

SAVE-AS-YOU-EARN

BANK CERTIFIED SAYE SAVINGS ARRANGEMENT (14 MAY 2010)

PROSPECTUS

(Available only in conjunction with an Approved Corporate Employer SAYE Option Scheme)

Savings Contract

1. The terms of this prospectus form, subject to paragraph 26, the agreement (called in this prospectus a "savings contract") under which a person pays to a bank, authorised by the Commissioners to enter into savings contracts, monthly contributions under the Bank certified SAYE savings arrangement (which is called in this prospectus the "Scheme" operated by it, which conforms to the certification given by the Commissioners under section 705 of the Income Tax (Trading and Other Income) Act 2005 with effect from 14 May 2010 and which is operated at any time thereafter).

Definitions

2. In this prospectus-

- "bank" means a person falling within section 991(2)(b) of the Income Tax Act 2007;
- "bonus date" for three year savings contracts is the third anniversary of the starting date and for five year savings contracts is the fifth anniversary of the starting date;
- "due date" has the meaning ascribed to it in paragraph 8;
- "the Commissioners" means the Commissioners for Her Majesty's Revenue and Customs;
- "employing company" means the employer operating an approved SAYE Option Scheme;
- "the Income Tax Acts" means all enactments relating to income tax;
- "ITEPA 2003" means the Income Tax (Earnings and Pensions) Act 2003;
- "ITTOIA 2005" means the Income Tax (Trading and Other Income) Act 2005;
- "individual" excludes an incorporated or unincorporated body or a trust;
- "month" means calendar month and "monthly" shall be construed accordingly;
- "person" means an individual;
- "savings contract" means a savings contract under the Scheme for a share option purpose;
- "scheme" means the Bank certified SAYE savings arrangement operated by a bank following certification by the Commissioners under section 705 of ITTOIA 2005;
- "share option purpose" means purpose of participating in a SAYE option scheme;
- "SAYE option scheme" has the meaning given by section 516(4) of ITEPA 2003, and such a scheme is "approved" if it is approved under Schedule 3 to ITEPA 2003;
- "starting date" has the meaning ascribed to it in paragraph 7;
- words importing the masculine gender include the feminine gender.

Participation in Scheme

3. Any person who is not less than 16 years of age may enter into a savings contract with a bank for a share option purpose provided that he declares to the bank that he is eligible to participate in that scheme but no person may enter jointly with another person into such a contract.

4. This prospectus shall not oblige a bank to enter into any savings contract.

Tax Relief

5. Any bonus or interest payable under a savings contract qualifies for exemption for tax purposes in accordance with the terms of section 702 of ITTOIA 2005 and section 271(4) of the Taxation of Chargeable Gains Act 1992. Such bonus or interest payable to a person under a savings contract shall in the hands of that person-

- a. be free from all United Kingdom income tax and capital gains tax, and
- b. be disregarded for all the purposes of the Income Tax Acts and of the enactments relating to capital gains tax.

Monthly Contributions

6. A person shall pay 36 monthly contributions under a three year savings contract or 60 monthly contributions under a five year savings contract at the amount specified by him on his application form. The amount specified must be a multiple of whole pounds, not less than £5 and not more than £250 (and subject also to the limitations in paragraph 23). Contributions under a savings contract shall normally be made through the employing company, as the agent of the employee, from deductions from pay authorised by the employee, except that when the person no longer holds the office or employment by virtue of which he is eligible to participate in the relevant share option scheme he may make monthly contributions of the amount specified on the application form by some other means approved by the bank. Exceptionally, the bank may, if it thinks fit, agree to monthly contributions being made up to five months in advance of the due date for payment if this occurs as a result of contributions being made at 4 weekly intervals.

Starting Date

7. The starting date of the contract shall be the day on which the first monthly contribution is received by the bank (or such later date as a person and the bank may agree) subject to any postponement of that date applied under paragraph 20. If the specification by the Commissioners of the requirements to be met by the Scheme is varied in such a way that the contract could not have been entered into under the specification as varied, or the specification is withdrawn before the starting date, the contract shall terminate unless the starting date is within three months of the date of the variation or withdrawal of the specification.

