

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES LIST (ChD)

NO. CR-2019-003019

IN THE MATTER OF MGM ADVANTAGE LIFE LIMITED

- and -

IN THE MATTER OF CANADA LIFE LIMITED

- and -

IN THE MATTER OF THE FINANCIAL SERVICES AND MARKETS ACT 2000

SCHEME

for the transfer of the insurance business of
MGM Advantage Life Limited to Canada Life Limited
pursuant to Part VII of the Financial Services and Markets Act 2000

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(RJZS/EZZS/CXXK/OZD)

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Part A – Definitions and Interpretation

1. Definitions and Interpretation

1.1 In this Scheme, unless the subject or context requires otherwise, the following expressions bear the meanings respectively set opposite them:

“Adviser Agency Agreements” means any adviser agency agreement entered into by MALL;

“Board” means, in relation to a company, the board of directors from time to time of that company;

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are open for business in London, United Kingdom;

“Chief Actuary” means the person appointed by the relevant insurer from time to time to perform the “actuarial function” described in rule 6.1 of the Conditions Governing Business part of the PRA Rulebook;

“CLL” means Canada Life Limited, a company incorporated in England and Wales under registered number 00973271, whose registered office is at Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA;

“CLL Actuary” means the Chief Actuary of CLL;

“CLL Board” means the Board of CLL;

“CLL Group” means CLL and any of its holding companies from time to time and any of its or their subsidiaries from time to time;

“CLL Long-Term Fund” means the fund established and maintained by CLL pursuant to INSPRU 1.5.22R in respect of Long-Term Insurance Business;

“CLL MA Fund” means the matching adjustment fund bearing the name “CLL MA Fund” established as a sub-fund of the CLL Long-Term Fund for business other than business held in the CLL Non-MA Fund and other sub-funds maintained by CLL;

“CLL Non-MA Fund” means the fund bearing the name “CLL Non-MA Fund” established as a sub fund of the CLL Long-Term Fund for business other than business held in the CLL MA Fund and other sub funds maintained by CLL;

“CLL Servco” means CLFIS (U.K.) Limited, a company incorporated in England and Wales under registered number 04356028,

whose registered office is at Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA;

- “Court”** means the High Court of Justice in England and Wales;
- “Custody Agreement”** means the custody agreement between MALL and Bank of New York Mellon SA/NV London Branch dated 28 November 2013;
- “Data”** means all data and information relating to a person, matter or thing whether or not confidential and including all information derived from such information;
- “DTT Clearance”** means a communication from HM Revenue & Customs providing confirmation, in terms acceptable to the parties acting reasonably, that any tax exemption authorities issued to MALL under the terms of any relevant double taxation agreements between the United Kingdom and other countries, and having effect at the Effective Date to enable relief from United Kingdom withholding tax in respect of payments to policyholders under relevant Transferring Policies, will continue in force when the Transferring Business is transferred to CLL;
- “Effective Date”** means the time and date on which this Scheme shall become effective in accordance with paragraph 19 (Effective Date);
- “Encumbrance”** means any mortgage, charge (fixed or floating), pledge, lien, option, right to acquire, right of pre-emption, assignment by way of security or trust arrangement for the purpose of providing security or other security interest of any kind (including any retention arrangement), or any agreement to create any of the foregoing;
- “Equiniti”** means Paymaster (1836) Limited (trading as “Equiniti”), a company incorporated in England and Wales under registered number 03249700, whose registered office is at Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH;
- “Equiniti Agreements”** means:
- (a) the outsourcing agreement for the provision of annuity, drawdown, new business and administration services between MALL, Equiniti and MGM Servco, dated 6 July 2016; and

- (b) the outsourcing agreement for the provision of IT services between MALL, Equiniti and MGM Servco, dated 6 July 2016;

“ERM Asset”

means:

- (a) the ERM Origination Agreement;
- (b) the entire issued share capital of the ERM Trustee, held by MALL;
- (c) the ERM Trust Deed;
- (d) all legal and beneficial interests held on trust in favour of MALL under the ERM Origination Agreement and the ERM Trust Deed; and
- (e) all other assets (or rights or interests therein) held by MALL under or in connection with the equity release mortgage business originated under the ERM Origination Agreements;

“ERM Business”

means the equity release mortgage business carried on by MALL in conjunction with Stonehaven, comprising the ERM Assets and the ERM Liabilities;

“ERM Liabilities”

means all liabilities of MALL attributable to or arising under or in connection with the ERM Assets;

“ERM Origination Agreement”

means the agreement dated 2 March 2011 between Stonehaven and Marine and General Mutual Life Assurance Society (whose interest in the agreement was novated to MALL on 30 November 2013), in respect of the origination of equity release mortgage business;

“ERM Trustee”

means MGM Advantage Life Trustee Limited, a company registered in England and Wales under number 08523300, whose registered office is at 6th Floor, 110 Cannon Street, London, EC4N 6EU;

“ERM Trust Deed”

means the trust deed dated 21 December 2016 entered into between MALL and the ERM Trustee and pursuant to which the ERM Trustee declared a bare trust in favour of MALL over, amongst other things, certain equity release mortgage assets;

“Excluded Asset”

means:

- (a) any of the rights of MALL under or relating to the Excluded Policies;
- (b) any of the Excluded Contracts and any rights of MALL or MGM Servco under or in connection with them;
- (c) [any TRA Non-Insurance Asset and any rights, benefits and powers of MALL under or relating to them;]
- (d) [to the extent not already covered above, any other assets or rights of MALL in respect of or which relate to the TRA Non-Insurance Assets and any rights, benefits and powers of MALL under or relating to them;]

[Note: to be confirmed.]

- (e) the shares in the TRA Trustee;
- (f) the Excluded Bank Accounts;
- (g) any relief or other assets in respect of Tax of MALL;
- (h) any assets of MGM Servco that do not fall within the definition of “MGM Servco Assets”;
- (i) such assets as MALL and CLL agree (acting reasonably and in good faith) are necessary to support any liabilities of MALL under or relating to the Perpetual Debt;
- (j) such assets as MALL and CLL agree (acting reasonably and in good faith) are required by MALL to cover its ongoing operational expenses and capital requirements following the Effective Date, which amount shall be subject to adjustment as agreed between MALL and CLL no later than [three] months following the Effective Date;
- (k) the right of a Relevant Transferor to any defence, claim, counterclaim, defence to counterclaim or right of set-off in respect of any of the rights referred to in paragraphs (a) to (e) inclusive above or in respect of any of the Excluded Liabilities;

“Excluded Bank Account”

means the following bank accounts held by MALL with Barclays;

- (a) account number 83807681 bearing the name “Income Distribution”;
- (b) account number 63166058 bearing the name “ER Asset”;
- (c) account number 93489884 bearing the name “TRA Suspense”;
- (d) account number 53026981 bearing the name “Settlement Proceeds”;
- (e) account number 93308480 bearing the name “PAYE Payments Out”;
- (f) account number 23793389 bearing the name “Client Payments”;
- (g) account number 13007782 bearing the name “Advisor Charges”;
- (h) account number 73653137 bearing the name “RA Fees Account”;
- (i) account number 33904083 bearing the name “Pension Drawdown”;
- (j) account number 83465381 bearing the name “RA Guaranteed Annuity Control”; and
- (k) account number 93107957 bearing the name “SGA Consolidated”;

“Excluded Contract”

means:

- (a) the Adviser Agency Agreements;
- (b) the Equiniti Agreements;
- (c) the Fund Manager Agreements;
- (d) the Intra-Group Services Agreement;
- (e) the Investment Management Agreement;

- (f) the McCurrach Agreement;
- (g) the Occupational Health Agreement;
- (h) the TRA Trust Deed and Rules;
- (i) the TRA Terms and Conditions; and
- (j) the TRA Trustee Agreements;

“Excluded Liability” means:

- (a) any liability of MALL under or relating to the Excluded Policies;
- (b) any liability of MALL under or in connection with the Excluded Contracts;
- (c) [to the extent not already covered above, any other liability of MALL relating to or arising in connection with any TRA Non-Insurance Assets and any related assets as described in paragraph (d) of the definition of Excluded Assets;]
- (d) any liability under or in connection with the shares in the TRA Trustee;
- (e) any liability of MALL under or in connection with the Perpetual Debt;
- (f) any liability of MALL in respect of Tax; or
- (g) any liabilities of MGM Servco that do not fall within the definition of “MGM Servco Liabilities”;

