

Guide to Due Diligence and Financial Security

At James Hay Partnership we understand that Financial Advisers have a responsibility to investigate providers on behalf of their clients. This document aims to provide answers to some frequently asked due diligence questions regarding us and the products we offer.

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About James Hay Partnership

James Hay Partnership, the platform for retirement wealth planning, is one of the UK's foremost independent providers* of self-invested pensions. Its reputation for meeting the service needs and expectations of Financial Advisers and their clients, is based on more than 30 years of industry experience. The James Hay group of companies were founded as private companies in 1979 and have been profitable in every year of trading. Now, as part of IFG Group Plc (IFG Group), a large, financially secure financial services company, James Hay Partnership is stronger than ever.

Following the purchase of James Hay in March 2010, IFG Group consolidated this acquisition with its existing IPS Partnership business. The combined business, called James Hay Partnership, is now one of the largest independent SIPP providers, also offering SSAS and Wrap propositions, with over 49,000 clients and over £15 billion assets under administration as at June 2014. The administration of these assets allows it to be profitable and enables it to invest in its products, technology and service so that it continues to meet both Financial Adviser and client needs.

The companies that form IFG Group cover the provision of independent financial advisory services and corporate and individual pension administration with operations in Ireland and the UK. Headquartered in Dublin, IFG Group Plc has a full listing on both the Irish and London stock exchanges and has a strong balance sheet and significant net cash. From this position of financial strength, IFG Group continues to invest in James Hay Partnership to ensure it maintains its position as one of the leading providers in its chosen market.

IFG Group achieved revenue of over £79.6m and adjusted operating profits of £9.6m with assets under administration of over £19 billion in 2013. The James Hay Partnership group of companies achieved operating profits of £6.7m in 2013.

IFG Group has committed further investment in people, IT and operational capability.

* Independent provider means the provider does not offer advisers their own investments and therefore does not have pricing or other bias towards the investments available.

Financial Highlights - 2013

- Group revenue of £79.6 million in 2013 (2012: £76.2 million)
- Adjusted operating profit of £9.6 million in 2013 (2012: £9.6 million)
- Adjusted Earnings Per Share (EPS) in pence per share of 6.92 in 2013 (2012: 4.89)
- Dividend per share in cent per share of 4.84c in 2013 (2012: 4.84c)
- Total assets under administration and advice of circa £19.7 billion (as at December 2013) including:
 - £15 billion in James Hay Partnership (as at March 2013)
- AKG financial strength rating increased to B (strong).

Business Highlights

- Launch of the innovative Modular iPlan in February 2014, offering one of the most competitive, multi-wrapper, clean pricing propositions
- 5,071 new SIPPs during 2013; total products under administration of 46,000 at end 2013
- 5,300 commercial properties under administration.

Trustee Structure of the SIPP

James Hay Partnership is the trading name of the James Hay Group of companies.

The scheme operator and appointed scheme administrator is James Hay Administration Company Ltd (JHAC). JHAC is authorised and regulated by the FCA. The scheme provider is James Hay Insurance Company Ltd (JHIC). JHIC is regulated by the Jersey Financial Services Commission. Scheme assets are held by James Hay Pension Trustees Ltd (JHPT), appointed by JHIC with the sole purpose of holding and safeguarding all assets. As a bare trustee, JHPT does not need to be regulated by the FCA as the assets are held under trust law by the trustee. Whilst the trustees are the legal owners of the scheme assets, the client remains the beneficial owner at all times.

This segregation of duties between the SIPP operator (JHAC) and bare trustee (JHPT) ensures that the assets are protected from any claims or creditors in the unlikely event of JHAC's or JHIC's failure. A further protection is that, under the FCA rules and legislation, if for any reason JHAC was not able to meet its scheme operator responsibilities, clients also have the right to refer a claim to the Financial Services Compensation Scheme (FSCS), subject to them meeting relevant FSCS eligibility requirements.

Structure of the ISA and GIA Products

The General Investment Account within the Modular iPlan and the Investment Portfolio within the Wrap are both provided by James Hay Wrap Managers Limited, which is part of the James Hay Partnership group of companies, and is authorised by the FCA.

Assets within these products are held in the name of its nominee, James Hay Wrap Nominee Company Limited or another nominee company chosen by James Hay Wrap Managers Limited, unless held by an Investment Manager or Execution-Only Stockbroker in their nominee.

The ISA Manager for the ISA products available under Modular iPlan and Wrap, is also James Hay Wrap Managers Limited and assets are held in

the same manner through its nominee, James Hay Wrap Nominee Company Limited, or another nominee company chosen by James Hay Wrap Managers Limited, unless held in an Investment Manager or Execution-Only Stockbroker's nominee.