Due Dates for Contribution

8. The due date for the receipt by the bank of each monthly contribution after the first shall be any day during the month in respect of which it is payable.

Repayment with Bonus (and Interest)

Three year savings contracts

9. When a person has duly completed the payment of 36 monthly contributions and the third anniversary of the starting date has been reached, he shall be entitled on giving notice to the bank to receive - not earlier than "the bonus date" (that is, the third anniversary of the starting date) repayment of the total amount of his contributions in pounds sterling together with a bonus equal to 0.00 such contributions.

The bank may repay after the bonus date the 36 monthly contributions and the bonus although no notice applying for repayment has been given. No interest shall be payable by the bank under this contract in respect of any period after the bonus date.

Five Year savings contracts

10. When a person has duly completed the payment of 60 monthly contributions and the fifth anniversary of the starting date has been reached, he shall be entitled on giving notice to the bank to receive-

- a. not earlier than "the bonus date" (that is, the fifth anniversary of the starting date) and before the second anniversary of the bonus date, repayment of the total amount of his contributions in pounds sterling together with a bonus equal to 1.8 such contributions, or
- b. not earlier than the second anniversary of the bonus date, repayment of the total amount of his contributions in pounds sterling together with a bonus equal to 4.9 contributions, or
- c. where repayment is made between the bonus date and the second anniversary of it, the sum payable under sub-paragraph (a) above together with compound interest, with monthly rests, calculated at zero per cent (0.00%) per annum on that sum in respect of each completed month beginning with the bonus date and ending with or before the date of repayment.

Where a person does not give notice applying for repayment of his 60 monthly contributions before the second anniversary of the bonus date he shall be entitled to such bonus or interest (if any) in respect of any period after that anniversary as may from time to time be determined by the Commissioners. Twenty eight days' notice of any such determination shall be given to the bank in writing. The bank may repay after the said second anniversary the 60 monthly contributions and the bonus with any interest applicable although no notice applying for repayment has been given.

Repayment Where Contributions Stopped

Three year savings contracts

11. Where a person who has not completed the payment of 36 monthly contributions gives notice to the bank that he intends to stop paying contributions, no further contributions under the savings contract shall either be payable or be accepted by the bank, and he shall be entitled, on giving notice to the bank, to full but not to partial repayment of the total amount of the contributions made by him with interest (where applicable and subject to paragraph 20) as follows-

- a. if repayment is made before the first anniversary of the starting date, no interest shall be payable;
- b. if repayment is made before 12 monthly contributions have been paid, no interest shall be payable;
- c. if repayment is made on or after the first anniversary of the starting date and at least 12 monthly contributions have been paid, simple interest shall be payable at zero per cent (0.00%) per annum in accordance with paragraph 18. No additional interest shall be payable under this contract in respect of any period after the third anniversary of the starting date.

The bank may repay after the third anniversary of the starting date the total amount of the contributions made with any interest which has accrued up to that date whether or not the person has given notice applying for repayment, but the bank shall not before that anniversary make any repayment to him unless he has given notice to the bank that he intends to stop paying contributions.

Five year savings contracts

12. Where a person who has not completed the payment of 60 monthly contributions gives notice to the bank that he intends to stop paying contributions, no further contributions under the savings contract shall either be payable or be accepted by the bank, and he shall be entitled, on giving notice to the bank, to full but not to partial repayment of the total amount of the contributions made by him with interest (where applicable and subject to paragraph 20) as follows-

- a. if repayment is made before the first anniversary of the starting date, no interest shall be payable;
- b. if repayment is made before 12 monthly contributions have been paid, no interest shall be payable;
- c. if repayment is made on or after the first anniversary of the starting date and at least 12 monthly contributions have been paid, simple interest shall be payable at zero per cent (0.00%) per annum in accordance with paragraph 18. No additional interest shall be payable under this contract after the seventh anniversary.