“Excluded Policy” means any policy written by MALL in the course of carrying on Long-Term Insurance Business which the parties agree in writing is not to be a Transferring Policy;

“Flexible Income Annuity” means any individual annuity marketed as a “Flexible Income Annuity” and written by MALL;

“FSMA” means the Financial Services and Markets Act 2000;

“Fund” means the CLL Non-MA Fund and the New CLL MA Fund (as applicable);

“Fund Link Agreements”	means the fund link agreements in place between MALL and one or more fund managers or advisers to enable MALL to offer investments in unit-linked insurance plans in relation to TRA;
“Fund Manager Agreements”	means the fund manager agreement(s) in place between MALL and one or more fund managers or advisers to enable MALL to invest directly in third party OEIC funds in relation to TRA;
“GDPR”	means the General Data Protection Regulation (EU) 2016/679 including as it may form part of domestic law pursuant to section 3 of the European Union (Withdrawal) Act 2018 and as it may be construed in accordance with any regulations made under that Act from time to time when that legislation so forms part of domestic law, where “domestic law” has the meaning given to it in that Act;
“Guaranteed Annuity”	means any individual annuity marketed as a “Guaranteed Annuity” and written by MALL;
“HMRC Commissioners”	means the Commissioners for HM Revenue & Customs;
“Independent Expert”	means Nick Dumbreck of Milliman UK, who has been approved by the PRA to make the scheme report required by section 109 of FSMA;
“INSPRU”	means the Prudential Sourcebook for Insurers issued by the applicable Insurance Regulator;
“Insurance Regulators”	means, as the context requires, the Financial Conduct Authority or the Prudential Regulation Authority or both, or such other governmental, statutory or other authority or authorities as shall from time to time carry out such functions in relation to Long-Term Insurance Business carried on in the United Kingdom as were at the date of this Scheme allocated to the Financial Conduct Authority and the Prudential Regulation Authority under FSMA;
“Intra-Group Services Agreement”	means the intra-group services agreement dated 30 November 2013 between MALL and MGM Servco;
“Investment Management Agreement”	means the investment management agreement dated 23 April 2018 between MALL and Canada Life Asset Management Limited;

“Liquidity Facility”	means the liquidity facility in place between MALL and the ERM Trustee in relation to the ERM Trust Deed;
“Long-Term Insurance Business”	means the business of effecting or carrying out long-term insurance contracts as principal, being contracts falling within Part II of Schedule 1 to the RAO;
“MALL”	means MGM Advantage Life Limited, a company incorporated in England and Wales under registered number 08395855, whose registered office is at 6 th Floor, 110 Cannon Street, London, United Kingdom, EC4N 6EU;
“MALL Actuary”	means the Actuary of MALL;
“MALL Board”	means the Board of MALL;
“MALL Group”	means MALL and any of its holding companies from time to time and any of its or their subsidiaries from time to time;
“MALL Long-Term Fund”	means the fund established and maintained by MALL pursuant to INSPRU 1.5.22R in respect of Long-Term Insurance Business;
“MALL MA Fund”	means the matching adjustment fund bearing the name “MALL MA Fund” established by MALL as a sub-fund of the MALL Long-Term Fund for business other than business held in the MALL Non-MA Fund or other sub-funds maintained by MALL;
“MALL Non-MA Fund”	means the fund bearing the name “MALL Non-MA Fund” established as a sub fund of the MALL Long-Term Fund for business other than business held in the MALL MA Fund or other sub-funds maintained by MALL;
“McCurrach Agreement”	means the insurance distribution sales agreement between MALL, CLL Servco and McCurrach Financial Services Limited with a commencement date of 1 October 2015, as amended by variation agreements dated 18 March 2016, 28 March 2017, 15 August 2017, 31 May 2018 and 22 February 2019;
“MGM Servco”	means MGM Advantage Services Limited, a company registered in England and Wales under registered number 08395935, whose registered office is at 110 Cannon Street, London, EC4N 6EU;
“MGM Servco Assets”	means all assets of MGM Servco whatsoever and wheresoever situated as at the Effective Date but excluding

those assets set out in Schedule 1 (*List of excluded MGM Servco assets*);

“MGM Servco Business”	means the MGM Servco Assets and the MGM Servco Liabilities;
“MGM Servco Liabilities”	means all liabilities of MGM Servco attributable to or arising under or in connection with the MGM Servco Assets;
“Mobius Agreements”	means: <ul style="list-style-type: none">(a) the insurance intermediation services agreement between MGM Servco and Mobius Life Administration Services Limited, dated 3 August 2016; and(b) the service level agreement between MGM Servco and Mobius Life Administration Services Limited, dated 31 August 2016;
“New CLL MA Fund”	means the matching adjustment fund bearing the name “New CLL MA Fund” to be established by CLL pursuant to <u>paragraph 10</u> with effect from the Effective Date, as a sub-fund within the CLL Long-Term Fund and separate from the CLL Non-MA Fund, the CLL MA Fund, and other sub-funds maintained by CLL;
“Occupational Health Agreement”	means the agreement for the provision of occupational health services dated 4 August 2015 between MALL and Business Health Resources Ltd;
“OEIC”	means an open-ended investment company as defined in section 236 of FSMA;
“Order”	means an order made by the Court pursuant to section 111 of FSMA sanctioning this Scheme and any order (including any subsequent order) in relation to this Scheme made by the Court pursuant to section 112 of FSMA;
“Perpetual Debt”	means a perpetual loan agreement dated 27 November 2013 between MGM Advantage Holdings Limited as Lender and MALL as Borrower;
“Policy Materials”	means any materials existing prior to the Effective Date relating to the process of underwriting the Transferring Policies or evidencing the rights and obligations of MALL under the Transferring Policies in whatever media including proposal forms, policy wordings, policy schedules,

underwriting manuals and such or similar materials that are not Promotional Materials;

“PRA” means the Prudential Regulation Authority;

“Proceedings” means any claim, counterclaim, complaint, petition, suit, appeal or other legal process (including any application), whether current or future and whether intended to have interim or final legal effect in relation to its subject matter, before any court, governmental authority, Regulatory Authority, tribunal, arbitration panel, ombudsman or other body subsisting or empowered by law or regulation or by the provisions of an agreement;

“Promotional Materials” means any materials existing prior to the Effective Date in any form or media whatever prepared for the advertising or marketing of the Transferring Policies;

“RAO” means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544);

“Reassurance Contracts” means the contracts entered into by MALL under which MALL’s liabilities under or in connection with the Guaranteed Annuities and TRA Annuities are reassured including (without limitation):

- (a) the deposit back quota share between MALL and Hannover Rück SE dated 22 December 2015 as amended on 13 June 2016 and 21 September 2017; and
- (b) the swap treaty between MALL and Hannover Rück SE dated 22 December 2015 as amended on 13 June 2016, 28 December 2016, 16 March 2017, 29 September 2017, 8 May 2018, 3 July 2018 and 16 July 2018.

“Records” means all Data, Policy Materials, Promotional Materials, documents, files and other records, whether in physical or electronic form, which are in the possession of, or under the control of the Relevant Transferor relating to the Transferring Business but excluding:

- (a) those relating to employees of the Relevant Transferor;
- (b) those exclusively relating to TRA;

- (c) those which the parties agree do not fall within this definition;

“Regulatory Authority”

means the Insurance Regulators or any other regulatory body in any jurisdiction which has responsibility for regulating businesses such as that relating to the Transferring Policies and with authority with respect to any party or the transfer of the Transferring Policies;

“Regulatory Handbook”

means the rules and guidance (as applicable) issued by the Insurance Regulators pursuant to Part 9A of FSMA from time to time, including any successor rules, guidance or legislation;

“Regulatory Requirements”

means FSMA and the Regulatory Handbook;

“Relevant Transferee”

means:

- (a) in the case of a transfer to which paragraph 18 (MGM Servco Business) relates, CLL Servco;
- (b) in all other cases, CLL.

“Relevant Transferor”

means:

- (a) in the case of a transfer to which paragraph 18 (MGM Servco Business) relates, MGM Servco;
- (b) in all other cases, MALL.

