

IN THE HIGH COURT OF JUSTICE

CR-2018-001756

**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY & COMPANIES LIST (ChD)
COMPANIES COURT
BETWEEN**

MOBIUS LIFE LIMITED

- and -

**SCOTTISH FRIENDLY ASSURANCE
SOCIETY LIMITED**

SCHEME

**(for the transfer of certain long-term
insurance business of Mobius Life Limited to
Scottish Friendly Assurance Society Limited
pursuant to Part VII of, and Schedule 12 to,
the Financial Services and Markets Act 2000)**

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:

“**Actuary**”: the person appointed by the relevant insurer from time to time to perform the SIMF20 senior management function;

“**Business Day**”: a day (other than a Saturday or Sunday) on which banks are open for business (other than solely for trading and settlement in Euros) in both London and Glasgow;

“**Business Personal Data**”: any personal data (as that term is defined under the GDPR) which relates to the Transferred Business;

“**Contracts**”: the services agreement originally between Blackrock Investment Management (UK) Limited and Investment Solutions Limited (now Mobius) dated 5 May 2010, as novated to Aegon UK plc and as amended from time to time, pursuant to which Aegon UK plc provides Mobius with member administration services in relation to the Transferred Policies, and any other agreement to which Mobius is party in connection with the Transferred Business and which Mobius and SF agree in writing prior to the Effective Date should be transferred pursuant to this Scheme;

“**CBTRA Regulations**”: The Financial Services and Markets Act 2000 (Control of Business Transfers) (Requirements on Applicants) Regulations 2001;

“**Court**”: the High Court of Justice in England and Wales;

“**Data Migration**”: the migration to SF of:

- (A) all Policies, Contracts and data relating to the Transferred Business; and
- (B) all underlying assets and records relating to the Transferred Business in whatever form;

“**Effective Date**”: the time and date on which this Scheme shall become effective in accordance with paragraph 12;

“**Encumbrance**”: any mortgage, charge, pledge, security assignment, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, any other encumbrance or security interest of any kind and any other type of preferential arrangement (including, without limitation, title transfer and retention agreements) having a similar effect;

“**Excluded Assets**”: any and all such assets of Mobius other than the Transferred Assets and the Residual Assets and such Excluded Assets shall include:

- (A) the rights of Mobius to any defences, claims, counterclaims, defences to counterclaims and rights of set-off in respect of the Excluded Liabilities;
- (B) the rights of Mobius under or relating to the Excluded Policies; and
- (C) the rights, benefits and powers of Mobius under or by virtue of the Retained Reinsurance Contracts; and
- (D) any other property of Mobius that would be comprised in the Transferred Assets but which Mobius and SF agree in writing prior to the Effective Date should not be transferred pursuant to this Scheme;

“Excluded Liabilities”: any liabilities, duties or obligations of Mobius arising under or from this Scheme and/or which would otherwise have transferred to SF as a Transferred Liability but which Mobius and SF have agreed in writing prior to the Effective Date shall not be transferred to SF;

“Excluded Policies”: Policies comprised in the Transferred Policies under which any liability remains unsatisfied or outstanding as at the Effective Date:

- (A) written by Mobius in the course of carrying on insurance business in the United Kingdom or any other EEA State, in respect of which:
 - (i) for the purpose of paragraph 1(3) of Schedule 12 to FSMA, an EEA State other than the United Kingdom is the State in which the relevant policy was concluded; and
 - (ii) the appropriate Regulator has not prior to the making of the Order by which the Court sanctions this Scheme provided the certificate referred to in paragraph 4 of Schedule 12 to FSMA with respect to the relevant EEA State which is the State of the commitment; or
- (B) written by Mobius in the course of carrying on insurance business in the United Kingdom or any other EEA State which the Court has determined shall not be transferred at the Effective Date; or
- (C) written by Mobius in the course of carrying on Long Term Business but which are not otherwise capable of being transferred pursuant to FSMA at the Effective Date,

and any further Policy issued by Mobius pursuant to the exercise of any right or option under an Excluded Policy as described in paragraph 9.3;

“FCA”: the Financial Conduct Authority;

“FCA Handbook”: the handbook of rules and guidance issued from time to time by the FCA under FSMA;

“Financial Ombudsman Service”: the scheme provided under Part XVI FSMA;

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

“GDPR”: the Regulation of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);

“HMRC”: Her Majesty’s Revenue & Customs;

“Independent Expert”: the person nominated or approved by the Regulator to make the report on the terms of this Scheme in accordance with section 109 FSMA;

“Linked Fund”: an internal linked fund maintained by Mobius prior to the Effective Date or by SF prior to or following the Effective Date for the purpose of calculating benefits payable under Linked Policies;

“Linked Policies”: Policies under which the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the Policies) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified);

“Long Term Business”: 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;

“Long Term Fund”: the fund, or each of the funds, established and maintained by Mobius or SF (as the context requires) in respect of Long Term Business;

“Mobius”: Mobius Life Limited, a company incorporated in England and Wales with registered number 03104978 whose registered office is at 7th Floor, 20 Gresham Street, London EC2V 7JE;

“Mobius Board”: the board of directors of Mobius from time to time;

“Mobius Group”: Mobius and, for as long as Mobius is a subsidiary of Mobius Holdings Limited, Mobius Holdings Limited and its subsidiaries and subsidiary undertakings from time to time;

