nominee.

6.7 Any investments held on your Plan's behalf may be pooled with those investments of TD Waterhouse's other customers. This means that your Plan's entitlement may not be individually identifiable on the relevant company register, by separate certificates or electronic records (other than TD Waterhouse's, where they will be identifiable) and, in the event of an unreconciled shortfall caused by the default of a custodian, your Plan may share proportionately in that shortfall.

6.8 You agree that due to the nature of applicable laws or market practices in certain overseas jurisdictions TD Waterhouse may decide that it is in your Plan's best interest for nominee investments in your Plan to be registered or recorded in TD Waterhouse's name or in the name of the person who is a custodian for the purposes of FSA Rules, or where it is not feasible for TD Waterhouse to do otherwise, accordingly:

(a) the nominee investments may be registered or recorded in the name of the firm or custodian as the case maybe;

(b) the nominee investments may not be segregated and separately identifiable from the designated investments of the person in whose name they are registered; and

(c) as a consequence, in the event of a failure, the nominee investment may not be as well protected from claims made on behalf of TD Waterhouse's general creditors.

6.9 Non-UK securities within your Plan may be held overseas. There may be different settlement, legal and regulatory requirements and different practices for the separate identification of investments from those applying in the UK. As dealing in overseas investments may not be available through all communication channels, you should contact a TD Waterhouse customer representative for further information on product availability.

6.10 TD Waterhouse may hold some or all nominee investments with a custodian who is a member of the TD Group.

6.11 Please note that TD Waterhouse may agree to accept instructions in relation to nominee investments from you in the manner specified in clause 20 except as otherwise specifically agreed.

6.12 TD Waterhouse will be responsible for claiming and receiving dividends, interest payments and other income payments accruing to your Plan's investments. However, in the event of a scrip dividend being offered, TD Waterhouse will only elect to take the cash alternative except where you request otherwise and TD Waterhouse, in its absolute discretion, agrees to take shares. TD Waterhouse shall be under no obligation to apply for the cash alternative until the relevant investments are registered in the Nominee.

6.13 TD Waterhouse will not notify you of, nor arrange the exercise of any voting rights attaching to your Plan's investments, whether exercisable at an AGM or otherwise. TDWaterhouse will not notify

you of any AGMs or EGMs applicable to your Plan's investments.

6.14 Subject to clause 6.21, TD Waterhouse will use reasonable endeavours to notify you of any rights issue, calls, conversion, subscription or redemption rights and take-over or other offers arising from capital re-organisations ('Corporate Events') attaching to your Plan's investments unless TD Waterhouse consider it impractical to do so. If you notify TD Waterhouse, within such period as TD Waterhouse specifies, that you wish to exercise any rights arising out of Corporate Events and provided there are sufficient cleared funds in your Plan's account(s), TD Waterhouse will use reasonable endeavours to give effect to your instructions but only on such terms as you advise and are reasonably acceptable to TD Waterhouse. Otherwise, TD Waterhouse will take such action, or refrain from taking any action, as TD Waterhouse, in its absolute discretion, determines (including, without limitation, arranging the disposal of any subscription rights on your Plan's behalf in such manner as TD Waterhouse thinks fit).

6.15 TD Waterhouse shall not be obliged to arrange for you to attend shareholders' meetings or unit holder's meetings and vote in person or to direct how the Nominee should vote on your Plan's behalf unless you give TD Waterhouse your written instructions whereupon TD Waterhouse shall use reasonable endeavours, where possible, to make appropriate arrangements subject to such undertakings and in the manner and within the timescales TD Waterhouse may impose.

6.16 Where a Corporate Event results in a fractional entitlement to part of a share then TD Waterhouse will sell such fractional shares and credit your Plan's account with a cash value provided such cash value is £5.00 or more.

6.17 Where Corporate Events (such as partial redemptions) affect some but not all nominee investments held in a pooled account, TD Waterhouse shall allocate the investments so affected to relevant customers in such a fair and equitable manner as TD Waterhouse considers appropriate.

6.18 TD Waterhouse may aggregate orders on behalf of your Plan with those of its other customers to participate in certain types of offers.

TD Waterhouse will at all times use reasonable endeavours to fulfil your orders however, your Plan may not receive the allocation of shares you applied for. If that should happen TD Waterhouse will return any uninvested sums of money to your Plan's account.

6.19 You acknowledge that any facility to receive shareholder communications may be made available by TD Waterhouse to you only after special request and with the consent of the relevant company or registrar. In accordance with Inland Revenue Rules governing pensions, no shareholder benefits can be taken.

6.20 TD Waterhouse accepts liability for the Nominee and for any other member of the TD Group acting as a custodian or sub-custodian but not for any other custodians or sub-custodians. TD Waterhouse will remain responsible for its own defaults where any custodians or sub-custodians are used.

6.21 TD Waterhouse shall be under no liability to notify you of or act upon any Corporate Event until the relevant investments are registered in the name of the Nominee.

6.22 In the case of bargains transacted overseas, any stock or money held by TD Waterhouse or to its order on your Plan's behalf may be passed to an intermediate broker, settlement agent or counterparty located outside the United Kingdom. In these circumstances, the legal and regulatory regime applying to that person may be different from that of the United Kingdom. This means that in the event of the insolvency of that person, your Plan's assets may be treated differently from the manner in which they would be treated if they had been passed to an intermediate broker, settlement agent or counterparty within the United Kingdom.

6.23 Where any documents or cleared funds are not held by TD Waterhouse as part of your Plan's account, TD Waterhouse will not be obliged to settle any transaction or any account on your Plan's behalf until TD Waterhouse or its settlement agents or, as the case may be, global custodian, have received all necessary documents or cleared funds. TD Waterhouse's obligations to deliver to your Plan, or to your Plan's account, or to account to your Plan for the proceeds of the disposal of investments are conditional upon the prior receipt by TD Waterhouse of appropriate documentation and cleared funds.

6.24 Where TD Waterhouse have acted as your agent, it is the other party to the transaction, not TD Waterhouse who is responsible for settling the trade with you and delivery or payment (as the case may be) will be at your risk. TD Waterhouse will use all reasonable endeavours to settle the trade on your behalf but in the event that is not possible due to the failure of the other party to the transaction, then, TD Waterhouse's obligation is only to pass on to your Plan, or to credit to your Plan's account, such deliverable documents or sale proceeds (as the case may be) as TD Waterhouse actually receive.

## **7 Contract Notes and Statements**

7.1 Where TD Waterhouse executes the sale or purchase of a designated investment with or for your Plan, TD Waterhouse shall, where so required by FSA Rules or as otherwise agreed with you, send to you (or to any agent nominated by you in writing) a contract note containing the essential details of the transaction except where it would duplicate a confirmation containing the essential details of the transaction to be promptly provided to you by someone else.

7.2 TD Waterhouse will send you at regular intervals and at least twice a year a statement listing the cash and custody investments held in your Plan's account(s) with TD Waterhouse. TD Waterhouse will value the investments in your Plan's account using such price feed as TD Waterhouse may determine from independent service providers (e.g. Bloomberg, Reuters) or quotations from independent market makers or dealers in the investment concerned. However, if TD Waterhouse determine that valuation data is not available from such sources or it is inappropriate to use such sources, TD Waterhouse may value investments at such value as TD Waterhouse consider fairly reflects

the current value of such investment.

### **8 Account Numbers and Security**

8.1 Following the opening of your Plan's account with TD Waterhouse, you will be issued with an account number (and, in respect of TD Waterhouse's Internet services, a user name and password) which provides access to your Plan's account(s).