“Residual Asset”

means:

- (a) any Residual Policy and the rights, benefits and powers of MALL under or in connection with any Residual Policy;
- (b) any property of a Relevant Transferor that would be comprised in the Transferring Business (including any right, benefit or power of such Relevant Transferor under or in connection with any such property) but in respect of which the Court has declined to order the transfer to a Relevant Transferee under section 112(2) of FSMA at the Effective Date;
- (c) any property of a Relevant Transferor that would be comprised in the Transferring Business but which is

outside the jurisdiction of the Court or in respect of which the transfer pursuant to an order of the Court is not recognised by the laws of the jurisdiction in which the property is situated or in respect of which further steps are necessary to effect the transfer pursuant to the laws of the jurisdiction in which such property is situated;

- (d) any property of a Relevant Transferor that would be comprised in the Transferring Business but which cannot be transferred to or vested in a Relevant Transferee on the Effective Date for any other reason;
- (e) any property of a Relevant Transferor that would be comprised in the Transferring Business (including any right, benefit or power under or in connection with any such property) but where MALL and CLL agree in writing prior to the Effective Date that its transfer should be delayed; or
- (f) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, or any other property or rights earned or received from time to time after the Effective Date but prior to any relevant Subsequent Transfer Date in respect of any property referred to in paragraphs (a) to (e) of this definition,

but excluding any Excluded Asset;

“Residual Liability” means any liability of MALL:

- (a) that is attributable to or connected with a Residual Asset;
- (b) that would be comprised in the Transferring Business but in respect of which the Court has declined to order the transfer to a Relevant Transferee under section 112(2) of FSMA at the Effective Date;
- (c) that would be comprised in the Transferring Business but which cannot be transferred to or vested in a Relevant Transferee on the Effective Date for any other reason; or

- (d) that would be comprised in the Transferring Business but where MALL and CLL agree in writing prior to the Effective Date that its transfer should be delayed;

but excluding any Excluded Liability;

“Residual Policy”

means any policy which would be a Transferring Policy, excluding any Excluded Policy, and under or in connection with which any liability remains unsatisfied or outstanding at the Effective Date:

- (a) which was concluded in an EEA State other than the United Kingdom for the purposes of paragraph 1(2A) of Schedule 12 to FSMA and the appropriate Insurance Regulator has not prior to the making of the Order by which the Court sanctions this Scheme provided the certificate referred to in paragraph 3A of Schedule 12 to FSMA with respect to the relevant EEA State; or
- (b) written by MALL in the course of carrying on Long-Term Insurance Business but which is not otherwise capable of being transferred pursuant to FSMA at the Effective Date; or
- (c) which the Court for any reason determines not to transfer by the Order,

but only until, in respect of each such policy, the Subsequent Transfer Date applicable to such policy at which point any such policy becomes a Transferring Policy;

“Residual Policies Reassurance Arrangement”

means the reinsurance arrangement entered into between MALL and CLL on the basis described in paragraph 7 (*Residual Policies*) under which CLL will provide reinsurance to MALL in respect of the Residual Policies;

“Scheme”

means this scheme in its original form or with or subject to any modification, addition or condition which may be approved or imposed in accordance with paragraph 20 (*Modifications or Additions*);

“SF Inward Reinsurance Agreement”

means the reinsurance agreement dated 30 November 2013 originally between Marine and General Mutual Life Assurance Society (as cedant) and MALL (as reinsurer), the benefit of which was transferred to Scottish Friendly Assurance Society Limited (as cedant) pursuant to an

insurance business transfer under Part VII of FSMA with an effective date of 1 June 2015;

“Status Clearance”

means a clearance from HM Revenue & Customs in terms acceptable to the parties acting reasonably that (a) the Scheme will not affect the registered status of any registered pension scheme; (b) the transfer of the Transferring Business pursuant to the Scheme will not result in tax relief, by way of relief at source, ceasing to be available in respect of contributions made to Transferring Policies by (or on behalf of) members of the registered pension schemes associated with such policies, and no additional relief at source declarations will be required from existing members as a result of such transfer; and (c) the implementation of the Scheme will not result in any unauthorised payment for the purposes of the Finance Act 2004;

“Stonehaven”

means Stonehaven UK Limited, a company incorporated in England and Wales under registered number 05487702, whose registered office is at 6th Floor, 110 Cannon Street, London, EC4N 6EU;

“Subsequent Transfer Date”

means, in relation to any Residual Asset or Residual Liability, the date after the Effective Date on which such Residual Policy, Residual Asset or Residual Liability is to be transferred to a Relevant Transferee, namely:

- (a) in respect of any Residual Asset falling within paragraph (a), (b), (c) or (d) of the definition of Residual Asset and of any Residual Liability which is attributable to or connected with that Residual Asset, or which falls within paragraphs (b) and (c), or, where the relevant Residual Asset has not transferred for reasons other than an agreement between MALL and CLL, (a) of the definition of Residual Liability, the date on which any impediment to its transfer shall have been removed or overcome;
- (b) in respect of any Residual Asset falling within paragraph (e) of the definition of Residual Asset and of any Residual Liability which is attributable to or connected with that Residual Asset or which falls within paragraph (d) or, where the relevant Residual Asset has not transferred due to an agreement between MALL and CLL, (a) of the definition of Residual Liability, the date on which MALL and CLL agree the transfer shall take effect; and

- (c) in the case of any Residual Asset falling within paragraph (f) of the definition of Residual Asset and of any Residual Liability which is attributable to or connected with that Residual Asset, the date on which such Residual Asset is received, earned or incurred by MALL;

“TAAR Tax Clearance”	means clearances from HM Revenue & Customs under section 133 of the Finance Act 2012 in terms acceptable to the parties acting reasonably that HMRC Commissioners are satisfied that the parties' main purpose in entering into the arrangements included in the insurance business transfer arrangements is not an unallowable purpose or none of the parties' main purposes in entering into those arrangements is an unallowable purpose;
“Tax” or “Taxation”	means all forms of tax, duty, rate, levy, contribution, charge or other imposition, liability or withholding in the nature of tax whenever or by whatever authority imposed and whether of the United Kingdom or elsewhere, together with any interest, penalty or fine in connection with taxation;
“Tax Clearances”	means the DTT Clearance, the Status Clearance and the TAAR Tax Clearance;
“TRA”	means The Retirement Account product established pursuant to the TRA Trust Deed and Rules[, which includes both personal pension plans and self-invested personal pensions];
“TRA Annuity”	means any individual annuity written by MALL under the TRA Terms and Conditions;
“TRA Insurance Assets”	means any insurance assets (including without limitation unit-linked insurance plans) provided or otherwise underwritten by MALL which have been purchased by the TRA Trustee on behalf of the relevant TRA members in accordance with the TRA Terms and Conditions;
[“TRA Non-Insurance Assets”]	[means any non-insurance or non-insurance linked assets arising from an investment by the TRA Trustee on behalf of the relevant TRA members in accordance with the TRA Terms and Conditions, including (without limitation) investments in third party OEIC funds.] [Note: to be confirmed.]

“TRA Operator”	means the TRA operator responsible for administration of TRA from time to time;
“TRA Terms and Conditions”	means the terms and conditions entered into between MALL and individual members in respect of TRA, as amended from time to time;
“TRA Trust Deed and Rules”	means the trust deed dated 31 October 2013 and rules dated 5 October 2015, as amended by the TRA Trustee Agreements and a Deed of Amendment dated [•] August 2019, pursuant to which The Retirement Account product was established;
“TRA Trustee”	means Canada Life SIPP Trustee Limited, a company incorporated in England and Wales under registered number 11980384, whose registered office is at Canada Life Place, Potters Bar, England, EN6 5BA;
“TRA Trustee Agreements”	means: <ul style="list-style-type: none"> (a) the deed of appointment and termination dated 13 August 2019, between MALL, Trustee Solutions Ltd and the TRA Trustee; and (b) the trustee agreement dated 13 August 2019, between MALL and the TRA Trustee;
“TRA Trustee Investment Plan”	means any trustee investment plan insurance policy issued to the TRA Trustee by MALL under the TRA Terms and Conditions in connection with the provision of TRA Annuities and TRA Insurance Assets;
“Transferring Assets”	means all assets of a Relevant Transferor whatsoever and wheresoever situated, including without limitation: <ul style="list-style-type: none"> (a) the Transferring Policies and the rights, benefits and powers of MALL under or by virtue of them; (b) all rights and claims (present or future, actual or contingent) against any third party in relation to the Transferring Policies or arising as a result of MALL having written or administered the Transferring Policies; (c) the Liquidity Facility and any rights, benefits and powers of MALL under or by virtue of it;

