



Terms of business
for intermediaries

1. Definitions

‘Act’

means the Financial Services and Markets Act 2000 as amended from time to time including any replacement legislation.

‘Business’

means the business of acting as an intermediary with respect to the purchase and sale of shares or units of a fund, including the business of acting as one or more of the following, namely: an asset manager, ISA or PEP manager, financial adviser, securities broker, legal adviser, accountant, tax adviser, fund operator, or funds platform.

‘Business day’

means 9.00am to 5.00pm (UK time) Monday to Friday except for bank holidays in England and Wales, and any other days excluded at Threadneedle’s discretion.

‘Cancellation rights’

means the rights as set out in rule 7.7 (cancellation and withdrawal) of COBS, as amended from time to time.

‘COBS’

means the FSA Conduct of Business Sourcebook rules and guidance and references in these terms of business to such rules or guidance shall refer to the same as amended or replaced from time to time.

‘Commission’

means any commission payment paid or payable by Threadneedle to the intermediary to which the intermediary has an entitlement under these terms of business.

‘Commission account’

as described in section 8.

‘Commission calculation period’

means the bi-annual calculation periods for trail commission commencing 1 February to 31 July and from 1 August until 31 January or such other periods as Threadneedle may determine from time to time.

‘Commission schedule’

means the schedule to these ‘terms of business’ that sets out the rates at which Threadneedle will pay commission to the intermediary as amended or replaced from time to time.

‘Customer account’

means a record established and maintained by Threadneedle that refers to an investor and all of the Threadneedle investments and products held for that investor, as indicated by a customer reference number, except that where specifically requested to do so by the investor, or otherwise but at Threadneedle’s discretion, Threadneedle may establish more than one such account for an investor, with different customer reference numbers, for the purposes including the management of entitlements to trail commission.

‘Eligible securities’

means shares of an oeic or units of a unit trust in respect of which Threadneedle has given notice (including where it has published in its literature) that it will pay commission to intermediaries, but shall not include:-

- Non-trail commission shares;
- Class 2 shares of an oeic and class B units of a unit trust or any other institutional class of shares or units; or
- other classes of shares or units which Threadneedle at its discretion decides shall not be eligible securities.

‘FSA’

means the Financial Services Authority in the United Kingdom.

‘Fund’

means any oeic or unit trust and sub-fund of an oeic or unit trust and references to shares or units shall mean shares or units of a fund.

‘Fund Regulations’

means the applicable prospectus, trust deed or instrument of incorporation of a fund as amended from time to time including any documentation supplementary thereto.

‘Initial commission’

means the initial commission as described in section 9.

‘Intermediary’

means an independent company, partnership or individual, authorised to carry out business in the United Kingdom by the FSA.

‘Investor’

means anyone who holds or applies for units or shares in a fund as beneficial owner and where in these terms of business there is reference to the obligations, actions or entitlements of the intermediary in connection with an investor, the term investor shall mean an investor for whom the intermediary is acting or purportedly acting as agent and who is recorded as such by Threadneedle.

‘Market value’

means the current quoted price at which an investor may buy or sell eligible securities at a given time.

‘Money laundering requirements’

means compliance with applicable laws and regulations governing the prevention of money laundering (including FSA Rules, the Money Laundering Regulations 2003 and the Proceeds of Crime Act 2002 or other applicable money laundering legislation); and with the Joint Money Laundering Steering Group’s Guidance Notes for the Financial Sector.

‘Nominee’

means a nominee or funds platform or securities settlement or registration system whereby an investor or intermediary holds eligible securities in the name of a nominee, funds platform, securities settlement or registration system, whether or not with a designation that reflects their interest in the eligible securities.

‘Non trail commission shares’

means shares of an or units of a unit trust issued prior to 18th June, 1997 and any oeic shares or units into which the same have been switched or exchanged, including those that have been switched or exchanged more than once and including shares or units issued on the merger or consolidation of an oeic or unit trust.

‘Oeic’

means a Threadneedle operated UK open-ended investment company and references to shares of an oeic shall mean shares of the relevant class in a sub-fund of the oeic.

‘Settlement day’

means the settlement day for the relevant fund as described in the fund regulations.

‘Threadneedle’

means Threadneedle Investment Services Limited acting as Authorised Corporate Director, unit trust manager and/or ISA manager and Threadneedle Portfolio Services Limited acting as PEP manager or promoter of funds in jurisdictions outside the United Kingdom.

‘Terms of business’

means these terms of business together with any schedule(s) or amending documentation.

‘Trail commission’

means the trail commission described in section 10.

‘Unit trust’

means a Threadneedle managed UK authorised unit trust.

Any terms above defined in the singular shall include the plural.