8.2 You agree that:

8.2.1 you are the sole and exclusive owner of the user name and password;

8.2.2 you will be responsible for the confidentiality and use of your Plan's account and your user name and password; and

8.2.3 TD Waterhouse may rely on all orders and other communications given or entered by you or anyone else using your Plan's account number, user name and password and you will be bound by any agreement entered into or expense incurred on your Plan's behalf in reliance on such orders and communications.

### **9 Provision of Information**

9.1 Any news, prices, opinions and other information which TD Waterhouse may provide to you ('Information') is provided solely to enable you to make your own investment decisions and do not constitute personal investment recommendations or advice.

9.2 Neither TD Waterhouse nor any of its affiliates, agents, or licensors makes any representation as to the completeness, accuracy or timeliness of such Information nor do TD Waterhouse or they accept any liability for any losses, costs, liabilities or expenses which may arise directly or indirectly from your use of, or reliance on, the Information. Such Information is not an offer or solicitation by TD Waterhouse or any of its affiliates to buy, sell or otherwise deal in any particular investment.

9.3 All Information is and remains the property of TD Waterhouse or the property of TD Waterhouse's third party licensors.

9.4 TD Waterhouse provides UK Real Time Pricing Information to you under license from the London Stock Exchange ('LSE'). You may not redistribute that data without the prior written consent of the LSE. All Intellectual Property Rights in such data provided by LSE shall at all times remain the property of the LSE. The LSE must be identified as the source of the data where reproduced in accordance with the license conditions which TD Waterhouse notify to you prior to you accessing such data for the first time.

9.5 TD Waterhouse provides all International Real Time Pricing Information under license from the relevant Exchange providing the data. Your use of such information is subject to the terms of service of each Exchange which will be notified to you prior to you accessing such data for the first time.

### **10 Material Interests**

10.1 Your attention is drawn to the fact that when TD Waterhouse executes a transaction on behalf of your Plan, TD Waterhouse, a TD Group company or an associate may have an interest, relationship or arrangement that is material to all or any part of the Information or Services being provided. TD Waterhouse is required to treat your Plan fairly in relation to such conflicts

of interest or material interest. TD Waterhouse is entitled to act notwithstanding any such interest. If you object to TD Waterhouse acting for you or for your Plan where TD Waterhouse has a material interest or conflict of interest then you should notify TD Waterhouse's Compliance Officer in writing. Unless so notified, TD Waterhouse will assume that you do not object to TD Waterhouse acting in this way. A material interest or conflict of interest could arise when entering into a transaction for your Plan, where TD Waterhouse or one of its associates could be:

(a) dealing as principal for its own account by selling the investment concerned on behalf of your Plan or buying it from your Plan and thereby making a profit (or loss) or taking a mark-up, mark-down or credit for its own account;

(b) acting as agent for an associate or another customer or investor and also acting as agent for you or your Plan in the same transaction, and receiving and retaining commission or other charges from both parties, and the price of the transaction being different from the bid or, as the case may be, offer price;

(c) buying investments where TD Waterhouse is, or an associate is, involved in a new issue, offer for sale, rights issue, take-over or similar transaction concerning the investment;

(d) executing a transaction for or with you on behalf of your Plan in circumstances where TD Waterhouse has knowledge of other actual or potential transactions in the relevant investment;

(e) holding a position in, or trading, dealing or market-making in, investments purchased or sold by you on behalf of your Plan;

(f) sponsoring, underwriting, subunderwriting, placing, purchasing, arranging, acting as stabilising manager for, or otherwise participating in, the issue of investments purchased or sold by you on behalf of your Plan;

(g) acting as adviser or banker to, or having any other business relationship with, or interest in, the issuer (or any of its associates or advisers) or any investments purchased or sold by you on behalf of your Plan or advising or acting as banker to any person in connection with a merger, acquisition or take-over by or for any such issuer (or associate); or

(h) the issuer of any investments purchased or sold by you on behalf of your Plan or being (or being adviser or banker to, or having any other business relationship with) the trustee, custodian, operator or manager of, or investment adviser to, any form of collective investment scheme in which interests are purchased or sold by you on behalf of your Plan.

10.2 The relationship between TD Waterhouse, Capita SIP Services and you is as described in these Terms. Neither these relationships, nor the Services, nor any other matter, will give rise to any fiduciary, equitable or contractual duties on TD Waterhouse's part, or that of any affiliate, which would prevent or hinder TD Waterhouse, Capita SIP Services or them from doing

business with or for your Plan, other customers or other persons or for TD Waterhouse's or their own account.

10.3 TD Waterhouse and TD Group companies may retain any payment, remuneration, profit or benefit which arises in relation to, or as a result of, any such matter as is referred to above.

#### **11 Liability and Indemnity**

11.1 Neither TD Waterhouse, its employees, agents, sub-contractors or any member of the TD Group shall be liable for any losses, costs, damages, liabilities or expenses incurred or suffered by you or your Plan under these Terms (including without limitation any loss that may arise directly or indirectly from your inability to access the Services for any reason or for any delay in or the failure of the transmission or receipt of any instructions or notifications sent to TD Waterhouse through any electronic medium) except where caused directly by the negligence, wilful default or fraud of TD Waterhouse or its employees, agents, subcontractors or TD Group company. This clause is entered into by TD Waterhouse as trustee for its employees, agents, sub-contractors and TD Group companies.

11.2 Nothing in these Terms shall limit or exclude TD Waterhouse's liability for personal injury or death caused by negligence.

11.3 TD Waterhouse shall in no circumstances be liable to you or your Plan for any consequential loss. 'Consequential Loss' means pure economic loss, loss of profit, loss of business and likely loss whether direct or indirect.

11.4 You agree that TD Waterhouse shall be indemnified against all losses, costs, liabilities or expenses incurred by TD Waterhouse in connection with these Terms to the extent of the monies held within your Plan's account unless caused by TD Waterhouse's negligence, wilful default or fraud.

#### **12 Your Obligations**

12.1 You agree and confirm to TD Waterhouse each time you use the Services, that:

12.1.1 you have all necessary power, authority and approvals to enter into and perform your obligations on behalf of your Plan (and/or the obligations of the person(s) on whose behalf you are acting) under these Terms;

12.1.2 your entering into and performance of these Terms and each contract does not violate, contravene, conflict with or constitute a default under any law, regulation, rule, judgement, contract or other instrument binding on you or your Plan or any of your assets (and/or of the person(s) on whose behalf you are acting);

12.1.3 in accepting these Terms, TD Waterhouse have not made, and you are not relying upon, any statements, representations, promises or undertakings that are not contained in these Terms;

12.2 You accept full responsibility for monitoring your Plan's account(s). You agree to notify TD Waterhouse immediately in writing if you become aware of:

12.2.1 the loss, theft or unauthorised use of your username or password and account number;

12.2.2 the failure by you to receive a message or partial message from TD Waterhouse indicating that an order was received, rejected and / or executed; or

12.2.3 any inaccurate information in your Plan's account(s) balances, records or assets or money held or transaction history.

12.3 You confirm that you are not a resident of the USA.

#### **13 Force Majeure**

13.1 TD Waterhouse shall not be liable to you or your Plan in any manner or be deemed to be in breach of any contract with you for the Services because of any delay in performing or any failure to perform any of its obligations due to Force Majeure.

13.2 For the purposes of this clause 13, 'Force Majeure' means any cause preventing TD Waterhouse from performing any or all of its obligations which arises from any cause beyond its reasonable control including without limitation:

13.2.1 government actions, war or threat of war, acts of terrorism, national emergency, riot, civil disturbance, sabotage or requisition;

13.2.2 act of God, fire, explosion, flood, epidemic or accident;

13.2.3 labour disputes not including disputes involving TD Waterhouse's work-force; or

13.2.4 inability to obtain or delay in obtaining supplies of adequate or suitable material, fuel, parts, machinery or labour.