- (d) the SF Inward Reinsurance Agreement and any rights, benefits and powers of MALL under or by virtue of it;
- (e) the TRA Insurance Assets, and any rights, benefits and powers of MALL under or by virtue of them;
- (f) to the extent not already covered, any other assets or rights of MALL in respect of or which relate to the TRA Insurance Assets, and any rights, benefits and powers of MALL under or relating to them including without limitation:
 - (A) the Fund Link Agreements; and
 - (B) the Custody Agreement;
- (g) the Reassurance Contracts and any rights, benefits and powers of MALL under or by virtue of them;
- (h) the ERM Assets and any rights, benefits and powers of MALL under or by virtue of them;
- (i) the Mobius Agreements and any rights, benefits and powers of MGM Servco under or by virtue of them;
- (j) the MGM Servco Assets and any rights, benefits and powers of MGM Servco under or by virtue of them;
- (k) the Records, including all rights, title and interest of a Relevant Transferor in the Records;
- (l) any bank accounts held by MALL, with the exception of Excluded Bank Accounts;
- (m) the rights, benefits and powers of a Relevant Transferor under any contracts, agreements or arrangements in respect of the Transferring Business;
- (n) any other assets or arrangements the retention of which would cause MALL to continue to carry on Long-Term Insurance Business following the Effective Date; and

- (o) any other assets of MALL which the parties agree in writing, whether before or after the Effective Date, are to be transferred under this Scheme,

but excluding: (1) prior to the relevant Subsequent Transfer Date, the Residual Assets (and all rights, benefits and powers relating thereto); and (2) the Excluded Assets (and all rights, benefits and powers relating thereto);

“Transferring Business”

means:

- (a) the Transferring Policies;
- (b) the Transferring Assets;
- (c) the Transferring Liabilities;
- (d) the ERM Business; and
- (e) the MGM Servco Business,

and following the relevant Subsequent Transfer Date, the relevant Residual Asset and/or Residual Liability;

“Transferring Liabilities”

means any and all liabilities of a Relevant Transferor whatsoever (whether present or future, actual or contingent), including:

- (a) those under or otherwise in connection with the Transferring Policies;
- (b) those under or otherwise in connection with the Liquidity Facility;
- (c) those under or otherwise in connection with the SF Inward Reinsurance Agreement;
- (d) to the extent not already covered above, those under or in connection with the TRA Insurance Assets or any related assets as described in paragraph (f) of the definition of Transferring Assets;
- (e) to the extent not already covered above, any and all insurance and associated liabilities of MALL (including any mis-selling liabilities or any other liabilities relating to the Transferring Business which are identified after the Effective Date by the Court,

an ombudsman, an Insurance Regulator or the parties);

- (f) the ERM Liabilities;
- (g) the MGM Servco Liabilities;
- (h) any other liabilities or arrangements the retention of which would cause MALL to continue to carry on Long-Term Insurance Business following the Effective Date; and
- (i) those which the parties agree in writing, whether before or after the Effective Date, are to be transferred under this Scheme,

but excluding: (1) prior to the relevant Subsequent Transfer Date, the relevant Residual Liabilities and Residual Policies; and (2) the Excluded Liabilities;

“Transferring Policies”

means every policy written or assumed by, or transferred to, MALL in respect of which any liability remains unsatisfied or outstanding including without limitation:

- (a) any TRA Trustee Investment Plan;
- (b) any TRA Annuity;
- (c) any Guaranteed Annuity;
- (d) any Flexible Income Annuity;
- (e) any such policy which has lapsed on or before the Effective Date but in respect of which a right of reinstatement exists; or
- (f) any proposal, application or quotation for insurance received by or on behalf of MALL prior to the Effective Date which has not become such a policy by the Effective Date but which subsequently becomes such a policy,

but excluding: (1) prior to the relevant Subsequent Transfer Date, the Residual Policies; and (2) the Excluded Policies; and

“Transferring Policyholders” means the policyholders of the Transferring Policies.

1.2 In this Scheme, unless the subject or context requires otherwise:

- (A) **“including”** or **“includes”** means including or includes without limitation;
- (B) **“property”** or **“assets”** includes property (including real property and charges registered at the Land Registry within England and Wales and at the Registers of Scotland in Scotland and elsewhere and unregistered real property and charges), assets, cash, Encumbrances, causes of action, rights (including contingent rights as to the repayment of Tax) and powers of every description (whether present or future, actual or contingent) and includes property held on trust and securities, benefits, income or interest accrued but unpaid, powers of any description and any interest whatsoever in any of the foregoing;
- (C) **“liabilities”** includes duties and obligations of every description (whether present or future, actual or contingent);
- (D) **“transfer”** includes (as the context may require) “assign”, “assignment” or “assignment”, “dispose” or “disposal” or “convey” or “conveyance”;
- (E) references to rights or liabilities being “under” a Transferring Policy shall mean rights or liabilities under the contractual terms of that Transferring Policy;
- (F) any reference to the singular shall include a reference to the plural and vice versa and any reference to the masculine shall include a reference to the feminine and neuter and vice versa;
- (G) any reference to an enactment, a statutory provision or any subordinate legislation shall be deemed to include a reference to that enactment, statutory provision or subordinate legislation as amended, replaced or re-enacted on or before the Effective Date and to any instrument or order made on or before the Effective Date under such enactment, statutory provision or subordinate legislation;
- (H) any reference to any rules or regulations issued by the Insurance Regulators shall be deemed to include a reference to such rules or regulations as at the date of this Scheme;
- (I) expressions used in this Scheme which have meanings under FSMA shall bear those meanings, including **“EEA State”** which bears the meaning set out in paragraph 8, Part I of Schedule 3 to FSMA;
- (J) references to **“holding company”** and **“subsidiary”** shall have the same meanings as in the Companies Act 2006;

- (K) reference to a “**party**” shall be a reference to MALL or CLL as applicable, and a reference to the “**parties**” shall be to MALL and CLL;
- (L) references to a “**policy**” and a “**policyholder**” shall have the meanings ascribed to them by the Financial Services and Markets Act 2000 (Meaning of “Policy” and “Policyholder”) Order 2000 (SI 2001/2361);
- (M) references to paragraphs and Parts are to paragraphs and Parts respectively of this Scheme;
- (N) headings are inserted for convenience only and shall not affect the construction of this Scheme;
- (O) any reference to a person shall include a reference to a body corporate, a partnership (whether or not having separate legal personality), an unincorporated association or to a person's executors or administrators, and for the avoidance of doubt, shall include a trustee;
- (P) any reference to a board of directors of a company shall be deemed to include a reference to a duly constituted committee or duly authorised representative of that board of directors;
- (Q) if a period of time is specified from a given day or date or from the day or date of an actual event, it shall be calculated exclusive of that day or date;
- (R) any reference to writing shall include any modes of reproducing words in a legible and non-transitory form; and
- (S) the expression “**variation**” shall include any variation, supplement, deletion, replacement or termination, however effected.

Part B - Introduction

2. Introduction

- 2.1 CLL is a wholly-owned subsidiary of The Canada Life Group (U.K.) Limited. CLL provides insurance-based retirement, group risk and investment products under the “Canada Life” brand. MALL is an indirect subsidiary of The Canada Life Group (U.K.) Limited. MALL operates a United Kingdom insurance-based pensions, savings and retirement business.
- 2.2 Each of MALL and CLL has permission under Part 4A of FSMA to carry on Long-Term Insurance Business of the same classes as the Transferring Policies.
- 2.3 The purpose of this Scheme is to effect, subject to the terms of this Scheme, the transfer:
- (A) to CLL of the Long-Term Insurance Business carried on by MALL; and
 - (B) to CLL Servco of the MGM Servco Business carried on by MGM Servco.
- 2.4 It is proposed that the Transferring Business shall, by the Order be transferred from MALL (or MGM Servco, as the case may be) to CLL (or CLL Servco, as the case may be) in accordance with this Scheme.

