



TEP EXCHANGE LIMITED

TERMS AND CONDITIONS ON WHICH INDEPENDENT FINANCIAL ADVISORS ("IFAS") MAY ACCESS THE TEP EXCHANGE WEBSITE AND USE THE EXCHANGE

1. GENERAL

1.1 INTRODUCTION: These Terms together with the General Terms and Conditions of Use set out the agreement between you and TEP Exchange Limited ("TEP Exchange"). Please read them carefully. You may only use this TEP Exchange website on and subject to the following Terms. By clicking the "I Accept" button on this web page you confirm that you have read and understood these Terms and you signify your acceptance of them.

1.2 OUR REGULATORY STATUS: TEP Exchange Limited is authorised by the Financial Services Authority to conduct designated investment business and is permitted by the FSA to arrange deals in traded endowment policies. We are bound by the Rules of the FSA in the conduct of these activities. Our contact details in the event of complaints are set out in paragraph 19 below.

2. INTERPRETATION

2.1 INTERPRETATION: In these Terms:

"the Act" means the Financial Services & Markets Act 2000 and any supplementary or replacement legislation as the same may come into force from time to time;

"Affiliate" means any subsidiary, holding company or subsidiary or any holding company (as those terms are defined in Section 736 of the Companies Act 1985) of TEP Exchange;

"Application Form" means the screen based application form, referred to as the IFA Registration screen, on the TEP Exchange website for submission of applications to TEP Exchange by persons wishing to use the Exchange as IFAs;

"Auction section" means the module and area referred to as such in the TEP Exchange website containing a facility enabling IFAs to offer TEPs for sale by auction to Market Makers;

"Automated Policy Offer Process" means the process whereby Quotes may be provided and "accepted" in accordance with the provisions of paragraphs 8 to 10 inclusive of these Terms on the Exchange by means of the Automated Policy Offer System;

"Automated Policy Offer System" means the facility referred to as such in the TEP Exchange website, designed to deliver Quotes on an automated basis from Market Makers in relation to TEPs in accordance with the functionality of the Exchange from time to time;

"Bid" means, in relation to a TEP, a bid made by a Market Maker in an auction of that TEP in the Auction section of the TEP Exchange website;

"Business Hours" means the hours between 9 am and 5pm (Local U.K. Time) on each Working Day;

"Contract for Sale" means, where a Quote or Bid has been accepted in relation to a TEP, the contract for sale and purchase of the TEP included in the Transaction Package for that TEP;

"Exchange" means the services provided by TEP Exchange by means of, inter alia, the Automated Policy Offer System and Auction section under the control of TEP Exchange;

"Interest" means 5% above the minimum lending rate from time to time of HSBC Bank plc calculated on a daily basis and compounded on the first day of each calendar month;

"Party" means you or us and "Parties" means both you and us;

"FSA" means the Financial Services Authority and, where relevant, includes any organisation which shall replace the FSA or assume the conduct of its or substantially similar regulatory functions under replacement legislation to the Act;

"Quote" means, in relation to a TEP, a quote given by a Market Maker in the Automated Policy Offer System;

"Legal Adviser" means a solicitor or the in-house policy transfer department of a Market Maker or the TEP Exchange group, whichever is instructed by a Market Maker in relation to the purchase of a TEP;

"Market Maker" means a person registered as a "Panel Member" of TEP Exchange;

"Reserve Price" means, in relation to a TEP offered for auction in the Auction section, either the reserve price given in instructions to the Exchange by you or the monetary value of any Bid "accepted" by you during the auction - whichever is the lower;

"Standard Dealing Limit" means £100,000 or such other sum as TEP Exchange may agree from time to time;

"Surrender Value" means, in relation to a TEP, the amount payable by the insurer which issued that TEP to the holder of

that TEP upon surrender;

"TEP" means a with-profits endowment policy;

"TEP Exchange website" means this website operated by or on behalf of TEP Exchange and all and any of the web pages, modules, systems and facilities constituting it;

"Terms" means these Terms and Conditions;

"Transaction" means, in relation to a TEP in respect of which a Quote or Bid has been made on the Automated Policy Offer System or the Auction section, as applicable, any subsequent agreement between a Market Maker and the holder of that TEP for its sale and purchase;

"Transaction Package" means the package of documentation referred to as such on the TEP Exchange website, including a draft contract for sale, for download by an IFA following acceptance of a quote or receipt of a bid from a Market Maker;

"We", "us" and "our" means or otherwise refers to TEP Exchange;

"Workflow" means the facility referred to as such on the TEP Exchange website for checking and recording the legal and other steps to be taken offline towards completion of a sale and purchase of a TEP in respect of which a Quote has been accepted or a Bid received;

"Working Day" means Monday to Friday inclusive (excluding Saturdays, Sundays, public and National Holidays in England); and

"You" and "yours" means the person(s) to whom we provide services under these Terms.