#### **14 Amendment**

14.1 TD Waterhouse may amend or supplement these Terms by prior agreement with Capita SIP Services and by sending you written notice of the amendments and a revised set of Terms. TD Waterhouse will give you at least 10 Business Days notice of any change before providing the Services on the amended Terms unless it is impracticable in the circumstances to do so.

14.2 Amendments to reflect a change of law or regulation may, if necessary, take effect immediately. Other amendments will take effect on the date specified.

#### **15 Variation of Interest Rates and Charges**

15.1 TD Waterhouse can:

(a) change the rates or amounts of interest that it charges your Plan or pays your Plan; and/or

(b) change the amounts that it charges your Plan for the services; and/or

(c) introduce new or different interest rates or make new or different charges to those set out from time to time on its ISA, PEP and SIPP Rate Card for any one or more of the following reasons:

15.1.1 in the case of interest:

15.1.1.1 to take account of the introduction of new rates of interest or changes to interest rates which other organisations pay to customers;

15.1.1.2 where necessary to attract and/or retain investors in accounts of the same type as your Account;

15.1.1.3 to reflect actual or expected changes in the Bank of England repo rate, commonly referred to as the Bank of England Base Rate (or the rate of any central bank or monetary authority which supersedes the Bank of England), or in other money market interest rates;

15.1.1.4 to preserve the margins between interest paid by TD Waterhouse or by the providers of funds to it, and interest charged by TD Waterhouse;

15.1.2 in the case of charges:

15.1.2.1 to enable TD Waterhouse to harmonise, its

stockbroking charging arrangements;

15.1.2.2 to reflect changes in the costs or administrative overheads it incurs or reasonably expects to incur, and / or to take in to account inflation;

15.1.2.3 to reflect changes in the financial strength of TD Waterhouse;

15.1.3 in the case of interest and charges:

15.1.3.1 to reflect a change in general stockbroking practice;

15.1.3.2 to ensure that its stockbroking business is run prudently;

15.1.3.3 to maintain the competitiveness of its stockbroking business taking in to account actual or expected changes;

15.1.3.4 to reflect changes to the way that it deals for you and look after your investments;

15.1.3.5 to reflect changes in the general market practice of brokers and their nominees, and others providing Stock Broking or Share Dealing services;

15.1.3.6 to reflect changes in market conditions;

15.1.3.7 to reflect changes, or anticipated changes, to the law, or interpretation of the law, codes of practice or the way that TD Waterhouse are regulated;

15.1.3.8 to reflect a decision or recommendation made by, or a requirement of, a court, ombudsman, regulator or similar body or an undertaking given to the Director General of Fair Trading or any other regulator;

15.1.3.9 to reflect changes in technology, or to provide for the introduction of new or improved systems, methods of operation, services or facilities.

15.2 We will give you notice of any change made under clause 15.1 by writing to you. TD Waterhouse will give you at least 10 Business Days prior notice provided that changes made to reflect a change of law or regulation may, if necessary, take effect immediately.

15.3 TD Waterhouse can:

(a) change the rates or amounts of interest that they charge you or pay you; and/or

(b) change the amounts that they charge your Plan for the Services; and/or

(c) introduce new or different interest rates or make new or different changes to those set out from time to time on their ISA, PEP and SIPP Rate Card for any valid reason (whether or not specified in clause 15.1).

15.4 TD Waterhouse will give you notice of any change made under clause 15.3 at the earliest opportunity by writing to you and telling you that the change is made under clause 15.3. You will be free to close your Account immediately without loss of credit interest but you must repay any overdraft, interest or charges or other indebtedness outstanding on your Account.

Note: Capita SIP Services's charges will be increased on the 5th April each year in line with the average annual rise in the Average Earnings Index during the 12 months to the end of the previous October, rounded to the nearest £5.00. Capita SIP Services may make other amendments or increases to charges, subject to one months notice.

## 16 Variation of Terms

16.1 TD Waterhouse may change, amend, supplement, or delete any part of these Terms for any one or more of the following reasons:

16.1.1 to reflect changes, or anticipated changes, to the law, or interpretation of the law, codes of practice or the way that it is regulated;

16.1.2 to reflect a decision or recommendation made by,

or a requirement of, a court, ombudsman, regulator or similar body or an undertaking given to the Director General of Fair Trading or other regulator;

16.1.3 to reflect changes in market conditions;

16.1.4 to correct mistakes;

16.1.5 to reflect changes in technology, or to provide for the introduction of new or improved systems, methods of operation, services or facilities;

16.1.6 to make these Terms easier for you to understand or fairer to you;

16.1.7 to reflect changes to the way that it deals for you and look after your investments;

16.1.8 to reflect changes in the general market practice of brokers and their nominees, and others providing Stock Broking or Share Dealing services;

16.1.9 to ensure that its stockbroking business is run prudently.

16.2 TD Waterhouse will give you notice of any change made under clause 16.1 by giving you not less than 10 Business Days written notice of the amendments provided that changes made to reflect a change of law or regulation may, if necessary, take effect immediately.

16.3 TD Waterhouse may change, amend, supplement, or delete any part of these Terms for any valid reason (whether or not specified in clause 16.1).

16.4 TD Waterhouse will give you notice of any change made under clause 16.3 and tell you that the change is under clause 16.3 by sending you written notice of the amendments. TD Waterhouse will give you reasonable notice of the change, being not less than 10 Business Days provided that changes made to reflect a change of law or regulation may, if necessary, take effect immediately, and you will be free to close your account immediately without loss of credit interest but you must repay any, interest or charges or other indebtedness outstanding on your account.

## 17 Your Personal Information

17.1 TD Waterhouse, its officers, employees or agents or any member of the TD Group may process any personal data (as defined by the Data Protection Act 1998) provided by you to TD Waterhouse in connection with the operation of your account and providing the Services to you ("Your Personal Information").

17.2 Your Personal Information will be put on TD Waterhouse's database and stored, processed disclosed and used by TD Waterhouse, its associated companies and partners in accordance with this clause 17.

17.3 TD Waterhouse will collect Your Personal Information in a number of different ways, such as when you communicate with them, if you order any of their products or services, if you enter into a competition or promotion, if you make payments or modify your account details and when you visit the TD Waterhouse website (for example by cookies and browser information).

17.4 TD Waterhouse and other TD Group companies will use Your Personal Information for the following purposes:

17.4.1 To run your Accounts, provide our services, contact you and service our relationship with you;

17.4.2 For administration and accounting, billing and

auditing and other legal purposes;

17.4.3 Security, payment verification, preventing and detecting money laundering, fraud and other crime, insurance, credit assessment and administration, tracing debtors and recovering debt, for which purposes TD Waterhouse may also pass on your personal data to third parties; or

17.4.4 To monitor and analyse our business. TD Waterhouse or a third party acting for us, may use information in your customer and account records to assess customer satisfaction and for market research. If you do not wish to be contacted to participate in customer satisfaction or marketing surveys, you can write to TD Waterhouse, Exchange Court, Duncombe Street, Leeds LS1 4AX.