Part C - Transfer

3. Transfer of the Transferring Business

- 3.1 The provisions of this paragraph 3 are subject to paragraph 16 (*TRA*), paragraph 17 (*ERM Business*) and paragraph 18 (*MGM Servco Business*).
- 3.2 Each part of the Transferring Business shall be transferred to and be vested in the Relevant Transferee in accordance with this Scheme, so that:
- (A) subject to paragraph 8 (*Declaration of Trust by a Relevant Transferor*), on and with effect from the Effective Date, each Transferring Asset and all the interest of the Relevant Transferor in it shall, by the Order and without any further act or instrument, be transferred to and be vested in the Relevant Transferee, subject to all Encumbrances (if any) affecting such asset;
 - (B) subject to paragraph 8 (*Declaration of Trust by a Relevant Transferor*), on and with effect from each Subsequent Transfer Date, each Residual Asset to which such Subsequent Transfer Date applies and all the interest of the Relevant Transferor in it shall, by the Order and without any further act or instrument, be transferred to and be vested the Relevant Transferee, subject to all Encumbrances (if any) affecting such asset;
 - (C) on and with effect from the Effective Date, each Transferring Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of the Relevant Transferee and shall cease to be a liability of the Relevant Transferor; and
 - (D) on and with effect from each Subsequent Transfer Date, each Residual Liability to which such Subsequent Transfer Date applies shall, by the Order and without any further act or instrument, be transferred to and become a liability of the Relevant Transferee and shall cease to be a liability of the Relevant Transferor.
- 3.3 The Relevant Transferee shall accept without investigation or requisition such title as the Relevant Transferor shall have at the Effective Date to the Transferring Assets and, at any Subsequent Transfer Date, to each Residual Asset then transferred.
- 3.4 Without prejudice to any other provision of this Scheme, the Relevant Transferor and the Relevant Transferee shall each take all such steps (including the execution and delivery of any documents) as may be required or desired:
- (A) to effect or perfect the transfer to and vesting in CLL, and the allocation to the CLL Non-MA Fund or New CLL MA Fund (as applicable), of any Transferring Asset or Residual Asset pursuant to this Scheme;
 - (B) to correct any errors in the identity or amount of the assets so transferred or allocated; and
 - (C) to effect or perfect the transfer to and assumption by the Relevant Transferee of any Transferring Liability or Residual Liability pursuant to the Scheme.

3.5 The Transferring Assets, Residual Assets, Transferring Liabilities and Residual Liabilities shall, to the extent applicable, be allocated in accordance with paragraphs 10 (Establishment of the New CLL MA Fund), 11 (Purpose of Allocations), 12 (Allocation of Policies), 13 (Allocation of Assets), 14 (Allocation of Liabilities) and 15 (Fund Maintenance).

3.6 On and with effect from the Effective Date, the Relevant Transferee shall:

- (A) succeed to all rights, liabilities and obligations of the Relevant Transferor in respect of any personal data which relates to the Transferring Business and which is subject to the GDPR;
- (B) become the data controller of any personal data which relates to the Transferring Business and which is subject to the GDPR in place of the Relevant Transferor and shall be deemed to have been the controller of all such data at all material times when personal data was processed; and
- (C) in respect of any personal data which relates to the Transferring Business be under the same duty by virtue of any law as the Relevant Transferor was under to respect the confidentiality and privacy of any person in relation to that personal data and shall be bound by any specific notice or consent given, or request made by, the data subject which was binding on either the Relevant Transferor or the Relevant Transferee and which required either the Relevant Transferor or the Relevant Transferee not to use the personal data for marketing purposes,

and in any consent given by a data subject in respect of such data as is mentioned in this paragraph 3.6, any reference to a Relevant Transferor (or to any member of MALL Group) shall be deemed to include a reference to a Relevant Transferee (and to any member of CLL Group).

4. Continuity of Proceedings

4.1 On and with effect from the Effective Date, any Proceedings issued, served, pending, threatened or otherwise (including future Proceedings not yet in contemplation) in connection with the Transferring Business in respect of which the Relevant Transferor is a party (whether as the plaintiff, claimant, applicant, defendant, respondent, pursuer, defender, petitioner or otherwise), and including any such Proceedings commenced in error against the Relevant Transferor on or after the Effective Date, shall be continued or commenced by or against the Relevant Transferee and the Relevant Transferee shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off and any other rights that would have been available to the Relevant Transferor in relation to such Proceedings.

4.2 On and with effect from the Subsequent Transfer Date applicable thereto, any Proceedings issued, served, pending, threatened or otherwise (including future Proceedings not yet in contemplation) in connection with the Residual Assets or the Residual Liabilities which are to be transferred on such Subsequent Transfer Date in respect of which the Relevant Transferor is a party (whether as the plaintiff, claimant,

applicant, defendant, respondent, pursuer, defender, petitioner or otherwise), and including any such Proceedings commenced in error against the Relevant Transferor on or after the relevant Subsequent Transfer Date, shall be continued or commenced by or against the Relevant Transferee and the Relevant Transferee shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off and any other rights that would have been available to the Relevant Transferor in relation to such Proceedings. Until such Subsequent Transfer Date, the relevant Proceedings shall be continued or commenced by or against the Relevant Transferor, provided that the Relevant Transferor shall conduct such Proceedings in accordance with the Relevant Transferee's instructions and the Relevant Transferee shall discharge on behalf of the Relevant Transferor or, failing that, shall indemnify the Relevant Transferor against any charges, costs and claims in respect of such Proceedings (but on the basis that the Relevant Transferor will use reasonable endeavours to mitigate any such charges, costs and claims).

- 4.3 For the avoidance of doubt, any Proceedings issued, served, pending, threatened or otherwise (including future Proceedings not yet in contemplation) which are not to be continued or commenced by or against the Relevant Transferee pursuant to paragraph 4.1 or 4.2 shall be continued or commenced by the Relevant Transferor and the Relevant Transferor shall remain entitled to all defences, claims, counterclaims, defences to counterclaims and rights of set-off that were or would have been available to it in relation to those Proceedings.
- 4.4 Any judgment, settlement, order or award obtained by or against the Relevant Transferor to the extent that it is in connection with any part of the Transferring Business and which is not fully satisfied before the Effective Date shall, on and with effect from the Effective Date, become enforceable by or against the Relevant Transferee to the exclusion of the Relevant Transferor.
- 4.5 Any judgment, settlement, order or award obtained by or against the Relevant Transferor to the extent that it is in connection with the Residual Assets or the Residual Liabilities and which is not fully satisfied before the Subsequent Transfer Date shall, on and with effect from the Subsequent Transfer Date, become enforceable by or against the Relevant Transferee to the exclusion of the Relevant Transferor.

5. Rights and Obligations under Transferring Policies and other documents

- 5.1 On and with effect from the Effective Date, CLL shall become entitled to all the rights, benefits and powers of MALL whatsoever subsisting immediately prior to the Effective Date under or by virtue of the Transferring Policies.
- 5.2 Without prejudice to the generality of paragraph 5.1, where the benefits of any Transferring Policy are, prior to the Effective Date, held under the terms of a trust, such terms, together with the terms of any rules applicable to any pension scheme (including without limitation the TRA) under which benefits are referable to a Transferring Policy, shall, with effect on and from the Effective Date, operate and be construed on a basis which is consistent with the transfer of such Transferring Policy in accordance with the provisions of this Scheme. For the avoidance of doubt:

- (A) where the consent of MALL is required under any such terms, the consent of CLL shall, with effect from the Effective Date, instead be treated as required; and
- (B) where a power to appoint trustees under such terms is conferred on MALL, such power shall, with effect from the Effective Date, instead be treated as conferred on CLL.

5.3 Subject to the terms of this Scheme, every person who is a Transferring Policyholder or is a party to, or has the benefit of, any other agreement with a Relevant Transferor relating to the Transferring Business shall, on and with effect from the Effective Date, become entitled, in succession to, and to the exclusion of, any rights which he may have had against the Relevant Transferor under such Transferring Policy (other than any right arising in respect of or from any Excluded Liability) or any other such agreement relating to the Transferring Business, to the same rights against the Relevant Transferee as were available to him against the Relevant Transferor under such Transferring Policy (other than any right arising in respect of or from any Excluded Liability) or such other agreement relating to the Transferring Business and (as regards a Transferring Policy or other agreement relating to the Transferring Business under which premiums or other sums attributable or referable thereto continue to be payable by him) shall on and with effect from the Effective Date account to the Relevant Transferee for any further or additional premiums or other sums attributable or referable thereto, if any, as and when the same become due and payable.