3. PARTIES

The parties to this agreement are TEP Exchange Limited of 12 Grosvenor Court, Foregate Street, Chester, CH1 1HG and you, being the sole trader, partnership or corporation specified as the IFA organisation in the "Company name" panel in the on-line Application Form.

4. COMMENCEMENT AND ACCESS

4.1 These Terms will take effect immediately upon acceptance by you.

4.2 You will be permitted to access the TEP Exchange website and to use the Exchange only by using the login name and password allocated to you by TEP Exchange and subject to these Terms.

4.3 TEP Exchange may, but is not obliged to, provide you with a provisional login name and password on due completion and submission of your Application Form. TEP Exchange may, shortly thereafter, provide you with a full login name and password.

4.4 TEP Exchange may impose restrictions on the amount and the size of the Quotes or Bids you may accept on the Exchange and the amount of advance commission that you may receive.

4.5 Unless otherwise stated in writing by TEP Exchange (on the TEP Exchange website or otherwise) you may only accept one quote in excess of a restricted Standard Dealing Limit for so long as you are using the Exchange under a provisional login name or password.

4.6 Under a full login name and password, unless TEP Exchange otherwise provides, you will be permitted to access the TEP Exchange website and use the Exchange and to accept Quotes and Bids, save that at no time may you accept further Quotes and Bids (excluding those which have resulted in completed Transactions or those which are otherwise not operative in accordance with these Terms) where the aggregate value of all Quotes and Bids exceeds the Standard Dealing Limit.

5 TERMINATION

5.1 We reserve the right to suspend or withdraw your login name and password and your access to the TEP Exchange website at any time for any reason in our absolute discretion. If we exercise this right, we shall not be obliged to provide you with a reason. However, we will use reasonable endeavours to inform you that we have suspended or withdrawn your login name and password and your access to the Exchange within two Working Days.

5.2 You may terminate this Agreement by giving notice at any time to the Legal Department, TEP Exchange Limited, 12 Grosvenor Court, Foregate Street, Chester, CH1 1HG. However, such notice of termination shall not be effective until you are notified by TEP Exchange in writing that your login name and password have been withdrawn.

5.3 CONSEQUENCE OF TERMINATION: Termination of this Agreement shall not affect any of your outstanding obligations and you shall continue to be subject to these Terms until all such obligations have been fully performed.

6. SERVICES PROVIDED TO YOU

6.1 SCOPE OF THE EXCHANGE: The Exchange is designed to facilitate the sale and purchase of TEPs. TEP Exchange does not buy or sell TEPs, as principal or agent, but arranges deals in TEPs by acting as an intermediary

between Market Makers and IFAs.

6.2 NON PRIVATE CUSTOMERS: You are permitted to access the TEP Exchange website and use the Exchange on the basis that you are a professional in the financial services sector, an experienced financial adviser and are authorised to conduct investment business in the UK under the act or are authorised by an appropriate overseas regulatory body. Under the provisions of the FSAs Conduct of Business rules, TEP Exchange is treating your firm as its customer and you have been classified as an intermediate customer. **FOR THE PURPOSES OF THE FSA RULES, WE WILL TREAT YOU AS THE CLIENT OF TEP EXCHANGE. FOR THE PURPOSES OF CHAPTER 4 OF THE CONDUCT OF BUSINESS, YOU AGREE THAT YOU ARE ACTING ON YOUR OWN ACCOUNT AND NOT ON AN EXECUTION BASIS.**

6.3 NO ADVICE: TEP Exchange is not obliged to and does not provide advice or recommendations relating to any purchase or sale of TEPs or any other investment product to you or to any other person and nothing in the TEP Exchange website constitutes any such advice or recommendation. Further, we do not provide legal, tax or other advice and we shall not at any time be obliged to provide you with any such advice.

6.4 NO CREDIT: We shall not provide you with any credit (other than by way of advance commission which we may provide from time to time subject to these Terms).

6.5 CLIENT MONEY: We do not handle client money or assets. From time to time, however, the in-house policy transfer department of the TEP Exchange group may hold a TEP policy document in the process of completing of a Transaction.

7. WARRANTIES

You make the following representations and warranties in this paragraph 7 on a continuing basis and they shall be deemed to be repeated by you each time you access the TEP Exchange website or use the Exchange to submit details of a TEP or otherwise.