**17.5 Keeping you informed** – Except where you have indicated in our account opening form that you do not agree to receiving marketing information, or you have written to us asking us to stop sending you marketing information, TD Waterhouse may use your personal information including your contact details, your application details (but not banking details) and details of the services TD Waterhouse provide you with and how you use them, to decide what products and services may be of interest to you. TD Waterhouse may contact you by telephone (including automated calls), post, email and other electronic messages such as short text, video and picture messaging, and fax, with information, news, events and seminars on our investment, banking and financial services and those of TD Group and other selected partners. Further information on our products and services can be found on our website

[www.tdwaterhouse.co.uk](http://www.tdwaterhouse.co.uk). TD Waterhouse may also pass this information to companies in the TD Group and selected partners for them to contact you about their products and services in the same ways. You can ask us at any time to stop sending you this information by writing to us at Exchange Court, Duncombe Street, Leeds, LS1 4AX. Even if you have requested this, TD Waterhouse may still contact you about the running of your existing account and for the services requested from us.

17.6 TD Waterhouse may share Your Personal Information with any of its agents in a European Economic Area Member State or any other TD Group companies in the United States of America or Canada or other jurisdictions in or outside the European Economic Area who may only use it for the same purposes as them.

TD Waterhouse will take adequate measures to protect the security of Your Personal Information and details of the companies and countries involved in processing Your Personal Information will be provided on request.

17.7 TD Waterhouse will make searches about you at credit reference agencies who will supply us with credit information, as well as information from the Electoral Register. The agencies will record details of the search whether or not this application proceeds. TD Waterhouse may use automated credit scoring methods to assess this application and to verify your identity. Credit searches and other information which is

provided to us and/or the credit reference agencies, about you and those you are financially linked with, may be used by us and other organisations if credit decisions are being made about you, or other members of your household. The information may also be used for debt tracing and the prevention of money laundering as well as the management of your account.

17.8 Information held about you by the credit reference agencies may already be linked to records relating to one or more of your partners. For the purpose of this application you may be treated as financially linked and your application will be assessed with reference to any “associated records”. As “association” between joint applicants will be created at credit reference agencies which will link your financial records. You and anyone else who you have a financial link with, understand that each other’s information will be taken into account in all future applications by either or both of you. This linking will continue until one of you successfully files a “disassociation” at the credit reference agencies.

17.9 Where you borrow or may borrow from us, TD Waterhouse may give details of your account and how you manage it, to credit reference agencies. If you borrow and do not repay in full and on time, TD Waterhouse may tell credit reference agencies who will record the outstanding debt.

17.10 To prevent or detect fraud, or to assist in verifying your identity, TD Waterhouse may make searches at fraud prevention agencies. TD Waterhouse may also pass information to financial and other organisations involved in fraud prevention to protect ourselves and our customers from theft and fraud. If you give us false or inaccurate information and TD Waterhouse suspect fraud they will record this. TD Waterhouse, other TD Group companies, and other companies may use this information if decisions are made about you or others at your address(es) on credit or credit-related services or on all types of insurance facilities. It may also be used for tracing and claims assessment.

17.11 TD Waterhouse may make periodic searches of our records and those of TD Group companies, credit reference and fraud prevention agencies, to manage your account with us, to take decisions regarding credit, including whether to make credit available or to continue or extend credit. These searches will not be seen or used by lenders to assess your ability to obtain credit.

17.12 You have a right of access to your personal records held by credit reference and fraud agencies. TD Waterhouse will supply their name and addresses upon request to Exchange Court, Duncombe Street, Leeds, LS1 4AX.

17.13 TD Waterhouse will take all reasonable care in the collection, storage and processing and disclosure of Your Personal Information and have implemented internal security procedures so as to minimise the risk that unauthorised parties will be able to access Your Personal Information. It is because of these security measures that TD Waterhouse may ask for proof of your identity before it discloses Your Personal Information.

Only some of TD Waterhouse's employees have access to Your Personal Information and although TD Waterhouse cannot guarantee that Your Personal Information will never be lost, misused or altered by any of its employees, TD Waterhouse have implemented guidelines to minimise the risk of these unlikely events.

17.14 You have a right, upon payment of a fee, to receive a copy of the information TD Waterhouse holds about you, if you apply to TD Waterhouse in writing.

17.15 TD Waterhouse's Privacy Policy, explaining in full how they use Your Personal Information and protect your privacy, is available on the website [www.tdwaterhouse.co.uk](http://www.tdwaterhouse.co.uk)

## **18 Termination**

18.1 Either Capita SIP Services or TD Waterhouse is entitled to terminate these Investment terms of service by giving written notice to the other which will take effect immediately or after such period as may be specified in the notice. In this event, Capita SIP Services's standard terms of service will thereafter apply.

18.2 Termination will not affect any outstanding transactions or any rights or obligations which may already have arisen between you, your Plan and TD Waterhouse. Transactions in progress at the date of termination will be completed by TD Waterhouse as soon as practicable subject to these Terms. The termination of these Investment terms of service will not affect the coming into force or the continuance in force of any provision in these Terms which is expressly or by implication intended to come into or continue in force on or after such termination.

18.3 If termination occurs, TD Waterhouse will, as soon as reasonably practicable, arrange the transfer to Capita SIP Services (or to Capita SIP Services's order) of any money or investments in your Plan's TD Waterhouse account.

## **19 Power to Sell or Close Out and Set Off**

19.1 At any time that TD Waterhouse considers necessary or desirable including without limitation, if your Plan fails to make any payment or to deliver any investments or transfer documents due to TD Waterhouse at the due time for payment or delivery then TD Waterhouse reserve the right without prior notice to you to:

19.1.1 treat any outstanding transaction as having been cancelled and terminated;

19.1.2 realise all money held or debts due to your Plan from any party including TD Waterhouse in relation to these Terms, or any investment, asset or transaction hereunder;

19.1.3 arrange the sale of investments to realise funds to cover any outstanding amount; and / or

19.1.4 close out, replace or reverse any such transaction or take, or refrain from taking, such other action at such times and in such manner as TD Waterhouse considers necessary or appropriate to cover, reduce or eliminate loss or liability under or in respect of any contract, positions or commitments.

19.2 Specifically, TD Waterhouse may so act if, by reason of payment method or any information that TD Waterhouse obtains from any source, TD Waterhouse has reason to believe that you are a US person.

## **20 Lien and Set-Off**

20.1 Without prejudice and in addition to any general lien, right of set-off or other similar rights which TD Waterhouse may be entitled to exercise over any of your Plan's investments, money or other property, your Plan's investments, money or other property in your Plan's TD Waterhouse account are subject to a general lien in TD Waterhouse's favour, insofar as there remains any outstanding amounts due from your Plan to TD Waterhouse.

## **21 Assignment**

21.1 TD Waterhouse may at any time transfer or assign absolutely its rights, benefits and/or obligations under these Terms to a member of the TD Group by delivering to Capita SIP Services a written substitution notice with a copy to you.

21.2 The obligations under these Investment terms of service bind, and the rights will be enforceable by Capita SIP Services or by you (as Capita SIP Services's agent) and

TD Waterhouse and TD Waterhouse's respective successors, permitted assigns and personal representatives.

21.3 Your rights under these Investment terms of service are personal to you and not capable of assignment. Your obligations under these Investment Terms and Conditions may not, without Capita SIP Services's and TD Waterhouse's prior written agreement, be performed by anybody else.

## **22 Communications**

22.1 All communications (other than under clause 14 above in respect of time periods) from TDWaterhouse to you will be either in writing, including by any means of electronic transfer delivery, such as electronic mail, or over the telephone and will take effect once despatched to you.

22.2 TD Waterhouse shall not be liable for any delay in you receiving any communication once despatched by TD Waterhouse save where the delay is caused by its wilful default, fraud or negligence.