“Mobius Linked Fund”: one or more notional internal linked funds maintained by Mobius immediately prior to the Effective Date for the purposes of calculating the benefits payable under the Transferred Policies;

“Mobius Reinsurance Policy”: the policy entered into between Mobius and Scottish Friendly on or before the Effective Date in the form agreed between them (and as the same may be amended or varied from time to time);

“Order”: 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;

“Policy”: has the meaning set out in the Financial Services and Markets Act 2000 (Meaning of “Policy” and “Policyholder”) Order 2001;

“Policyholder”: has the meaning set out in the Financial Services and Markets Act 2000 (Meaning of “Policy” and “Policyholder”) Order 2001;

“Principle 6”: Principle 6 set out in Chapter 2 of the Principles for Businesses sourcebook forming part of the FCA’s Handbook;

“Proceedings”: includes any action or other legal or administrative proceedings or step (whether direct or indirect, by way of a claim, demand, legal proceedings, execution of judgment, arbitration, complaint or otherwise howsoever) including arbitration, mediation, adjudication, any other dispute resolution procedure (whether or not it involves submission to any court), any judicial, quasi-judicial, administrative or regulatory review or process or any complaint or claim to any ombudsman or other proceedings for the resolution of a dispute or claim, in each case whether current, future, pending, threatened or otherwise;

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

“Records”: all documents, files and other records, whether in physical or electronic form, relating to the Transferred Business which are in the possession of, or under the control of, Mobius, but excluding any records documents, files and other records relating to the Transferred Business that the parties at any time agree in writing to exclude;

“Regulator”: the Prudential Regulation Authority (“PRA”) and/or the FCA (as the case may be) of the United Kingdom or such other authority or authorities as shall from time to time carry out such functions in relation to the prudential regulation and/or financial conduct of Long Term

Business as carried on in the United Kingdom by Mobius or SF (as applicable) as are on the date hereof carried out by the Prudential Regulation Authority and the Financial Conduct Authority of the United Kingdom;

“Reinsured Liabilities”: the liabilities reinsured under the Mobius Reinsurance Policy;

“Residual Asset”:

- (A) any property of Mobius attributable to the Transferred Business (including any right, benefit or power of Mobius under any Transferred Policy) in respect of which the Court has declined to order the transfer to SF under section 112(2) of FSMA as at the Effective Date;
- (B) any other property of Mobius attributable to the Transferred Business (including any right or benefit under any Transferred Policy) where Mobius and SF agree in writing prior to the Effective Date that its transfer should be delayed or should not be transferred at all;
- (C) any property of Mobius attributable to the Transferred Business 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;
- (D) any property of Mobius attributable to the Transferred Business which cannot be transferred to or vested in SF on the Effective Date for any other reason; and
- (E) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, earned or received from time to time after the Effective Date in respect of any property referred to in paragraphs (A) to (D) of this definition;

“Residual Liability”: any liability, duty or obligation whatsoever of Mobius (other than an Excluded Liability and a liability under an Excluded Policy):

- (A) that is attributable to or connected with a Residual Asset and arises at any time before the Subsequent Transfer Date applicable to that Residual Asset including, without limitation, any liability to taxation; or
- (B) in respect of which the Court has declined to order the transfer to SF under section 112(2) of FSMA on the Effective Date; or
- (C) any liability of Mobius which cannot be transferred to or vested in SF for any other reason on the Effective Date;

“Retained Reinsurance Contracts”: all the contracts, agreements, policies and other arrangements in place to which Mobius is a party in the nature of reinsurance and which cover any part, or all of, the Transferred Business and which are in force immediately prior to the Effective Date;

“SF”: Scottish Friendly Assurance Society Limited a friendly society, registered and incorporated under the Friendly Societies Act 1992 with No. 3 COLL (S), whose registered office is at Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ;

“SF Board”: the board of directors of SF from time to time;

“SF Group”: SF, its subsidiaries and subsidiary undertakings, any holding company of SF and all other subsidiaries of any such holding company from time to time;

“SF Long Term Fund”: the fund established and maintained by SF in respect of Long Term Business;

“SF Main Fund”: the fund bearing the name **“Main Fund”** established as a sub-fund of the SF Long Term Fund for business other than business held in the other sub-funds established and maintained by SF;

“SF Rules”: the Memorandum and Rules of SF in force from time to time;

“Subsequent Transfer Date”: in relation to any Residual Asset or Residual Liability, the date (and each date) after the Effective Date on which such Residual Asset or Residual Liability is or is to be transferred to SF, 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 paragraph (B) or (C) 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 or connected with that Residual Asset, the date on which Mobius and SF agree the transfer should take effect; or
- (C) the date on which the Court may otherwise determine that such transfer shall take effect;

“Tax” or **“taxation”**: all forms of tax, duty, rate, levy, charge or other imposition or withholding whenever and by whatever authority imposed and whether of the United Kingdom or elsewhere, including (without limitation) income tax (including income tax or amounts equivalent to or in respect of income tax required to be deducted or withheld from or accounted for in respect of any payment), corporation tax, advance corporation tax, capital gains tax, inheritance tax, value added tax, customs duties, excise duties, stamp duty, stamp duty reserve tax, stamp duty land tax, national insurance, and other similar contributions, and any other taxes, duties, rates, levies charges, imposts or withholdings corresponding to, similar to, replaced by or replacing any of them, together with any interest, penalty, surcharge or fine in connection with any taxation or in connection with the failure to file any return for the purposes of any taxation;

