

**Client Referral Agreement  
for  
referral of opted in prospects**

**[x] 2017**

## PARTIES

[x] of [x] (“FCA Authorised Adviser”).

Regulated by the Financial Conduct Authority (“FCA”) ref no: [x].

FCA Authorised Adviser's primary business is providing advice to clients on their pension arrangements.

FCA Authorised Adviser holds permissions to advise on both defined benefit and defined contribution pension schemes; and

[x] of [x] (“Introducer”).

Introducer provides opted-in referrals to FCA Authorised Adviser of prospects seeking a review of their pension arrangements with the potential to switch if defined contribution or transfer if defined benefit.

Introducer provides administration services.

No regulated activities are conducted.

## OVERVIEW

FCA Authorised Adviser operates as a tied agent to an FCA authorised discretionary fund manager (“DFM”) for pensions switch business, where switches are deemed appropriate.

FCA Authorised Adviser appoints the Introducer to refer opted in prospects to FCA Authorised Adviser.

The DFMs work with a panel of FCA authorised independent financial advisers (“IFA”)s which offer a simplified advice service, FCA authorised self invested personal pension trustees (“SIPP”)s and FCA authorised sub custodians and trade execution brokers (“Sub Custodians”).

The DFMs control and manage a range of discretionary model portfolios that invest in a globally diversified portfolio of SIPP permitted mainstream standard assets, actively managing risk using data and technology.

The DFM licenses software that enables them to apply cutting-edge technology to continuously monitor the risk in each of five model portfolios. The software enables each DFM to apply a volatility management approach to each portfolio; portfolios are highly diversified across multiple global asset classes. The assets are mainstream SIPP permissible investments, primarily ETFs, in which the DFM applies a Value at Risk (“VaR”) approach as per the DFM's model portfolio guide. As volatility changes the software makes rebalancing adjustments to each portfolio to keep it within a VaR constraint. Instead of using static weights for different asset classes to approximate a certain degree of risk, the software measures risk itself and adopts a fluid approach to asset class weights to ensure each portfolio truly reflects the investors downside risk exposure comfort level.

Each model portfolio will be maintained (with 95% confidence level) within the VaR level appropriate to each investors risk attitude and circumstances. These VaR percentages are based on a one year time horizon.

Cautious	VaR	-3%
Cautious/Moderate	VaR	-8%
Moderate	VaR	-13%
Moderate/Adventurous	VaR	-18%
Adventurous	VaR	-25%

The purpose of this service level agreement (the "Agreement") is to outline certain processes that are to be undertaken by FCA Authorised Adviser and Introducer that have been agreed by the parties in relation to the service provided to, and the maintenance of, pension review clients referred by Introducer.

#### Status of the Agreement

This Agreement provides a clear statement of intent between the parties to provide a defined level of service. It defines the responsibilities of the parties with respect to the services and performance levels.

The signatories to this Agreement will be relevant Director or equivalent for the parties.

This Agreement will take effect from the date the Agreement is executed.

No changes or amendments can be made to this Agreement without the prior agreement of all the parties.

#### Management

Day to day management and control of this Agreement is the responsibility of the nominated representatives.

Each party will appoint at least one individual in a general operations capacity to work directly with the other party on a regular basis to monitor and develop integration and planning.

For the purpose of definition, the following individuals will be the representatives:

FCA Authorised Adviser	<input checked="" type="checkbox"/>
Introducer	<input checked="" type="checkbox"/>

## 1. RESPONSIBILITIES OF FCA AUTHORISED ADVISER

- 1.1 All regulatory obligations in respect of service delivery in the normal business conduct of FCA Authorised Adviser by the FCA
- 1.2 Customer review and acceptance (KYC)
- 1.3 Maintaining FCA permissions and other appropriate permissions/licences for provision of advice on defined contribution and defined benefit pension schemes
- 1.4 Provide analysis, research, advice and recommendations for pension review clients referred by Introducer
- 1.5 Pay the Introducer a referral fee for the referral of opted in prospects based on commercial terms
- 1.6 Provide a simplified advice service to clients referred by the Introducer. The simplified advice process encompasses the following,

FCA Authorised Adviser has the responsibility for the information collected from the client (but not the duty to collect it) and advise the client on investments. FCA Authorised Adviser is providing a simplified advice service. FCA Authorised Adviser is relying on information given by their client and the client's ceding scheme provider. FCA Authorised Adviser's client signs a declaration on the fact find to confirm the information collected is accurate before any pension switch can take place.