7.1 AUTHORISATION: You represent and warrant that:

7.1.1 you are authorised to conduct investment business in the UK by the FSA or recognised professional body ("RPB") for the purposes of the act or are authorised by an appropriate overseas regulatory body. You will take responsibility for complying with the rules of your regulator.

7.1.2 you are not prohibited by your regulator from using the Exchange and that you are permitted to give investment advice and arrange deals in relation to TEPs.

7.1.3 you are not providing services-on an execution only basis.

7.2 You are obliged to inform us immediately, as soon as any of the warranties in paragraph 7.1 ceases to be true, in which event, you will no longer be permitted to access the Exchange and your login name and password will be withdrawn.

7.3 MONEY LAUNDERING: You represent and warrant that to the extent required by law you have undertaken all of the necessary identification procedures to comply with the requirements of your territory in respect of money laundering. Further, you must provide us with evidence of such identification, if requested by us and provide such evidence to the Legal Adviser instructed by the Market Maker, if required, at the same time as sending the Transaction package to them.

7.4 ACCURACY OF INFORMATION: You represent and warrant that all information submitted by you in relation to the Application Form is complete and accurate in all respects.

7.5 You represent that you will complete the TEP details on the on-line policy submission screen fully and accurately to the best of your knowledge information and belief.

7.6 CUSTOMER AUTHORITY: You represent and warrant that you will, when acting in respect of customers on the Exchange, at all times act within the scope of the authority from time to time granted to you by your customers. In particular, you represent that you have your customer's authority to provide information relating to that customer and his or her TEP on the Exchange.

7.7 CAPACITY: You represent and warrant that you have all necessary powers and capacity and you have taken all necessary action to enable you lawfully to enter into and perform your obligations under these Terms and to use the Exchange.

7.8 AUTHORITY: You represent and warrant that the individual who accepts this Agreement and any individual who may use the Exchange on your behalf are each at all times duly authorised to do so.

7.9 ABILITY TO MAKE AGREEMENT: You represent and warrant that these Terms are binding upon and enforceable against you and that by accepting these Terms you do not violate any agreement, regulation, order or charge by which you are bound.

8. THE AUTOMATED POLICY OFFER PROCESS

8.1 SUBMISSION OF TEP DETAILS: You may obtain a Quote in relation to a TEP in the manner prescribed from time to time by us. Upon submission of all relevant details of a TEP as may be required on the Exchange from time to time, those TEP details will automatically be processed against the purchasing requirements of the Market Makers contained in the Automated Policy Offer System for the purposes of obtaining a Quote from a Market Maker in relation to that TEP.

8.2 BONA FIDE: You may only submit details and instructions to the Exchange or otherwise use the Exchange for bona fide purposes.

8.3 QUOTES: Market Makers may provide Quotes for the purchase of a TEP in respect of which you have submitted details, but they are not obliged to do so. If we receive more than one such Quote on the Exchange, we will forward to you the Quote with the greatest monetary value. If we receive only one such Quote, we will forward that Quote to you. If we do not receive any such Quote, we may enter the TEP in the Auction section for the purposes of obtaining Bids in an auction. See paragraph 12 below.

8.4 If we do not receive a Quote for your customer's TEP, an Affiliate may give a quote for the TEP at a price equal to a fixed amount over the Surrender Value of the TEP. We may forward any such quote to you.

9. QUOTES

9.1 STATUS OF A QUOTE: A Quote provided on the Exchange in relation to a TEP through the Automated Policy Offer System constitutes an invitation to do business, subject to contract, and is not a contractual offer to you or to the holder of the TEP.

10. ACCEPTING THE QUOTE

10.1 Each such Quote may be "accepted" by you within 10 minutes from the time we forward the Quote to you by clicking the "acceptance" button, specified for such acceptance on the TEP Exchange website. Such acceptance cannot be made subject to any condition or qualification. You may have the option of extending the period for "acceptance" by a further 10 minutes. At the expiry of this period, or the extended period, as the case may be, the Quote will be withdrawn and may not be "accepted".

10.2 You will only "accept" the Quote in relation to a TEP owned by your customer, if your customer authorises you to do so and agrees that he wishes to proceed to executing a Contract for Sale in relation to that TEP.

10.3 Once you have "accepted" a Quote in accordance with this paragraph 10, that Quote shall constitute a contractual offer by the Market Maker delivered to you for your customer as owner of the relevant TEP, made on and subject to the terms contained in the Contract for Sale in the Transaction Package and to paragraph 10.8 and 10.9 of these Terms. A "heads of terms" summary will be sent to you and the Market Maker by e-mail by the Exchange shortly thereafter.