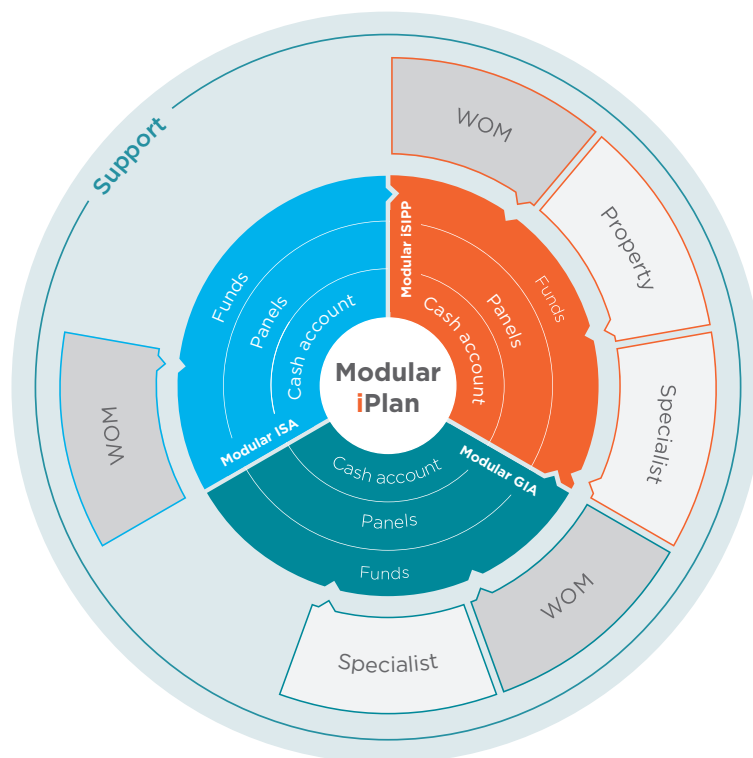
The Offshore Bond available in the Wrap is provided by RL360° in the Isle of Man. RL360° is an independent international life company. It was previously part of the Royal London Group and is now privately owned following a management-led buyout in 2013. Following the sale, AKG views RL360° as a financially strong standalone operation with very strong operational characteristics and positive development potential.

Products Overview

James Hay Partnership is a secure, well capitalised platform for retirement wealth planning, specialising in pensions, savings and investments. We have recently extended our proposition to include a range of transparently priced modular products that adapt to meet changing client needs. These are all supported by the user-friendly James Hay Online investment management and reporting service:

Modular iPlan

From 0.18% AUA charge plus £195 p.a.



Only pay for what you use and only while you use it

The Modular iPlan, James Hay Partnership's flagship product, offers SIPP, ISA and GIA (General Investment Account) solutions. The Modular iSIPP acts as the gateway product to the additional products and applies the innovative 'only pay for what you use, and only while you use it' modular approach that was pioneered by James Hay Partnership when the standalone Modular iSIPP was launched in early 2013.

This fair and transparent method of charging minimises the administration charges investors pay but maintains the option to include complex investments in their portfolios as and when they need them. Importantly, investors only pay for what they use while they use it, meaning they can switch investment options on and off to suit their specific investment needs throughout the cycle of retirement wealth planning and drawing income.

Modular iSIPP

The core product offers access to over 3,300 funds via the James Hay Investment Centre, a panel of Investment Managers and Execution Only Stockbrokers, and a panel of fixed term deposit providers. Additional investment modules can be turned on/off to help clients' pension portfolios evolve through the stages of retirement planning;

- **Whole of Market Module** allows investments from additional providers and the option to appoint an off-panel Investment Manager or an Execution Only Stockbroker.
- **Specialist Investments Module** can be added to accommodate investments such as gold bullion and unquoted shares.
- **Commercial Property Module** can be used to hold commercial business premises and land.

Modular GIA

An investment account which allows clients to access a wide range of investments. The core GIA offers access to the James Hay Investment Centre range of funds, a panel of Investment Managers and Execution Only Stockbrokers, and a panel of fixed term deposit providers. In addition;

- **Whole of Market Module** can be added to allow investments not available within the core GIA and give the option to appoint an off-panel Investment Manager or an Execution Only Stockbroker.
- **Specialist Investments Module** can be used for more specialist investments such as gold bullion or unquoted shares.

Modular ISA

Clients can use up to their maximum annual ISA allowance free of most UK taxes on income and capital gains and existing ISAs can be transferred in. The core ISA provides access to the James Hay Investment Centre funds and panel of Investment Managers and Execution Only Stockbrokers as well as a panel of fixed term deposit providers.

- **Whole of Market Module** can be added to allow investments not available within the core ISA.

Wrap

A simple charge of 0.35%



Our Whole of Market Wrap with a single, simple fee

The James Hay Wrap, the first to be authorised by the then FSA, is a comprehensive wealth management service allowing details of all of a client's investments with James Hay Partnership to be held on a single online platform, where they can be viewed, valued, analysed and monitored.

Managing clients' investments through a James Hay Wrap enables Financial Advisers to provide a comprehensive wealth management service to their clients. It allows an entire investment and pension portfolio to be managed in line with the clients' financial goals and personal requirements.

The James Hay Wrap accepts a wide range of investments and is backed by excellent service and transparent pricing.

Wrap Investment Portfolio

Offers the ability to hold a wide variety of investments, including UK and overseas stocks and shares, unit trusts, OEICs and UCITS, life assurance bonds and cash. Cash may be paid in or out, and existing investments can be transferred in, simply and without charge.

Wrap SIPP

A whole of market SIPP, offering control of clients' pension arrangements by providing access to a wide range of investment opportunities, together with maximum flexibility on retirement.

Wrap ISA

Investors can use up to their full annual ISA allowance with access to fixed term deposits and a designated product bank account that pays interest gross, as well as access to the James Hay Investment Centre funds. Existing ISAs can be transferred in.

Wrap Offshore Bond

The Offshore Bond is provided and administered in the Isle of Man by RL360°, and can hold unit trusts and other collective investments. Investment returns are rolled up free of UK taxes, and withdrawals of up to 5% per annum are free of any immediate tax liability.

Fees and Charges

Modular iPlan

Please see the relevant Modular iPlan product's Charges Schedule for full details of all the charges including transactional charges.