2. Scope

- 2.1 This document contains the terms and conditions that govern the relationship between Threadneedle and the intermediary.
- 2.2 Threadneedle will only accept business from an intermediary who is authorised under the Act and permitted by the FSA to conduct business. The intermediary will notify Threadneedle immediately if that authorisation is restricted, suspended or terminated and the intermediary will indemnify Threadneedle for any loss it may suffer as a result of

accepting applications or other instructions from or solicited by an intermediary who is not so authorised.

2.3 Any dealings in a fund will be subject to the provisions of the applicable fund regulations. Threadneedle reserves the right not to accept business from any intermediary at its sole discretion.

2.4 These terms of business replace all previous terms of business issued by Threadneedle to the intermediary, and together with the commission schedule, constitute the entire agreement between the parties. For the avoidance of doubt, these terms of business shall apply to business accepted by Threadneedle from the intermediary whether or not under previous terms.

2.5 Threadneedle shall assume that the intermediary accepts these terms of business for any past, existing or future business unless the intermediary advises Threadneedle otherwise in writing before placing business or accepting commission after the date of receipt of these terms of business.

2.6 The intermediary agrees at all times to conduct its business with the utmost integrity and in good faith and to comply with the requirements of the Act, the rules of the FSA and any other relevant statutes, regulations and codes of practice.

2.7 These terms of business do not apply to intermediaries operating or otherwise primarily seeking business outside the United Kingdom, who will be subject to Threadneedle’s international terms of business or separate distribution agreements with Threadneedle, or to those intermediaries within the United Kingdom who have executed individual distribution agreements with Threadneedle.

3. Services

- 3.1 The intermediary may provide the following services to the investor:
 - 3.1.1 the provision of information in relation to the funds;
 - 3.1.2 the forwarding of investor instructions and associated documentation to Threadneedle regarding the purchase, switching or redemption of shares or units; and
 - 3.1.3 the forwarding of investor monies to Threadneedle for the purchase of shares or units.

4. Agency

- 4.1 The intermediary is the agent of the investor in relation to all aspects of business conducted with Threadneedle including without limitation in its provision of advice or services to the investor and in the conduct of the services described in section 3.1. The intermediary is not the agent of Threadneedle and may not act or claim to act as the agent of Threadneedle or claim to represent it or incur any costs on its behalf or commit Threadneedle in any way except to the extent the intermediary has specific authority from Threadneedle in writing. The intermediary will notify the investor accordingly.
- 4.2 The intermediary may, if permitted under the Act and by the FSA, act as principal in respect of any transaction and if so acting, the intermediary will inform Threadneedle in writing at the time any order is placed in a fund.
- 4.3 Threadneedle has classified the intermediary as an intermediate customer for the purposes of and under COBS, in relation to any services to be provided by Threadneedle under these terms of business.

5. Nominee arrangements

- 5.1 A nominee will be subject to these terms of business unless it agrees a separate terms of business letter or similar agreement with Threadneedle and for the purposes of these terms of business only and except where the context otherwise requires, references to an intermediary shall be deemed to include a nominee.
- 5.2 An intermediary who places business with Threadneedle through a nominee (including where the shares or units purchased by or through the intermediary are or become registered in the name of that nominee) will be subject to these terms of business and in particular to this section.
- 5.3 Where purchases of shares or units are placed by a nominee, the nominee should identify the intermediary to whom initial commission should be paid and, subject to these terms of business generally, such commission will be paid directly by Threadneedle to that intermediary. In the absence of any notification by the nominee, Threadneedle will pay initial commission to the intermediary registered by Threadneedle as associated with the relevant customer account and in such circumstances neither the nominee or any other intermediary will have an entitlement to such initial commission or any part thereof.

- 5.4 Any purchases of shares or units by a nominee (or by an intermediary who then registers such shares or units in the name of a nominee) will be placed on one of the following two bases:
- 5.4.1 The nominee (or an intermediary) will place share or unit purchase orders on an aggregated basis that is either when placing the order or when registering or transferring the shares or units into the nominee's name, there is no identification of or reference to any underlying investor or any intermediary of the investor (referred to as the "aggregated basis"), or
- 5.4.2 The nominee (or an intermediary) will place share and unit purchase orders but for each such order will designate a customer account and will identify the intermediary associated with that customer account (referred to as the "disaggregated basis").
- 5.5 Initial commission and trail commission entitlement is determined in accordance with these terms of business and in particular, in accordance with, respectively, sections 9 and 10 and with respect to trail commission, with particular regard to sub-section 10.2.
- 5.6 With respect to orders placed on an aggregated basis, for the purposes of these terms of business and in particular in connection with the calculation and payment of trail commission, the nominee will be deemed to be both the investor and the sole intermediary with respect to customer accounts that it establishes in its dealings with Threadneedle. The nominee will be the only party that is entitled to receive trail commission from Threadneedle on the terms set out herein but to receive commission must be registered pursuant to the act if it is conducting activities within the scope of the act.
- 5.7 Any intermediary who introduces share or unit purchase orders through a nominee that acts on an aggregated basis will have no direct entitlement to trail commission pursuant to these terms of business and must make its own arrangements with the nominee to receive any commission that is paid to the nominee by Threadneedle in connection with eligible securities.
- 5.8 With respect to orders placed on a disaggregated basis, the nominee may only nominate one intermediary in connection with each customer account and the eligible securities held in that account. Where more than one customer account is established, the nominee has the responsibility to ensure that it provides to Threadneedle accurate instructions as to the customer account to which transactions that it places relate.