10.4 You shall not contact any Market Maker in relation to a TEP for which a Quote has been provided by that Market Maker by means of the Exchange, unless you have first "accepted" that Quote in accordance with this paragraph 10 and informed us that you intend to communicate with that Market Maker.

10.5 FOLLOWING ACCEPTANCE OF A QUOTE: Once you have "accepted" a Quote in accordance with this paragraph 10, you shall download the Transaction Package for the relevant TEP (together with relevant ancillary notes) including the Contract for Sale for execution by the holder of the TEP.

10.6 CONTRACT FOR SALE: Subject to paragraphs 10.7 to 10.9, the relevant Contract for Sale once duly executed by the seller of a TEP shall constitute a binding contract for the sale and purchase of that TEP between the seller and the Market Maker (or the principal of the Market Maker as the case may be) whose Quote was "accepted".

10.7 Special conditions may be attached to and incorporated in the Contract for Sale, which may vary from transaction to transaction depending upon the purchasing Market Maker.

10.8 CONDITION OF QUOTES - PROMPT DELIVERY OF THE TRANSACTION PACKAGE: You shall deliver or procure the delivery of all relevant documents executed in accordance with the instructions in the Transaction Package

for any Quote which you have "accepted":

10.8.1 to the Market Maker's Legal Adviser as notified in the "heads of terms" forwarded to you by the Exchange in accordance with paragraph 10.3 above; and

10.8.2 within 15 Working Days of such "acceptance" of the Quote, and you acknowledge and accept that this obligation is a condition of the "Quote" and that failure to do so will entitle TEP Exchange to withdraw the offer constituted by the "accepted" Quote upon instruction of the Market Maker.

10.9 FURTHER CONDITIONS OF QUOTES: You acknowledge and accept that it is a condition of each Quote "accepted" by you that the offer constituted by such a Quote shall not be capable of being accepted:

10.9.1 if the Market Maker reasonably considers that there has been an error either in the details of the policy submitted, the Quote provided by the Market Maker or due to the operation of the Exchange;

10.9.2 if you are materially in breach of any representation or warranty made in paragraph 7.1 or 7.5, and that, accordingly, any Contract for Sale purportedly executed by or on behalf of your customer in such circumstances shall not constitute a valid, binding and enforceable contract.

10.10 WORKFLOW: From the time you "accept" a Quote, you shall access the Workflow and promptly update it to show at any time to the Market Maker, TEP Exchange and the relevant Legal Adviser what steps have been taken towards the completion of the sale and purchase of the relevant TEP. Failure to use the Workflow or to update it regularly may lead to the suspension of your login name and password and your access to the Exchange and, in severe or persistent cases, to their withdrawal and termination.

11. OPERATIONAL REQUIREMENTS

11.1 MANIFEST ERROR: We reserve the right but shall not be obliged to refuse to accept instructions or submitted policy details which appear to us to contain a manifest error. Further, we reserve the right but shall not be obliged to remove Quotes from display on the Exchange which appear to us to contain or to have been based on a manifest error.

11.2 TIMING OF INSTRUCTIONS: You may submit instructions and policy details to the Exchange from 6 am to 10 pm each day (excluding certain National holidays) or such other hours as TEP Exchange may from time to time decide in its absolute discretion, subject to any disruptions in the Exchange. The Exchange will not accept such instructions or details at any other time and will not store any such instructions or details.

11.3 The Exchange's record (as produced by the Exchange's system) of the time and date of receipt and content of instructions or policy details by the Exchange shall be conclusive evidence of the time and date of such receipt and content.

11.4 REFUSAL TO ACT: We reserve the right to refuse to accept any instructions or policy details in our absolute discretion. If we refuse to accept your instructions or policy details submitted by you, we shall not be obliged to give a reason.

11.5 We shall use reasonable endeavours to notify you of our refusal within two Working Days, but we shall have no liability for any expense, costs, loss or damage of any description incurred by you or any other person by reason of such refusal.

12. AUCTION PROCESS

12.1 AUCTION: If the Automated Policy Offer System does not issue a Quote from a Market Maker in respect of a TEP, we may forward the original policy details for that TEP to the Auction section so as to be subject to an on-line auction to the Market Makers on the Exchange. We will notify you if the original policy details for that TEP are entered for Auction.

12.2 RESERVE PRICE: At the time we notify you that the original policy details for that TEP are being entered for Auction, you may set the initial Reserve Price for the TEP.

12.3 Once forwarded to the Auction section, the policy details will constitute an invitation to Market Makers to make Bids subject to and in accordance with the procedures in this paragraph 12.

12.4 The Auction section may only be accessed for use by Market Makers and no other person, (including you and your customer) is permitted to enter Bids in any such auction.