The bank may repay after the seventh anniversary of the starting date the total amount of the contributions made with the interest which has accrued up to the seventh anniversary whether or not the person has given notice applying for repayment but the bank shall not before that anniversary make any repayment to him unless he has given notice to the bank that he intends to stop paying contributions.

Consequences of variation or withdrawal of authorisation

13. Where the bank is notified by the Commissioners that its authorisation to enter into contracts under the scheme will be varied or withdrawn (for which 28 days' notice will be given), paragraphs 11 and 12 shall apply in respect of contracts entered into prior to the date of variation if they could not have been entered into by the bank under the authorisation as varied and in respect of contracts entered into prior to the date of withdrawal.

Repayment in Case of Death

Three year savings contracts

14. If a person dies before he has completed the payment of 36 monthly contributions, no further contributions under his savings contract shall either be payable or be accepted by the bank. The total amount of the contributions made by him shall, on notice given by his personal representatives, be repayable with interest (where applicable and subject to paragraph 20) as follows-

- a. if repayment is made before the first anniversary of the starting date, no interest shall be payable;
- b. if repayment is made before 12 monthly contributions have been paid, no interest shall be payable;
- c. if repayment is made on or after the first anniversary of the starting date and at least 12 monthly contributions have been paid, simple interest shall be payable at zero per cent (0.00%) per annum in accordance with paragraph 18. No additional interest shall be payable under this contract in respect of any period after the third anniversary of the starting date. However, the bank shall retain any contribution paid in advance at the date of death, and unless repayment has been made after notice given by personal representatives, the bank shall treat it as having been paid in the month to which it relates. The bank may repay after the third anniversary of the starting date the total amount of contributions made with the interest accrued to that date although no notice applying for repayment has been given.

15. If a person dies after he has completed the payment of 36 monthly contributions his personal representatives shall be entitled on giving notice to the bank to receive whatever sum would have been payable under paragraph 9 had the person still been alive at the date of repayment.

Five year savings contracts

16. If a person dies before he has completed the payment of 60 monthly contributions, no further contributions under his savings contract shall either be payable or be accepted by the bank. The total amount of the contributions made by him shall, on notice given by his personal representatives, be repayable with interest (where applicable and subject to paragraph 20) as follows-

- a. if repayment is made before the first anniversary of the starting date, no interest shall be payable;
- b. if repayment is made before 12 monthly contributions have been paid, no interest shall be payable;
- c. if repayment is made on or after the first anniversary of the starting date and at least 12 monthly contributions have been paid, simple interest shall be payable at zero per cent (0.00%) per annum in accordance with paragraph 18. No additional interest shall be payable under this contract after the seventh anniversary of that date.

However, the bank shall retain any contribution paid in advance at the date of death, and unless repayment has been made after notice given by personal representatives, the bank shall treat it as having been paid in the month to which it relates. The bank may repay after the seventh anniversary of the starting date the total amount of contributions made with the interest accrued up to the seventh anniversary although no notice applying for repayment has been given.

17. If a person dies after he has completed the payment of 60 monthly contributions his personal representatives shall be entitled on giving notice to the bank to receive whatever sum would have been payable under paragraph 10 had the person still been alive at the date of repayment.

Interest Calculation

18. For the purpose of calculating interest payable under the preceding paragraphs other than paragraphs 9 and 10 -

- a. each monthly contribution (including the first) made in a month for which that contribution is due shall be deemed to have been made on the first day of that month and no interest shall be payable in respect of any period during which a contribution was held before it fell due, and
- b. any contribution paid by the employer which is paid in advance of the month to which it is deemed to relate shall be left out of account unless that month has been reached, and
- c. effect shall be given to paragraph 20.

19. A person who has entered into a savings contract with a bank or his personal representatives may after giving at least 7 clear days notice in writing to the bank at its principal office or a branch office inspect at that office the basis for the calculations described in paragraph 18.