Annual charges

(some fees below may be subject to VAT)

Type of charge	Amount
Initial (set up) charge (via online application)	Nil
Annual administration charge	£195*
Whole of market module (SIPP, GIA, ISA)	£50 per annum per product
Specialist investments module (SIPP, GIA)	£50 per annum per product
Commercial property module (SIPP)	£50 per annum per product
Annual Investment Centre platform charge**	
First £500,000	0.18%
On next £500,000	0.15%
Over £1 million	0.05%

* Nil if a combined minimum balance of £195,000 invested in qualifying investments (see full charges schedule for an explanation of these terms).

** Tiering is based on the combined value of James Hay Investment Centre funds across all products.

Wrap

(not subject to VAT)

Wrap charges are based on the overall Wrap Portfolio Valuation excluding the cash in any product bank account, the cash panel term deposit account and the value of any SIPP property. The only additional transactional charges are in respect of property held in the SIPP. Please see the Wrap Charges Schedule for full details of these.

Wrap Portfolio Transaction Charge (charged monthly)	Amount
First £500,000	0.35% pa
Next £500,000	0.15% pa
Over £1m	0.05% pa
Minimum charge	£32 per month
Minimum charge for second connected Wrap	£12.50 per month
Minimum charge for subsequent connected Wrap	£7 per month

Does switching funds within James Hay Partnership's products incur a switching charge?

The James Hay Modular iPlan and James Hay Wrap provide clients with access to a range of over 3,300 funds via the James Hay Investment Centre. We do not make a charge for online switches made within our Investment Centre funds. In addition, switch instructions received on one day will normally be processed on the next business day, minimising the amount of time clients are out of the market.

A wider range of other funds and third party investments is available via the whole of market approach that our products can offer. If a switch is made using this investment option, for the Wrap, we do not apply an additional transaction charge as the cost is covered by the monthly Wrap Portfolio Transaction Charge but the underlying investment company may apply a charge. For the Modular iPlan, we apply a transaction charge of £20 if instructed online or £50 if instructed by paper, in respect of whole of market investment transactions.

Are there any fund manager initial charges?

With the Modular iPlan and Wrap, over 98% of our Investment Centre funds do not incur an initial charge. This represents a discounted rate in comparison with purchasing directly from the relevant fund manager. Details of the specific charges for each fund available through our Investment Centre are available at www.jameshay.co.uk. We believe we should offer the best funds from the best fund managers regardless of charges and allow the adviser to choose the most appropriate funds for their client. For whole of market investments, there may be fund manager initial charges and these will vary depending on the investments chosen.

What adviser charging options are available?

Adviser charging can be paid as agreed with your clients up to a maximum of 5% (including VAT) per annum on an initial and/or ongoing basis. Ongoing charges can be taken as a fixed amount or as a percentage and can be paid automatically monthly, quarterly, half-yearly or annually. We will also pay on an ad-hoc basis with the appropriate client authority. We offer the ability to exclude certain asset categories from the calculation of charges and can also facilitate a tiered charging structure, giving you and your clients maximum flexibility.

Fund Selection

What investment options are available?

Our range of products provides access to over 3,300 discounted funds via the James Hay Investment Centre, an execution-only share dealing service, a panel of fixed term deposit providers, the ability to appoint a third party Investment Manager or Execution Only Stockbroker as well as a 'whole of market' option allowing virtually any investment to be purchased subject to individual product permissibility. We offer all fund sectors to our Financial Advisers; therefore we do not restrict investment choice.

How does James Hay Partnership select the funds that are offered?

Investment Centre funds are selected from the most popular funds, driven by Financial Adviser demand and sector coverage. Outside the Investment Centre, we offer a whole of market approach, subject to HMRC rules.

We do not seek to influence investment choice as we believe it is for advisers and their clients to make the choices appropriate to them. For more complex investments, particularly those purchased through the Specialist Investments module within the Modular iPlan, we will undertake some checks to ensure the investments are appropriate to be held by a pension fund. However, such checks should not replace the client and their Financial Adviser undertaking their own full due diligence checks on their chosen investments.

What is James Hay Partnership's approach to share classes?

We remain committed to enhancing our Investment Centre fund platform and delivering new funds and fund managers of interest to advisers and clients. Where possible, we will continue to offer all available types of share class via the Investment Centre to ensure that clients continue to get the best pricing and are offered the choice of mixing and matching clean and rebated share classes rather than being forced into clean funds when they might be more expensive.

Is the James Hay Partnership fund range consistent across all products?

Yes, where possible. The vast majority of assets are available on all products. However, some investments may not be permissible in certain products due to HMRC restrictions on those products.

Can I re-register assets on and off the platform?

Yes. All of our products allow re-registering of investments. Pension transfers are supported by the Origo service.

How are switches in the Investment Centre processed?

All switches are processed as a sale followed by a buy. The buy element is normally placed once we have received the price for the sale trade, which for most funds is the next business day. If the buy trade needs to be settled before the sale proceeds are received (for example when switching from an equity fund that settles on T+4 to a cash fund that settles on T+1) then we will normally pre-fund the buy element to ensure that the client is out of the market for as little time as possible.

Service and Support



Every Adviser gets a dedicated Account Executive

What is James Hay Partnership's service objective?

We help you support your clients in investing and managing their retirement savings in a cost effective and tax efficient way. Our aim is to give you greater control and choice when investing for your clients' retirement and to do this simply and transparently at a price which offers you and your clients value for money.

What is James Hay Partnership's commitment to service?

We are committed to understanding the changing demands and needs of our customers and we aim to ensure that we deliver what matters to them. We plan to remain at the forefront of providing market leading customer service and undertake regular reviews of our operational model and overall service proposition to make sure we keep pace with advisers' and clients' changing needs.

What is James Hay Partnership's service reputation?