12.5 The policy details of a TEP shall remain in the Auction section for a period of six consecutive Business Hours from

the time we forward the details to the Auction section or for such longer or shorter period as we may from time to time decide in its absolute discretion. We shall use best endeavours to provide advance notice of a change to the Business Hours.

12.6 Whenever a Bid is submitted to the Exchange for a TEP in the Auction section, the details of that TEP will remain in the Auction section for a further six hours from the time of receipt of such Bid.

12.7 A Bid in respect of a TEP under auction must be made by the Market Makers in accordance with the requirements of the Exchange from time to time and must be greater in monetary value than the surrender value or the previous Bid (by an increment from time to time determined by us in our absolute discretion), if any, already received and displayed in the Auction section in relation to that TEP.

12.8 If, in relation to that TEP which has been forwarded to the Auction section, a period of 6 Business Hours expires without a Bid being received by the Exchange, the auction will be closed and the Exchange shall only forward to you the latest Bid received by it.

12.9 TIMING: An auction in respect of a TEP opens when the Exchange forwards the policy details for that TEP to the Auction section.

12.10 The Auction section is open during the Business Hours, subject to disruptions. The Exchange will not accept instructions to forward policy details of TEPs to auction at any other time.

12.11 The Exchange's record (as produced by the Exchange's system) of the time and date of receipt and content of instructions, policy details or Bids by the Exchange shall be conclusive evidence of the time and date of such receipt and content.

12.12 A Bid from a Market Maker which we forward to you during the Auction process constitutes an invitation to do business. You may "accept" such a Bid during the Auction in accordance with paragraphs 12.14 and 12.18 below. Such further Bids submitted to the Auction in accordance with paragraph 12.7 up to the moment the Auction is closed shall be deemed to be "accepted" Quotes in accordance with the provisions of paragraphs 12.15 and 12.19.

12.13 AUCTION SUBJECT TO A RESERVE PRICE: The initial Reserve Price set by you at the commencement of the auction will not be disclosed to the Market Makers.

12.14 "Acceptance" of a Bid below the Reserve Price will have the effect of reducing the Reserve Price for the TEP under auction to the monetary value of the Bid "accepted".

12.15 A valid Bid from a Market Maker above the Reserve Price which we forward to you following this Auction process constitutes a contractual offer made on and subject to the same terms (*mutatis mutandis*) as if it were an "accepted" Quote resulting from the Automated Policy Offer Process. Accordingly, you may proceed in accordance with the procedure set out in paragraphs 10.3 to 10.10 inclusive above and on and subject to the same terms and the provisions of that paragraph shall apply (*mutatis mutandis*) as if they were set out in this paragraph in full.

12.16 A valid Bid for the purposes of paragraphs 12.15 must comply with the provisions of paragraph 12.7 and must be greater in monetary value than the Reserve Price

12.17 AUCTION WITHOUT RESERVE PRICE: Where you have not set a Reserve Price you must "accept" a Bid by a Market Maker displayed to you prior to closure of the auction (in accordance with paragraph 12.18) in order to receive a valid Bid at the expiry of the Auction.

12.18 A Bid from a Market Maker which we forward to you during the Auction process constitutes an invitation to do business on and subject to the same terms (*mutatis mutandis*) as if it were a Quote resulting from the Automated Policy Offer Process. Accordingly, you may "accept" such a Bid during the Auction subject to the same terms and provisions of paragraphs 10.2 and 10.3 inclusive shall apply (*mutatis mutandis*) as if they were set out in this paragraph in full save for the provision relating to the "heads of term" summary. Any further Bid from a Market Maker must comply with the provisions of paragraph 12.7

12.19 Any valid Bid from a Market Maker which we forward to you following this Auction process constitutes a contractual offer made on and subject to the same terms (*mutatis mutandis*) as if it were an "accepted" Quote resulting from the Automated Policy Offer Process. Accordingly, you may proceed in accordance with the procedure set out in paragraphs 10.3 to 10.10 inclusive above and on and subject to the same terms and the provisions of that paragraph shall apply (*mutatis mutandis*) as if they were set out in this paragraph in full.

12.20 A valid Bid for the purposes of paragraph 12.19 must comply with the provisions of paragraph 12.18

13. EXCHANGE FEES AND YOUR COMMISSION

13.1 TEP Exchange charges no fee to you for your access to the TEP Exchange website and use of the Exchange. By way of disclosure we inform you that TEP Exchange, may charge Market Makers commission on each Transaction subsequent to a confirmation of a completed Transaction arranged through the Exchange at 1.5% of the gross consideration to be paid by the Market Maker. Such commission payable to TEP Exchange will not be displayed to you nor will it affect the gross consideration or the commission payable to you that is displayed to you upon communication of a Quote or a Bid.