“Tax Clearances”:

- (A) confirmation from HMRC that the transfer of the Transferred Business will be treated as a TOGC or otherwise not subject to VAT;
- (B) confirmation from HMRC that the transfer or sale and purchase of the assets comprised in the Transferred Business will not attract stamp duty or stamp duty reserve tax;
- (C) notification from HMRC under section 133 of the Finance Act 2012 confirming that HMRC are satisfied that section 132(1)(b) of the Finance Act 2012 is not met;

“this Scheme”: 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 13;

TOGC": the transfer of a business (or of part of a business) as a going concern for the purposes of both section 49(1) VATA 1994 and article 5 Value Added Tax (Special Provisions) Order 1995;

"Transferred Assets": means:

- (A) the rights, benefits and powers of Mobius under or by virtue of or otherwise arising in connection with the Transferred Policies;
- (B) all rights and claims (present or future, actual or contingent) against any third party in relation to the Transferred Business or arising as a result of Mobius having carried on the Transferred Business;
- (C) all rights, benefits and powers of Mobius under or by virtue of the Contracts;
- (D) the Records, and all rights, title and interest of Mobius in the Records;
- (E) all property attributable to the Excluded Policies (except if and for so long as such property constitutes a Residual Asset);
- (F) any other assets which Mobius and SF agree, whether before or after the Effective Date, are to be transferred under this Scheme,

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

"Transferred Business": the Transferred Policies, Transferred Assets and Transferred Liabilities but excluding:

- (A) (prior to each Subsequent Transfer Date) any Residual Assets and Residual Liabilities; and
- (B) any Excluded Policies;

"Transferred Liabilities": all liabilities, duties and obligations of Mobius whatsoever as at the Effective Date (whether actual or prospective) under or relating to the Transferred Policies and to tax attributable to the Transferred Business but excluding: (1) the Excluded Liabilities; (2) (prior to each Subsequent Transfer Date) the Residual Liabilities; (3) any liabilities under or relating to the Excluded Policies and (4) any liabilities under or relating to the Retained Reinsurance Contracts;

"Transferred Policies": means the Linked Policies written by Mobius relating to the contract-based group and stakeholder pension schemes included in a file in the form of a database having the filename **+-"Carter"**, as provided by Mobius to SF on or before the Effective Date under which any liability remains unsatisfied or outstanding at the Effective Date, including:

- (A) Policies written by Mobius which have lapsed on or before the Effective Date and which are reinstated by SF after the Effective Date;
- (B) all proposals for insurance received by or on behalf of Mobius before the Effective Date which have not become Policies in force by the Effective Date but which subsequently become Policies,

but excluding the Excluded Policies;

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“**VAT**”: value added tax and any tax or duty of a similar nature substituted for it, including value added tax chargeable under or pursuant to the EC Council Directive 2006/112/EC as implemented into relevant national law;

“**VATA 1994**”: Value Added Tax Act 1994;

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

- (A) “property” includes (without limitation) property, assets, rights (including, without limitation, 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, powers of any description and any interest whatsoever in any of the foregoing;
- (B) “liabilities” includes (without limitation) duties and obligations of every description (whether present or future, actual or contingent);
- (C) “transfer” includes (as the context may require) “assign”, “assignment” or “assignment”, “dispose” or “disposal” or “convey” or “conveyance”;
- (D) 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;
- (E) any reference in this Scheme to an enactment, a statutory provision or any subordinate legislation shall be deemed to ~~include~~include a reference to that enactment, statutory provision or subordinate legislation as amended, replaced or re-enacted from time to time and to any instrument or order made from time to time under such enactment, statutory provision or subordinate legislation;
- (F) any reference to any rules or regulations issued by the Regulators shall be deemed to include a reference to such rules or regulations as amended or replaced from time to time;
- (G) expressions used in this Scheme which have meanings under FSMA shall bear those meanings, including:
 - (i) “State of the commitment” which bears the meaning set out in paragraph 6, Part 1 of Schedule 12 to FSMA; and
 - (ii) “EEA State” which bears the meaning set out in paragraph 8, Part 1 of Schedule 3 to FSMA;
- (H) the expressions “holding company” and “subsidiary” shall have the same meanings as in the Companies Act 2006;
- (I) any references to this Scheme shall include the Schedules to it and references to paragraphs, Parts or Schedules are to paragraphs or Parts of or Schedules to this Scheme;
- (J) headings are inserted for convenience only and shall not affect the construction of this Scheme;
- (K) any reference to a person shall include a reference to a body corporate, a partnership, an unincorporated association or to a person’s executors or administrators, and for the avoidance of doubt, shall include a trustee;

- (L) 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;
- (M) any reference to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (N) any reference to a calculation, decision, determination or opinion of any of the SF Board or the Mobius Board (or any similar expression) shall be deemed to include a calculation, decision, determination or opinion of a duly constituted committee or duly authorised representative of the SF Board or the Mobius Board (as appropriate);
- (O) the expression “variation” shall include any variation, supplement, deletion, replacement or termination, however effected;
- (P) any reference to an amount shall be exclusive of any applicable value added or other tax; and
- (Q) any reference to pounds or £ shall be to pounds sterling or £ sterling in the currency of the United Kingdom.