- 5.9 Trail commission relating to eligible securities held by a nominee on a disaggregated basis will be paid directly to the intermediary identified by the nominee as connected with a customer account and the nominee shall have no rights to any commission in respect of such eligible securities.
- 5.10 For the avoidance of doubt, where an intermediary has previously entered into a terms of business or similar agreement with Threadneedle but then instructs (or the intermediary's client instructs) the transfer or further purchase of shares or units through a nominee which acts on an aggregated basis, the provisions of this section will apply and supersede any other agreements as to the entitlement of the intermediary to commission.
- 5.11 Sub-sections 5.3 to 5.10 shall not apply where an intermediary uses a nominee that acts solely and exclusively for that intermediary and is under the control of the intermediary or another member of its group of companies (an "own nominee"), in which case, so long as Threadneedle have been informed in writing of such arrangement, Threadneedle will treat the nominee as the investor and the rights of the intermediary to commission shall arise under these terms of business in the manner described herein with the exclusion of those sub-sections.

6. Payments

- 6.1 Threadneedle must receive cleared funds in respect of any share or unit purchase order placed by the intermediary on or before the settlement day. Threadneedle reserves the right to cancel without notice, a share or unit purchase order, in whole or in part in the event that any payment has not been received from the intermediary or the investor by the settlement day. This sub-section will not be affected by the investor's right to receive a cancellation notice.
- 6.2 The intermediary will indemnify Threadneedle against all losses that Threadneedle incurs as a result of the intermediary failing to provide or procure that the investor provides sufficient cleared funds in respect of any share or unit purchase order on or before the settlement day.
- 6.3 If the intermediary has undertaken to forward an investor's money to Threadneedle for settlement of a purchase order, such monies shall be passed by the intermediary to Threadneedle within three days of its receipt by the intermediary.
- 6.4 Threadneedle will settle contracts for redemption of units or shares within the period prescribed in the fund regulations after the later of:

- 6.4.1 the receipt by Threadneedle of a properly executed document of renunciation in a form prescribed by Threadneedle; or
- 6.4.2 the valuation point following receipt by Threadneedle of the request to redeem.
- 6.5 Threadneedle will provide payment of redemption proceeds to an investor by direct credit (BACS) or electronic bank transfer. The intermediary will provide details of the investor's name and address for settlement purposes unless the intermediary has confirmed to Threadneedle that the intermediary is authorised to handle client money.
- 6.6 Threadneedle reserves the right to withhold or delay payment of monies otherwise due to the investor or intermediary or require additional documentation to be provided if it deems it necessary for the purpose of complying with money laundering requirements or if the investor or intermediary owes an unsettled outstanding debt due to Threadneedle.

7. Commission general

- 7.1 The rates at which Threadneedle pays commission on eligible securities are set out in the commission schedule, as amended from time to time.
- 7.2 Notwithstanding the provisions of section 17, the replacement of or amendment to the commission schedule or any other provision of these terms of business relating to the entitlement or payment of commission shall take effect following service by Threadneedle of a notice of change, on a date specified in that notice and shall apply to all of the intermediary's future entitlements to commission notwithstanding that such entitlements derive from eligible securities held by the intermediary's investors or the intermediary prior to the effective date of such change. Any such change will be made by Threadneedle without any obligation to pay compensation to the intermediary or the investor.
- 7.3 All matters relating to the payment of commission will be governed by the rules of the FSA. These terms of business shall be construed in such a way as not to breach the FSA rules if there is a conflict between the two.
- 7.4 commission payable to an intermediary will be paid at such frequency as set out in section 10 or otherwise as Threadneedle shall determine. No interest is payable on commission that is accrued but is unpaid. Threadneedle reserves the right to increase, reclaim, reduce or cease paying commission to an intermediary

or amend the commission scale with respect to any or all eligible securities at its absolute discretion.

