

## TERMS OF BUSINESS FOR INTERMEDIARIES

### LONG-TERM BUSINESS

#### 1 Definitions

- 1.1 "Act" means the Financial Services and Markets Act 2000 as from time to time amended or re-enacted.
- 1.2 "Business" means one or more of the activities described in Schedule 1 of Part II of the Act and long-term insurance business as defined in Section I of the Insurance Companies Act 1982.
- 1.3 "Client Money Account" means a bank account which meets the requirements of Regulation 2.07 of the Client Money Regulations.
- 1.4 "Client Money Regulations" means the Financial Services (Client Money) Regulations 1991 as amended from time to time.
- 1.5 "FSA" means the Financial Services Authority.
- 1.6 "Intermediary" means a person, partnership or company authorised to carry on Business including any appointed representatives of such an Intermediary.
- 1.7 "Product" means any product offered by the Society from time to time and for which the Intermediary has been authorised by the Society to promote.
- 1.8 "Rules of the FSA" means the Rules of the Financial Services Authority as amended from time to time.
- 1.9 "Society" means Compass Friendly Society Limited of Old Bank House, 59 High Street, Odiham, Hampshire RG29 1LF. Telephone: 01256 701750. Facsimile: 01256 704134. Email: info@compass-fs.co.uk.

#### 2 Scope

- 2.1 These Terms of Business set out the conditions upon which the Society accepts business from Intermediaries.
- 2.2 The Society will not accept business from an Intermediary who is not or ceases to be authorised pursuant to the Act and reserves the right to cease to accept business from, or to refuse any particular business proposed by, an Intermediary without assigning any reason thereto. The submitting of business by the Intermediary is deemed to be conclusive evidence of acceptance by the Intermediary of these Terms of Business.

#### 3 Intermediary is Agent of Client

- 3.1 The Intermediary may act as agent of the Society only to the extent, if any, that he is so permitted by the Society in writing.
- 3.2 Subject as provided in 3.1 above and except in relation to the personal responsibilities of the Intermediary

hereunder the Intermediary shall be the agent of the client.

#### 4 Payments

- 4.1 In accordance with the Client Money Regulations the Intermediary shall immediately pass to the Society for investment all monies given, transferred or sent to the Intermediary by a client.
- 4.2 Except as specified below, all premiums due to the Society shall be in the form of a cheque, standing order or direct debiting mandate and made payable to the Society.
- 4.3 The Intermediary has no authority to collect monies on behalf of the Society unless authorised by the Society. If such authorisation is given, the Intermediary accepts and confirms that all monies be held in trust for the Society and shall pay them to the Society within the terms of such authority and without deduction of commission. In the event that payment is not made to the Society of monies referred to above within any period specified in the authority, the Intermediary will pay the Society interest at the "prescribed rate" determined by the board of the FSA from time to time for the period that the premium was in the hands of the Intermediary.

#### 5 Commission

- 5.1 All matters relating to the payment of commission by the Society to the Intermediary shall be governed by the Rules of the FSA to the extent that such rules are applicable.
- 5.2 The Society shall pay commission to the Intermediary at such a rate or rates and at such time or times as it shall from time to time notify to the Intermediary and provided that the Intermediary took part in the making of Business or has given appropriate advice.
- 5.3 Without prejudice to the payment of commission already accrued due and payable, the Society reserves the right to reduce the rate of commission in respect of past or future transactions at any time on giving notice of any such reduction to the Intermediary.
- 5.4 Before the client applies for a Product, the Intermediary shall make such disclosure to the client in respect of commission or other remuneration that will be received by the Intermediary and other matters as, at the relevant time, are required to be disclosed by the rules of the FSA. The Intermediary shall disclose the actual amount of any such commission or other remuneration payable if so requested by the client.

5.5 If a client exercised a statutory right of cancellation, any commission paid in respect of the transaction shall forthwith be repaid by the Intermediary to the Society. All or any amount of commission otherwise due to be repaid by the Intermediary (whether or not due to the exercise of a statutory right of cancellation) shall forthwith be repaid by the Intermediary to the Society or, at the Society's discretion, may be deducted by the Society from any other amount of commission due from it to the Intermediary.

5.6 The Society may, at its discretion, cease paying commission to the Intermediary :-

- (a) if the Intermediary ceases to be authorised to carry on Business or the Intermediary's authorisation is suspended; or
- (b) in respect of any transaction for a person for whom the Intermediary has ceased to be the agent; or
- (c) if the Intermediary shall die, become bankrupt, compound with or assign his estate or effects for the benefit of creditors, have his goods seized in execution or, where the Intermediary is a company, if it goes into liquidation or receivership or is subject to an administration order; or
- (d) if the Intermediary is subjected to an investigation under the rules of the FSA, or
- (e) if the Intermediary has any liability from any previous overpayment.