PART B – INTRODUCTION

2. INTRODUCTION

- 2.1 Mobius is a company incorporated in England and Wales with registered number 03104978. The registered office of Mobius is situated at 7th Floor, 20 Gresham Street, London EC2V 7JE.
- 2.2 SF is a friendly society registered and incorporated under the Friendly Societies Act 1992 with No. 3 COLL (S). The registered office of SF is situated at Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ.
- 2.3 Mobius has permission under Part IVA FSMA to effect and carry on Long Term Business in the United Kingdom in classes I, III and VII set out in Part II of Schedule 1 to the RAO.
- 2.4 SF has permission under Part IVA FSMA to effect and carry on Long Term Business in the United Kingdom in classes I, III and IV set out in Part II of Schedule 1 to the RAO.
- 2.5 As at the date of this Scheme, the business which Mobius carries out and which relates to the Transferred Business falls within class III set out in Part II of Schedule 1 to the RAO.
- 2.6 It is proposed that the Transferred Business shall, by the Order, be transferred to SF and shall be dealt with in accordance with this Scheme.

PART C – TRANSFER

3. TRANSFER OF BUSINESS

- 3.1 Each part of the Transferred Business, the Residual Assets and the Residual Liabilities shall be transferred to and be vested in SF in accordance with this Scheme, so that:
- (A) on and with effect from the Effective Date, each Transferred Asset and all the interest and property of Mobius in it shall, by the Order and without further act or instrument, be transferred to and be vested in SF, subject to all Encumbrances (if any) affecting such asset in accordance with this Scheme;
 - (B) on and with effect from each Subsequent Transfer Date, each Residual Asset to which such Subsequent Transfer Date applies and all the interest and property of Mobius in it shall, by the Order and without any further act or instrument, be transferred to and be vested in SF, subject to all Encumbrances (if any) affecting such asset in accordance with this Scheme;
 - (C) on and with effect from the Effective Date, each Transferred Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of SF in accordance with this Scheme and shall cease to be a liability of Mobius; 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 SF in accordance with the Scheme and shall cease to be a liability of Mobius.
- 3.2 On and with effect from the Effective Date, Mobius shall, as reinsurer, issue the Mobius Reinsurance Policy to Scottish Friendly, as reinsured, to provide reinsurance of the Reinsured Liabilities. Each of Scottish Friendly and Mobius shall take all such steps and do all such things (including the filing, execution and delivery of any document) which may be necessary or desirable to secure the unit-linked liabilities of Mobius under the Mobius Reinsurance Policy.
- 3.3 Mobius shall retain the Excluded Assets and the Excluded Liabilities and nothing in this Scheme shall be construed as having the effect of transferring the Excluded Assets or the Excluded Liabilities to, or vesting in, SF.
- 3.4 SF shall accept without investigation or requisition such title as Mobius shall have at the Effective Date to the Transferred Assets and, at any Subsequent Transfer Date, to each Residual Asset then transferred.
- 3.5 Without prejudice to any other provision in this Scheme, Mobius and SF shall each take all such steps (including the execution and delivery of documents) as may be required or desired to:
- (A) effect or perfect the transfer to and vesting in SF of any Transferred Asset or Residual Asset pursuant to this Scheme;
 - (B) correct any errors in the identity or amount of the assets so transferred or allocated; and
 - (C) effect or perfect the transfer to and assumption by SF of any Transferred Liability or Residual Liability pursuant to the Scheme.
- 3.6 The Transferred Assets, Residual Assets, Transferred Liabilities and Residual Liabilities shall be allocated to the SF Main Fund, in accordance with paragraph 4.

3.7 Any reviews after the Effective Date of the charges pursuant to any Transferred Policies allocated to the SF Main Fund shall be subject to the same governance arrangements that are in-force from time to time for all other policies within the SF Main Fund.

3.8 Nothing in this Scheme shall at any time prevent SF from:

- (A) establishing and maintaining other Long Term Funds or other sub-funds of the SF Main Fund and writing in or reinsuring to any such other Long Term Funds or sub-funds any new Long Term Business or any business of other Long Term Funds or sub-funds of SF;
- (B) writing in or reinsuring to the SF Main Fund any new business; or
- (C) writing in or reinsuring to any Fund, Policies issued pursuant to rights or options under the terms of the Transferred Policies.

3.9 On and with effect from the Effective Date, SF shall:

- (A) succeed to all rights, liabilities and obligations of Mobius in respect of any Business Personal Data;
- (B) become the data controller of any Business Personal Data in place of Mobius and shall be deemed to have been the controller of all such data at all material times when such data was processed; and
- (C) in respect of any Business Personal Data, be under the same duty by virtue of any law as Mobius 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 Mobius and which required Mobius not to use the personal data for marketing purposes,

and in any consent given by a data subject in respect of such Business Personal Data, any reference to Mobius shall be deemed to include a reference to SF and any reference to any member of the Mobius Group shall be deemed to include a reference to any member of the SF Group.

4. LINKED FUNDS

4.1 On and with effect from the Effective Date the property and any associated liabilities comprised in each Mobius Linked Fund shall be allocated to and become comprised in a corresponding Linked Fund of SF within the SF Main Fund (the “**SF-Mobius Linked Funds**”), comprising immediately following the Effective Date the same number and value of units as were comprised within the relevant Mobius Linked Fund immediately prior to the Effective Date.