- 7.5 Without limitation as to the foregoing, Threadneedle will cease to pay and the intermediary will lose all entitlement to any future commission, when:
- 7.5.1 the intermediary ceases to be properly authorised to conduct business, or when such authorisation is restricted, suspended, or the intermediary is placed under investigation by the FSA;
- 7.5.2 the intermediary ceases to be recorded with Threadneedle as the intermediary of an investor, in respect of the eligible securities held by that investor in a customer account;
- 7.5.3 subject to section 5, the eligible securities held by an investor are acquired through or transferred to a nominee except to the extent that Threadneedle has expressly agreed in writing to application or continued application of the commission terms in these terms of business to such eligible securities;
- 7.5.4 the intermediary ceases business, insolvency proceedings are taken against the intermediary or against its directors or partners, the intermediary becomes bankrupt, compounds with or assigns the intermediary's estate or effects for the benefits of creditors, has its goods seized in execution or (in the case of companies) goes into liquidation or receivership or is subject to an administration order;
- 7.5.5 control of the intermediary's business changes or the business is sold and Threadneedle has not agreed terms of business with the new owner;
- 7.5.6 the intermediary or the investor notifies Threadneedle in writing that the intermediary is no longer to be the agent of the investor; or
- 7.5.7 the intermediary materially breaches any of the provisions of these terms of business.
- 7.6 In the event that Threadneedle notifies the intermediary that an overpayment of commission (the "overpaid commission") has occurred due to an investor exercising their right to cancel a purchase of eligible securities or for any other reason, the intermediary shall repay such overpaid commission immediately. Threadneedle may, at its sole discretion, deduct the equivalent of such overpaid commission (plus any taxes, levies or charges as applied) from any future commission that is or becomes payable to the intermediary under these terms of business. In the event that the balance of commission payable to the intermediary for any other

business is nil or is in debit, the intermediary shall pay to Threadneedle the amount of overpaid commission within thirty business days of a demand by Threadneedle. If the intermediary fails to repay the overpaid commission within thirty business days of being so notified, Threadneedle will charge interest at the rate of 1.5% per month, or such other rate as may be determined, on the overpaid commission from the date it arose. If any overpaid commission remains outstanding for a period of thirty business days, Threadneedle reserves the right to inform the FSA or a credit rating agency.

7.7 commission shall be deemed to be paid inclusive of all taxes, levies and duties that may arise in respect of the payment of the same to an intermediary, who shall be responsible for the accounting and paying such taxes and duties if any. For the avoidance of doubt, all commission payable by Threadneedle to the intermediary shall be deemed to be inclusive of VAT, if any, payable.

7.8 Any entitlement to commission shall be governed solely by these terms of business. No entitlement to commission shall be taken to arise merely by reason of payment or other course of conduct by Threadneedle, under these terms of business or under any other previous terms or arrangements.

8. Commission accounts

8.1 Threadneedle will maintain commission accounts in the intermediary's name. The commission accounts may be contained in writing, tape, direct on line communication to computer terminal or any other method of storage or communication determined by Threadneedle. Threadneedle shall have no duty of care to the intermediary in the maintenance of commission accounts. The intermediary shall have no rights or entitlements with respect to commission recorded or held in such accounts except to the extent described in the terms of business. Notwithstanding the foregoing, no amount standing to the credit of any commission account shall be taken to represent a debt owing to the intermediary or shall be capable of assignment by way of charge, security or otherwise.

8.2 Without prejudice to the foregoing, the amount of any commission or commission entitlement recorded by Threadneedle in the commission accounts as payable now or in the future to the intermediary including, without limitation, the number of eligible securities listed for the investors in respect of which such commission is calculated, shall be conclusive record of the intermediary's provisional commission entitlement.

9. Initial commission

- 9.1 Threadneedle allocates initial commission in respect of a purchase of shares or units to the intermediary notified by the party placing the order as entitled to receive that commission, if that intermediary has entered into a terms of business with Threadneedle. In the absence of any notification by the party placing such an order, Threadneedle will pay initial commission to the intermediary registered by Threadneedle as associated with the relevant customer account and in such circumstances no other intermediary will have an entitlement to such initial commission or any part thereof.
- 9.2 On a periodic basis as determined by Threadneedle, Threadneedle will pay to the intermediary all the initial commission Threadneedle determines such intermediary is entitled to at that time, in a single payment by direct credit (BACS) or electronic transfer, or by an alternative method, at the discretion of Threadneedle. The amount of initial commission payable to the intermediary shall be calculated with reference to the commission schedule in force from time to time. Threadneedle may, at its discretion, apply a minimum payment threshold to the payment of any commission.
- 9.3 Subject to the terms of the commission schedule, initial commission will be paid once only in respect of the initial purchase of shares or units of a fund by the intermediary or investor or nominee.
- 9.4 No initial commission will be payable on:
- 9.4.1 switches into funds or sub-funds with no initial service charge;
- 9.4.2 where an investor engages an intermediary, in respect of eligible securities already held by that investor;
- 9.4.3 on the re-registration of shares whether into the name of the intermediary or nominee or otherwise;
- 9.4.4 on the reorganisation of a fund including on merger or consolidation of funds; or
- 9.4.5 any initial purchase of shares or units in a fund where the investor subsequently exercises a right of cancellation.
- 9.5 Initial commission may be surrendered by the intermediary for the benefit of the investor. The intermediary must inform Threadneedle of the surrender of any initial commission at the time the deal is placed.