We are specialists in the self-invested personal pension and platform industry, winning various

awards for customer service and product range over the last eight years. We have been awarded the Defaqto 5 Star Rating for our SIPP for eight years running, and won the 'Best SIPP Provider' category at the Investment Life and Pensions Moneyfacts Awards in 2012 and 2013. We also received a Gold Service Rating from Money Marketing in 2013 and 2014. Further service enhancements include the introduction of a dedicated account team to provide a single point of contact for enquiries, and numerous website enhancements to help Financial Advisers manage client portfolios more effectively.

Can James Hay Partnership provide a history of complaints received?

James Hay Partnership has a formal complaints procedure in place in line with the FCA's complaint handling requirements. Complaints are viewed as an opportunity to build better relationships and we will deal fairly and promptly with any customer who is dissatisfied with our service. In addition, a complainant is able to refer a complaint to the Financial Ombudsman's Service (FOS) if they are not satisfied with the outcome of our complaint investigation.

We do not publish information regarding the complaints received. However, FOS does report on any regulated firm where they have received more than 500 complaints in the six month reporting period. We have not been included in this report.

Does James Hay Partnership have a published service level agreement?

Yes. Our Service Commitment Document is available on our website at the following [link](#).

What telephone support does James Hay Partnership provide?

Each Financial Adviser is provided with a direct line to their designated Account Executive who is the single point of contact for all aspects of administration. The Account Executives are available 9am to 5pm Monday to Friday to answer any queries you may have.

What regional support does James Hay Partnership provide?

We have 4 regional offices in the UK that are dedicated to servicing the needs of Financial Advisers and their clients. We have 12 Business Development Managers available regionally to support Financial Advisers in all aspects of service. We also have 5 telephone based Business Development Managers and 5 sales support staff around the country.

Who will undertake the administration of my clients' plans?

We currently employ over 500 people in four locations across the UK. Each adviser will be allocated a dedicated Account Executive who will be responsible for the day to day administration of their clients' plans.

Specialist Technical Support

What technical support is provided?

We have a Technical Support Unit, based in Glasgow, which is responsible for providing Financial Advisers with technical support on complex pensions, trust and tax issues. We also offer a range of fact sheets and technical guides designed to help advisers on specific areas of pensions and investments.

Benefits include:

- free helpline for Financial Advisers,
- regular 'Tech Talk' bulletins which keep you up to date with legislation and provide insight into topical issues,
- over 70 years of combined professional experience,
- accurate and speedy response to all your questions,
- Technical Insight Packs including booklets, case studies and presentations,
- Technical client presentations to personalise with your company logo.



Online Services

How does James Hay Partnership meet my compliance needs?

Our secure online reporting system offers a full audit trail of transactions, asset histories and online communications; for example, secure messaging. However, Financial Advisers will need to continue recording and storing client assessments, advice rationale and client communications separately.

Does James Hay Partnership provide an online audit trail?

All web users will generate an audit trail detailing times, tasks and actions of every user including a full history of activity.

When is the secure site accessible?

The secure James Hay Online website is available 24 hours a day, 7 days a week. Financial Advisers must register with us before access is granted to the secure website. There is the ability to set access levels for users within a Financial Adviser organisation.

Does James Hay Online provide access to client documents?

A number of key documents can be viewed and stored via the secure James Hay Online website such as valuations and application forms within the 'client documents' section of the secure website.

Can I change client details online?

Yes. Financial Advisers can change client addresses online and they can request other changes via the secure messaging tool.

Does James Hay Partnership provide risk profiling tools?

We currently provide an unbiased investment platform through which Financial Advisers can execute investment strategies for their clients. To date we have not been satisfied that the risk profiling and stochastic modelling tools currently available on the market offer adequate transparency and independence for inclusion on our platform.

Online Tools

- Investment Centre trading
- Online illustrations
- Regular investments
- Transfers to and from Investment Managers
- Secure message inbox
- Bulk switching*
- Model portfolios and rebalancing*
- Cash alerts
- Selftrade trader terminal
- Online e-signatures
- Income changing

* available for Financial Advisers only.

Reports

- Transfer in and contribution history
- Asset transactions
- Cash transactions (credit & debit)
- Performance reporting
- Income summary and history
- Client and adviser details
- Cross client analysis

Can my clients have access to these tools and reports?

Yes, if required. We can provide full access to clients including the ability to trade if required or read-only.

Bespoke Technology

Does James Hay Partnership own its technology?

Yes. We have established a fully bespoke IT platform that is used to manage all our business. It has real time links between back office databases and the website, daily investment pricing, online applications, online illustrations and secure online dealing 24 hours a day, 7 days a week. This is a highly resilient multiple site platform held within IFG Group's infrastructure, which benefits from disaster recovery and business continuity planning.

Is IFG Group committed to developing James Hay Partnership technology?

The independent and profitable IFG Group has committed to further developing our products and the administrative systems that support them to meet the future needs of Financial Advisers and will continue to invest in us.

What security measures are in place to protect the integrity of your systems and stored data?

We have implemented group policies that govern and control access to applications and systems:

- Access to our network is controlled by Active Directory and requires authentication
- All applications have security to prevent unauthorised personnel from accessing them
- Our file system has role based controls
- System access rights are audited every six months and changes are approved by management
- We have joiners and leavers processes integrated into HR that ensure controls are governed
- Our websites and networks have monthly vulnerability testing and we have employed Ethical Hacking/Penetration testing
- Physical access to our buildings is restricted by Security Guards and card access systems prevent entry onto any of our operational processing areas

- IT administrators control access rights and this is an audited, reviewed and controlled process
- Our websites are all 128bit SSL protected and we employ double skin firewalls to prevent unauthorised access
- Employees are only allowed to access data that is appropriate to perform their role
- Our systems audit data change, so we know who last updated the systems.

