

Master Insurance Agreement

Customer version

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This document contains the main terms and conditions of the PruFund Funds available in the Prudential ISA. The document is based on the Master Insurance Agreement which is an agreement between The Prudential Assurance Company Limited (the **Insurer**), LFI (Nominees) Limited (the **Policyholder**) and Link Financial Investments Limited (the **ISA Plan Manager**) by which the PruFund Funds are made available for investment through the ISA as a life insurance policy. Copies of the Master Insurance Agreement are available on request. This document, the Master Insurance Agreement – Customer Version, does not constitute a legally binding agreement and is provided for information purposes only.

The ISA Plan Manager is authorised by the FCA and is in the business of acting as ISA plan manager to various funds. The ISA Plan Manager will from time to time enter into ISA Agreements with Customers. The Policyholder acts as the ISA Plan Manager's nominee. All assets invested on behalf of Customers from time to time under the ISA Agreements will be held on trust by the Policyholder in its capacity as the ISA Plan Manager's nominee.

Customers entering into ISA Agreements may elect that all or part of the investment amounts paid to the ISA Plan Manager should be paid to the Insurer to be invested in the PruFund Funds, and the rights thereby created are to be held on trust for the Customer by the Policyholder (acting as nominee for the ISA Plan Manager) pursuant to the Trust Deed and the ISA Regulations.

The PruFund Funds and related Accounts referred to in this document are designed for investment pursuant to the terms of the ISA Agreement that you have entered into with Link Financial Investments Limited. It is important to note that each PruFund Fund and the corresponding PruFund Pension Fund of the same name (which may be listed separately elsewhere), are in fact the same PruFund Fund, and therefore share the same characteristics, taxation, asset allocation, unit price, and "suspension of smoothing" criteria and outcomes. The same applies, where appropriate, to related Accounts of the same name.

The ISA Plan Manager will notify Customers as appropriate if there are changes to this Agreement.

Part A: Introduction

1. Definitions and interpretation

1.1 In this Agreement, the following terms have the meanings given in this Clause 1, unless the context otherwise requires.

“Accounts” means the Prudential PruFund Cautious Account, the Prudential PruFund Growth Account and each of the Prudential Risk Managed PruFund Accounts. These are holding accounts, pending the automated purchase of Units in their respectively named PruFund Fund, on the PruFund Quarter Date(s).

“Actual Fund Value” means, on any day, the value of a PruFund Fund determined by the Insurer; for this purpose the Insurer uses a variety of methods and assumptions (including the use of appropriate investment indices) to regularly estimate the value of the assets and liabilities of the PruFund Funds.

“Agreement” means the Master Insurance Agreement between the Insurer, the Policyholder and the ISA Plan Manager.

“Aggregate Unit Value” has the meaning set out in Clause 3.

“Annual Management Charge” has the meaning set out in Clause 14.

“Customer” means the person who has entered into the related ISA Agreement with the ISA Plan Manager and upon whose life the relevant insurance provided under this Agreement is based.

“Daily Smoothing Limit” means a specified limit in respect of each PruFund Fund which is determined by the Insurer at its discretion and such limit may be changed by the Insurer from time to time. The Daily Smoothing Limit (as updated from time to time in accordance with this Agreement) will be published on the Insurer’s Customer Friendly Principles and Practices of Financial Management (the **“CFPPFM”**), which can be found on pru.co.uk (as updated from time to time by the Insurer).

“Death Benefits” means the amount of money to be paid under the terms of this Agreement to the designated beneficiary upon the death of a relevant Customer.

“Destination Fund” means an ISA Agreement Fund to which Units are Switched in accordance with Clause 18 (*Fund Variation*).

“Expected Growth Rate” means the annual rate of increase (which may be zero but will never be negative) applied on a daily basis to increase Unit Prices in the PruFund Funds and Accounts as explained in Clause 7 (*The PruFund Funds*). The Expected Growth Rate may vary by fund.

“FCA” means the Financial Conduct Authority of the United Kingdom or such other governmental or regulatory authority or authorities as may succeed to the FCA’s responsibilities.

“FCA Rules” means the rules and guidance from time to time adopted or made, and any direction from time to time made, by the FCA, so far as applicable to the Insurer.

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

“Full Withdrawal” means the cashing in of all the Units allocated to the relevant Customer in accordance with Clause 22 (*Full Withdrawal*), but excludes the cashing-in of Units where the proceeds are to be the subject of a Switch to another ISA Agreement Fund.

“Gap After Adjustment” means a specified gap in respect of each PruFund Fund which is determined by the Insurer at its discretion and such gap may be changed by the Insurer from time to time. The specified gap shall be expressed as a percentage of the Net Asset Value Per Unit, between the Unit Price and the Net Asset Value Per Unit immediately after the Unit Price has been adjusted as a result of the Daily Smoothing Limit being met or exceeded pursuant to Clause 9.2. The Gap After Adjustment Limit (as updated from time to time in accordance with this Agreement) will be published on the Insurer’s CFPPFM, which can be found on pru.co.uk (as updated from time to time by the Insurer).

“Group” means, in relation to a person from time to time, that person, any subsidiaries, subsidiary undertakings or associated undertakings of that person, any holding companies of that person and any subsidiaries, subsidiary undertakings or associated undertakings of such holding companies, as each is defined in the Companies Act 2006.

“Illegality Event” means the occurrence at any time of any of the following events:

- (a) this Agreement is determined to be or becomes unlawful or unenforceable or void, in whole or in any material part, or contrary to any binding decision of any relevant competent regulatory authority;
- (b) the performance or enjoyment of the whole or any material part of this Agreement by a Party is or becomes unlawful or unenforceable or void or contrary to any binding decision of any relevant competent regulatory authority; or
- (c) any material rights or obligations of a Party under this Agreement are extinguished by operation of applicable law or regulation.

“Initial Premium” means, in relation to a Customer, the first Premium paid on behalf of that Customer by the ISA Plan Manager to the Insurer hereunder.

“Insurer” means The Prudential Assurance Company Limited which is authorised by the PRA and FCA to carry on insurance business in the United Kingdom.

“ISA” means an individual savings account within the meaning of the ISA Regulations.

“ISA Agreement” means the terms and conditions entered into between the ISA Plan Manager and a Customer in respect of an ISA for that Customer from time to time.

“ISA Agreement Fund” means a PruFund Fund or another fund available for investment by a Customer under the ISA Agreement of that Customer, or any one or more of them as the context requires.

“ISA Plan Manager” means Link Financial Investments Limited.