10. Trail commission

- 10.1 Threadneedle will pay trail commission in respect of eligible securities to the intermediary registered with Threadneedle as the intermediary of an investor in respect of that investor's customer account.
- 10.2 Threadneedle currently allocates trail commission at the customer account level – each investor being allocated a customer reference number which in turn will be associated with the eligible securities purchased for that investor – rather than product level or separately in relation to each investment made for that investor under that customer reference number. Threadneedle will pay all trail commission that arises in respect of a customer account and the eligible securities in that account to the intermediary that is registered by Threadneedle as the intermediary of the investor in respect of that customer account. Only one such intermediary will be registered as such in respect of a customer account. Threadneedle will pay trail commission in respect of eligible securities in a customer account to the registered intermediary, irrespective of the identity of the intermediary that introduced the initial purchase of the eligible securities in the relevant customer account.
- 10.3 The rates of trail commission payable on eligible securities are as set out in the current commission schedule. Threadneedle retains the right to change such commission rates, from time to time and as described in section 7. A minimum payment threshold may also be applied to such trail commission payments, at Threadneedle's discretion.
- 10.4 Trail commission will be calculated as a percentage of the market value of eligible securities registered in the name of the investor in the register of the respective fund(s).
- 10.5 Trail commission due to an intermediary will be calculated on a pro-rata basis reflecting the number of calendar days that the investor has held the eligible securities, since the previous trail commission calculation date as set out in the commission schedule (each a 'commission calculation date'). Where an investor has not held eligible securities for the full commission calculation period, Threadneedle will only pay trail commission to the registered intermediary where the eligible securities were held for full calendar days and were registered at least one calendar day prior to the relevant commission calculation date. Threadneedle will credit or pay trail commission in respect of such eligible securities as are stated to be eligible for trail commission in these terms of business and subject to the rates of commission specified in the commission schedule.

- 10.6 For the avoidance of doubt, trail commission is payable only to such intermediary as Threadneedle shall, in its absolute discretion recognise as the intermediary of an investor holding eligible securities at the relevant entitlement date (subject only to current express instructions of the investor).
- 10.7 If there has been a partial sale by an investor of eligible securities, those eligible securities that were purchased first by or for that investor are deemed to have been sold first.
- 10.8 Where eligible securities previously registered have been redeemed prior to the date of the calculation of trail commission, the trail commission shall be due to the intermediary in respect of eligible securities on a pro-rata basis up until the date of redemption.
- 10.9 Threadneedle does not offer a facility to the intermediary or their investors for the reinvestment of trail commission to which the intermediary is entitled, in further shares or units for the investor.
- 10.10 Trail commission shall be deemed to be accrued and paid to the intermediary inclusive of any taxes or duties that may arise in respect of the payment of the same to the intermediary, which shall be responsible for accounting for and paying such taxes, levies and duties, if any. All trail commission payable by Threadneedle shall therefore be deemed to be inclusive of VAT, if any.
- 10.11 Any request by an investor or their intermediary to re-assign trail commission (previously paid to another intermediary) shall only apply to those holdings that the relevant investor nominates in their notice of re-assignment. Threadneedle will, subject to section 10.5, re-assign trail commission payable to an intermediary only upon:
- 10.11.1 being provided by the intermediary with evidence that its business has merged or been acquired by another company and that it remains as the investor's intermediary;
- 10.11.2 being provided by the investor with an instruction in writing confirming the removal of the intermediary recorded by Threadneedle as such and the appointment of the intermediary to whom trail commission is to be re-assigned; and in the case of any disputes, Threadneedle shall have the power to determine the same and in such manner as it thinks fit.

11. Documentation

- 11.1 The intermediary shall provide immediately without amendment to investors documentation supplied by Threadneedle for the information of, or completion by, the investor either prior to or at any time following the purchase of shares or units of a fund, and shall promptly return all completed documents immediately to Threadneedle. The intermediary warrants that it will not use or forward to the investor any document that is discontinued by Threadneedle or out-of-date and that the intermediary has a duty to ensure that it is aware of the then current documentation. The intermediary shall not alter in any way any Threadneedle documents, without the express written permission of Threadneedle.
- 11.2 The intermediary will not publish, issue, circulate or in any way authorise or sponsor any advertisement, advertising matter, circular letter, form or other literature relating to Threadneedle's business or to the funds ("promotional literature") other than as supplied, or approved in writing, by Threadneedle or otherwise issued in a form in which it is clear that such promotional literature has not been authorised or endorsed by Threadneedle and that any purchase of shares or units of a fund are solely made under the terms of and subject to the fund regulations.
- 11.3 All correspondence, documentation, papers, records, computer software and hardware and other items of property belonging to Threadneedle and in the possession of the intermediary (the "Threadneedle documentation") must at all times be available to the intermediary for inspection and be delivered to Threadneedle on request or in any event upon termination of the relationship between the intermediary and Threadneedle, as set out in these terms of business. Where such inspection or request for delivery of any Threadneedle documentation is made by Threadneedle as a result of a request by the FSA and/or any other relevant regulatory body, the intermediary acknowledges that it may be necessary for it to allow employees and/or representatives of the FSA and/or such other relevant regulatory body to have access to its premises for the purposes of conducting an inspection of the Threadneedle documentation.
- 11.4 The intermediary shall not effect any purchase transactions until they have supplied the investor with the Key Investor Information Document, Simplified Prospectus or other applicable documents for the relevant Fund(s), have offered the investor free of charge the application form, the most recent annual report or half-yearly report and a copy of the relevant fund prospectus and have undertaken all disclosure and investor classification requirements.