Does the James Hay Investment Centre take advantage of straight through processing?

Yes. Firstly onto our system and then on to the fund manager.

With what third party software links do you currently integrate?

We currently have integrations with Avelo, Intelliflo, Assyst, Clarity, Capita, Best Practice, True Potential and Plum Software. We will continue to add further links in line with adviser demand.

Business Continuity

Do you have a disaster recovery process?

Yes. One of the benefits of being part of a large group means we can call upon a depth of technical, administrative and facilities resource in a crisis. We have developed a set of up to date business continuity and contingency measures and procedures.

We have an advanced and tightly governed approach to disaster recovery, work area recovery, data backups and replication.

Do you have a dedicated, alternate site from which to continue your business activities?

We have contracted with a major third party supplier for WAR site accommodation. This can be invoked to accommodate staff and infrastructure and continue all critical business operations in a major crisis.

How often are your WAR site and business continuity arrangements tested?

These are both tested annually.

Treating Customers Fairly

Describe the client profile for whom your products have been designed.

Our range of products has been designed for clients seeking low cost pensions and investment vehicles with full investment flexibility. Our typical customer is aged between 50 and 80 years old, understands the need for retirement planning and has a variety of investment needs but is looking for a single platform to manage all their assets in the various tax efficient environments and product wrappers available.

How has this group been identified?

This group has been identified through research conducted about the markets in which we operate and also through discussions with our own Financial Adviser relationships. It also reflects our existing business demographic.

What processes are in place to verify that sales of the product are in line with the target group?

New business is largely introduced to us by Financial Advisers who themselves will be making the assessment of the suitability of the product for the underlying client's needs. We monitor how advisers use the product to meet client needs and assess and respond to future product needs.

What steps are taken to ensure that client-facing material provides clear and relevant information that is adequately understood by the target market?

All of our products are tested with Financial Advisers and suggestions for improvement noted. There is also a robust internal approval process that includes key areas of the business that look at the clarity and quality of the documents as well as the technical accuracy, bearing in mind the target market. Feedback from users forms part of the information that is reviewed by our management team and corrective action will be instigated if a concern is identified. Additionally, problems with documentation identified during our complaints handling process will be addressed to prevent further problems.

What additional measures (above the minimum statutory reporting requirements) are proposed to keep clients appropriately informed?

Our IT system is set up for Financial Advisers and their clients to register for online access. This provides 24 hour access to view products

and the underlying investments and permits trading online, if required. Financial Advisers and clients will subsequently agree mutual levels of access such as agreed mandates for trading. Other than the required reporting, we keep advisers and clients informed of any changes to legislation or any other relevant information, through mailings.

Capital Adequacy

The IFG Group has surplus resources in excess of its regulatory and working capital needs. This ensures that the Group is adequately capitalised to deliver policy holder protection, considering both credit and operational risks.

The business is very well positioned in the run up to the new Capital Adequacy rules, and our capital strength, allied to the IFG Group PLC capital base is a significant differentiator for the business. As at 31st December 2013 the IFG UK Group (including James Hay Partnership) has Capital Resources in excess of £60m compared to its Regulatory Capital Requirement of £7m, resulting in excess

capital of more than £50m. As the 6th largest adviser platform in the UK we believe this capital position is very strong and compares well with our competitors, and provides the capacity and capability for further investment in the business.

If the FCA's new capital adequacy rules for SIPP operators (due to be implemented in September 2016) were implemented in full and with immediate effect, James Hay Partnership would currently have in excess of the proposed requirements.

Non standard investments represent 1.1% of James Hay Partnership's overall assets*. The Group considers that it has no market risk.

Insurance Protection

Our parent company, IFG Group Plc, is covered by two layers of Professional Indemnity insurance. The first layer limits the Group up to £1m of indemnity. Under layer two, the Group is indemnified for up to £10m. The Group also has an option for additional automatic reinstatement for a further £1m under the first layer and a further £9m under the second

layer. An independent report was completed by Jardine Lloyd Thomson on insurances in place by IFG Group UK and it was concluded and confirmed that 'based on the size of the company, the activity covered and the claims history, the professional indemnity insurance maintained and operated by IFG Group UK is adequate and is satisfactory'.

* Excluding commercial property, as at September 2014.

Financial Protection

Protection on SIPPs via Trust Structures and the FSCS

James Hay Pension Trustees Limited (JHPT) is the trustee company for our SIPP products.

The investments and cash within the SIPP will be held solely by JHPT who is the legal owner of the investments and cash within the SIPP. These investments and cash are held in trust, and are ring-fenced from any creditor claims in the event of a failure of the SIPP operator.

This legal separation means that in the unlikely event that the SIPP operating company became insolvent, the assets held for SIPP clients could not be accessed by the creditors of the SIPP operator. Each SIPP client should also consider what happens where James Hay Partnership is operating normally, but where there is a failure of one of the banks or investments held within the SIPP.

SIPP Cash

All SIPP money (not already applied for investment purposes) is held in trust, in a separate designated bank account for each SIPP client by the trustee for the SIPP. These accounts are placed with Santander UK Plc (Santander).

A client may also elect to hold some or all of their money in a fixed term deposit with one of the licensed deposit takers on our Cash Panel.

In each case, the banks used are authorised and regulated by the Financial Conduct Authority (FCA) and are covered by the Financial Services Compensation Scheme (FSCS). This means that in the unlikely event that one of the banks fails, James Hay Partnership (as sole authorised signatory) would be able to make a claim under the FSCS on behalf of each SIPP member that has money in these accounts. Each of the underlying SIPP members would be classed as the 'Eligible Claimant' by the FSCS under their rules and as defined by the FCA in the FCA Handbook.