FCA guidance report - <https://www.fca.org.uk/publication/finalised-guidance/fg12-10.pdf>

FCA Authorised Adviser complies with best practice as described in the guidance report.

FCA Authorised Adviser issues a terms of business to their client which describes the simplified advice service, client information is collected from the client by FCA Authorised Adviser's marketing agent who has entered an agreement that stipulates that no regulated services are provided by the marketing agent, the client signs a fact find declaration that confirms the data collected is accurate, FCA Authorised Adviser is responsible for ensuring that they have sufficient information to advise their client, FCA Authorised Adviser is responsible for providing regulated advice services and the suitability of investments for their client.

## 2. RESPONSIBILITIES OF INTRODUCER

- 2.1 To refer opted in prospects for those wanting pension reviews to FCA Authorised Adviser
- 2.2 Provide administration services to FCA Authorised Adviser for defined benefit and defined contribution cases
- 2.3 Keep a record of each client's documents and progress updated in a CRM system
- 2.4 On a best efforts basis, subject to volumes of new clients, supply FCA Authorised Adviser with 50-100 new defined benefit and defined contribution client referrals per month

## 3. LEGAL AND STATUTORY REQUIREMENTS

### 3.1 FCA Authorised Adviser Regulatory Status

As a regulated entity, FCA Authorised Adviser is required by the FCA to comply with their regulations concerning, in particular internal and external procedures.

### 3.2 Introducer Regulatory Status

Introducer does not require regulatory approval to conduct its activities and maintain its responsibilities described within this document. However Introducer will, at all times, operate within any applicable legal and regulatory framework required, and will use best endeavours to operate using best practice.

The Introducer acknowledges that they have no influence over the decision of the FCA Authorised Adviser.

The Introducer acknowledges that they do not carry out any regulated activity.

#### 4. SECURITY ISSUES

##### 4.1 Security and Data Integrity

Each party agrees on behalf of their customers to implement such measures as to protect the security and integrity of each party's computer systems. Each will ensure that no individual or group of individuals will be allowed access to the data or systems without prior agreement from the relevant party. Each party will ensure procedures are in place to respect the confidentiality of the information provided both in paper and electronic format.

##### 4.2 Data Protection Act

Each party will protect the information and data it receives and processes in accordance with its data protection registration.

#### 5. TERMINATION AND DISSOLUTION

- 5.1 This Agreement may be terminated by either party giving three month's notice to the other party.
- 5.2 Termination of this Agreement will not prejudice any rights or remedies already accrued to either party under, or in respect of any breach of, this Agreement.

#### 6. ASSIGNMENTS, VARIATION AND WAIVER

- 6.1 No person may assign, or grant any security interest over, any of its rights under this Agreement or any document referred to in it without the prior written consent of the other party (such consent not to be unreasonably conditioned, withheld or delayed).
- 6.2 No variation of this Agreement shall be binding or enforceable unless in writing and signed by or on behalf of each party.
- 6.3 A waiver of any right under this Agreement is only effective if it is in writing and it applies only to the person to which the waiver is addressed and the circumstances for which it is given.

#### 7. NON CIRCUMVENTION

- 7.1 In this clause 7, the following definitions apply,

7.1.1 **Confidential Information:** any information relating to the business of the disclosing party which is not publicly available including, but not limited to, any information:

- a) specifically designated by the disclosing party as confidential including, but not limited to, opted in referrals to FCA Authorised Adviser of prospects seeking a review of their pension arrangements;
- b) supplied to the disclosing party by any third party in relation to which a duty of confidentiality is owed or arises;
- c) which should otherwise be reasonably regarded as possessing a quality of confidence or as having commercial value in relation to the business of the disclosing party;  
or

but not including any information that:

- d) is or becomes generally available to the public other than as a result of its disclosure by the Recipient or its Representatives in breach of this Agreement or of any other

- undertaking of confidentiality addressed to the party to whom the information relates (except that any compilation of otherwise public information in a form not publicly known shall nevertheless be treated as Confidential Information); or
- e) was lawfully in the possession of the Recipient before the information was disclosed to it by the Disclosing Party.