4.2 On and with effect from the Effective Date:

- (A) subject always to the provisions of this paragraph 4, in relation to any benefits under Transferred Policies which are linked to a SF-Mobius Linked Fund, SF shall become entitled to the same rights and powers and be subject to the same duties and liabilities as applied to Mobius in relation to the corresponding Mobius Linked Fund immediately prior to the Effective Date; and
- (B) benefits under any Transferred Policy which, immediately prior to the Effective Date, were linked to any one or more Mobius Linked Fund(s) shall become linked to the corresponding SF-Mobius Linked Fund(s) and SF shall as at the Effective Date allocate to each such Transferred Policy the same number and classes of units in the

corresponding SF-Mobius Linked Fund(s) as the number and classes of units in the relevant Mobius Linked Fund(s) which were allocated to the Transferred Policy immediately prior to the Effective Date.

- 4.3 If any property comprised in a Mobius Linked Fund falls within the provisions of paragraph 10.1, all interests and rights in relation to such property shall be allocated to the relevant SF-Mobius Linked Fund to which such property would, had it been a Transferred Asset, have been allocated. On and with effect from the relevant Subsequent Transfer Date each Residual Asset that is comprised in a Mobius Linked Fund shall be allocated to the SF-Mobius Linked Fund to which it would have been allocated pursuant to this paragraph 4 had it been a Transferred Asset.
- 4.4 The SF-Mobius Linked Funds shall initially be established with the same investment objectives, investment restrictions and investment policies as were applied by Mobius to the corresponding Mobius Linked Fund immediately prior to the Effective Date.
- 4.5 Subject to FSMA, the requirements of Principle 6 and unless the Board of SF, acting in accordance with the standards of a prudent insurance company, is reasonably of the view that the terms of the relevant policies ~~preclude or would otherwise prevent~~ do not permit such action to be taken, SF shall be at liberty at any time and from time to time to open new Linked Funds, close any SF-Mobius Linked Funds, to merge or otherwise amalgamate or transfer any SF-Mobius Linked Fund or any part or parts thereof with or to (as the context requires) any other Linked Fund (including any other SF-Mobius Linked Fund) or any part or parts thereof or to divide any SF-Mobius Linked Fund into one or more Linked Funds, to change the investment objectives, investment restrictions and/or investment policies of the SF-Mobius Linked Funds or to effect any combination of the aforesaid, in each case on such terms as the SF Board shall consider reasonable having regard to the interests of its policyholders.

5. MEMBERSHIP RIGHTS

- 5.1 SF shall procure that on and with effect from the Effective Date, the holder or holders of each Transferred Policy shall become members of SF with the membership rights set out in the SF Rules.

6. CONTINUITY OF PROCEEDINGS

- 6.1 On and with effect from the Effective Date, any Proceedings or applications to any authority (including, without limitation, any complaints to the Financial Ombudsman Service) whether pending, current or future by, against or in relation to and/or in respect of which Mobius is a party (or, in the case of future Proceedings, Mobius would be a party but for this Scheme) (including, without limitation, as the plaintiff, claimant, applicant, defendant, respondent, pursuer, defender or petitioner) concerning or in connection with the Transferred Business, the Transferred Policies, the Transferred Assets or the Transferred Liabilities shall be continued or commenced by, against or in relation to SF and SF shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off and any other rights that would have been available to Mobius in relation to the Transferred Business, the Transferred Policies, the Transferred Assets, the Transferred Liabilities and such Proceedings or applications.
- 6.2 On and with effect from each Subsequent Transfer Date applicable thereto any Proceedings or applications to any authority (including, without limitation, any complaints to the Financial Ombudsman Service) whether pending, current or future by, against or in relation to and/or in respect of which Mobius is a party (or, in the case of future Proceedings, Mobius would be a party but for the Scheme) (including, without limitation, as the plaintiff, claimant, applicant,

defendant, respondent, pursuer, defender or petitioner) concerning the Residual Assets or Residual Liabilities which are to be transferred on such Subsequent Transfer Date shall be continued or commenced by, against or in relation to SF and SF shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off and any other rights that would have been available to Mobius in relation to the Residual Assets and the Residual Liabilities. Until such Subsequent Transfer Date, the relevant Proceedings shall be continued by or against Mobius.

- 6.3 Any judgment, settlement, order or award obtained by or against Mobius to the extent that it relates to any part of the Transferred Business, the Transferred Policies, the Transferred Assets, the Transferred Liabilities, the Residual Assets or the Residual Liabilities and which is not fully satisfied before the Effective Date or, as the case may be, the applicable Subsequent Transfer Date, shall, on that date and to the extent to which it was enforceable by or against Mobius immediately prior to such date, become enforceable by or against SF (to the exclusion of Mobius).

7. RIGHTS AND OBLIGATIONS IN RELATION TO THE TRANSFERRED BUSINESS

- 7.1 On and with effect from the Effective Date, SF shall become entitled to all the rights, benefits and powers of Mobius whatsoever subsisting on the Effective Date under or by virtue of the Transferred Policies.

- 7.2 Without prejudice to the generality of paragraph 7.1, where the benefits of any Transferred Policy are held under the terms of a trust, such terms, together with the terms of any rules applicable to any pension scheme in the case of any pension scheme under which benefits are referable to a Transferred Policy, shall operate and be construed on and with effect from the Effective Date on a basis which is consistent with the transfer of such Transferred Policy in accordance with the provisions of this Scheme. For the avoidance of doubt:

- (A) where the consent of Mobius is required under any such terms, the consent of SF 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 Mobius, that power shall, with effect from the Effective Date, instead be treated as conferred on SF.