22.3 All communications from you to TD Waterhouse (including in respect of your Plan's investments) will take effect upon receipt by TD Waterhouse.

## **23 General**

23.1 You should assume that all telephone calls, website use and electronic mail between you and TD Waterhouse will be recorded. These recordings will be TD Waterhouse's sole property and may be used as evidence in the event of a dispute.

23.2 You expressly invite TD Waterhouse to visit or telephone you to discuss investment matters without otherwise having been invited by you to make such a call.

23.3 If you have a complaint about the provision of the Services by TD Waterhouse you should raise it in the first instance with TD Waterhouse's Customer Services department. A copy of TD Waterhouse's internal complaints handling procedure is available on request. You may subsequently complain directly to the Financial Ombudsman Service.

23.4 The Services are covered by the Financial Services Compensation Scheme established

under the Financial Services and Markets Act 2000 and operated by the Financial Services Compensation Scheme Limited. Payments under the scheme are limited to a maximum of £48,000, made up of 100% of the first £30,000 and 90% of the next £20,000 for claims which are not in relation to a protected deposit or a protected contract of insurance. Compensation is available only to eligible investors in respect of protected claims.

23.5 All transactions are subject to the rules and customs of the relevant exchange, market and/or clearing house and to any other applicable rules, regulations and/or laws so that:

23.5.1 if there is any conflict between them and these Terms, the former will prevail;

23.5.2 TD Waterhouse may take or omit to take any action TD Waterhouse think appropriate to ensure compliance with them; and

23.5.3 any such action TD Waterhouse take will be binding on you and your Plan.

23.6 TD Waterhouse's relationship with you and / or your Plan is subject to these Terms, so that if there is any conflict between these Terms and other terms, conditions, information or agreement produced by TD Waterhouse from time to time in respect of the Services these Terms will prevail.

23.7 Nothing in these Terms excludes or restricts any obligation TD Waterhouse has to you and/or your Plan under the FSA Rules, the Financial Services and Markets Act 2000 or the United Kingdom Regulatory System or requires your Plan to exempt or indemnify TD Waterhouse against any breach by TD Waterhouse of any such obligation.

23.8 If any provision of these Terms is held to be invalid or ineffective, it will not affect any other provisions.

23.9 Any of the Services may be provided using the services of third parties, including TDWaterhouse affiliates, who may act as agent for TD Waterhouse.

23.10 TD Waterhouse may amend, suspend and/or terminate any or all of the Services at any time. Where reasonably practicable TD Waterhouse will give advance notice of this but this may not always be possible and / or practical for business reasons. TDWaterhouse may also restrict and/or change the hours and time of operation of any of its Services at any time. Where reasonably practicable TD Waterhouse will give advance notice of this but this may not always be possible and/ or practical for business reasons.

#### **24 Governing Law**

24.1 These Terms are governed by English law and are subject to the exclusive jurisdiction of the English courts.

## Appendix A

### Warrants and Derivatives Risk Warning Notice

This notice is provided to you, as a private customer, in compliance with the rules of the Financial Services Authority (FSA). Private customers are afforded greater protections under these rules than other customers are and you should ensure that your firm tells you what this will mean to you. This notice cannot disclose all the risks and other significant aspects of warrants and/or derivative products such as futures, options, and contracts for differences. You should not deal in these products unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is suitable for you in the light of your circumstances and financial position.

Certain strategies, such as a 'spread' position or a 'straddle', may be as risky as a simple 'long' or 'short' position. Although warrants and/or derivative instruments can be utilised for the management of investment risk, some of these products are unsuitable for many investors. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments you should be aware of the following points.

#### 1. Warrants

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be volatile. It is essential for anyone who is considering purchasing warrants to understand that the right to subscribe, which a warrant confers, is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined timescale then the investment becomes worthless. You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a Covered Warrant').

#### 2. Securitised Derivatives

These instruments may give you a time-limited right to acquire or sell one or more types of investment, which is normally exercisable against someone other than the issuer of that investment. Or they may give you rights under a contract for differences, which allow for speculation on fluctuations in the value of the property of any description or an index, such as the FTSE 100 index. In both cases, the investment or property may be referred to as the "underlying instrument". These instruments often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investment results in a much larger movement, unfavourable or favourable, in the price of the instrument. The price of these instruments can therefore be volatile. These instruments have a limited life, and may (unless there is some form of guaranteed return to the amount you are investing in the product) expire worthless if the underlying instrument does not perform as expected. You should only buy this product if you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. You should consider carefully whether or not this product is suitable for you in light of your circumstances and financial

position, and if in any doubt please seek professional advice.

#### 3. Futures

Transactions in futures involve the obligation to make, or to take delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements, which are set out in paragraph 9.

#### 4. Options

There are many different types of options with different characteristics subject to the following conditions.

##### Buying options:

Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you will acquire the future. This will expose you to the risks described under 'futures' and 'contingent liability investment transactions'.

##### Writing options:

If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (when the options will be known as 'covered call options') the risk is reduced. If you do not own the underlying asset ('uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

##### Traditional options:

Certain London Stock Exchange member firms under special exchange rules write a particular type of option called a 'traditional option'. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk. Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

#### 5. Foreign Markets

Foreign markets will involve different risks from the UK markets. In some cases the risks will be greater. On request, your firm must provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which it will accept liability for any default of a foreign firm through whom it deals. The potential for profit or loss

from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

#### **6. Contingent Liability Investment Transactions**

Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If you trade in futures contracts for differences or sell options, you may sustain a total loss of the margin you deposit with your firm to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract. Save as specifically provided by the FSA, your firm may only carry out margined or contingent liability transactions with or for you if they are traded on or under the rules of a recognised or designated investment exchange. Contingent liability investment transactions which are not so traded may expose you to substantially greater risks.

#### **7. Limited Liability Transactions**

Before entering into a limited liability transaction, you should obtain from your firm or the firm with whom you are dealing a formal written statement confirming that the extent of your loss liability on each transaction will be limited to an amount agreed by you before you enter into the transaction. The amount you can lose in limited liability transactions will be less than in other margined transactions, which have no predetermined loss limit. Nevertheless, even though the extent of loss will be subject to the agreed limit, you may sustain the loss in a relatively short time. Your loss may be limited, but the risk of sustaining a total loss to the amount agreed is substantial.

#### **8. Collateral**

If you deposit collateral as security with your firm, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral, depending on whether you are trading on a recognised or designated investment exchange, with the rules of that exchange (and the associated clearing house) applying, or trading off-exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash. You should ascertain from your firm how your collateral will be dealt with.

#### **9. Commissions**

Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear and written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.

#### **10. Suspensions of Trading**

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price

rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

#### **11. Clearing House Protections**

On many exchanges, the performance of a transaction by your firm (or third party with whom he is dealing on your behalf) is 'guaranteed' by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the customer, and may not protect you if your firm or another party defaults on its obligations to you. On request, your firm must explain any protection provided to you under the clearing guarantee applicable to any on-exchange derivatives in which you are dealing. There is no clearing house for traditional options, nor normally for off-exchange instruments which are not traded under the rules of a recognised or designated investment exchange.

#### **12. Insolvency**

Your firm's insolvency or default, or that of any other brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payments in cash. On request, your firm must provide an explanation of the extent to which it will accept liability for any insolvency of, or default by, other firms involved with your transactions.