“ISA Regulations” means the Individual Savings Account Regulations 1998 (SI 1998 No. 1870) as amended from time to time.

“Monthly Transaction Date” means the date falling one month after the payment of the Initial Premium on behalf of a relevant Customer, and monthly thereafter; if the Monthly Transaction Date does not exist for a given month, the Monthly Transaction Date for that month will be the last day of the month.

“Net Asset Value Per Unit” means the Actual Fund Value of the relevant PruFund Fund divided by the total number of Units credited to that fund (in respect of all policies, not just those created under this Agreement).

“Notional Policy” means an account which the Insurer creates in accordance with Clause 6 in respect of individual Customers to which benefits are attached in relation to the Premium paid for specific periods of time.

“Ongoing Adviser Charge” means, in relation to a Customer, a charge payable to a person who advised the Customer in relation to entering into the ISA Agreement of that Customer, the amount of which is to be determined as provided in Clause 15.

“Ongoing Adviser Charge Date” means, in relation to a Customer, a date on which Units are to be cancelled in order to facilitate the payment of an Ongoing Adviser Charge in relation to that Customer, such date to be determined as provided in Clause 15.

“Partial Withdrawals” means the cashing in of some (but not all) of the Units allocated to the relevant Customer in accordance with Clause 21 (*Partial Withdrawal*), but excludes the cashing-in of Units where the proceeds are to be the subject of a Switch to another ISA Agreement Fund.

“Policyholder” means LFI (Nominees) Limited.

“PRA” means the Prudential Regulation Authority of the United Kingdom or such other governmental or regulatory authority or authorities as may succeed to the PRA’s responsibilities.

“PRA Rules” means the rules and guidance from time to time adopted or made, and any direction from time to time made, by the PRA, so far as applicable to the Insurer.

“Premium” means a premium, whether a single premium or a series of regular payments, paid or to be paid on behalf of a relevant Customer by the ISA Plan Manager to the Insurer hereunder.

“M&G plc Group of Companies” means the Insurer, each company which is from time to time its holding company or its subsidiary and each company which is a subsidiary of any such holding company, as defined in the Companies Act 2006.

“PruFund Funds” means the Prudential PruFund Cautious Fund, the Prudential PruFund Growth Fund and the Prudential Risk Managed PruFund Funds and any further funds which the Insurer chooses to make available as PruFund Funds from time to time.

“PruFund Quarter Dates” means 25 February, 25 May, 25 August and 25 November or the following Working Day if the date falls on a non-Working Day.

“Prudential Risk Managed PruFund Funds” means the Prudential PruFund Risk Managed 1 Fund, the Prudential PruFund Risk Managed 2 Fund, the Prudential PruFund Risk Managed 3 Fund, the PruFund Risk Managed 4 Fund and the PruFund Risk Managed 5 Fund.

“Quarterly Smoothing Limit” means a specified limit in respect of each PruFund Fund which is determined by the Insurer at its discretion and such limit may be changed by the Insurer from time to time. The Quarterly Smoothing Limit (as updated from time to time in accordance with this Agreement) will be published on the Insurer’s CFPPFM, which can be found on pru.co.uk (as updated from time to time by the Insurer).

“Reasonable Notice” means that the Insurer must tell the ISA Plan Manager before the Insurer makes a change and the Insurer must give the ISA Plan Manager a reasonable amount of time, given all of the circumstances, to take any action or make any decisions which are needed, or the ISA Plan Manager wishes to take, on account of the proposed change. When giving reasonable notice the Insurer will take account of all of the circumstances of the change; for example, the length of notice that the Insurer can give may be influenced by legislative or regulatory requirements.

“Regular Withdrawal Date” means the [5th and 20th] of each calendar month, or the preceding Working Day if either of those days is a weekend or bank holiday, from the date of this Agreement until the date of termination of this Agreement, or as otherwise specified by the Insurer by Reasonable Notice from time to time.

“Regular Withdrawals” means cashing in of certain Units allocated to the relevant Customer by the cancellation of Units at regular intervals following a request from the ISA Plan Manager under Clause 20 (*Regular Withdrawals*), but excludes the cashing-in of Units where the proceeds are to be the subject of a Switch to another ISA Agreement Fund.

“Sum Assured” means the sum which may be payable on the death of the Customer (see Clause 24). It will be 100.1% of the value of the Units allocated to that Customer. The timing of the valuation of the Units is shown in Clause 13.1(f).

“Switch” means a fund variation or variations achieved by the cancellation of Units in one or more PruFund Funds, followed by the credit of Units in one or more other ISA Agreement Funds, as explained in more detail in Clause 18 (Fund Variation), and **“Switched”** and **“Switching”** shall be construed accordingly.

“Trust Deed” means the deed containing the declaration of trust by the Policyholder over the Units and any other qualifying investments held by the Policyholder in accordance with the ISA Agreements.

“Unit” means, in respect of a PruFund Fund, one of the equal parts into which that PruFund Fund is notionally divided for the purpose of recording the benefits in respect of a Customer. See Clause 7.6 for more details.

“Unit Price” means the price at which a PruFund Unit is credited to or cancelled from a PruFund Fund or Account.

“Unit Price Fund Value” means the total number of Units credited to a PruFund Fund multiplied by the relevant Unit Price.

“Withdrawal” means a Full Withdrawal, Partial Withdrawal or Regular Withdrawal as the case may be.

“With-Profits Fund” means the long-term fund where the Insurer’s with-profits business is written, which includes the With-Profits Sub-Fund.

“With-Profits Sub-fund” means the With-Profits Sub-fund of the Insurer’s long term fund.

“Working Day” means any day that the London Stock Exchange is open for dealings, and, at the Insurer’s discretion, any day on which it would normally be open but for a temporary closure.

1.2 Any reference in this Agreement to Units being “allocated to” a Customer or being “held by” a Customer are to those Units being allocated to, or held by, the Policyholder for the benefit of that Customer pursuant to the Trust Deed.

1.3 Except where the context otherwise requires, any reference in this Agreement to:

- (a) this Agreement or any other document shall be references to each of them as amended, varied, novated, supplemented or replaced from time to time; and
- (b) a law or regulation shall be references to such law or regulation as amended, replaced or re-enacted from time to time.

1.4 Words herein importing one gender shall include the other genders.

1.5 Words herein denoting the singular number only shall include the plural number also and vice versa.

2. Insurance

Subject to the terms and on the conditions of this Agreement, and in consideration of the payment by the ISA Plan Manager of each Premium, the Insurer shall provide insurance to the Policyholder in respect of the Customers.