- 7.3 Subject to the terms of this Scheme, every person who is a Policyholder of any of the Transferred Policies or is a party to, or has the benefit of, any other agreement with Mobius relating to the Transferred 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 Mobius under any of the Transferred Policies or any other such agreement relating to the Transferred Business, to the same rights against SF as were available to him against Mobius under such Policies or such other agreement relating to the Transferred Business and (as regards Transferred Policies under which premiums or other sums attributable or referable thereto continue to be payable) shall on and with effect from the Effective Date account to SF for any further or additional premiums or other sums attributable or referable thereto as and when the same become due and payable.

- 7.4 If any person entitled to do so with respect to a Transferred Policy, exercises any right or option granted under the terms of that 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 Transferred Policy; or

- (B) it is appropriate in the opinion of the SF Board, having regard to appropriate actuarial 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 Transferred Policy,

such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue by SF of a Policy which complies with the terms of such right or option, but (without prejudice to the right of such person to have the right or option satisfied by the issue by SF of such a Policy) if SF is not at the time of the exercise of such right or option writing Policies complying exactly with the Policy to which the right or option refers, SF shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) the Policy commonly offered by SF which SF considers to be the nearest equivalent Policy in accordance with the terms and conditions applicable to the Policies of SF at that time, provided that the issue of such alternative Policy would not in the opinion of the SF Board, having regard to appropriate actuarial advice result in a liability or an increase in liability to taxation of the holder of such Policy (or in the event of such liability or increase in liability would occur SF shall have the option to indemnify the policyholder in full and to issue another Policy pursuant to this paragraph 7.4) or otherwise fail to satisfy his reasonable expectations.

- 7.5 All references in any Transferred Policy or other agreement relating to the Transferred Business to Mobius, its board of directors, its Actuary or any other officers, employees or agents of Mobius shall from and after the Effective Date be read as references to SF, its board of directors, its Actuary or any other officers or employees of SF or, where appropriate, agents of SF to which the administration or investment management of the relevant part of the business carried on by SF has been delegated. In particular, but without limitation, all rights and/or duties exercisable or expressed to be exercisable or responsibilities to be performed by Mobius, its board of directors, Actuary or any other officers, employees or agents of Mobius in relation to any of the Transferred Policies or other agreements relating to the Transferred Business shall, from the Effective Date, be exercisable or required to be performed by SF, its board of directors, its Actuary or any other officers, employees or agents. All references in a Transferred Policy to the Mobius Group shall, where the context requires, be read and construed, from the Effective Date, as references to the SF Group.

- 7.6 The transfer of any rights, benefits, liabilities and obligations under or in connection with any Transferred Policy, Transferred Asset, Residual Asset, Transferred 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.

8. EXCLUDED POLICIES

- 8.1 The Excluded Policies (if any) shall not be transferred to SF by this Scheme and, subject to paragraph 8.6, the liabilities under or attributable to the Excluded Policies shall remain liabilities of Mobius but shall at all times after the Effective Date be reassured in their entirety into SF for no further consideration in accordance with this paragraph 8.

- 8.2 The liability of SF in respect of the reinsurance arrangements described in this paragraph 8 shall be calculated so as to ensure that the rights, benefits and powers provided to the Policyholders of Excluded Policies shall be no less favourable than the rights, benefits and powers which

would have been provided to such Policyholders of the Excluded Policies had such Excluded Policies been Transferred Policies.

- 8.3 On and with effect from the Effective Date, SF shall be responsible for the management and the administration of the Excluded Policies and Mobius hereby appoints SF as its exclusive agent to conduct the management and administration of the Excluded Policies and confers upon and grants to SF and to any agent appointed by SF all power and authority that SF in its sole judgement considers necessary or desirable to manage and administer the Excluded Policies. For these purposes, SF shall be entitled to represent itself as managing and administering the Excluded Policies as exclusive agent for Mobius, and shall be entitled to represent itself in that capacity directly to the Policyholders of Excluded Policies following the Effective Date.
- 8.4 If any person entitled to do so with respect to an Excluded Policy exercises any right or option granted under the terms of that Excluded 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 Excluded Policy; or
 - (B) it is appropriate in the opinion of the SF Board, having regard to appropriate actuarial 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 Excluded Policy,
- such person shall be entitled to require that the obligation thereby arising may be satisfied by the issue or amendment (as the case may be) by Mobius of a Policy which complies with the terms of such right or option. Without prejudice to such entitlement:
- (C) SF shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) a Policy which complies with the terms of such right or option; and
 - (D) if SF is not at the time of the exercise of such right or option writing Policies complying exactly with the Policy to which the right or option refers, then SF shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) the Policy commonly offered by SF which SF considers to be the nearest equivalent Policy, in accordance with the terms and conditions applicable to Policies of SF at that time.
- 8.5 If all consents, permissions or other requirements for the transfer of an Excluded Policy from Mobius to SF are obtained:
- (A) such Excluded Policy shall be transferred to SF, and shall thereafter be treated in all respects, as if it were a Transferred Policy; and
 - (B) any liability attributable to such Excluded Policy shall be transferred to SF, and shall thereafter be treated in all respects, as if it were a Transferred Liability.
- 8.6 If any Excluded Policy is novated to SF, the property and liabilities relating to such Excluded Policy shall, to the extent not previously transferred, be transferred to SF and such Excluded Policy shall thereafter be dealt with by SF under the provisions of this Scheme in all respects as if such Excluded Policy were a Transferred Policy, and the reassurance arrangements set out in this paragraph 8 shall, on and with effect from that novation, cease to apply to that Excluded Policy (provided however that SF shall continue to reassure Mobius against any liability of Mobius under such Excluded Policy).