- 11.5 So as to enable Threadneedle to fulfil its obligations to provide certain documents direct to the investor, the intermediary will, at Threadneedle's request, provide the name and principal address of the investor on whose behalf the intermediary is making or has made an investment.
- 11.6 When placing an order for the purchase of any shares or units, the intermediary will, at Threadneedle's request, provide full details of the following:
- 11.6.1 the intermediary's FSA authorisation number;
- 11.6.2 the name and address of the investor for whom the transaction has been placed, or if different, the name and address in which the shares or units are to be registered;
- 11.6.3 if cancellation rights apply and whether the Key Investor Information Document for the relevant Fund(s) has been provided to the investor; and
- 11.6.4 whether commission disclosure is required or whether any other duty imposed by the FSA has been fulfilled, including any money laundering requirements.
- 11.7 In providing regulated services to clients and introducing business to Threadneedle, the intermediary shall ensure that only those employees who have been adequately and suitably trained by the intermediary and who have been granted appropriate approval or other consents by the FSA shall provide advice to clients and introduce business to Threadneedle.
- 11.8 Threadneedle may, in its absolute discretion, but subject to any applicable rules of the FSA, reject any application for business.
- 12.2 Threadneedle will not accept business procured by the intermediary if:
- 12.2.1 the intermediary cannot satisfactorily identify the investor in accordance with sub-section 12.1 above;
- 12.2.2 the intermediary is not in a position to identify the origins of the monies which are to be invested; and/or
- 12.2.3 if there are grounds to believe that the monies to be invested originate from criminal activities.
- 12.3 Threadneedle may require reasonable access to records held by the intermediary. The intermediary shall retain investor identification records for five years from the date of the last transaction undertaken by the investor with the intermediary. The intermediary agrees to provide Threadneedle with an investor's information within ten business days of Threadneedle making such a request.
- 12.4 Threadneedle reserves the right to carry out random checks on client identity evidence and other client information held by the intermediary, and may do so by means of visits to the intermediary's premises in order to verify any such information where appropriate, including in order to comply with its obligations under applicable laws and regulations. Wherever possible, Threadneedle will give the intermediary reasonable advance notice of any such visit to its premises.

12. Money laundering

- 12.1 The intermediary acknowledges that transactions in shares or units, including the remittance or receipt of monies, that the intermediary conducts with Threadneedle, as agent or otherwise, will be subject to money laundering requirements. The intermediary undertakes full responsibility to duly identify each investor as the beneficial owner of shares or units to be acquired (including by way of a transfer) in compliance with money laundering requirements, and to provide to Threadneedle upon request evidence of such. Likewise the intermediary shall ensure that any person remitting monies to Threadneedle in connection with the purchase of shares or units or receiving monies from Threadneedle by way of proceeds of the redemption of shares or units or as distributions on shares or units, shall be

identified as required by money laundering requirements.

13. Indemnity

- 13.1 The intermediary shall indemnify Threadneedle against all losses, liabilities and costs it incurs arising from:
- 13.1.1 any failure by the intermediary to comply with the act, COBS, money laundering requirements and any other applicable laws, rules or regulations; or
- 13.1.2 any breach by the intermediary of these terms of business; or
- 13.1.3 any default, misrepresentation, error, omission or mistake made by the intermediary.
- 13.2 Threadneedle shall not be liable to the intermediary for any losses, liabilities and/or costs however arising except to the extent that the loss, liability or cost is due to the gross negligence, wilful default or fraud of Threadneedle or its respective employees.