3. Limitation on liability of insurer

3.1 Subject to Clause 3.2, the liability of the Insurer in respect of any Customer shall not exceed the aggregate value of the Units recorded by the Insurer as allocated in respect of that Customer (the “Aggregate Unit Value”), save in respect of Death Benefits, when the liability of the Insurer in respect of that Customer will be 100.1% of the Aggregate Unit Value.

3.2 Nothing in this Clause 3 (*Limitation on Liability of Insurer*) shall have the effect of limiting or restricting any right or remedy arising as a result of fraud or gross negligence in the management of the PruFund Funds or any obligation of the Insurer (where it exists) to correct any pricing error or to pay compensation for any such error.

4. Rights of Policyholder held on trust for Customers

4.1 Pursuant to the Trust Deed and the ISA Regulations, the Policyholder (acting as nominee for the ISA Plan Manager) will hold the rights allocated to each Customer under this Agreement on trust for that Customer, and any exercise of those rights shall be in respect of that Customer.

5. Premium

5.1 Initial Premium: The Initial Premium invested on behalf of any Customer will be equal to the first amount paid by the ISA Plan Manager to the Insurer on behalf of that Customer.

5.2 Regular Premium: The ISA Plan Manager may make regular Premium payments on behalf of the relevant Customer, providing that the PruFund Funds are open to new investment.

5.3 Additional Premiums: The ISA Plan Manager may make additional Premium payments on behalf of the relevant Customer, provided that the PruFund Funds are open to new investment.

5.4 Premium limits: Each Premium must be between the minimum and maximum Premium limits applied by the Insurer from time to time, and there are minimum limits that apply to any part of a Premium paid to credit Units to any particular PruFund Fund.

5.5 Maximum investment limit: There is a maximum limit to how much the ISA Plan Manager can invest in PruFund Funds in aggregate, including Premiums paid in respect of each Customer. The ISA Plan Manager cannot pay a Premium in respect of a Customer if the aggregate value of all of the premium payments that would then have been paid by the ISA Plan Manager at any time on that Customer's behalf into the PruFund Funds would be higher than that maximum amount. The current maximum premium, including transfers, is £500,000. In some circumstances, premiums larger than £500,000 may be accepted. If you would like to invest more than £500,000, please speak to your Financial Adviser.

5.6 Closing to further Premiums: The Insurer may at any time, on giving 3 months' notice in writing to the ISA Plan Manager (or a shorter notice period if necessary under Clause 7.3), elect that it will not accept further Premiums from the ISA Plan Manager. Such a notice may specify that further Premiums:

- (a) will not be accepted for any purposes of this Agreement, in which case the ISA Plan Manager will not, on or after the expiry of the notice, seek to pay any further Premiums to the Insurer under this Agreement, and will notify Customers that it cannot accept any further instructions for payment of Premiums to the Insurer for purposes of the ISA Agreements; or
- (b) will not be accepted in relation to a particular Customer, but may otherwise continue in relation to other Customers, in which case the ISA Plan Manager will not, on or after the expiry of the notice, seek to pay any further Premiums to the Insurer under this Agreement in relation to that Customer, and will notify that Customer that it cannot accept any further instructions for payment of Premiums to the Insurer for purposes of that Customer's ISA Agreement; or
- (c) will not be accepted for investment in a particular PruFund Fund, but may otherwise continue to be accepted for investment in other PruFund Funds, in which case the ISA Plan Manager will not, on or after the expiry of the notice, seek to pay any further Premiums to the Insurer under this Agreement for investment in that PruFund Fund, and will notify Customers that it cannot accept any further instructions for payment of Premiums to the Insurer for investment in that PruFund Fund for purposes of the ISA Agreements.

5.7 More information: The Key Features document contains more information. The Insurer may make reasonable changes to any limit from time to time. See Clause 25 (*Changes to Limits and Charges*) of this Agreement.

6. Policies

6.1 The benefits of each Customer will include life insurance benefits. For each tax year in which the Customer chooses to invest in the PruFund Funds, a Notional Policy will be created in respect of that Customer.

6.2 A Notional Policy will also be created if a Customer transfers the contents of an ISA with a third party ISA provider to the ISA Plan Manager under the ISA Agreement for investment in the PruFund Funds (an “**ISA Transfer**”). If there are multiple ISA Transfers within the same tax year, then Notional Policies will be set up for each ISA Transfer. If a new Premium is paid in respect of that tax year after an ISA Transfer, a new Notional Policy will also be created, so that the Premium in respect of each ISA Transfer will be identifiable by a separate Notional Policy.

6.3 The Premium for each Notional Policy will reflect the contributions paid for the relevant tax year to which it relates (or part of that tax year up to or after an ISA Transfer, if applicable). The terms of this Agreement will apply in the same way to each Notional Policy of the relevant Customer.

6.4 The ISA Plan Manager may cash in some or all of the Units allocated to a Customer by making a Full Withdrawal or a Partial Withdrawal. The ISA Plan Manager may also exercise the option of setting up Regular Withdrawals on behalf of a relevant Customer. See Clauses 19 to 22 (*Withdrawals*).

6.5 If the Insurer is notified by the ISA Plan Manager that a Notional Policy is void, the Units allocated in respect of that Notional Policy will be cancelled and the proceeds of such cancellation will be returned to the ISA Plan Manager on behalf of the Customer. A Notional Policy will be void if, for example, the ISA Transfer in respect of that Notional Policy is invalid.

6.6 Unless expressly specified in this Agreement, the Insurer will apply all instructions from the ISA Plan Manager on behalf of a relevant Customer to the earliest Notional Policy created for that Customer, then to each Notional Policy created after that in chronological order, on a first in first out basis.

6.7 The Insurer will have the same rights and powers in relation to each Notional Policy as it has in respect of this Agreement generally.

Part B: The PruFund Funds

7. The PruFund Funds

7.1 The PruFund Funds are with-profits funds which operate under special rules relating to the sharing of profits and the smoothing of investment returns, and form part of the Insurer's With-Profits Sub-Fund, into which the premiums from a number of different types of policy are paid.

7.2 The Insurer, or another company within the M&G plc Group of Companies, owns in its own right and not as trustees for policyholders, all the assets of the With-Profits Sub-Fund.

7.3 The Insurer can withdraw, amalgamate, close or wind-up any of the PruFund Funds at any time (for example, if a fund becomes too small for it to be cost-effective for the Insurer to operate that PruFund Fund). The Insurer will aim to act fairly and reasonably in the way that it does so, having regard to its duty to protect the Policyholder's interests, the Customers' interests and those of other policyholders. If the Insurer exercises this power, it will give Reasonable Notice to the ISA Plan Manager.