13.2 You must set the default amount of commission that you wish to charge your client in the Application Form. For each Transaction you will be offered the opportunity to select a different basis for calculating your commission for that Transaction.

13.3 Notwithstanding 13.2 where a Quote is issued by an Affiliate in accordance with paragraph 8.4 the amount payable to you for your commission may be altered to represent part of the fixed sum over the Surrender Value for that TEP and such variation shall be displayed to you at the "acceptance" stage of the Automated Policy Offer Process in accordance with the provisions of paragraph 10.1.

13.4 Each time a Legal Adviser informs us that it has received from you a duly executed Transaction Package and that it has received the complete original policy documents, advance commission for that Transaction may be paid to you at the discretion of TEP Exchange.

13.5 TEP Exchange may operate advance commission from time to time and for such periods as it so determines in its absolute discretion.

13.6 TEP Exchange, may in its absolute discretion, set the advance commission for each Transaction expressed as a percentage of the total sale price (subject to a maximum of 3%), and subject to an advance commission limit as TEP Exchange may set for you from time to time in its absolute discretion but only to the extent that it represents all or part of the sum you expect to receive from the relevant Market Maker as commission in respect of the Transaction.

13.7 Advance commission is paid to you as a loan made by TEP Exchange in connection with the facility provided by the Exchange. If for any reason the Transaction does not complete, you shall repay all such advance commission attributable to the aborted transaction within five Working Days of the date of demand by TEP Exchange without deduction or set-off. If advance commission is not so repaid within that period all outstanding monies shall bear Interest from the date of demand to the date of payment whether before or after any judgment.

13.8 Where TEP Exchange exercises its discretion to pay advance commission we will use reasonable endeavours to pay you your advance commission within five Working Days of the date that the relevant Legal Adviser informs us that they have received the Transaction Package correctly completed and the original policy document for the TEP in accordance with paragraph 13.2.

13.9 AMENDMENTS: We may change the Exchange fee basis and commission rates from time to time. We shall post notice of the amendments on the Exchange web site. Any such changes will become effective on the date specified in the notice. Your continued use of the Exchange shall constitute an acceptance of any such variation. Accordingly, you undertake regularly to monitor the Exchange website for notices of any such amendment.

14. EXCHANGE SECURITY

14.1 SECURITY: You acknowledge and agree that you are responsible for the security and confidentiality and use of any login name, password, and any other authentication code we may issue to you and that you shall not disclose such login name, password, and other authentication code to any unauthorised person. Further you agree that if any such login name, password or authentication code shall only be disclosed by you to any person on and subject to the same or stricter terms as to security and confidentiality.

14.2 INSTRUCTIONS STILL BINDING: You agree that you are responsible for and bound by all instructions and policy details (and in particular for the "acceptance" of any Quotes or Bid) submitted through the Exchange using your login name and password. TEP Exchange, nor any of its officers, employees, agents, or Affiliates will have any liability whatsoever to you or any person for whom you may act arising therefrom.

14.3 YOUR FURTHER RESPONSIBILITIES: If you receive confirmation of a Transaction, which you do not think relates to your instructions or you become aware of any unauthorised use of your login name or password, you shall notify us immediately.

14.4 If any individual to whom your login name or password has been issued either leaves your employment or ceases to be authorised by you to use the Exchange, you must inform us if you wish us to replace the relevant login name and password.

15. NOTICES AND COMMUNICATIONS

METHOD: We will send all notices and other communications to you at the e-mail address and/or by facsimile to the number as submitted in your Application Form. We may send notices and communications to you by post to the address specified in the Application Form, if an e-mail is returned as undelivered or if facsimile transmission is unsuccessful. Our records are conclusive as to whether and when such communications have been sent. You may send communications to us at the following address, marked for the attention of the Legal Department, TEP Exchange Limited, 12 Grosvenor Court, Foregate Street, Chester, CH1 1HG.

16. TELEPHONE CALLS

You are entitled to access to the Exchange Help Line. The help line will assist with any queries you have with the functionality and operation of the Exchange, and the progress of any transaction. The Help Line will not provide advice beyond the scope of the Exchange (please see paragraph 6.2 above). We may record telephone conversations without use of a warning tone and you consent to such recording.