5.4 If any person entitled to do so with respect to a Transferring Policy exercises any right or option granted under the terms of that Transferring Policy and either:

- (A) the right or option provides for a new, additional or replacement policy to be issued or amendments to be made to an existing Transferring Policy; or
- (B) it is appropriate in the opinion of CLL Board, having regard to the advice of CLL Actuary or such other appropriate advice, in order to comply with that right or option to issue a new, additional or replacement policy or, as the case may be, amend an existing Transferring Policy,

such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue or amendment (as the case may be) by CLL of a policy which complies with the terms of such right or option. Without prejudice to such entitlement, if CLL is not at the time of the exercise of such right or option writing policies complying exactly with the policy to which such person is entitled pursuant to the right or option, CLL shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) the policy commonly offered by CLL or any other member of the CLL Group which CLL in its absolute discretion considers to be the nearest equivalent policy of CLL or such other member of CLL Group (as the case may be) at that time.

5.5 Subject to paragraph 16(TRA), all references in any Transferring Policy (or any other agreement or document that relates to the Transferring Business) to the Relevant Transferor or any of its officers, employees or agents shall, with effect on and from the Effective Date, be read as references to the Relevant Transferee or any of its officers,

employees or agents. In particular, but without limitation, and subject to the other provisions of this Scheme, all rights and duties exercisable or expressed to be exercisable or responsibilities to be performed by the Relevant Transferor or any of its officers, employees or agents in relation to any Transferring Policy (or any other agreement or document that relates to the Transferring Business) shall, with effect on and from the Effective Date, be exercisable or required to be performed by the Relevant Transferee or any of its officers, employees or agents. All references in a Transferring Policy to the MALL Group shall, where the context requires, be read and construed with effect from the Effective Date as references to the CLL Group. For the avoidance of doubt, this paragraph 5.5 shall have no effect on any agreement or document to the extent that, in each case, it refers to the Excluded Policies, the Excluded Assets or the Excluded Liabilities.

- 5.6 The transfer of any rights, benefits, liabilities and obligations under or in connection with any Transferring Policy, Transferring Asset, Residual Asset, Transferring Liability or Residual Liability pursuant to this Scheme shall take effect and shall be valid and binding on all parties having any interest in the same notwithstanding any restriction on transferring, assigning or otherwise dealing with the same and such transfer shall be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified.

6. Premiums, Mandates and Other Payments

- 6.1 On and with effect from the Effective Date, all premiums attributable or referable to the Transferring Policies shall be payable to (and receivable by) CLL and shall be allocated to the Fund that the Transferring Policy to which such premiums relate has been allocated to pursuant to paragraphs 10 (*Establishment of New CLL MA Fund*) to 14 (*Allocation of Liabilities*) inclusive.
- 6.2 Any direct debit mandate, standing order or other instruction in force immediately prior to the Effective Date (including, without limitation, any instruction given to a bank by its customer in the form of a direct debit or standing order) and providing for the payment by a bank or other intermediary of premiums or other amounts payable to MALL under or in respect of any Transferring Policy shall on the Effective Date take effect as if it had provided for and authorised such payment to CLL.
- 6.3 Any mandate or other instruction in force on the Effective Date as to the manner of payment by MALL of any sum payable under any Transferring Policy shall, on and with effect from the Effective Date, continue in force as an effective instruction or authority to CLL.

7. Residual Policies

- 7.1 Subject to paragraph 7.3, the Residual Policies shall not be transferred to CLL by this Scheme and all liabilities attributable to the Residual Policies shall remain liabilities of MALL and be fully reassured with effect from the Effective Date on the following basis by way of the Residual Policies Reassurance Arrangement:

- (A) all liabilities of MALL attributable to the Residual Policies shall be reassured in their entirety by CLL on and with effect from the Effective Date;
- (B) the claims payable by CLL to MALL in connection with the provision of the reinsurance shall be payable on a monthly basis;
- (C) the liability of CLL on the Effective Date shall be such that the rights, benefits and powers provided to holders of the Residual Policies shall, to the extent possible, be the same as the rights, benefits and powers which would be provided to such holders if the Residual Policies had been Transferring Policies;
- (D) the premiums payable by MALL to CLL in connection with the provision of the reinsurance described in this paragraph 7.1 shall be deemed to have been satisfied by the transfer to CLL of the appropriate proportion of the Transferring Assets, with the exception that all subsequent premiums received by MALL in respect of such Residual Policies at any time after the Effective Date shall be paid to CLL as soon as practicable after they are received; and
- (E) administration in respect of any Residual Policies will be carried out by MALL or its nominee to the same standard as applied in the twelve (12) calendar months prior to the Effective Date.

7.2 The parties may agree in writing to amend the terms of the Residual Policies Reinsurance Arrangement, in which event the provisions of this paragraph 7 shall be deemed to be amended accordingly, provided always that such amendments shall not prejudice the interests of any policyholder of a Residual Policy.

7.3 If at any time all consents, orders, permissions or other requirements for the transfer or novation of a Residual Policy from MALL to CLL are obtained, such Residual Policy shall, by the Order and without any further act or instrument, be transferred to CLL, and shall thereafter be treated in all respects, as if it were a Transferring Policy and not a Residual Policy, save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent Transfer Date applicable to such Residual Policy.

8. Declaration of Trust by a Relevant Transferor

8.1 In the case of any Residual Asset, the Relevant Transferor shall, from the Effective Date until the relevant Subsequent Transfer Date, hold any such Residual Asset as trustee for the Relevant Transferee.

8.2 The Relevant Transferor shall be subject to the Relevant Transferee's reasonable directions in respect of any Residual Asset referred to in paragraph 8.1 from the Effective Date until the relevant asset is transferred to or otherwise vested in the Relevant Transferee or disposed of (whereupon the Relevant Transferor shall account to the Relevant Transferee for the proceeds of the sale thereof), and the Relevant Transferee shall have authority to act as the attorney of the Relevant Transferor in respect of such property for all such purposes.

8.3 In the event of any payment being made to, property being received by, or right being conferred upon the Relevant Transferor on or after the Effective Date in respect of the Transferring Business, any Transferring Asset, any Residual Asset or any other asset referred to in paragraph 8.1, the Relevant Transferor shall, as soon as is reasonably practicable after its receipt, pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such property or right to, or in accordance with the directions of, the Relevant Transferee.

9. Indemnities in favour of the Relevant Transferor

9.1 On and with effect from the Effective Date, the Relevant Transferee shall discharge on the Relevant Transferor's behalf or, failing that, shall indemnify the Relevant Transferor against charges, costs, liabilities, losses and claims arising in respect of all Transferring Liabilities and Residual Liabilities, provided that where such a liability is, whether wholly or in part, the subject of a policy of indemnity insurance or a claim or right of recovery against a third party, the indemnity given by the Relevant Transferee hereunder shall only apply to the extent that the Relevant Transferee, having made a claim under such a policy or against such third party, shall have failed to recover any such amount pursuant to rights it may have under such policy, claim, or right of recovery (having used all reasonable endeavours to do so) provided also that the Relevant Transferee shall indemnify the Relevant Transferor in respect of any reasonable costs, claims, charges or other liabilities incurred by the Relevant Transferor in recovering the same.

9.2 The indemnity given by the Relevant Transferee under paragraph 9.1 is given on the basis that the Relevant Transferor will use reasonable endeavours to mitigate its charges, costs and claims for which indemnification may be sought under paragraph 9.1 and the Relevant Transferee's obligations under paragraph 9.1 shall not apply in respect of any liability, charge, cost or claim covered by the Residual Policies Reassurance Arrangement.

9.3 Where the Relevant Transferor is entitled to receive an amount pursuant to paragraph 9.1, it shall be entitled to receive such amount as, after taking into account the payment of any liability to Tax in respect of the amount receivable and the amount and timing of any Tax benefit obtained by the Relevant Transferor to the extent that such Tax benefit is attributable to the underlying matter giving rise to the entitlement, to receive such amount pursuant to paragraph 9.1 as will result in the receipt of an amount equal to the liability indemnified against.

9.4 For the avoidance of doubt, the Relevant Transferee shall not be required under paragraph 9.1 above to discharge or indemnify the Relevant Transferor charges, costs, liabilities, losses and claims arising in respect of any Excluded Liabilities, any Excluded Policies and in particular, but without limitation, the Relevant Transferee shall not be required to discharge or indemnify the Relevant Transferor against any Tax liabilities of the Relevant Transferor.