5.7 The Society may defer payment of commission until a total of at least £50, or such other amount as the Society may determine from time to time, is due to the Intermediary.

5.8 In the event that a client introduced by the Intermediary employs the services of a different Intermediary for other business or enhancement of investment or premium levels on existing business not arranged by the Intermediary then commission in respect of such new business or such enhanced levels of investment or premium upon existing business will be payable to the client's new Intermediary and not the original Intermediary.

5.9 On request by the Intermediary (and where the Society agrees) the Society will pay indemnity commission according to its normal terms upon receipt of the first premium. The Society and the Intermediary will be deemed to have entered an agreement containing the following terms:-

- a) In the event of business terminating by reason of a premium not being paid when due commission must be repaid in accordance with the rules of the FSA.
- b) Any such repayment will be due upon notice being given to the Intermediary by the Society that the premium has not been paid.

c) The Society must give such notice as soon as is reasonably practicable after becoming aware that a premium has not been paid when due.

d) The Intermediary must pay interest on the commission (until it is repaid) from the date on which notice that the premium had not been paid was given, at a rate equal to twice the "prescribed rate" (as determined by the board of the FSA from time to time) as at the date of repayment unless the commission is repaid within three months of that date.

## 6 Money Laundering

6.1 The Intermediary acknowledges that any transaction will be covered by statutory and other requirements relating to money laundering (jointly "*the Money Laundering Requirements*") including the Criminal Justice Act 1993, the Money Laundering Regulations 1993 and the Guidance Notes for Insurance and Retail Investment Products, as amended from time to time.

6.2 Where a Customer Agreement, Terms of Business Letter or similar arrangement exists that constitutes a business relationship between the Intermediary and his client, the Intermediary undertakes full responsibility for the identification procedures necessary under the Money Laundering Requirements in respect of and transaction with the Society.

6.3 Where the Intermediary arranges a transaction or linked transaction not covered by arrangements under 6.2 above, the Intermediary undertakes to fulfil any identification procedures necessary under the Money Laundering Requirements.

## 7 Documentation

7.1 The Intermediary shall pass to a client immediately and without any amendment any documents supplied by the Society for the information of or completion by the client and shall pass to the Society immediately any documents provided by the client for that purpose.

7.2 The Intermediary undertakes to comply with any disclosure requirements in force at the time of recommending or effecting any Product promoted by the Society.

7.3 The Society has an obligation to send certain documents direct to the client and also reserves the right to send other documents and communications direct to the client.

7.4 The Intermediary shall, when requested, provide the Society with a statement of :-

- (a) the Intermediary's FSA authorisation reference number; and
- (b) the notification required under paragraph 6.3 above.

7.5 The Intermediary shall not, in the course of carrying on Business in relation to the Society, use any written material which has not been authorised for use in that Business by the Society.

## **8 Indemnity**

The Intermediary shall indemnify and keep indemnified the Society for all loss resulting to the Society arising from:

- (a) any failures by the Intermediary to comply with the provisions of the Act, any regulations made thereunder and the rules of the FSA or
- (b) any breach by the Intermediary of any of these Terms of Business including, without limiting the foregoing, any failure to provide promptly and accurately the information required pursuant to 6.3 and 7.4 above.

## **9 Service of Documents**

Any letter or other document shall be deemed to have been served upon the Intermediary if it is sent by post or left at the address of the Intermediary appearing in the Application Form attached to these Terms of Business or as subsequently notified by the Intermediary to the Society in writing. Any letter or other document sent by first class post shall be deemed to have been served on the business day following that on which the envelope

containing the same is posted and in proving such service it shall be sufficient to prove that such envelope was properly addressed, stamped and posted.

## **10 Variation**

10.1 The Society reserves the right to vary these Terms of Business, but, except in so far as required by the Act or any regulations made thereunder or any rules of the FSA and without prejudice to the Society's rights under paragraph 5.3 above :-

- (a) no variation shall affect contracts for Products made prior to the time of the variation; and
- (b) not less than 28 days' notice shall be given to the Intermediary of a variation.

10.2 The Intermediary shall not be entitled to sub-contract or transfer any of his rights and obligations hereunder without the prior written consent of the Society.

## **11 Termination**

The Intermediary may terminate this Agreement by giving written notice to the Society.

## **12 Governing Law**

These Terms of Business shall be governed and construed in accordance with English Law.