17. USE OF INFORMATION ABOUT YOU AND YOUR CUSTOMERS

17.1 CONFIDENTIALITY: We will respect the confidentiality of information acquired in the Application Form and under these Terms. However, we may also from time to time give information concerning you and any service provided under these Terms to our Affiliates and/or any other person in the following circumstances:-

17.1.1 with your consent;

17.1.2 if required by law or pursuant to an enforceable court order against us or otherwise in order to comply with obligations of or requests from the Personal Investment Authority or any other regulatory body which may supervise us from time to time;

17.1.3 if we or any of our Affiliates are required or consider it reasonable or it is in our interests to make information available by law (for example, to comply with anti-money laundering legislation);

17.1.4 if there is a duty to the public to disclose; or

17.1.5 if there is a contractual obligation to give information to a correspondent, then pursuant to such contractual obligation.

17.2 OUR USE OF INFORMATION: You agree that we and our Affiliates may hold and process by computer or otherwise any information we hold about you and may use any of that information to administer and operate the Exchange or to provide any service to you, to monitor and analyse your use of the Exchange and to enable us to carry out statistical and other analysis; and that we may disclose that information to other companies in our group for these purposes. You agree to the use of this information by TEP Exchange as evidence of any mala fides on your part or misuse of the Exchange that could lead to the suspension or withdrawal of your access to the Exchange or termination as TEP Exchange deems appropriate.

17.3 DISCLOSURE OF INFORMATION: We may also disclose information we hold about you to those who provide services to us or act as our agents, to any person to whom we transfer or propose to transfer any of our rights or duties under these Terms or in the course of carrying out identity, regulatory status and fraud prevention checks.

17.4 MARKETING: We may analyse and use the information we hold about you to enable us to give you information (by post, telephone, email or other medium, including the use of automated calling systems using the contact details you have given us) about products and services offered by us (or by our Affiliates or selected third parties) which we believe may be of interest to you or your customers. If you do not wish to receive marketing information, either from us or our Affiliates or from selected third parties, please let us know by contacting us in writing.

17.5 ACCESS TO INFORMATION: You may have a right of access to some or all of the information we hold about you, and/or to have inaccurate information corrected, under data protection law. If you wish to exercise either of these rights, please contact us in writing.

17.6 TRANSFER OF INFORMATION: Subject to data protection law, we may also transfer information we hold about you to any country, including countries outside the European Economic Area, for any of the purposes described in the Terms.

17.7 SPECIAL CATEGORIES OF INFORMATION: Data protection laws are particularly strict in relation to so-called

"sensitive personal data" - that is, data about racial or ethnic origin, political opinions, religious or other similar beliefs, trade union membership, physical or mental health, sexual life or criminal record. We do not seek to collect sensitive personal data at all but it is inevitable that some customers' Transactions will reveal some (very limited) personal data about them, and we will of course have to process that data in the same way that we process all the other data that we collect about Transactions.

17.8 Accordingly, you agree that we may process, use, disclose and transfer that data as described in these Terms and you confirm that on our behalf you will obtain all necessary consents from your customers before you submit the relevant data. However, we will never seek to identify data about you and your customers which might happen to be sensitive or process data about you and your customers by reference to any of the sensitive categories, unless you and your customers expressly consent to this.

18. LIABILITY

18.1 EXCLUSION OF LIABILITY: Neither we nor any of our employees, officers, directors or Affiliates shall be liable for any loss, cost, expense, liability or damage, including consequential, incidental, special or indirect loss or damage, loss of profits, trading losses, administrative and other costs and losses whatsoever and howsoever arising ("Loss") resulting from any act or omission made under or in connection with these Terms except where such loss results from fraud on the part of any such person.

18.2 DISRUPTION OF THE EXCHANGE: Neither we nor any of our Affiliates shall be liable for any Loss you or any person may incur resulting from:

18.2.1 disruption of your use of the Exchange or access to the Exchange website for any reason (including without limitation, any failure of electronic or mechanical equipment or communication lines, telephone or other difficulties in accessing the internet, unauthorised access, theft, operator errors, severe weather, earthquakes, floods and strikes or other labour problems or due to the essential or desirable maintenance or updating of or discontinuance of the Exchange or any of its systems); or

18.2.2 any delay in or loss of use of the Exchange, even if we are aware, in the ordinary course of business, of the possibility of such delay or loss of use.

18.3 SPECIAL DAMAGES: In no event shall we or our employees, officers or directors be liable for any consequential or special damages (including, without limitation, loss of business, loss of profit, loss of data, loss or corruption of data, loss of goodwill or reputation or wasted management time) which may be incurred or experienced as a result of your entering into these Terms, using or relying on the services that we provide to you under these Terms or in use of the internet or any other means of communication or any information on it, even if we had prior notice of the possibility of such damages arising, including any loss resulting from or in relation to or in connection with the withdrawal or suspension of any or all of the services under paragraph 6 above.