7.4 The Insurer can also rename any of the PruFund Funds at any time. If the Insurer chooses to do this, it will give the ISA Plan Manager Reasonable Notice of the change if, at that time, there are any Units of the affected PruFund Fund allocated to a Customer.

7.5 Each Customer can choose up to five PruFund Funds at any time in which to invest the Premiums. For each PruFund Fund chosen, a correspondingly named Account will be added automatically, to bring the total number of PruFund Funds and Accounts into which Premiums can be invested up to ten at any time. For example, if a Customer were to select the PruFund Growth Fund, then the PruFund Growth Account would be added.

7.6 A Unit of any of the PruFund Funds (or of their correspondingly named Accounts) is one of the equal parts into which an Account or PruFund Fund is notionally divided for the purpose of recording the benefits that are due to the Customer. Neither the ISA Plan Manager nor the Policyholder "owns" the Units, the Units are just a record of the benefits due to the Customer in respect of the Account or PruFund Fund.

7.7 Certain limits apply to the cancellation and credit of Units where the ISA Plan Manager gives the Insurer instructions of the following type:

- (a) Specific Switches (Clause 18.3); and
- (b) Withdrawals (Clause 19).

7.8 The limits in Clause 7.7 above mean that the Insurer may not effect any instruction by the ISA Plan Manager under any of these provisions if, were the Insurer to do so, the value of the Units which:

- (a) would be cancelled from or credited to any PruFund Fund; or
- (b) would then remain in any PruFund Fund; would be outside the limits which the Insurer has set.

7.9 The following PruFund Funds are available at the date of this Agreement:

- (a) The Prudential PruFund Risk Managed 1 Fund
- (b) The Prudential PruFund Risk Managed 2 Fund
- (c) The Prudential PruFund Risk Managed 3 Fund
- (d) The Prudential PruFund Risk Managed 4 Fund
- (e) The Prudential PruFund Risk Managed 5 Fund
- (f) The Prudential PruFund Cautious Fund
- (g) The Prudential PruFund Growth Fund.

In some material these Funds may be described as ISA Funds for ease of identification.

7.10 Additional PruFund Funds may be made available by the Insurer from time to time and, as provided in Clause 7.3, the Insurer may close a PruFund Fund to new investments (including to further contributions in respect of Customers in respect of whom Units in the relevant PruFund Fund are already allocated) and may wind-up a PruFund Fund, subject to paying the ISA Plan Manager's reasonable implementation costs in each case as agreed between the Parties.

7.11 In the event that the Insurer decides to wind-up a PruFund Fund, the Insurer will give 3 months' notice in writing to the ISA Plan Manager of the wind-up. During this notice period, the ISA Plan Manager will seek instructions from the Customer as to how the proceeds resulting from the wind-up should be dealt with. If the ISA Plan Manager receives a switch or withdrawal instruction from the Customer, the ISA Plan Manager will send an electronic instruction to the Insurer reflecting such an instruction and the Insurer will transfer the proceeds accordingly. In the absence of such an electronic instruction within the notice period, the Insurer will surrender all the relevant Units and return the cash proceeds to the ISA Plan Manager for the account of the relevant Customer. This provision is subject to any delay that may be required under Clause 23 (Delayed Transactions in Exceptional Circumstances) or a shorter notice period if necessary under Clause 7.3.

7.12 The assets of the PruFund Funds and Accounts (with the exception of the PruFund Cautious Fund and Account) are not separately identifiable from the other assets of the With-Profits Sub-Fund. Units in the PruFund Funds and the Accounts participate in the profits of the With-Profits Sub-Fund in the manner described in the Insurer's Principles and Practices of Financial Management which may be changed from time to time in accordance with regulatory requirements.

7.13 Any profits of the PruFund Funds which are distributed are divided between the Insurer's PruFund Fund policyholders and shareholders. The proportions in which distributed profits are divided between policyholders and shareholders is regulated by the Insurer's Articles of Association.

7.14 Each of the PruFund Funds has a corresponding Account, being an investment fund under which the return is fixed at the Expected Growth Rate. The names of the Accounts are shown in the Definitions section of this document.

7.15 The Insurer sets a separate Expected Growth Rate for each Account, and the relevant Unit Price increases in line with its Expected Growth Rate (determined in accordance with Clause 8 (Calculation of Unit Price at each PruFund Quarter Date)).

7.16 If the smoothing process has been suspended (see Clause 10 (Suspension of the Smoothing Process)), the Unit Prices within the Accounts will continue to grow at the relevant Expected Growth Rates. These Expected Growth Rates will continue to be set on each PruFund Quarter Date and will apply to the Accounts during the period of suspension.

7.17 After crediting Units to an Account, and at any time before the coincident or next PruFund Quarter Date, the Units in the Accounts may be cancelled to pay for charges, Full Withdrawals, Partial Withdrawals, Regular Withdrawals or Ongoing Adviser Charges, as appropriate. On the coincident or next PruFund Quarter Date, the Units remaining in the Accounts are cancelled at their Unit Price and the amount realised is used to credit Units at their Unit Price in the corresponding PruFund Fund(s).

Part C: The Smoothing Process

8. Calculation of Unit Price at each PruFund Quarter Date

8.1 Subject to any other adjustment in line with this Agreement, the Unit Price within each of the PruFund Funds will increase in line with the then current Expected Growth Rate applicable to that PruFund Fund on every day from and including the day after the PruFund Quarter Date on which the respective Expected Growth Rate is set until and including the next PruFund Quarter Date.

8.2 Unless the smoothing process has been suspended (see Clause 10 (Suspension of the Smoothing Process)), the calculation of Unit Price(s) at each PruFund Quarter Date will be as follows:

- (a) At each PruFund Quarter Date, after application of the relevant Expected Growth Rate, the Insurer compares the Net Asset Value Per Unit of each PruFund Fund to the Unit Price of that PruFund Fund on that day. If the difference between the Net Asset Value Per Unit and the Unit Price of each compared PruFund Fund is less than the Quarterly Smoothing Limit, the Unit Price will not change. However, in respect of each compared PruFund Fund and subject to Clause 9 below:
 - (i) If the Net Asset Value Per Unit is above the Unit Price by the Quarterly Smoothing Limit (or more), the Unit Price will be increased on the PruFund Quarter Date by half the difference. This adjustment will be repeatedly applied until the Net Asset Value Per Unit is above the Unit Price by less than the Quarterly Smoothing Limit.
 - (ii) If the Net Asset Value Per Unit is below the Unit Price by the Quarterly Smoothing Limit (or more), the Unit Price will be reduced on the PruFund Quarter Date by half the difference. This adjustment will be repeatedly applied until the Net Asset Value Per Unit is below the Unit Price by less than the Quarterly Smoothing Limit.
- (b) On the day after the PruFund Quarter Date the Unit Price will begin to increase in line with the relevant new Expected Growth Rate.