14. Privacy statement and confidentiality

- 14.1 Both Threadneedle and the intermediary shall have due regard for the confidentiality of personal information and shall not disclose to any third party any information of a confidential nature relating to the business or affairs of either party.
- 14.2 For the purposes of the Data Protection Act 1998, the 'data controller' in respect of any personal information provided by the intermediary or the investor, is Threadneedle Investment Services Limited. In this privacy statement, 'we', 'us' and 'our' means Threadneedle Investment Services Limited.
- 14.3 The intermediary shall ensure that personal data of its clients', including sensitive personal data, can be lawfully processed by Threadneedle for all purposes envisaged by these terms of business. The intermediary shall promptly inform Threadneedle of any changes or updates to any personal data of any of its clients', and shall obtain any consent of its clients' that may be necessary in order to do so. When acting in the capacity of data processor for the intermediary, Threadneedle will process data in accordance with its normal data processing procedures. In doing so, Threadneedle will comply with the seventh data protection principle set out in Schedule 1 of the data protection act 1998. The intermediary shall ensure that all data that it transfers to Threadneedle, whether electronically or otherwise, is complete and accurate.
- 14.4 In the event of a breach by the intermediary (including any employee or agent of the intermediary) of these terms of business, and in particular, in the event of the intermediary incurring a debt which is reportable to the regulators, the intermediary shall notify Threadneedle as soon as practicable and Threadneedle reserves the right to share this information with other financial institutions and relevant regulatory bodies, including the FSA.
- 14.5 Threadneedle shall be entitled to use, without identifying any client, and the intermediary consents to Threadneedle's use of, any information or data supplied by the intermediary to Threadneedle for the purposes of exchanging information with any other contracting parties of Threadneedle, conducting market research (either alone or in conjunction with any other party), for preparing strategic or other marketing plans (either alone or in conjunction with any other party), or for the purposes of gauging product sales or product performance (either alone or in conjunction with any other party) and furthermore

Threadneedle shall be entitled to disclose, and the intermediary approves such disclosure, any information or data supplied by the intermediary to Threadneedle to any party contracting with Threadneedle or otherwise to any party as is consistent with the effecting of the aforementioned approved uses of such information.

- 14.6 The intermediary agrees that Threadneedle may copy, scan and electronically store all correspondence with the intermediary and may record or monitor telephone conversations between the intermediary and Threadneedle.
- 14.7 If the Threadneedle group of companies undergoes a group reorganisation or is sold to a third party, the personal information provided to Threadneedle may be transferred to that reorganised entity or a third party and used for the purposes highlighted in sub-section 14.5 above.
- 14.8 Threadneedle may transfer the intermediary's or the investor's personal information to countries located outside of the European Economic Area (the "EEA"). This may happen when Threadneedle's servers, suppliers and/or service providers are based outside of the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA. In these instances Threadneedle will take steps to ensure that the intermediary's or the investor's privacy rights are respected. Details of the countries relevant to intermediary or the investor will be provided upon request.
- 14.9 With limited exceptions, the intermediary or the investor have the right to ask for a copy of the information that Threadneedle holds. There may be a charge for this (if a charge is permitted). Please advise Threadneedle in the event that any of the information that Threadneedle holds about the intermediary or investor is wrong.
- 14.10 Threadneedle reserves the right to register with credit reference agencies, computer bureau or closed user groups. The intermediary agrees that Threadneedle may disclose information related to any indebtedness to any credit reference agency or other appropriate authority.

15. Intellectual property

- 15.1 The intermediary may not use any intellectual property (which shall include without limitation, the Threadneedle brand) owned by Threadneedle except as expressly set out in these terms of business.

Nothing in these terms of business shall operate to transfer the ownership of any intellectual property rights from Threadneedle to the intermediary. In the event that ownership of any intellectual property rights is so transferred, the intermediary shall do all things and execute all documents necessary from time to time in order to assign those intellectual property rights to Threadneedle.

16. Conflict of interest

- 16.1 In the event of a conflict of interest or material interest arising, Threadneedle will deal with the intermediary in accordance with the FSA regulations as set out in COBS.

17. Variation

- 17.1 Without prejudice to any other provisions of these terms and in particular sub-section 7.2, Threadneedle may at any time vary these terms of business by giving the intermediary ten business days notice, either in writing or via email, of any change, except if the change is a result of an action by the FSA, in which case the notice period may be shorter. In the event that notification is given in writing via post, the effective date of any such notification shall be three business days from the date of the posting of the notification. In the event that notification is given via email, the effective date of any such notification shall be one business day from the sending of the notification. Any such variation will not affect agreements in force before the effective date of such notice, unless a relevant regulatory body so dictates. In the event of any such variation, at Threadneedle's discretion, the intermediary shall owe, and be due to pay any amounts owing to Threadneedle as at the date of such variation or withdrawal.
- 17.2 Threadneedle may at any time vary these terms of business by giving the intermediary ten business days notice, either in writing or via email, of any change, except if the change is a result of an action by the FSA, in which case the notice period may be shorter. In the event that notification is given in writing via post, the effective date of any such notification shall be three business days from the date of the posting of the notification. In the event that notification is given via email, the effective date of any such notification shall be one business day from the sending of the notification. Any such variation will not affect agreements in force before the effective date of such notice, unless a relevant regulatory body so dictates. In the event of any such variation, at Threadneedle's discretion, the

intermediary shall owe, and be due to pay, any amounts owing to Threadneedle as at the date of such variation or withdrawal.