18.4 YOUR FAULT: We shall not be liable to you under any circumstances for your or your customers' acts, omissions or fraud other than in accordance with these Terms.

18.5 REASONABLE ASSISTANCE: In the event that any claim is made by or against us, or any of our employees, officers or directors, against or by any third party, you agree to provide us or, as the case may be, our employees, officers or directors with any assistance which may reasonably be requested.

18.6 THIRD PARTY DEFAULT: TEP Exchange makes no warranty in relation to the financial condition of any Market Maker or other person with or for whom you may arrange deals on the Exchange and accordingly TEP Exchange shall bear no liability to you in the event of default or insolvency by or in respect of any such person.

19. COMPLAINTS

If you wish to make a complaint in relation to TEP Exchange Limited, the Exchange or any related matter, please send written details of the complaint to: The Complaints Officer, TEP Exchange Limited, 12 Grosvenor Court, Foregate Street, Chester, CH1 1HG or telephone TEP Exchange on the telephone number provided to you from time to time by TEP Exchange.

20. MISCELLANEOUS

20.1 AMENDMENT: Subject to paragraph 13.6, we may amend these Terms by posting a notice of the relevant amendment on the Exchange web site or by notifying you by email of such amendment and any such amendment shall be deemed to have been accepted by you unless we receive written notice of objection from you within ten days of us posting or e-mailing the notice of amendment to you. Objection to any amendments may lead to TEP Exchange suspending or terminating your access to the Exchange.

20.2 ASSIGNMENT: These Terms shall be for the benefit of and binding upon you and us and on your and our respective successors and assigns. You shall not assign, charge or otherwise transfer or purport to assign, charge or otherwise transfer your rights or obligations under these Terms or any interest therein, without our prior written consent, and any purported assignment, charge or transfer in violation of this term shall be void.

20.3 RIGHTS AND REMEDIES: TEP Exchange's rights and remedies provided under these Terms shall be cumulative and not exclusive of those provided by law. We shall be under no obligation to exercise any right or remedy either at all or in a manner or at a time beneficial to you. We may waive any right, power or privilege under these Terms only by (and to the extent of) an express statement in writing. No failure by us to exercise or delay by us in exercising any of our rights under these Terms or otherwise shall operate as a waiver of those or any other rights or remedies. No single or partial exercise of a right or remedy shall prevent further exercise of that right or remedy or the exercise of another right or remedy.

20.4 NO PARTNERSHIP: Nothing in these Terms and no action taken by you or us or any third party pursuant to these Terms will constitute, or be deemed to constitute, a partnership between you and us or any third party, nor constitute any party the agent of the other party.

20.5 SEVERABILITY: If at any time, any provision of these Terms is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of these Terms nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired. The parties hereby agree to attempt to substitute for such invalid or unenforceable provision a valid and enforceable provision which achieves to the greatest extent possible the economic, legal and commercial objectives of the invalid or unenforceable provision.

20.6 NO THIRD PARTY RIGHTS AGAINST TEP EXCHANGE: Nothing in these Terms or this Agreement shall place TEP Exchange under any duty to or provide any rights to any person other than you.

20.7 However, you acknowledge and agree that these Terms accurately describe the relevant terms which govern the course of dealings between you and any Market Maker on the Exchange in respect of the Automated Policy Offer Process and auctions of TEPs in the Auction section,

20.8 SINGLE AND ENTIRE AGREEMENT: These Terms and all amendments shall together constitute a single agreement between us. These Terms and all amendments constitute the entire agreement between you and us in respect of the services that we provide to you under these Terms and override all prior agreements, representations and negotiations between you and us on this subject matter.

21. GOVERNING LAW AND JURISDICTION

21.1 GOVERNING LAW: These Terms shall be governed by and construed in accordance with the law of England and Wales.

21.2 JURISDICTION: Each Party irrevocably agrees that, for our benefit, the English courts shall have the exclusive jurisdiction to hear and decide any disputes whatsoever arising under or in connection with these Terms or any Transaction. However, nothing in this term shall prevent us from bringing an action in respect of these Terms in the courts of any other jurisdiction. You irrevocably waive any objection which you may have at any time to the bringing of any actions in any such other court and agree not to claim that such actions have been brought in an inconvenient forum or that such court does not have jurisdiction over it.

21.3 SUPPLEMENTS: Any reference to these "Terms" shall be construed as including a reference to these Terms as amended, varied, novated or supplemented from time to time in accordance with these Terms.

21.4 HEADINGS: Headings are for ease of reference only and do not form part of the terms.

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