9. Adjustments of Unit Price on or between PruFund Quarter Dates

9.1 If the Unit Price for a PruFund Fund is adjusted in line with this provision, no adjustment that would otherwise apply to that PruFund Fund on that day in line with Clause 8.2(a) will apply.

9.2 Each Working Day, the Insurer calculates the average Net Asset Value Per Unit for each PruFund Fund over the 5 Working Days ending with the Working Day on which the Insurer is carrying out the calculation (the "Average Net Asset Value Per Unit"). The Insurer will also calculate the Net Asset Value Per Unit and the Unit Price applicable on that particular day.

- (a) If the then current Net Asset Value Per Unit and the Average Net Asset Value Per Unit are both above the then current Unit Price by the Daily Smoothing Limit (or more), the Unit Price will be increased such that the Unit Price is then below the Net Asset Value Per Unit by the Gap After Adjustment.
- (b) If the then current Net Asset Value Per Unit and the Average Net Asset Value Per Unit are both below the then current Unit Price by the Daily Smoothing Limit (or more), the Unit Price will be reduced such that the Unit Price is then above the Net Asset Value Per Unit by the Gap After Adjustment.

10. Unit Price Reset

In certain circumstances the Insurer may decide to reset the Unit Price of a PruFund Fund to protect the With-Profits Fund (or a With-Profits Sub-Fund) and the policyholders invested in it. This is likely to be when there is a large volume of money entering or leaving that PruFund Fund. If the Insurer decides to reset the Unit Price, the Unit Price would be adjusted to the Net Asset Value Per Unit on that Working Day. That adjusted Unit Price will then continue to grow in line with the Expected Growth Rate from the Working Day after this Unit Price reset.

11. Suspension of the smoothing process

11.1 The smoothing process described in Clauses 8 to 9, and consideration of the criteria which may lead to suspension of this process, applies separately to the PruFund Growth Fund, the PruFund Cautious Fund and each of the Prudential Risk Managed PruFund Funds, and applies to each PruFund Fund in its entirety, encompassing all of the Insurer's products under which units are held in the relevant PruFund Fund, including Units held under this Agreement.

11.2 The Insurer may suspend the smoothing process at its discretion for a period of time that it determines and such suspension may be enforced by the Insurer from time to time either: (a) to protect the With-Profits Sub-Fund, and therefore the interests of all of the Insurer's with-profits policyholders and shareholders (see Clause 7.1); or (b) if the Insurer feels that it is necessary to ensure that other policyholders are treated fairly in accordance with its regulatory duties.

11.3 On the day and each day during which the smoothing process is suspended the Unit Price of the PruFund Fund will be the Actual Fund Value divided by the number of Units in issue. The Insurer will review the position at least once every 30 days, and will reinstate the smoothing process when it considers it appropriate. The smoothing process will normally remain suspended for a minimum of 30 days.

11.4 When the smoothing process is reinstated the Unit Price will start at the previous day's Unit Price. The full terms of Parts B and C (The PruFund Funds and The Smoothing Process) will then apply, including a daily increase in the Unit Price at the last published Expected Growth Rate set by the Insurer. If a PruFund Quarter Date has passed whilst the smoothing process has been suspended, the Insurer has the right to change the Expected Growth Rate.

Part D: Credit and Cancellation of Units

12. Credit of Units

12.1 The number of Units the Insurer allocates to a Customer in any Account when a Premium is paid in respect of that Customer is calculated by dividing the amount of the Premium by the Unit Price applicable to the day of credit. This will be on the day the Insurer receives the electronic instruction from the ISA Plan Manager.

12.2 The crediting of any Units as the result of a Switch will take place immediately after the cancellation of Units described in Clause 13 (Cancellation of Units).

12.3 If Units are cancelled in accordance with Clause 13.1(a) and the ISA Plan Manager selects the PruFund Cautious Fund, the PruFund Growth Fund or any of the Prudential Risk Managed PruFund Funds as a Destination Fund on behalf of a relevant Customer, Units will initially be credited in the corresponding Account.

12.4 The Insurer keeps records of the date and Premium referable to the credit and cancellation of each Unit.

13. Cancellation of units

13.1 Units are cancelled at their Unit Price applicable to the day of cancellation. However, the day on which the Insurer cancels Units depends on why the Units are being cancelled. The following rules apply:

(a) Switches

In the case of a Switch, the Insurer will cancel Units using the Unit Price on the day it receives the electronic instruction from the ISA Plan Manager to give effect to the Switch, which will be on the 28th day after the ISA Plan Manager receives the switch instruction from the relevant Customer (or the next Working Day if that day is not a Working Day). This is in order to protect the With-Profits Sub-Fund and therefore the interests of its with-profits policyholders and shareholders. The Insurer will not accept, and the ISA Plan Manager must not accept instructions from a Customer for, a subsequent Partial Withdrawal or Full

Withdrawal request during the 28-day waiting period. A Switch from an Account to a corresponding PruFund Fund on a PruFund Quarter Date is not subject to the 28-day waiting period.

(b) Partial Withdrawal or Full Withdrawal

- (i) In the case of a Partial Withdrawal or a Full Withdrawal, subject to Clause 13.1(b)(ii), the Insurer will cancel Units using the Unit Price on the day it receives the electronic instruction from the ISA Plan Manager to give effect to the Withdrawal, which will be on the same day (or the next Working Day if that day is not a Working Day) that the ISA Plan Manager receives the withdrawal instruction from the relevant Customer.
- (ii) At its discretion, at any time and without notice, the Insurer can instruct the ISA Plan Manager not to send a request to the Insurer from any relevant Customer for a Partial Withdrawal or a Full Withdrawal until the 14th day (or the next Working Day if that day is not a Working Day) after the ISA Plan Manager receives a withdrawal instruction from a Customer. This is in order to protect the With-Profits Sub-Fund and therefore the interests of all its with-profits policyholders and shareholders.