Part D – Fund Allocation and Maintenance

10. Establishment of the New CLL MA Fund

With effect from the Effective Date, CLL shall establish and, subject to paragraph 15 (Fund Maintenance), maintain the New CLL MA Fund as a sub-fund of the CLL Long-Term Fund and as a separate matching adjustment fund to the CLL MA Fund.

11. Purpose of Allocations

Any allocation of assets or attribution of liabilities, and any reallocation or reattribution of the same, which is made under the terms of this Scheme is for the purpose of establishing or recognising respective policyholder entitlements from time to time and shall not be taken to limit the availability of any or all of the assets from time to time of CLL to meet the liabilities which it is obliged by law to meet.

12. Allocation of Policies

On and with effect from the Effective Date:

- (A) the Transferring Policies which are, immediately before the Effective Date, allocated to the MALL MA Fund shall be allocated to the New CLL MA Fund; and
- (B) all other Transferring Policies (other than those to be allocated to the New CLL MA Fund pursuant to paragraph 12(A)), shall be allocated to the CLL Non-MA Fund.

13. Allocation of Assets

13.1 On and with effect from the Effective Date, each of the following shall be allocated to the New CLL MA Fund:

- (A) any Transferring Assets comprised in the MALL MA Fund immediately before the Effective Date; and
- (B) to the extent that the same relate to any Long-Term Insurance Business to which any Transferring Asset falling within paragraph 13.1(A) relates:
 - (i) all rights and benefits arising under the reinsurance arrangements set out in paragraph 7 (Residual Policies) and under the indemnities set out in paragraph 9 (Indemnities in Favour of the Relevant Transferor); and
 - (ii) the beneficial interest in all property held on trust pursuant to paragraph 8 (Declaration of Trust by a Relevant Transferor), and the right to receive any payment, property or right pursuant to paragraph 8.3 to the extent that, but for falling within the provisions of paragraph 8.1, such property (or the property to which such payment, property or right relates) would have fallen within the provisions of this paragraph 13.1.

13.2 On and with effect from the Effective Date, each of the following shall be allocated to the CLL Non-MA Fund:

- (A) any Transferring Assets other than those to be allocated to the New CLL MA Fund in accordance with paragraph 13.1 above; and
- (B) to the extent that the same relate to any Long-Term Insurance Business to which any Transferring Asset falling within paragraph 13.2(A) relates:
 - (i) all rights and benefits arising under the reinsurance arrangements set out in paragraph 7 (*Residual Policies*) and under the indemnities set out in paragraph 9 (*Indemnities in Favour of the Relevant Transferor*); and
 - (ii) the beneficial interest in all property held on trust pursuant to paragraph 8 (*Declaration of Trust by a Relevant Transferor*), and the right to receive any payment, property or right pursuant to paragraph 8.3 to the extent that, but for falling within the provisions of paragraph 8.1, such property (or the property to which such payment, property or right relates) would have fallen within the provisions of this paragraph 13.2.

13.3 On and with effect from the applicable Subsequent Transfer Date, each Residual Asset to which the Subsequent Transfer Date relates shall be allocated to the New CLL MA Fund or the CLL Non-MA Fund depending on where it would have been allocated in accordance with the provisions above had it been a Transferring Asset.

14. Allocation of Liabilities

14.1 On and with effect from the Effective Date, each of the following shall be attributed to the New CLL MA Fund:

- (A) all Transferring Liabilities attributable to the Transferring Assets to be allocated to the New CLL MA Fund pursuant to paragraph 13.1(A);
- (B) all liabilities attributable to the reinsurance arrangements set out in paragraph 7 (*Residual Policies*) to the extent that such liabilities relate to the Long-Term Insurance Business to which any Transferring Asset within paragraph 13.1(A) relates; and
- (C) the liability to discharge on MALL's behalf or, failing that, to indemnify MALL pursuant to paragraph 9 (*Indemnities in Favour of the Relevant Transferor*), to the extent that such liability relates to the Long-Term Insurance Business to which any Transferring Liability falling within paragraph 14.1(A) relates.

14.2 At the Effective Date, each of the following shall be allocated to the CLL Non-MA Fund:

- (A) all Transferring Liabilities attributable to the Transferring Assets not allocated to the New CLL MA Fund in accordance with paragraph 14.1 above;

- (B) all liabilities attributable to the reinsurance arrangements set out in paragraph 7 (Residual Policies) to the extent that such liabilities relate to the Long-Term Insurance Business to which any Transferring Asset within paragraph 13.2(A) relates; and
 - (C) the liability to discharge on MALL's behalf or, failing that, to indemnify MALL pursuant to paragraph 9 (Indemnities in Favour of the Relevant Transferor), to the extent that such liability relates to the Long-Term Insurance Business to which any Transferring Liability within paragraph 14.2(A) relates.
- 14.3 On and with effect from the applicable Subsequent Transfer Date, each Residual Liability to which that Subsequent Transfer Date relates shall be attributed to the New CLL MA Fund or the CLL Non-MA Fund depending on where it would have been allocated in accordance with paragraphs 14.1 and 14.2 had it been a Transferring Liability.
- 14.4 If any doubt or difference shall arise as to the allocation or attribution of any Transferring Policy, Transferring Asset, Transferring Liability, Residual Policy, Residual Asset or Residual Liability in accordance with this Scheme, having regard to the obligation to treat policyholders fairly, the same shall be determined by CLL Board, having taken appropriate advice.

15. Fund Maintenance

Nothing in this Scheme shall prevent CLL, at any time from the Effective Date, from:

- (A) combining the CLL MA Fund and the New CLL MA Fund into a single matching adjustment sub-fund of the CLL Long-Term Fund if CLL determines in its sole discretion that such combination is in the best interest of policyholders;
- (B) establishing and maintaining other long-term funds or other sub-funds of the CLL Long-Term Fund and writing in or reinsuring to any such other funds or sub-funds any new Long-Term Insurance Business or any business of other funds or sub-funds of CLL;
- (C) writing in or reinsuring to the CLL Long-Term Fund any new business; or
- (D) writing in or reinsuring to any fund policies issued pursuant to rights or options under the terms of the Transferring Policies.

Part E – Other Matters

16. TRA

16.1 On and with effect from the Effective Date pursuant to paragraph 3.2 of the Scheme, without any further act or instruction:

- (A) the TRA Trustee Investment Plans, the TRA Annuities and the TRA Insurance Assets, which form part of the Transferring Business, shall transfer from MALL to CLL, and the legal and beneficial interest of MALL in the TRA Trustee Investment Plans, the TRA Annuities and the TRA Insurance Assets shall vest in, and the corresponding liabilities arising under or in connection with the TRA Trustee Investment Plans, the TRA Annuities and the TRA Insurance Assets shall transfer to, CLL; and
- (B) the TRA Terms and Conditions, the TRA Trust Deed and Rules, the TRA Trustee Agreements, the Fund Manager Agreements [and any TRA Non-Insurance Assets] (and all corresponding liabilities arising under or in connection with the TRA Terms and Conditions, the TRA Trust Deed and Rules, the TRA Trustee Agreements, the Fund Manager Agreements [and any TRA Non-Insurance Assets]) shall remain with MALL.