9. PREMIUMS, MANDATES AND OTHER PAYMENTS

- 9.1 All premiums attributable or referable to the Transferred Policies shall on and after the Effective Date be payable to SF and shall be receivable and received by SF.
- 9.2 Any mandate or other instruction in force on 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 banker or other intermediary of premiums payable to Mobius under or in respect of any of the Transferred Policies shall thereafter take effect as if it had provided for and authorised such payment to SF.
- 9.3 Any mandate or other instruction in force on the Effective Date as to the manner of payment of any sum payable by Mobius under any of the Transferred Policies shall, on and from the Effective Date, continue in force as an effective authority to SF.

10. DECLARATION OF TRUST BY MOBIUS

- 10.1 If:
- (A) any Transferred Asset is not, or is not capable of being, transferred to and vested in SF by the Order on the Effective Date by reason of:
 - (i) such property being a Residual Asset; or
 - (ii) such property being outside the jurisdiction of the Court; or
 - (iii) any other reason; or
 - (B) any Residual Asset is not, or is not capable of being, transferred to and vested in SF by the Order on the Subsequent Transfer Date applicable thereto; or
 - (C) the transfer of any Transferred Asset or Residual Asset outside the jurisdiction of the Court is not recognised by the laws of the jurisdiction in which such property is situated; or
 - (D) in any circumstances Mobius and SF shall agree in writing before the Effective Date (or, in the case of any Residual Asset, before the Subsequent Transfer Date applicable thereto) that it is expedient not to effect a transfer of any such property of Mobius,
- then Mobius shall, from the Effective Date, hold any such Transferred Asset or Residual Asset referred to in sub-paragraphs (A) and (D) of this paragraph 10.1 (together with any proceeds of sale or income or other right accrued or return arising in respect of such assets) as trustee for SF.
- 10.2 Mobius shall be subject to SF's directions in respect of any property referred to in sub-paragraphs (A) to (D) of paragraph 10.1, from the Effective Date, until the relevant property is transferred to or otherwise vested in SF or is disposed of (whereupon Mobius shall account to SF for the proceeds of sale thereof), and SF shall have authority to act as the attorney of Mobius in respect of such property for all purposes.
- 10.3 In the event of any payment being made to, property being received by or right being conferred upon Mobius after the Effective Date in respect of the Transferred Business, any Transferred Asset, any Residual Asset or any asset referred to in paragraph 10.1, Mobius 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, SF and SF shall reimburse the costs reasonably incurred by Mobius in making any such payment or transfer.

11. INDEMNITIES IN FAVOUR OF MOBIUS AND SF

- 11.1 Subject to paragraph 11.2, with effect from the Effective Date, SF shall discharge on Mobius's behalf or, failing that, shall indemnify Mobius against charges, costs, liabilities, losses and claims arising in respect of all Transferred Liabilities and Residual Liabilities (save to the extent that such Residual Liability has arisen or increased as a direct result of the failure by Mobius to comply with any directions given by SF under paragraph 10.2), provided that:
- (A) (in the case of Transferred Liabilities), Mobius shall consult with SF prior to taking any action in respect of any Transferred Liabilities and shall not agree to settle or indicate an intention to agree or settle any potential Transferred Liability without the written consent of SF.
- 11.2 Where a Transferred Liability or a Residual 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 SF pursuant to paragraph 11.1 shall only apply to the extent that Mobius, 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 always that SF shall indemnify Mobius in respect of any reasonable costs, claims, charges and other liabilities incurred by Mobius in recovering the same.
- 11.3 Where Mobius is entitled to receive an amount pursuant to paragraph 11.2, 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 Mobius 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 11.2, will result in the receipt of an amount equal to the liability indemnified against.
- 11.4 On and from the Effective Date, Mobius shall indemnify SF against charges, costs, liabilities, losses and claims arising in respect of all Excluded Assets and Excluded Liabilities provided that SF shall consult with Mobius prior to taking any action in respect of any Excluded Assets and Excluded Liabilities and shall not agree to settle or indicate an intention to agree or settle any potential Excluded Liability without the written consent of Mobius.

PART D – MISCELLANEOUS

12. EFFECTIVE DATE

- 12.1 Subject to paragraph 12.4, this Scheme shall become effective at ~~100.01 a.m.~~ on ~~31 October~~ ~~9 November~~ 2018~~))~~ or on such other time and date as SF and Mobius may agree and specified in the Order sanctioning the Scheme.
- 12.2 If Mobius and SF agree that the transfer of the Transferred Business should become effective on or after ~~100.01 a.m.~~ on ~~28 December 2018~~, Mobius and SF must apply to the Court for a further order, specifying any time and date on or after ~~100.01 a.m.~~ on ~~28 December 2018~~ which, subject to the consent of the Court, shall then become the Effective Date for the purposes of this Scheme and this Scheme shall then become operative on and from the time and date so specified, provided that:
- (A) the Regulators
 - (i) have been provided with sufficient advance notice; and
 - (ii) shall have the right to be heard at any hearing of the Court at which such application is considered;
 - (B) such application shall be accompanied by a certificate from an Independent Expert to the effect that the proposed amendment will not materially adversely affect the holders of the Transferred Policies or existing policyholders of Mobius or SF;
 - (C) the Independent Expert shall be provided with the most up-to-date financial information available to each of Mobius and SF (as such information relates to it);
 - (D) a notice of the making of such order is published on the website of Mobius within fourteen days of the making of such further order.
- 12.3 Unless this Scheme shall become effective on or before ~~28 March 2019~~, or such later date and/or time as the Court may allow (following consultation with the Regulator) upon the application of Mobius and SF, it shall lapse.
- 12.4 This Scheme shall not become effective on the Effective Date unless:
- (A) the Order shall have been made;
 - (B) SF has in place all necessary regulatory permissions under the RAO to enable SF to carry on the Transferring Business with effect from the Effective Date; and
 - (C) the Tax Clearances have been obtained or waived.