The current FSCS compensation limit for bank accounts is 100% up to £85,000 and this limit should therefore be applicable to each SIPP

member having money invested in an account with Santander.

Please note that the limit of £85,000 applies to all money that the claimant holds with the bank in their personal capacity (including joint accounts and savings accounts) as well as their exposure via the SIPP. The same protection applies to any money invested in fixed term deposit accounts via the Cash Panel. James Hay Partnership has also made an assessment of the banks' security and future prospects.

Unit Trust and OEIC Investments

The assets held within a Unit Trust or Open Ended Investment Company (OEIC) are held by the fund's trustee or depositary (respectively) independently of the fund management company that manages the fund. Therefore, the assets are ring-fenced by both law and FCA regulations to protect the unit holders of these funds. The failure of the fund management company will not place the assets of the fund at risk. However, the trustee or depositary may temporarily suspend dealing in the units pending the appointment of a new fund management company to manage the assets of the fund.

Shares Held in Nominee Name

The ownership of any shares will remain with JHPT while they form part of a SIPP, but the shares will be registered in the name of a nominee company or held by a custodian of the Investment Manager or Stockbroker the client has chosen to use. In these circumstances, these assets are ring-fenced from assets of the firm providing the custody services so that, in the event of their failure, the assets will still be available to the underlying client.

Other Types of Investment

Where other types of investment are held within a SIPP, the applicability of the FSCS would have to be reviewed on a case-by-case basis for the type of investment. However, offshore investments may be subject to the compensation scheme regulations in the applicable offshore jurisdiction.

Investment Managers and Stockbrokers

An Investment Manager or Stockbroker will hold clients' assets in a nominee name (see Shares Held in Nominee Name above) and cash in a client money account which is also ring-fenced from that firm's own assets and creditors. However, if an Investment Manager or Stockbroker holding SIPP money or assets were to fail and the above protections were not followed, then provided the Investment Manager or Stockbroker is authorised by the FCA, the money or underlying assets of the SIPP held by the Investment Manager or Stockbroker should be protected under the FSCS up to a maximum claim of £50,000 per failed Investment Manager/ Stockbroker. The limit should be applied at SIPP member level provided the assets and cash held by the Investment Manager or Stockbroker are clearly held for each individual SIPP member. James Hay Partnership would make a claim on behalf of affected members. Please note that the limit of £50,000 applies to all investments that the claimant holds with the individual asset provider in their personal capacity (including joint holdings) as well as their exposure via the SIPP.

If the Investment Manager or Stockbroker is also a regulated bank, then rather than holding any cash as client money, they may hold it as deposit taker. The protection of this money would then be similar to holding any bank account – in the event of the failure of the bank, the ultimate recourse is the FSCS up to the relevant limits.

You should check the detail of how individual Investment Managers or Stockbrokers will hold cash and investments when selecting those to recommend to your clients.

James Hay Wrap Managers Limited

The protections applicable under the FSCS for the various products provided by James Hay Wrap Managers Limited are detailed below.

ISA

(Modular iPlan & James Hay Wrap)

a) Cash held in ISA Bank Account

The cash element of the ISA that is not placed in a Term Deposit Account (see 1b), is held in an individual bank account in the specific client's own name with Santander UK Plc and operated

by James Hay Wrap Managers Limited under a power of attorney that the client gives James Hay Wrap Managers Limited when opening the product. As this account is in the client's own name, it is completely separate from the assets of any of the James Hay Partnership companies. The balance on this account would have to be aggregated with any other balances that the client held with Santander UK Plc if a claim was to be made under the FSCS up to the current maximum claim of £85,000.

b) Cash held in Term Deposit Account

Cash held in a fixed term deposit account with a Cash Panel provider is held in the name of James Hay Wrap Managers Limited in segregated client money accounts. It is therefore ring-fenced from the assets of James Hay Wrap Managers Limited. It is protected under the FSCS up to a maximum claim of £85,000 per failed Cash Panel provider. This limit includes all exposure that the client has to the Cash Panel provider, both within the ISA and also in a personal capacity.

c) Investments held within ISA

For the investments held within the ISA, please see the Investment Providers section below, which will also apply to investments held.

General Investment Account (GIA) and Investment Portfolio

(Modular iPlan & James Hay Wrap)

Depending on the type of investment, certain protections may apply:

1. Cash Held in the GIA

The cash element of the Investment Portfolio for each GIA is held in an individual bank account in the specific client's own name and is held with Santander UK Plc but operated by James Hay Wrap Managers under a power of attorney that the client gives James Hay Wrap Managers Limited when opening the product. As this account is in the client's own name, it is completely separate from the assets of any of the James Hay Partnership companies. The balance on this account would have to be aggregated with any other balances that the client held with Santander UK Plc if a claim was to be made under the FSCS up to the current maximum claim of £85,000.

2. Investment Providers

a) Unit Trust and OEIC investments

The assets held within a UK Unit Trust or UK Open Ended Investment Company (OEIC) are respectively held by the trustee or depositary for the fund independently of the fund management company that manages the fund. Therefore, the assets are ring-fenced by both law and FCA regulations to protect the unit holders of these funds. The failure of the fund management company will not place the assets of the fund at risk. However, the trustee or depositary may temporarily suspend dealing in the units pending the appointment of a new fund management company to manage the assets of the fund.

b) Stocks and Shares held in nominee name

Where stocks and shares are recorded in a nominee name of a custodian bank or Investment Manager, the assets are ring-fenced from the bank/Investment Manager in the event of their failure and would still be held on behalf of the underlying client.

c) Other types of investment

Where other types of investment are held, then the applicability of the FSCS would have to be reviewed on a case-by-case basis for the type of investment. However, offshore investments may be subject to the compensation scheme regulations in the applicable jurisdiction. There is no protection for the failure of an investment to perform as a result of poor market performance.