(c) Cancellation in respect of Regular Withdrawals

The Insurer will cancel Units for the initial Regular Withdrawal using the Unit Price applicable to the Regular Withdrawal Date selected by the Customer for Regular Withdrawals and notified to the Insurer by the ISA Plan Manager. If this is not a Working Day the Insurer will use the prior Working Day.

The Insurer will cancel Units for each subsequent Regular Withdrawal under the same instruction using the Unit Price applicable to the Regular Withdrawal Date that aligns with the frequency that the ISA Plan Manager has selected for the Regular Withdrawals in accordance with Clause 20.1. Where the date is not a Working Day, the Insurer will use the prior Working Day.

(d) Automatic cancellation in respect of the ISA Regulations

The Insurer will cancel Units using the Unit Price applicable to the Working Day on which it becomes aware that this Agreement does not satisfy the provisions of the ISA Regulations.

(e) Cancellation in respect of Ongoing Adviser Charges

In relation to an Ongoing Adviser Charge, the Insurer will cancel Units using the Unit Price applicable to the Ongoing Adviser Charge Date that applies to the Customer for the Ongoing Adviser Charge, as notified to the Insurer by the ISA Plan Manager. If this is not a Working Day the Insurer will use the prior Working Day.

(f) Cancellations in respect of the payment of the Sum Assured on death (Clause 24)

The Insurer will cancel Units using the Unit Price applicable to the Working Day when it receives the electronic instruction from the ISA Plan Manager in respect of a notice of a death.

However, the number of Units that will be cancelled following death is the number in credit at the date that a valid claim is received from the ISA Plan Manager taking into account any credits or cancellations on or before that date and/or reduced by any Partial Withdrawals, Full Withdrawals or Regular Withdrawals that may have taken place between the date of death and the day the Insurer processes the death claim.

13.2 Date of Credit or Cancellation of Units

The timing of Unit credit and cancellation set out in this Agreement assumes that the instructions are received by the Insurer electronically from the ISA Plan Manager.

Part E: Charges

14. Annual Management Charge

14.1 Each PruFund Fund has its own distinct Annual Management Charge (“AMC”).

14.2 A separate AMC is applied in respect of the Unit holding for each of the PruFund Funds derived from each particular Premium, and is payable by Unit deductions monthly in arrears on the Monthly Transaction Date (or the next Working Day if that day is a non-Working Day). If the Monthly Transaction Date does not exist for a given month then the last day of the month will be used. Details of the amounts can be found in the PruFund Funds Guide.

14.3 The AMCs will be deducted on the Monthly Transaction Date based on the units held on that date (with no pro rata adjustment). No proportionate AMC will be taken on units cancelled prior to the Monthly Transaction Date.

14.4 The AMCs may change because of a change to the PruFund Fund selection, for example if Switches are made between PruFund Funds under Clause 18. The Insurer also reserves the right to increase the AMCs at any time, as set out in Clause 25 (Changes to Limits and Charges).

15. Ongoing Adviser Charges

If instructed to do so by the ISA Plan Manager, the Insurer will deduct Ongoing Adviser Charges in respect of the PruFund Funds in accordance with the Unit cancellation process described in Clause 13.1(e). Ongoing Adviser Charges and Ongoing Adviser Charge Dates are set out in the recommendation report agreed between each relevant Customer and his adviser, as supplemented from time to time by agreement between the Customer and his adviser.

16. Financial Services Compensation Scheme

If a charge is imposed on the Insurer under the Financial Services Compensation Scheme or any investor compensation scheme, the Insurer can pay for it by deducting the sum required from policyholders' funds. The Insurer will aim to be fair and reasonable in apportioning the charge between policyholders. See Clause 28 (Financial Services Compensation Scheme).

17. General

If other charges are described in the documents you receive, for example, in connection with any new funds or options, those charges will also apply.

Part F: Fund Variation

18. PruFund Fund Variation

18.1 This provision sets out methods by which Units in one or more PruFund Funds are cancelled and replaced with Units in one or more other ISA Agreement Funds (a Switch).

18.2 Switching Limits and Unit Valuations: All Switching options are subject to Clause 13 (*Cancellation of Units*) for the cancellation of Units and Clause 12 (*Credit of Units*) for any credit of Units.

18.3 Specific Switches: The Customer may switch Units on the following terms:

- (a) Switches in to or out of the PruFund Funds are currently free of charge, although the Insurer reserves the right to apply a charge in the future.
- (b) The overall investment limits and the credit and cancellation limits respectively referred to in Clauses 5 (*Premium*) and 7.7 both apply to this option, and the Insurer may not carry out any instruction that would result in any of these limits being breached. From time to time these limits may change. See Clause 25 (*Changes to Limits and Charges*).
- (c) When a request to Switch has been received it cannot be withdrawn or replaced.
- (d) Only one Switch can take place either into or out of the PruFund Funds between any two PruFund Quarter Dates. No further Switch instruction will be accepted whilst one is in the process of being carried out in accordance with Clause 13.1(a). Switches from an Account to the corresponding PruFund Fund are excluded from this clause.
- (e) The Insurer reserves the right to refuse, restrict or delay any Switch into any of the PruFund Funds where it considers that the frequency of such Switches is excessive.
- (f) Switches involving the PruFund Funds to any other ISA Agreement Fund will be subject to the 28-day waiting period detailed in Clause 13.1(a). This is in addition to any period applying under Clause 23.
- (g) Switches into a PruFund Fund (where permitted) will initially be transferred into the corresponding Account and then Switched into the PruFund Fund on the coincident or next PruFund Quarter Date.
- (h) The Insurer will not Switch Units directly out of an Account by request. There is an automatic process to Switch into the corresponding PruFund Fund on the PruFund Quarter Date, after which the ISA Plan Manager may request a Switch out of the relevant PruFund Fund on behalf of a relevant Customer.
- (i) Upon notification of the death of the Customer for a claim under Clause 24 any requests for Switches that are within the 28-day waiting period will not be applied to cancel Units.

Part G: Withdrawals

19. Withdrawals

19.1 The ISA Plan Manager can surrender some or all of the Units allocated to the relevant Customer at any time by sending the Insurer an appropriate instruction.

19.2 The ISA Plan Manager can make either a Partial Withdrawal or a Full Withdrawal or can set up Regular Withdrawals on behalf of a relevant Customer.

19.3 When a request for a Partial Withdrawal or a Full Withdrawal has been received, it cannot be recalled or replaced.

20. Regular Withdrawals

20.1 If the Customer elects to have Regular Withdrawals, the ISA Plan Manager can notify the Insurer and the Insurer can make those withdrawals every:

- (a) month,
- (b) 3 months,
- (c) 6 months, or
- (d) 12 months.