13. MODIFICATIONS OR ADDITIONS

- 13.1 Mobius and SF may consent for and on behalf of themselves and all other persons concerned (other than the Regulators) 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.
- 13.2 Subject to paragraph 13.4, at any time after the sanction of this Scheme, Mobius and SF shall be at liberty to apply jointly to the Court for consent to amend its terms, provided that in any such case:
- (A) the Regulators shall be notified of, and have the right to be heard at, any hearing of the Court at which such application is considered; and

- (B) such application shall be accompanied by a certificate from an independent actuary (who shall first be approved for the purpose by the Regulators) to the effect that in his opinion the proposed amendment will not materially adversely affect the Policyholders of Transferred Policies or Excluded Policies, including by reference to:
- (i) the effect of the proposed amendment to the Scheme on the security of those Policyholders' contractual rights, including the likelihood and potential effects of the insolvency of SF;
 - (ii) the likely effects of the proposed amendment to the Scheme on relevant conduct matters such as including for example on investment management, new business strategy, administration, governance, expense levels and valuation bases insofar as they may effect (1) the security of those Policyholders' contractual rights; (2) the level of service provided to those Policyholders and (3) the reasonable benefit expectations of those Policyholders; and
 - (iii) the cost and tax effects of the proposed amendment to the Scheme, including insofar as they may affect the security of those Policyholders' contractual rights or their reasonable benefit expectations.

13.3 If such consent is granted, Mobius and SF may amend the terms of this Scheme in accordance with such consent.

13.4 The consent of the Court shall not be required in respect of amendments to the Scheme which are:

- (A) minor and/or technical amendments to the terms of this Scheme (including amendments to correct manifest errors) that are agreed by Mobius and SF;
- (B) necessary to comply with such of the requirements of Applicable Law which have or will have any implications for Mobius or SF in relation to the terms or operation of this Scheme;
- (C) necessary to reflect any changes in generally accepted actuarial practices relating to the management of the Transferred Policies; or
- (D) required to protect the rights and reasonable expectations of the Policyholders of the Transferred Policies,

provided that the Regulators have been notified of the same in sufficient time in advance of the proposed amendment being made and have indicated in writing that they do not object thereto.

13.5 The consent of the Court or the Regulators shall not be required in relation to the amendment or termination of either the Mobius Reinsurance Agreement or any reinsurance arrangement pursuant to paragraph 8.

14. 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.

15. COSTS AND EXPENSES

15.1 Subject to paragraphs 15.2 to 15.4, Mobius and SF shall meet their own costs and expenses (including any transfer tax chargeable in connection with this Scheme) incurred in connection with this Scheme.

15.2 The following costs and expenses incurred in connection with this Scheme shall be borne equally by Mobius and SF:

- (A) the fees of the Regulators;
- (B) the costs and expenses of the Independent Expert;
- (C) the costs and expenses of any jointly appointed barrister; and
- (D) the costs and expenses of any jointly appointed third party tax adviser.

15.3 The following costs and expenses incurred in connection with this Scheme shall be borne by Mobius:

- (A) the costs and expenses of its external legal adviser retained in connection with this Scheme;
- (B) any costs incurred by Mobius in connection with the publication of notices in accordance with paragraph 3(2)(a) of the CBTRA Regulations and as directed by the Court;
- (C) any costs incurred by Mobius in connection with the sending of any notice required under paragraph 3(2)(b) of the CBTRA Regulations and as directed by the Court to Policyholders of Transferred Policies; and
- (D) any costs incurred in giving a copy of the Report and/or the Summary Scheme Document to any person other than a member of SF who requests such document in accordance with paragraph 3(4) of the CBTRA Regulations.

15.4 The following costs and expenses incurred in connection with the Scheme shall be borne by SF:

- (A) the costs and expenses of its external legal adviser retained in connection with this Scheme;
- (B) any costs incurred by SF in connection with the publication of notices in accordance with paragraph 3(2)(a) of the CBTRA Regulations and as directed by the Court;
- (C) any costs incurred by SF in connection with the sending of any notice required under paragraph 3(2)(b) of the CBTRA Regulations and as directed by the Court; and
- (D) any costs incurred in giving a copy of the Report and/or the Summary Scheme Document to any member of SF who requests such document in accordance with paragraph 3(4) of the CBTRA Regulations.

16. EVIDENCE OF TRANSFER

The production of a copy of the Order with any modifications, amendments and/or additions made under paragraph 13 shall be evidence for all purposes of the transfer to and vesting in SF of the Transferred Business.

17. GOVERNING LAW

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

Dated this [●] day of [●]

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