3. Investment Managers/Stockbrokers

In most cases, an Investment Manager or Stockbroker will be holding clients' assets in a nominee name (see point 2b above) and cash in a client money account which is also ring-fenced from the firm's own assets and creditors. However, if an Investment Manager or Stockbroker holding money or assets were to fail and the above protections were not followed, then provided the Investment Manager or Stockbroker is authorised by the FCA, the money or underlying assets held by the Investment Manager or Stockbroker outside of nominee accounts or client money accounts should be protected under the FSCS, up to a maximum claim of £50,000 per failed Investment Manager/Stockbroker. The limit

should be applied at client level providing the assets and cash held by the Investment Manager or Stockbroker are identifiable to each individual client.

If the Investment Manager or Stockbroker is also a regulated bank, then rather than holding any cash as client money, they may hold it as deposit taker. The protection of this money would then be like holding any bank account. In the event of the failure of the bank, the ultimate recourse is the FSCS up to the relevant limits.

You should check the detail of how individual Investment Managers or Stockbrokers will hold cash and investments when selecting those to recommend to your clients.

Offshore Bond

(James Hay Wrap only)

The investment into the Offshore Bond is made with RL360° in the Isle of Man. In the event that RL360° (as product provider) fails, the investment is protected by the Isle Of Man Financial Compensation Scheme. This will cover up to 90% of the investment. As the value of each client's Offshore Bond is based upon the value of the assets that RL360° holds, each Offshore Bond client should also consider what happens in the event that RL360° remains solvent, but one of the companies that RL360° places deposits with or invests in at the request of, and on behalf of, the Offshore Bond client, were to become insolvent.

Important Note: This represents James Hay Partnership's current understanding of both the UK's FSCS and the Isle of Man's Financial Compensation Scheme, their policies, limits and how the assets of the various James Hay Partnership products are protected under the various schemes. It is important to note, however, that these schemes ultimately have absolute discretion in such matters and their approaches may differ from our understanding depending on the specific circumstances which result in their involvement.

Governance Framework

Group Level

The IFG Group Plc Board of Directors

Provides leadership and maintains effective control over the activities of the IFG UK Group. The Board meets on at least a bi-monthly basis and has a formal schedule of matters reserved to it. The Board sets the Group's strategic aims and specifies key developments towards the strategic objectives that are to be achieved by management within an agreed budget. Subject to the matters reserved to it, the Board has delegated responsibility for the operational management of the Group to the Group Chief Executive and, through him, to Executive Directors and senior management. The Board has also delegated some additional responsibilities to Committees established by it, whose powers, obligations, and responsibilities are set out in written terms of reference.

IFG Group Plc Risk Committee

Comprises of four Non-Executive Directors. The Group Chief Executive, Company Secretary, Finance Director and the Head of Internal Audit normally attend meetings of the Committee. The Committee assists the Board in fulfilling its oversight responsibilities for Corporate Governance by evaluating business and reputational risks, by reviewing the systems of internal controls over business operations and by reviewing the IFG Group Plc processes for monitoring compliance with laws, regulations and codes of conduct. The evaluation of business risk is conducted through a formal process of risk control assessment review over each trading subsidiary company in each of the operating segments under risk headings, including strategic, regulatory, tax, legal, financial, business processes, and technology and management information systems.

Group Operations Committee

The principal committee for the UK Group comprises of four Non-Executive Directors and the Group CEO. Covering the IFG UK entities, its remit

includes operational, financial, legal, compliance and risk management issues. The Committee has oversight of all UK risks and also provides oversight and approval of the ICAAP document.

James Hay Partnership Level

James Hay Partnership Board of Directors

Has responsibility for determining the firm's strategic direction and risk appetite. The Board meets on a quarterly basis and is responsible for establishing an effective corporate governance framework and for monitoring the effectiveness of this framework on an ongoing basis.

James Hay Partnership Risk Committee

Reporting to the James Hay Partnership Board, the Committee provides challenge and oversight in relation to current and potential future risk exposures and future risk strategy, including risk appetite and tolerances. Findings and recommendations from the Committee are also reported to the IFG Group plc Risk Committee.

The Committee meets bi-monthly and is typically chaired by the Chief Executive Officer. Other notable attendees include the Risk & Compliance Director, UK Group Finance Director, UK Chief Risk Officer, Chief Operations Officer and the lead IT resource.

James Hay Partnership Executive Committee

Meeting at least monthly, the Executive Committee provides a collective decision making body responsible to the entity's individual Board and the IFG Group Board. Attendees typically include the Chief Executive Officer, Risk & Compliance Director, Chief Operations Officer, UK Group HR Director and UK Group Finance Director.

Control Environment and Risk Management

James Hay Partnership has a track record and reputation built on more than 30 years as a leading SIPP provider and operator, and is committed to first-rate processes and procedures consistent with regulatory and industry best practice. This commitment ensures we can offer a robust control environment that is capable of safeguarding the assets held on behalf of our clients.