#### **Soft Commission Policy**

TD Waterhouse may, subject to compliance with all applicable regulatory requirements, select brokers that provide soft commissions, that is to say, furnish, directly or through correspondent relationships, services which can reasonably be expected to assist in the provision of investment services to our customers and which are in fact so used. These selections, and the total amount of commissions given to a particular broker, may be made pursuant to an agreement that would bind TD Waterhouse to compensate the broker relating to the service arrangements. TD Waterhouse may endeavour to direct sufficient commissions to a broker who, pursuant to such arrangements, provides services in order to ensure the continued receipt of those services. In accordance with the FSA Rules TD Waterhouse shall maintain this schedule with updates of our soft-commissions policy not less than on an annual basis. That shall include setting out all soft-commission arrangements that TD Waterhouse may have entered into from time to time. The following is a list of those soft commission arrangements that are currently in place as at 1 January 2005:

There are no soft commission arrangements in place.

## Appendix B

### Range of Acceptable Investments

These guidelines are based on our understanding of current Inland Revenue practice and on the range of investments currently tradable through TD Waterhouse. This list of acceptable investments may vary from time to time – please see [www.tdwaterhouse.co.uk](http://www.tdwaterhouse.co.uk) for up to date information.

Please note that Capita SIP Services:

- \_ reserves the right to decline acceptance or authorisation of any investment instruction
- \_ will not assess the advisability of any proposed transaction
- \_ also reserves the right to dispose of any investment which, in its opinion, is likely to be disallowed by the Inland Revenue, and does not accept liability for any loss suffered by your Plan as a result

### Investments Currently Acceptable Under the Plan:

#### Stocks/Shares

Stocks and shares of companies (including Investment Trust companies) listed or dealt on the London Stock Exchange (including the Alternative Investment Market but not OFEX):

- \_ Fixed interest securities
- \_ Equities
- \_ Warrants (equity) and Covered Warrants
- \_ Convertible securities
- \_ Crest Depository Interests (CDIs)

#### Gilts

- \_ Gilt-edged securities listed on the London Stock Exchange

#### Unit Trusts/Collective Investments

- \_ Exchange Traded Funds
- \_ any Unit Trust resident in the UK and authorised for the purposes of the Financial Services Act
- \_ any 'tax exempt' unauthorised Unit Trust within the UK
- \_ any Unit Trust, resident outside the UK, which is subject to regulation for that purpose under the Financial Services Act
- \_ OEIC's /ICVC's

#### International Equities

- \_ US Markets (NASDAQ, New York Stock Exchange, American Stock Exchange)
- \_ Canadian Markets (Toronto Stock Exchange, Canadian Venture Exchange)
- \_ European Markets (Paris Bourse, Amsterdam Stock Exchange, Deutsche Bourse, Madrid Stock Exchange, Brussels Stock Exchange, Swiss Exchange, Stockholm Stock Exchange)
- \_ Hong Kong (Hang Seng), Singapore (Singapore Stock Exchange), Australia (Australian Stock Exchange)

#### The following investments are not currently allowed under the Plan:

- \_ commercial property (whether freehold or leasehold)
- \_ land including development land, farmland and forestry
- \_ deposits (other than monies held pending investment as part of the TD Waterhouse Account)
- \_ investment policies or unit linked funds of an UK insurance company

#### The following are prohibited by the Inland Revenue:

- \_ investments not readily realisable – these are investments in which transactions on a recognised or designated investment exchange are insufficiently frequent or regular for a reliable quoted price for transactions to be available

\_ loans – Plan funds must not be used to provide loans to you or any persons connected with you

\_ transactions with connected persons (subject to provisos). A person is 'connected' if they fall within the definition in Section 839 of the Taxes Act. Your Plan cannot purchase any investment from, or sell any investment to, a connected person

\_ residential property – your Arrangement must not hold directly as an investment residential property or land connected with such a property, or personal chattels capable in any way of private use

\_ unquoted Securities – your Arrangement may not purchase or hold any security not quoted on any recognised stock exchange. This includes securities traded over the counter or on a matched bargain basis

#### Note

The value of investments, and the income from them, may fall as well as rise, and you may not recover the amount of your original investment. Past performance is not a guide to future performance. Any tax reliefs referred to in this agreement are those available under current legislation, which may change, and their availability and value depends on individual circumstances.

## Appendix 2

### Introduction

These terms of service (the “Income Drawdown terms of service”) govern the contractual relationship between you and Capita Life & Pensions Regulated Services Limited (“Capita SIP Services”) (in its capacity as trustee of the Personal Pension Management Scheme (the “Scheme”)) in respect of the provision by Capita SIP Services of income drawdown services relating to your pension arrangement (the “Arrangement”).

These Income Drawdown Terms & Conditions (which become effective when you apply to enter into income drawdown) apply in addition to the terms of service (the “Terms of service”) that you entered into at the time your Arrangement was opened. A copy of the current Scheme Terms and Conditions is available upon request from Capita SIP Services’s correspondence address (see below).

Defined terms used in these Income Drawdown terms of service are as defined in the terms of service.

Further information about the operation of your Arrangement can be obtained from the Scheme Rules (the “Rules”), a copy of which is available to you upon written request to the correspondence address.

Capita SIP Services is a provider of pension and investment administration services.

Capita SIP Services is authorised and regulated by the Financial Services Authority (FSA) and is entered on the FSA register, number 145540.

Under these Income Drawdown terms of service you are regarded as a Private Customer for the purposes of the FSA regulations.

### The Personal Pension Management Scheme

The Scheme is a Personal Pension Scheme approved by the Inland Revenue under Chapter IV, Part XIV, Income and Corporation Taxes Act 1988, under reference SF87/180/1A.

Capita SIP Services is the Trustee and Scheme Administrator of the Scheme. Capita SIP Services’s registered address is 61-71 Victoria Street, Westminster, London SW1H 0XA and its principle place of business and the address for all correspondence regarding the Scheme is:

141 Castle Street  
Salisbury  
Wiltshire  
SP1 3TB

The language in which Capita SIP Services conducts its business (including contractual arrangements) is English.

### Qualifying for income drawdown

To be eligible to enter into income drawdown you must have reached your minimum allowable pension age which will be your 50th birthday, unless:

- (a) you are ceasing work due to ill health; or
- (b) the Inland Revenue has agreed a lower age for your particular occupation.

Other regulatory restrictions may also apply.

Under current legislation, you must stop receiving income drawdown and buy an annuity by the time you reach the age of 75.

### Your Benefits Segmentation

As your Arrangement is segmented, when entering into income drawdown you do not have to use all Arrangement assets at once. You may, if you wish (subject to regulatory restrictions) take ‘tranches’ of the available Arrangement assets into income drawdown on dates of your choosing. This is called ‘phased income drawdown’ (see ‘phased Income Drawdown’, below).

### Tax free cash

You will normally be able to receive a tax free lump sum (the “Tax Free Cash”) of up to 25% of the proportion of your Arrangement assets being used to provide your income drawdown. The amount of the Tax Free Cash may be reduced if your fund was transferred to your Arrangement from an occupational pension scheme.

The Tax Free Cash from each tranche may only be taken when you enter into income drawdown in respect of that tranche. Currently, regulations do not permit you to defer payment of the Tax Free Cash, or to have it paid in instalments, nor can you carry forward unused Tax Free Cash from one tranche to a later tranche.

### Income drawdown

After any Tax Free Cash is paid to you, the remainder of funds in the relevant tranche will be used to provide you with income drawdown. The maximum income which you may receive from each tranche in any year is based on a rate supplied by the Government Actuary’s Department. The same rates are used by all Schemes that provide income drawdown, and the rates vary depending on age, sex and interest rates.

The minimum income which you must receive each year is 35% of the maximum permissible. The minimum and maximum limits for each tranche apply to each consecutive period of 12 months starting on the effective date of the income drawdown calculation for that tranche. Once you have begun receiving income drawdown you must continue to do so until you buy an annuity with the relevant tranche funds.