**7.1.2 Disclosing Party:** a party to this Agreement which discloses or makes available directly or indirectly Confidential Information.

**7.1.3 Recipient:** a party to this Agreement which receives or obtains directly or indirectly Confidential Information.

**7.1.4 Representative:** employees, agents, officers, advisers and other representatives of the Recipient.

7.2 The Recipient shall keep the Disclosing Party's Information confidential and, except with the prior written consent of the Disclosing Party, shall:

- a) not use or exploit the Confidential Information in any way except for the purpose of this Agreement ;
- b) not disclose or make available the Confidential Information in whole or in part of any third party, except as expressly permitted by this Agreement;
- c) keep the Disclosing Party's Confidential Information in a secure manner and shall ensure that no unauthorised party may gain access to the Confidential Information.

7.3 The Recipient may disclose the Disclosing Party's Confidential Information to those of its Representatives who need to know this Confidential Information for the purpose of this Agreement, provided that it:

- a) informs its Representatives of the confidential nature of the Confidential Information before disclosure;
- b) procures that its Representatives shall, in relation to any Confidential Information disclosed to them, comply with this Agreement as if they were the Recipient and, if the Disclosing Party so requests, procure that any relevant Representative enters into a confidentiality agreement with the Disclosing Party on terms equivalent to those contained in this Agreement;
- c) keeps a written record of these Representatives; and
- d) shall at all times be liable for the failure of any Representative to comply with the terms of this Agreement.

7.4 A party may disclose Confidential Information to the extent such Confidential Information is required to be disclosed by law, by any governmental or other regulatory authority, or by a court or other authority of competent jurisdiction provided that, to the extent it is legally permitted to do so, it gives the other party as much notice of this disclosure as possible.

7.5 The Recipient shall establish and maintain adequate security measures (including any reasonable security measures proposed by the Disclosing party from time to time) to safeguard the Confidential Information from unauthorised access or use.

7.6 No party shall make, or permit any person to make, any public announcement concerning the purpose of this Agreement without the prior written consent of the other party (such consent not to be unreasonably withheld or delayed).

7.7 At any time prior to the expiration of three years from the date of this Agreement, it is expressly agreed that the identities of any individual or entity and any other third parties made available by the Disclosing Party in respect of the purpose of this Agreement and any related business opportunity shall constitute Confidential Information and the Recipient or

associated entity or individual shall not, (without prior written consent of the Disclosing Party):

- a) directly or indirectly initiate, solicit, negotiate, contract or enter into any business transactions, agreements or undertaking with any such third party identified or introduced by the Disclosing Party; or
- b) seek to by-pass, compete, avoid or circumvent the Disclosing Party in respect of any business opportunity that relates to the Purpose by utilising any Confidential Information or by otherwise exploiting or deriving benefit from the Confidential Information.

7.8 The Recipient covenants that, any financial gain made by it, or payment that becomes due to a third party (or associated entities or individuals of a third party) from it, as a result of a breach of clause 7.7, shall be held for the benefit of the Disclosing Party and then be transferred to a nominated account of the Disclosing Party, until which time such outstanding amount shall incur interest at the rate of 4% per annum above Barclays Bank's base rate from time to time. Such interest shall accrue on a daily basis from the due date until actual payment of the overdue amount, whether before or after judgment and the Recipient shall pay the interest together with the overdue amount.

7.9 Clause 7.8 does not affect the Disclosing Party's ability to also claim damages should the covenants in clause 7.7 be breached in any way.

## 8. NON-EXCLUSIVITY

8.1 Nothing in this Agreement prevents any party from entering into any agreements or arrangements with any other person, firm or company or from carrying on any pension related business. In particular, (i) Introducer may introduce opted in prospects to other IFAs and (ii) FCA Authorised Adviser can provide advisory services to other clients not introduced to it by the Introducer.

## 9. GOVERNING LAW AND JURISDICTION

9.1 This Agreement and any disputes or claims arising out of or in connection with its subject matter are governed by and construed in accordance with the laws of England and Wales.

9.2 The parties irrevocably agree that the courts of England have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement.

## 10. SIGNATORIES

10.1 This Agreement is agreed by the following parties:

For [x]

Signed.....

Name.....

Position.....

Date.....

For [x]

Signed.....

Name.....

Position.....

Date.....