To protect the interests of clients, shareholders and employees, the IFG Group operates a strong control environment throughout the Company. This is achieved through the Risk Management Framework, which provides integrated, robust corporate governance processes to allow the risk profile to be identified, assessed, monitored and controlled. The IFG Group has an overarching risk management strategy which utilises the following elements:

- Risk analysis, identification and description, assessment and tolerance via the risk register process,
- Risk control, oversight and challenge via the Group Chief Risk Officer and the Group Risk Committee,
- Risk reporting, through structured reporting lines to the James Hay Partnership Risk & Compliance Director and with formal reporting onto the IFG Group Plc Risk Committee,
- Input from sub-committee working groups such as the CASS Committee (that has a main reporting line to the Executive Committee) and the Financial Crime Steering Group with oversight and challenge from the James Hay Partnership Risk Committee,
- Ongoing monitoring and challenge via Risk Committees and embedded risk culture throughout the business.

The IFG Group operates a 'Three Lines of Defence' model of risk management across all entities, with clearly defined roles and responsibilities for committees and individuals:

First Line

The Operational Departments and their Heads are responsible for the identification, quantification, escalation, monitoring and mitigation of significant operational risks. The business and support functions follow the policies, procedures and the controls implemented to deal with the day-to-day running of business operations. Key controls are embedded throughout the operation within systems and processes in order to mitigate risk. The components of the internal control framework, forming this first line of defence, are listed below:

- Operational Compliance Policies – the policies document interpretation of the relevant regulations that apply to each business,
- Risk Policies – the policies cover specific areas such as Incident Reporting,
- Risk Registers – line management is responsible for providing regular updates to the risks, controls and risk gradings in their risk registers,
- Procedures – each firm has a suite of high level procedures and/or detailed processing instructions,
- Training of staff and their ongoing performance assessment and appraisal,
- Recording errors – all reportable errors are recorded via internal systems and communicated through appropriate channels depending on materiality according to escalation protocols,

- Escalation Processes – an established set of protocols for reportable incidents, errors and near misses to be assessed against the delegated authority limits for risk management. Escalation within 24 hours to senior Risk personnel and oversight committee will occur for material breaches.

Second Line

Provided by the committees and functions in place to provide ongoing oversight of the effectiveness of the internal control framework and re-enforced by the support and monitoring functions of Risk Management and Compliance. The Risk Management function has an overview responsibility for the various risk registers and challenges the risks in conjunction with line management. A suite of 'Key Risk Indicators'

is reviewed at each James Hay Partnership Risk Committee meeting and the monitoring of these acts as an early warning system so that preventative action can be taken as necessary. In addition, James Hay Partnership has an Escalation Policy and associated Incident Reporting Policy in place and the Compliance function advises on all areas of regulatory principles, rules and guidance, and undertakes monitoring activity on an ongoing basis.

Third Line

This is provided by the Group Internal Audit function. The Group Audit Committee receives all internal audit reports and tracks the completion of key audit recommendations. The third line of defence is responsible for providing independent assurance that the risk framework is effective and robust.

Where can I find further information?

You can find further information about James Hay Partnership and our range of products on our website <http://www.jameshay.co.uk> or by contacting us at:



SIPP Telephone:

0845 850 4455

SIPP Fax

0845 600 8651

Wrap Telephone:

0845 809 4024

Wrap Fax:

0844 736 2936

Technical Support Unit

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Pensions Technical Support:


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Tax Trust Support:

taxtrust.techsupport@jameshay.co.uk

Telephone and e-mail support is available Monday to Friday, 9am to 5pm, excluding bank holidays.

Alternatively you can contact your regional Business Development Manager. Find yours on our Business Development Map by clicking [here](#).



James Hay Partnership is able to provide literature in alternative formats. The formats available are: Large Print (as recommended by RNIB), Braille, Audio Tape and PC Disk. If you would like to receive this document in an alternative format please contact us on 0845 850 4455. For the hard of hearing and / or speech impaired, please use the Typetalk service via 18001 0845 850 4455.

James Hay Partnership is the trading name of James Hay Insurance Company Limited (JHIC) (registered in Jersey number 77318); IPS Pensions Limited (IPS) (registered in England number 2601833); James Hay Administration Company Limited (JHAC) (registered in England number 4068398); James Hay Pension Trustees Limited (JHPT) (registered in England number 1435887); James Hay Wrap Managers Limited (JHWM) (registered in England number 4773695); James Hay Wrap Nominee Company Limited (JHWNC) (registered in England number 7259308); PAL Trustees Limited (PAL) (registered in England number 1666419); Santhouse Pensioner Trustee Company Limited (SPTCL) (registered in England number 1670940); Sarum Trustees Limited (SarumTL) (registered in England number 1003681); Sealgrove Trustees Limited (STL) (registered in England number 1444964); The IPS Partnership Plc (IPS Plc) (registered in England number 1458445); Union Pension Trustees Limited (UPT) (registered in England number 2634371) and Union Pensions Trustees (London) Limited (UPTL) (registered in England number 1739546). JHIC has its registered office at 3rd Floor, 37 Esplanade, St Helier, Jersey, JE2 3QA. IPS, JHAC, JHPT, JHWM, JHWNC, SPTCL, SarumTL and IPS Plc have their registered office at Trinity House, Buckingham Business Park, Anderson Road, Swavesey, Cambs CB24 4UQ. PAL, STL, UPT and UPTL have their registered office at Dunn's House, St Paul's Road, Salisbury, SP2 7BF. JHIC is regulated by the Jersey Financial Services Commission and JHAC, JHWM, IPS and IPS Plc are authorised and regulated by the Financial Conduct Authority. The provision of Small Self Administered Schemes (SSAS) and trustee and/or administration services for SSAS are not regulated by the FCA. Therefore, IPS and IPS Plc are not regulated by the FCA in relation to these schemes or services.(01/14)