### Payment of your income

#### Setting up your income drawdown

Capita SIP Services will provide you with details of the minimum and maximum income levels available to you. You may choose an amount between the minimum and maximum levels but you are required to take at least the minimum and you must confirm details before any Tax Free Cash can be paid.

You may choose to have your income payable monthly, quarterly, half yearly or annually on either the 1st or 15th day of the month in which the payment is due.

Income payments will normally be made direct to a bank account of your choice (but which must be in your name) on the agreed date of payment, or previous business day, if the payment date is not a business day. Capita SIP Services reserves the right to make payments earlier than this where it considers this to be necessary, for example over the Christmas period. The regulations do not permit payment of income to a third party except under the terms of a Court Order.

## The Personal Pension Management Scheme Income Drawdown terms & conditions

### Taxation

Income drawdown payments (though not the Tax Free Cash) are taxed as earned income through the PAYE system. Capita SIP Services will provide you with a payslip in respect of each income payment, showing the gross income and any tax deducted, and a P60 at the end of the tax year.

Unless you have just left employment (and you send Capita SIP Services your P45) your income payments will be taxed in full at basic rate until an alternative tax code is received from the Inland Revenue.

Capita SIP Services will use the tax code provided to it by the Inland Revenue. If you consider that the tax code being used for your income drawdown is incorrect, you should contact your tax office and ask them to notify Capita SIP Services of the correct code.

### Cash Flow

You and your advisor, if you have one, must ensure that there is sufficient cash in a designated RBS account to meet your income drawdown payments as they fall due, taking into account any fees, stock settlements or other obligations which may be due.

### Maintaining adequate cash flow

If there is insufficient cash in the designated account to meet the full income drawdown amount payable, the payment will not be made unless:

- (a) you have received less than the regulatory minimum income from the relevant tranche in the period since the last anniversary date for the tranche, and
- (b) the due date of the payment is within one month of the next anniversary for the relevant tranche

If a payment is made in the above circumstances, your designated account will become overdrawn, and will incur debit interest as a result.

If it is not possible to make a payment on the due date due to lack of funds in your designated account, Capita SIP Services will review the account balance daily, and make an ad hoc payment (see below) once funds become available to meet the full amount due. You may if you wish request a reduced payment to be made if there are sufficient funds to cover a reduced payment.

If necessary, a payment will be in the last month before the anniversary date on the tranche to bring your income up to the regulatory minimum irrespective of whether there are funds in the account to cover the payment. Capita SIP Services does not accept liability for any financial consequences to yourself (or your Arrangement) as a result of Capita SIP Services' withholding a payment where you did not make necessary funds available on the due date.

### Investment Strategy

You and your advisor should review the investment strategy for your Arrangement to ensure that it is appropriate in the light of your income requirements. You may need to consider the liquidity of your current Arrangement assets, and the timing of any disinvestments necessary to make cash available to pay your income. If the majority of Your arrangement assets consist of commercial property, and it is intended to use the rent from the property to cover your income, the timing of income and rent payments must be compatible, and you should bear in mind the fact that market conditions in the future may result in disparity between the two.

### Triennial Reviews

Every three years, your maximum and minimum income entitlement will be re-calculated by Capita SIP Services based on your age, the value of your Arrangement, and the then current interest rate. It may be necessary to change the amount of your income in order to bring it within new limits. Capita SIP Services will notify you of the new minimum and maximum income levels, and any changes to income payments which are required to comply with them.

Unless you instruct otherwise, Capita SIP Services will either continue to pay income at the same level (if this is within the new permitted limits) or, if not, reduce your income to the new maximum or increase it to the new minimum, as appropriate.

Generally, Capita SIP Services is not permitted to undertake a triennial review more frequently than every three years (but see 'Phased Income Drawdown', below).

### Phasing income drawdown

You may, if you wish, take 'tranches' of the fund into income drawdown on different dates over whatever period of time you prefer ("Phased Income Drawdown"). Each time you wish to take a new tranche of your Arrangement assets into income drawdown you (or your authorised advisor) must contact Capita SIP Services either by telephone or in writing to explain your requirements. Capita SIP Services will provide you with any documentation which must be completed to enable any new tranche to be set up.

The income and Tax Free Cash payable in respect of each tranche will be calculated individually, and the income rates used will depend on your age and market conditions. Similarly, each tranche might have a separate triennial review every three years, independently of any other tranche. However, if you wish, each time the first tranche is due for review you may request that Capita SIP Services review any other tranches at the same time, and thereafter they will always be reviewed together ("Alignment").

If you opt for Alignment, you must receive at least the minimum annual income from each of the tranches in the year or part year prior to the review. For example, if one of your tranches had an anniversary date of 1st June, and it was being aligned with an earlier tranche with an anniversary date of 1st September, you would be obliged to take at least the full minimum annual income between 1st June and 1st September. You could however, if you wished, opt to take up to (and including) the full maximum annual income during this period.

### Changes and ad hoc payments

You may change the amount of your regular income payments or request an ad hoc payment at any time, provided this does not cause you to breach the minimum or maximum limits.

You must give at least 10 working days' notice in advance of the day you wish the ad hoc payment be made, or for the change to become effective. You must also ensure that sufficient funds are available in your designated account prior to the due date.

Your arrangement will incur a charge each time and ad hoc payment is made. (Please refer to Appendix 1).

### Transfers in

Please refer to the main terms of service document for Capita SIP Services' general requirements regarding transfers. If a transfer is made from an existing pension plan from which you are already receiving income drawdown, Capita SIP Services will, upon receipt of all relevant documentation and the relevant transferred funds, recalculate the minimum and maximum entitlement with effect from the date which it received the transfer.

The transfer value will be treated as a separate tranche of your fund, and triennial reviews will be carried out on

every third anniversary of the date Capita SIP Services received it, unless you subsequently elect Alignment with an earlier tranche.

#### **Transfers out**

If you decide to transfer your Arrangement (whether in whole or in part) to another scheme after entering into income drawdown, Capita SIP Services will notify the new scheme of the value of the tranche from which you were receiving income drawdown as at the date of the transfer of your Arrangement assets to the new scheme. Your new scheme will recalculate the minimum and maximum income limits on receipt of the transfer assets. If you decide to transfer out of the Scheme within 12 months of your first entering into income drawdown, Capita SIP Services will pay you income in an amount equivalent to a proportion of the minimum annual income (depending on the proportion of the year expired) before the transfer can proceed. This requirement applies separately to each tranche if you have opted for Phased Income Drawdown.

It is not permitted to transfer a Scheme within 12 months of transferring in funds from another Scheme from which you were already receiving income drawdown.

#### **Death**

If you die while your Arrangement is in income drawdown, Capita SIP Services will determine the benefits payable to your beneficiaries. You may nominate any persons whom you wish to be taken into consideration as beneficiaries and Capita SIP Services, as Trustee of the Scheme, will take your nomination(s) into consideration when determining beneficiaries and the proportions of assets each beneficiary is to receive. If the beneficiaries are your surviving spouse and/or dependant(s), they will have certain options regarding receipt of benefits. In this context, 'spouse' means your legally married spouse at the time of death, and 'dependant' means either:

(a) a child of yours, whether natural or adopted, who is under the age of 18 or still in full time education or vocational training, or

(b) a person who was financially dependant or co-dependant upon you at the time of your death.