20.2 The ISA Plan Manager may specify a monetary amount for each Regular Withdrawal on behalf of a relevant Customer.

20.3 The credit and cancellation limits referred to in Clause 7.7 apply to this option, and the Insurer will not carry out any instruction or transaction that would result in any of these limits being breached. In addition, there is a minimum and maximum limit that applies to the total value of the Units cancelled under this option. The ISA Plan Manager must not give, and the Insurer shall be entitled not to accept, a Regular Withdrawal instruction that would involve the cancellation of Units below or above these limits. These limits can be found in the Key Features document and the Insurer can make reasonable changes to them. See Clause 25 (*Changes to Limits and Charges*).

20.4 Regular Withdrawals may be funded by cancelling Units from the relevant PruFund Fund or thereafter paying amounts out of the corresponding Account. See Clause 13.1(c) for details of when the Insurer will cancel Units. A 14-day waiting period does not apply.

21. Partial Withdrawal

21.1 Partial Withdrawals will be funded by cancelling Units from the relevant PruFund Fund on behalf of the relevant Customer.

21.2 The Insurer will only accept an instruction for a Partial Withdrawal if the relevant limits in Clause 7.7 are met.

21.3 See Clause 13.1(b) for details of when the Insurer will cancel the Units and when a Partial Withdrawal may be subject to a 14-day waiting period.

21.4 This provision is subject to any delay that may be required under Clause 23.

21.5 The credit and cancellation limits referred to in Clause 7.7 apply to this option and the Insurer may not carry out any instruction that would result in any of these limits being breached.

22. Full Withdrawal

22.1 A Full Withdrawal is the cashing in of all the Units allocated to the relevant Customer.

22.2 The Insurer will carry out a request for a Full Withdrawal by cancelling all of the Units allocated to the relevant Customer.

22.3 See Clause 13.1(b) for details of when the Insurer will cancel the Units and when a Full Withdrawal may be subject to a 14-day waiting period.

22.4 This provision is subject to any delay that may be required under Clause 23.

23. Delayed Transactions in Exceptional Circumstances

23.1 There may be a delay in buying, selling or Switching Units in any PruFund Fund. This will only happen in special circumstances which the Insurer will tell the ISA Plan Manager about at the time. There may be circumstances outside the Insurer's control which prevent the Insurer from effecting these transactions immediately, and equally the Insurer may need to effect a delay where the Insurer believes that otherwise the policyholders or customers of other products of the Insurer (not governed by this

Agreement) would suffer an unfair reduction in the value of their investment, or would suffer some other form of unfair treatment. Examples include:

- (a) Where the Insurer is unable to realise sufficient investments to satisfy demand, or where to do so would mean the Insurer has to sell at prices significantly below the value reflected in the then current Unit Price.
- (b) Where the need to make payments quickly could only be satisfied by selling a disproportionate amount of one type of asset, leaving too low a proportion of what is left invested in assets of that type.

This is not meant to be an exhaustive list, nor does the Insurer intend to limit delays to problems specifically of this type.

23.2 For the avoidance of any doubt, the Insurer will not use assets or cash from its other funds to finance Unit cancellations. Such cancellations will instead be delayed until they can be effected on terms which are fair to all policyholders invested in the relevant PruFund Fund.

23.3 Delay periods: The Insurer would not expect delays to be any longer than reasonably necessary, and in any case, no longer than the maximum period stipulated in the current applicable ISA Regulations (currently 30 days).

23.4 Unit Prices: The Unit Prices for the deferred transaction will be those applying at the end of the period of deferment, unless, again, the Insurer believes that in the particular circumstances that would not be fair to policyholders in general.

23.5 Notification: The Insurer will notify the ISA Plan Manager if a transaction the ISA Plan Manager has requested is affected by a delay under this Clause 23 and the ISA Plan Manager will inform the relevant Customer. The Insurer's notice will set out any options open to the ISA Plan Manager. If appropriate, the Insurer will seek the ISA Plan Manager's alternative instructions for the transaction when the Insurer notifies the ISA Plan Manager of the delay.

23.6 Processing Transactions: Where the transaction involves Units of more than one PruFund Fund and only some are affected by a delay under this provision, the Insurer will carry out any part of the transaction which is unaffected by the delay in accordance with the usual terms and conditions set out in this Agreement.

23.7 Where there is a delay in selling Units, the Insurer will take no action on the affected Units until the delay has ended.

23.8 Any period of deferral stated in this provision is in addition to any that may apply under Clause 13 (Cancellation of Units) and Clause 18.3 (PruFund Funds). In particular, in the case of PruFund Funds (and Accounts, where applicable) an initial waiting period of 14 or 28 days may apply to the cancellation of Units depending on the type of transaction. This period will be extended at the end of the waiting period if the Insurer has invoked its powers to delay under this Clause 23.

23.9 As the number of Units to be cancelled is determined at the start of the delay or waiting period when the Insurer receives the request, the value actually realised at the end of the period may vary from the amount that the Customer expected and/or requested.

23.10 This Clause 23 does not apply to the payment of the Sum Assured on death (see Clause 24), but overrides all other provisions of this Agreement.

24. Sum Assured on Death

24.1 The Sum Assured (see the "Definitions" section for details of the amount) is payable on the death of the Customer.

24.2 The valuation terms of Clause 13.1(f) will apply.

24.3 The Units allocated to the relevant Customer will be cancelled and no further benefits will be payable following payment of the Sum Assured on death.

25. Changes to Limits and Charges

25.1 The Insurer may make various charges intended to cover the costs of administering the PruFund Funds. From time to time the Insurer may change the limits and charges to take account of inflation or other factors which may affect the running of its business.

25.2 The Insurer may introduce or increase charges if a charge is imposed on it under the Financial Services Compensation Scheme (or any other compensation scheme) as described below and in Clause 28 (*Financial Services Compensation Scheme*).

25.3 The Insurer will keep any increases to charges or new charges to reasonable amounts, reflecting any increases in its reasonable costs for operating the PruFund Funds. This may happen, for example:

- (a) If the Insurer experiences an increase in the general administrative costs that the Insurer incurs in operating the PruFund Funds;
- (b) If there is a change to the basis upon which any company from within the M&G plc Group of Companies is taxed; or
- (c) If a charge is imposed on the Insurer under the Financial Services Compensation Scheme (or any other investor compensation scheme).