18. Death of sole trader

- 18.1 In the event of the death of a sole trader intermediary, Threadneedle will consider its commission account with that sole trader intermediary to be closed with effect from the date Threadneedle is notified of the death.
- 18.2 Without prejudice to sub-section 7.5, if all initial commission or trail commission has not been settled, any such commission provisionally at credit to the commission account but not yet paid, as at the date Threadneedle is notified of the death, may be paid at the discretion of Threadneedle to the legal personal representative of the estate. In the event that instalments of trail commission are still to be paid, these may be paid at the discretion of Threadneedle to the legal personal representatives of the estate as payments are received, until all the trail commission instalments are settled. Following the forwarding of the final trail commission instalment to the legal personal representatives of the estate, the commission account will be closed.

19. Transfer and delegation

- 19.1 The intermediary is not entitled to sub-contract, delegate or transfer any of its rights and obligations under these terms of business without Threadneedle's prior written agreement.
- 19.2 Threadneedle shall be entitled to sub-contract, delegate or transfer any of its rights and obligations under these terms of business without the intermediary's prior consent.

20. Effective date and acknowledgement

- 20.1 The intermediary is not required to sign or acknowledge these terms of business. These terms of business take effect as a notice of variation of any previous terms of business between Threadneedle and the intermediary ten days after the date of receipt of these terms of business. In any other case, the intermediary accepts that the introduction of business or the acceptance of commission from Threadneedle following its receipt of these terms of business will indicate acceptance by it of the terms and conditions herein.

21. Dealing

- 21.1 Orders for sale and redemption of holdings are dealt on a forward price basis. The valuation point for holdings domiciled in the United Kingdom is normally 12 noon UK time (normally 13.00 Central European Time), although Threadneedle can alter this time at its discretion.
- 21.2 Orders should be placed in writing or by telephone.

22. Large deals and investor protection

- 22.1 For the purposes of determining whether an order is a 'large deal', a series of orders placed by one intermediary may be aggregated together and treated as a single deal at Threadneedle's discretion, as defined in the fund regulations.
- 22.2 In relation to its authorised unit trusts, Threadneedle reserves the right to quote a price for a large deal within the meaning of the FSA Collective Investment Scheme Sourcebook Regulations (as amended from time to time) (the 'CISSR') that is different from the issue and redemption prices of the relevant valuation point, provided that any price is always within the maximum dealing spread permitted by CISSR.
- 22.3 In relation to its authorised open-ended investment companies, Threadneedle may at its discretion apply a dilution adjustment in accordance with the applicable fund regulations.

23. Termination

- 23.1 Threadneedle may terminate these terms of business at any time by written notice.
- 23.2 For the avoidance of doubt, on and following termination the intermediary shall have no right to commission in respect of eligible securities other than that which has accrued and is payable at the date of termination.
- 23.3 Termination shall not affect any accrued rights, indemnities, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payment. In particular, but without limiting the foregoing, the following sections will survive termination, namely 6.2, 11.2, 11.3, 12.3, 12.4, 13, 14, and 15.

24. Severability

- 24.1 In the event that any of these terms, conditions or provisions shall be determined by any competent authority to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall to that extent be severed from the remaining terms, conditions and provisions which shall continue to be valid to the fullest extent permitted by law.

25. Governing law

- 25.1 These terms and conditions are governed by the laws of England and Wales.

26. Application

- 26.1 For the avoidance of doubt, these terms of business shall apply to any eligible securities or other holdings in shares or units of the funds whether acquired by the intermediary or investor prior to or following the effective date of these terms of business and these terms of business shall reflect the full entitlement of the intermediary to commission. No additional rights to initial commission shall arise in respect of eligible securities where the intermediary has previously received such commission.

27. Representations

- 27.1 The intermediary agrees that it has not relied upon any representations other than those expressly set out in these terms of business.

28. Rights of third parties

- 28.1 Neither Threadneedle nor the intermediary intend any provision of these terms of business to be enforceable by any person other than Threadneedle or the intermediary or Threadneedle's or the intermediary's permitted successors or assignees. In particular, no terms shall be enforceable by virtue of the contract (Rights of Third Parties) Act 1999 by any person not a party to them.

29. Waiver

- 29.1 In no event shall any delay, failure or omission on Threadneedle's part in enforcing, exercising or pursuing any right, power, privilege, claim or remedy which is conferred by these terms or arises hereunder be deemed to be or construed as a waiver thereof, or of any other such right, power, privilege, claim or remedy in any other instance at any time or times thereafter.

Important information

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