The options available to these beneficiaries are:

(a) to receive their share of the fund as a lump sum  
Lump sum benefits payable on your death after entering into income drawdown will be taxed at 35%. Capita SIP Services is responsible for deducting the tax and paying it to the Inland Revenue on what is being transferred out;

(b) to use their share of the fund to buy an immediate annuity (in the case of a child or person in full time education the annuity is payable only until they reach 18 or complete their studies); or

(c) to use their share of the Arrangement assets to provide income drawdown.

Any benefits which are not paid to a surviving Spouse or Dependand will be paid as a lump sum to your beneficiaries, subject to tax at 35% as above.

Capita SIP Services will notify your beneficiaries of the options available to them at that time.

#### **Compensation**

As Capita SIP Services is a regulated company, certain of its customers are covered by the Financial Services Compensation Scheme (the "FSCS"). You may be entitled to compensation from the FSCS if Capita SIP Services cannot meet its obligations to you. Your entitlement will depend on the circumstances of your claim. The FSCS only covers investment business as defined under the Financial Services and Markets Act 2000. Therefore not all investments that can be held by

your Arrangement will be covered by the FSCS if Capita SIP Services cannot meet its obligations. For example, investments in commercial property are not covered by the FSCS. Our understanding is that where the FSCS applies, the level of compensation available is 100% of the first £30,000 of covered investments and 90% of the next £20,000, i.e. the maximum compensation is £48,000. You should refer to the FSCS (address below) for details and further information.

Financial Services Compensation Scheme  
7th Floor, Lloyds Chambers, 1 Portsoken Street, London E1 8BN

Tel: 020 7892 7300

www.fscs.org.uk

Under current rules only long-term insurance contracts held by your Arrangement are covered by the FSCS if the provider of the policy is unable to meet its obligations to your Arrangement. Our understanding is that where the FSCS applies in these circumstances the compensation available is 100% of the first £2,000 and 90% of the remaining value of the insurance contract. Capita SIP Services would make the claim on your behalf.

#### **Complaints**

##### **Making a complaint**

A copy of Capita SIP Services's complaints procedure is available on request from the Customer Liaison Manager at the Capita SIP Services correspondence address.

Should you wish to register a complaint in relation to your Arrangement, you should write to the Customer Liaison Manager at Capita SIP Services's correspondence address.

##### **Ombudsman Services**

If you have filed a complaint with the Customer Liaison Manager and are dissatisfied with Capita SIP Services's response, you may be entitled to refer the matter to:

Financial Ombudsman Service

South Quay Plaza

183 Marsh Wall

London

E14 9SR

Tel: 0845 080 1800

If your Complaint concerns the operation of your Arrangement, you may be referred to the Pensions Advisory Service (OPAS). OPAS may be contacted at:

11 Belgrave Road

London

SW1V 1RB

Tel: 0845 601 2923

#### **Varying/Ending your Arrangement**

##### **Variation**

##### **Variation of these Income Drawdown terms of service**

Unless required as a result of changes to the Scheme Trust Deed and/or Rules, these Income Drawdown terms of service may only be varied by Capita SIP Services upon providing you with ten (10) days written notice.

##### **Variation of the Scheme**

The Scheme Trust Deed and Rules and the operation of the Scheme may be varied by the Provider from time to time and/or changes in legislation may require changes to these Income Drawdown terms of service and while Capita SIP Services will endeavour to provide you with notice of any such change it reserves the right to effect such changes without the provision of prior notice.

##### **Cancellation Rights**

**The following cancellation rights will only apply where there has been no face-to-face contact between you and an advisor when you agreed to apply for this income drawdown service.**

The provisions of these Income Drawdown terms of service take effect from the date that we accept your application to enter into income drawdown. Unless you have transferred from an existing pension plan from which you are already receiving income drawdown. Capita SIP Services will then issue a cancellation notice to you. The cancellation notice allows you 30 days in which to change your mind about entering into this agreement. The 30 day cancellation period begins on the date we issue the cancellation notice.

Should you decide to cancel your application to go into income drawdown, we will deduct charges for any services provided during the [cancellation period]. If you wish to cancel your application to enter into income drawdown under these procedures you should complete [the cancellation notice, or write to us at Capita SIP Services's correspondence address. You must also return any Tax Free Cash or income that you have received. Your Arrangement will then revert to the preincome drawdown state.

Cancellation rights in respect of income drawdown do not apply to the second or subsequent tranches, or to transfers from existing arrangements from which you are already receiving income drawdown.

If you do not wish to cancel your application to enter into income drawdown, simply ignore the cancellation notice. Cancellation rights do not apply to subsequent tranches of income drawdown.

#### **Termination**

In the event that the value of your Arrangement reduces to a level which is insufficient to cover your next income payment or any charges which are due, Capita SIP Services will close your Arrangement. Capita SIP Services will provide you with a closing statement, and will have no further obligations or liabilities in respect of your Arrangement after it has been closed. [These Income Drawdown terms of service and your Arrangement shall continue until terminated by the payment of a transfer value to another approved scheme or the provision of retirement/death benefits in the appropriate form.]

Either Capita SIP Services or yourself have the right to terminate your Arrangement immediately upon written notice to the other. Termination will be without prejudice to the completion of transactions already initiated and Capita SIP Services will continue to operate the bank accounts relating to the Arrangement for the purpose of settling or receiving monies in respect of transactions already initiated and paying any expenses or charges due to Capita SIP Services or other parties.

No additional payment will be required too be made to Capita SIP Services in respect of any termination, except that Capita SIP Services may charge for the following:

- a) Periodic charges accrued and due;
- b) Any additional expenses Capita SIP Services necessarily incurs on termination of this agreement;
- c) Any losses necessarily realised in settling of concluding outstanding obligations.

#### **Confidentiality**

Capita SIP Services undertakes not to disclose at any confidential information relating to your Arrangement that comes into its possession during the continuance of the Arrangement except where expressly authorised to do so or where required to do so by law.

#### **Law and Jurisdiction**

These Income Drawdown terms of service are governed by and are to be construed in accordance with the Laws of England and the courts of England will have exclusive jurisdiction to settle any dispute which may arise out of or in connection with them.

#### **Note**

For further information about the risk factors associated with income drawdown, please review Capita SIP Services's Key Features document a copy of which is available from the Capita SIP Services correspondence address.

The value of investments, and the income from them, may fall as well as rise, and you may not recover the amount of your original investment. Past performance is not a guide to future performance. Any tax reliefs referred to in these Income Drawdown terms of service are those available under current legislation, which may change, and their availability and value depend on individual circumstances.

#### **Appendix One – Income Drawdown Charge**

See current charges stated in our rate card.

#### **Notes**

Tranche fees are due on the establishment of the relevant tranche, and on each subsequent anniversary of the tranche commencement date, until or unless alignment takes place.

No additional tranche fee is payable where the commencement date of the additional tranche coincides with the triennial review date for an earlier tranche.

If an additional tranche is subsequently aligned to the first tranche, fees in respect of the additional tranche will cease to be charged with effect from the date of the alignment.

TD Waterhouse, Exchange Court, Duncombe Street, Leeds LS1 4AX.

Telephone: 0845 607 6001 [www.tdwaterhouse.co.uk](http://www.tdwaterhouse.co.uk)

TD Waterhouse Investor Services (Europe) Limited (a subsidiary of The

Toronto-Dominion Bank). Authorised and

regulated by the Financial Services Authority (FSA registered number

141282), member of the London Stock

Exchange and Ofex. Incorporated in England and Wales under registration number 2101863. Registered office:

Exchange Court, Duncombe Street, Leeds LS1 4AX. VAT Registration

Number 397103051.

TDW ONLINE SIPP TERM V1 24th April 2006