25.4 The Insurer will give the ISA Plan Manager Reasonable Notice in writing if the Insurer makes any change to limits or charges described in this Agreement, or if the Insurer introduces any new charges. If the ISA Plan Manager is unhappy with any changes, the ISA Plan Manager should notify the Insurer.

26. Changes to the Terms and Conditions in this Agreement

26.1 This Clause 26 does not apply to the Insurer's limits and charges. The Insurer's right to change its limits and charges is set out in Clause 25.

26.2 Subject to Clause 26.3, the Insurer can make changes to the terms and conditions set out in this Agreement providing the Insurer gives the ISA Plan Manager Reasonable Notice and obtains its consent. If, having given Reasonable Notice, the Insurer does not receive any response from the ISA Plan Manager by the date specified in the notice, the Insurer will be entitled to infer the ISA Plan Manager's consent to the change.

26.3 The Insurer can add to, amend, modify or set aside any of the terms and conditions in this Agreement without giving Reasonable Notice and without the Policyholder or ISA Plan Manager's consent in the following circumstances:

- (a) if it becomes impossible or unreasonable to follow the terms and conditions because of a change in legislation, regulations or otherwise;
- (b) if circumstances have changed in a way which could not have reasonably been predicted at the date of this Agreement;
- (c) if there is a change to the basis upon which any company from within the M&G plc Group of Companies is taxed and the Insurer can only change this Agreement in such a way that, in its opinion, the balance between the Policyholder and the Insurer remains as it was before the change; or
- (d) if the addition, amendment, modification or setting aside is reasonable (for example, the change must be justifiable and either be to the Policyholder's or affected Customer's advantage or have little or no adverse financial effect on the Policyholder or any Customer).

26.4 Except where it is impracticable to do so, the Insurer will always notify the ISA Plan Manager of any changes the Insurer has made under this provision. If the ISA Plan Manager is unhappy with any changes, the ISA Plan Manager should notify the Insurer.

27. Complaints

You should raise any complaint as soon as possible. In the first instance please contact your financial adviser, as they may be able to resolve it quickly for you.

You can call with the details of your complaint on 0844 335 8936.

If you'd rather write, send the details to:

Link Financial Investment Limited
Central Square
29 Wellington St
Leeds
LS1 4DL

If you're not satisfied with our response, you can take your complaint to the Financial Ombudsman Service who help settle individual disputes between consumers and businesses providing financial services:

The Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Telephone: 0800 023 4 567 or 0300 123 9 123

Or visit the website: financial-ombudsman.org.uk

28. Financial Services Compensation Scheme

28.1 The Insurer's policyholders are protected by the Financial Services Compensation Scheme (the "Scheme") against the insolvency of the Insurer. As such, the Policyholder may be entitled to compensation from the Scheme on your behalf in the event that the Insurer is unable to meet its obligations. You may also be entitled to compensation from the Scheme, but only if the Policyholder has not claimed compensation on your behalf. The entitlement to compensation depends on the type of business and the circumstances of the claim.

28.2 For more information on the Scheme and examples of limits in the scope of the compensation cover for each Customer, please refer to the following webpage:

pru.co.uk/about_us/fscs

Further information is available from:

The Financial Services Compensation Scheme
PO Box 300
Mitcheldean
GL17 1DY

Telephone: 0800 678 1100

Website: fscs.org.uk

You may also wish to discuss this with a financial adviser.

28.3 As reflected in Clause 16 (*Financial Services Compensation Scheme*) if a charge is imposed on the Insurer under the Scheme (or any investor compensation scheme), the Insurer may pay it by imposing on its policyholders whatever additional charges are necessary and reasonable. See Clause 25 (*Changes to Limits and Charges*).

29. Reports Regarding Customers

29.1 Reports from ISA Plan Manager: The ISA Plan Manager shall provide to the Insurer within 3 months' of each Annual Valuation Date (beginning after the date hereof) or, at the request of the Insurer prior to a Month End, within 20 Working Days of that Month End, details of the Customers and the value of their Death Benefit in the PruFund Funds and Accounts as at the relevant Annual Valuation Date or Month End.

29.2 Sanctions checking: The ISA Plan Manager will check the appropriate sanctions lists and in the event that any Customer is or becomes the subject of any national or international sanctions, that Customer shall immediately cease to be covered by this Agreement, and the Insurer shall only be required to make payment to the ISA Plan Manager in respect of that Customer to the extent permitted by law.

29.3 Anti-money laundering: The ISA Plan Manager shall take such steps as may from time to time be reasonably requested by the Insurer in order to demonstrate that this Agreement is not being used for or in connection with money-laundering.

29.4 Data protection: The Parties shall use their respective reasonable endeavours in good faith to discuss and agree any amendments to the information requirements of this Agreement that may be reasonably required by the Insurer in order to mitigate any data protection compliance issues arising from the information provided or to be provided by the ISA Plan Manager to the Insurer under this Agreement.

30. Legal Relationship

No partnership: Nothing in this Agreement and no action taken hereunder shall constitute a partnership, association, joint venture or other co-operative arrangement between the Parties.

31. Third Party Rights

No third party rights: A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 or otherwise howsoever to enforce any term of this Agreement. Although the rights of a Customer under this Agreement are held on trust for the Customer by the Policyholder, which is appointed as the ISA Plan Manager's nominee, only the ISA Plan Manager and the Policyholder (and not any Customer) shall be entitled to exercise those rights against the Insurer pursuant to this Agreement.

32. Illegality

32.1 Where a Party becomes aware that an Illegality Event has occurred and is continuing or will occur, it will promptly notify all other Parties.

32.2 The Parties shall each use all reasonable endeavours and work together in good faith in a commercially reasonable manner with a view to amending this Agreement and/or any of the other Transaction Documents and/or taking other reasonable and available action in order to overcome such Illegality Event such that the respective accounting and other economic benefits of this Agreement and the other Transaction Documents to one or both of Parties is preserved.

32.3 If after 60 Working Days of the notification pursuant to Clause 32.1, the Illegality Event has not been overcome or the Parties have, acting reasonably and in good faith, not been able to amend this Agreement and/or any of the other Transaction Documents then an **"Illegality Termination Event"** shall be deemed to have occurred and either Party may by written notice to the other Party terminate this Agreement under but subject to Clause 20.3.

33. Governing Law and Jurisdiction

33.1 English law: This Agreement, the relationship between the Parties and all matters arising out of or in any way relating to this Agreement (whether in contract, tort or otherwise) are governed by, and shall be interpreted in accordance with, the laws of England and Wales.

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