16.2 Without prejudice to the generality of paragraphs 5.2 and 16.1, on and with effect from the Effective Date, without further act or instruction:

- (A) pursuant to paragraph 3.2 of the Scheme, MALL shall retain all rights and liabilities in relation to:
 - (i) the TRA Terms and Conditions;
 - (ii) the TRA Trust Deed and Rules;
 - (iii) the TRA Trustee Agreements;
 - (iv) the Fund Manager Agreements;
 - (v) [any TRA Non-Insurance Assets;]
 - (vi) [any other assets related to the TRA Non-Insurance Assets as described in paragraph (d) of the definition of Excluded Assets;]
 - (vii) the shares in the TRA Trustee; and
 - (viii) the TRA Trustee Investment Plans, TRA Annuities, and the TRA Insurance Assets, to the extent that these are: (a) until the relevant Subsequent Transfer Date, Residual Policies or Residual Assets; or (b) Excluded Policies or Excluded Assets;

- (B) pursuant to paragraph 3.2 of the Scheme, CLL shall become entitled to all rights and liabilities in relation to the TRA Trustee Investment Plans, the TRA Annuities, the TRA Insurance Assets, and any other assets related to the TRA Insurance Assets as described in paragraph (f) of definition of Transferring Assets, excluding those which are:
- (i) until the relevant Subsequent Transfer Date, Residual Policies or Residual Assets; or
 - (ii) Excluded Policies or Excluded Assets;
- (C) MALL shall remain the TRA Operator and, accordingly, the contracting party under the TRA Terms and Conditions. MALL's responsibilities in respect of TRA shall include without limitation:
- (i) administering TRA, in accordance with the TRA Terms and Conditions and applicable Regulatory Requirements;
 - (ii) investing, on behalf of the relevant TRA member and through the TRA Trustee, in accordance with the TRA Terms and Conditions, the TRA Annuities, the TRA Insurance Assets [and any TRA Non-Insurance Assets];
 - (iii) providing any services, information and documents required to be provided to TRA members under or in accordance with TRA Terms and Conditions; and
 - (iv) receiving any information or instructions that may be given under, and for updating such information and implementing such instructions in accordance with, the TRA Terms and Conditions; and
- (D) CLL shall not become a party to the TRA Terms and Conditions. CLL's responsibilities in respect of TRA shall relate only to the TRA Annuities, the TRA Insurance Assets and the TRA Trustee Investment Plans, and shall include without limitation:
- (i) providing and underwriting the TRA Trustee Investment Plans (including any TRA Annuities and TRA Insurance Assets);
 - (ii) providing any services, information and documents to MALL (and not directly to the relevant TRA member) required to be provided under or in accordance with TRA Terms and Conditions, to the extent that such services, information and documents relate to the TRA Trustee Investment Plans, the TRA Annuities, and the TRA Insurance Assets; and
 - (iii) receiving any information or instructions that may be given under, and for updating such information and implementing such instructions in accordance with, the TRA Terms and Conditions to the extent that such

information and instructions relate to the TRA Trustee Investment Plans, the TRA Annuities, and the TRA Insurance Assets.

- 16.3 The obligations and responsibilities set out in paragraphs 16.2(C) and 16.2(D) shall respectively constitute separate obligations of MALL and CLL respectively and MALL and CLL shall be neither jointly, nor jointly and severally, liable for the obligations of the other.

17. ERM Business

Pursuant to paragraph 3.2 of the Scheme, on and with effect from the Effective Date, without any further act or instruction, the ERM Business, which forms part of the Transferring Business, shall transfer from MALL to CLL, and the legal and beneficial interest of MALL in the ERM Assets shall vest in, and the corresponding ERM Liabilities shall be transferred from MALL to, CLL.

18. MGM Servco Business

Pursuant to paragraph 3.2 of the Scheme, on and with effect from the Effective Date, without any further act or instruction, the MGM Servco Business, which forms part of the Transferring Business, shall transfer from MGM Servco to CLL Servco, and the legal and beneficial interest of MGM Servco in the MGM Servco Assets shall vest in, and the corresponding MGM Servco Liabilities shall be transferred from MGM Servco to, CLL Servco.

Part F - Miscellaneous Provisions

19. Effective Date

- 19.1 Subject to paragraphs 19.2 and 19.3, this Scheme shall become effective at 23.59 GMT on 31 December 2019 or at such other time and date as MALL and CLL, acting by the MALL Board and the CLL Board respectively, agree in writing (being a time and date after the making of the Order).
- 19.2 Unless this Scheme shall become effective in its entirety before 23.59 GMT on 31 March 2020 or such later date as MALL and CLL may agree and the Court may allow, it shall lapse.
- 19.3 This Scheme shall not become effective on the Effective Date unless on or prior thereto the Tax Clearances satisfactory in form and content to the Relevant Transferor and the Relevant Transferee, acting reasonably, have been obtained or unless the Relevant Transferor and the Relevant Transferee otherwise agree.

20. Modifications or Additions

- 20.1 CLL and MALL may consent for and on behalf of themselves and all other persons concerned to any modification of or addition to this Scheme or to any further condition or provision affecting the same which, in each case prior to its sanction of this Scheme, the Court may approve or impose (for the avoidance of doubt, without prejudice to the position which the Insurance Regulators may take in relation to any such modification or addition).
- 20.2 Subject to paragraph 20.4, at any time after the sanction of this Scheme, CLL and MALL shall be at liberty to apply jointly to the Court for consent to amend the terms of this Scheme provided that in any such case:
- (A) the Insurance Regulators shall be given prior written notice and shall have the right to be heard at any hearing of the Court at which such application is considered (including to make representations as to the appropriate publicity in relation to the proposed amendment); and
 - (B) such application shall be accompanied by a certificate from the Independent Expert (or such other independent expert approved pursuant to section 109(2)(b) of FSMA) to the effect that in his opinion the proposed amendment will not materially adversely affect the security or reasonable expectations of the holders of the Transferring Policies or Residual Policies or Excluded Policies or policies of CLL.
- 20.3 If the consent applied for pursuant paragraph 20.2 is granted, CLL and MALL may amend the terms of this Scheme in accordance with such consent.
- 20.4 The consent of the Court shall not be required in relation to minor and/or technical amendments to the terms of this Scheme (including amendments to correct manifest errors and/or changes required by law or regulation), provided that the Insurance

Regulators have been notified of the same and have either: (i) indicated that they do not object thereto; or (ii) a period of 28 days has passed commencing on the date of receipt of the relevant notification by the Insurance Regulators without them indicating any objections thereto.

21. Costs and Expenses

Except as otherwise agreed in writing, CLL shall bear ultimate responsibility for all costs and expenses incurred by itself and each of MALL, MGM Servco and CLL Servco in relation to the preparation and carrying into effect of this Scheme, whether before or after the Effective Date.

22. Third Party Rights

A person who is not a party to this Scheme may not enforce any term of this Scheme pursuant to the Contracts (Rights of Third Parties) Act 1999.

23. Evidence of Transfer

23.1 The production of a copy of the Order, with any modifications, amendments and/ or additions made under paragraph 20 (*Modifications or Additions*) for all purposes shall be conclusive evidence of the transfer to, and vesting in, the Relevant Transferee of the Transferring Business.

23.2 All books and other documents which would, before the Effective Date or Subsequent Transfer Date (as applicable), have been evidence in respect of any matter for or against the Relevant Transferor at the relevant date shall be admissible in evidence in respect of the same matter for or against the Relevant Transferee on or after such date. In this paragraph, “documents” has the same meaning as in section 13 of the Civil Evidence Act 1995.

24. Governing law

This Scheme is governed by, and shall be construed in accordance with, English law.

Dated this [●] day of [●] 2019.

Schedule 1

List of excluded MGM Servco assets

1. An agreement for the provision of employee onboarding services dated 28 May 2018 between MGM Servco and Experian Ltd.
2. An agreement for the provision of mobile communication services dated 24 June 2015 between MGM Servco and Vodafone.
3. An agreement for the provision of conference call services dated 20 October 2014 between MGM Servco and Intercall Conferencing Services, Ltd.
4. An agreement for the provision of occupational health services last renewed on 21 August 2018 between MGM Servco and Business Health Resources Ltd.
5. An agreement for the provision of childcare vouchers between MGM Servco and Fideliti Ltd.
6. An agreement dated 1 December 2016 for the provision of private medical insurance between MGM Servco and Aviva.
7. An agreement for the provision of managed payroll services dated 6 July 2016 between MGM Servco and Equiniti ICS Limited.
8. A software license agreement dated 1 May 2015 between MGM Servco and Thedata Limited.
9. Any contract of employment between MGM Servco and any employee of MGM Servco.
10. The Equiniti Agreements.
11. A Group Personal Pension Plan dated 18 December 2013 between MGM Servco and Scottish Widows Administration Services Limited.
12. The Intra-Group Services Agreement.
13. An intra-group services agreement dated 7 June 2019 between MGM Servco and CLL Servco.
14. All group life and group income protection insurance policies with CLL.
15. [Certain bank accounts as agreed between the parties required for the continued operation of MGM Servco.]

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES LIST (ChD)

NO. CR-2019-003019

IN THE MATTER OF MGM ADVANTAGE LIFE LIMITED

- and -

IN THE MATTER OF CANADA LIFE LIMITED

- and -

IN THE MATTER OF THE FINANCIAL SERVICES AND
MARKETS ACT 2000

SCHEME

(pursuant to Part VII of the Financial
Services and Markets Act 2000)

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