Effect of Postponement of Contributions on Bonus and Interest

20. Whenever a person fails to pay any monthly contribution under a savings contract on the due date, then, unless he has, before the due date for payment of that contribution, given notice to the bank that he intends to stop paying contributions (in which case paragraph 11 or 12 will apply)-

- a. the due dates for payment of that contribution and all the other contributions which remain to be paid under the savings contract shall be postponed by one month;
- b. for the purposes of paragraph 9, the bonus date shall be postponed by one month; and, for the purposes of paragraph 10, the bonus date and the second anniversary of the bonus date shall be postponed by one month;
- c. for the purpose of calculating the interest to which a person is entitled under paragraph 11, 12, 14 or 16, the first anniversary and the third/seventh anniversary (whichever is appropriate) of the starting date shall be deemed to be postponed by one month;
- d. for the purpose of calculating interest in accordance with paragraph 18, the starting date and due date of each contribution which he has paid shall be deemed to have been postponed by one month;

but the foregoing provisions of this paragraph shall apply on not more than six occasions on which a person fails to pay a contribution as aforesaid. If he fails to pay a contribution on or before the due date on a seventh occasion, he shall be deemed to have given notice that he intends to stop paying contributions, and accordingly the provisions of paragraphs 11 and 12 shall, subject to the foregoing provisions of this paragraph, apply. Where a person who has entered into a savings contract dies, the provisions of this paragraph shall apply only to contributions falling due before his death.

Savings Contracts Not Voluntarily Transferable

21. A person shall not voluntarily assign a savings contract or the benefit of one. If he purports to do so-

- a. before he has completed the payment of 36 or 60 monthly contributions (whichever is appropriate)-
 - i. the bank shall not accept any further contributions after the purported assignment has come to its notice and he shall be deemed to have given notice of intention to stop paying contributions and to have given notice to the bank applying for repayment forthwith, and
 - ii. the bank shall accordingly pay to him (and not to the purported assignee) all the contributions paid together with interest which shall be calculated (subject to paragraph 20) in accordance with the sub-paragraph of paragraphs 11 and 12 appropriate to the time when repayment is made;
- b. when he has completed the payment of 36 or 60 monthly contributions (whichever is appropriate)-
 - i. he shall be deemed to have given notice applying for the repayment of those contributions together with such bonus as shall have accrued in accordance with paragraph 9 and such bonus and interest as shall have accrued in accordance with paragraph 10, and
 - ii. the bank shall accordingly pay to him (and not to the purported assignee) the sum to which he is entitled under (b)(i) above at the time when repayment is made.

Insolvency and Mental Health

22. If after a person has entered into a savings contract with a bank-

- a. a receiving order is made against him or he is sequestered or he compounds or makes any arrangement with his creditors generally or, in Northern Ireland, he is adjudicated bankrupt, or
- b. he becomes a patient within the meaning of section 94(2) of the Mental Health Act 1983 or the Mental Health (Northern Ireland) Order 1986 or any re-enactment of either provision or he is admitted or committed to hospital as a patient under the Mental Health (Scotland) Act 1984 or any re-enactment thereof or a curator bonis is appointed on his estate,

the bank shall not accept any further contributions which may otherwise be payable after the disability of the person has come to its notice and his trustee, receiver, assignee in bankruptcy, factor, curator, tutor, committee or guardian shall be entitled, on giving notice to the bank, to repayment as follows-

- a. where payment of the 36 or 60 monthly contributions (whichever is appropriate) has not been completed, repayment of the contributions paid together with interest which shall be calculated (subject to paragraph 20) in accordance with the sub-paragraph of paragraphs 11 and 12 appropriate to the time when repayment is made;
- b. where payment of the 36 or 60 monthly contributions (whichever is appropriate) has been duly completed, repayment of those contributions together with such bonus as shall have accrued in accordance with paragraph 9 and such bonus and interest as shall have accrued in accordance with paragraph 10 at the time when repayment is made.

The bank shall nevertheless have the right to make repayments-

- a. where contributions have been completed, as if the last two sentences of paragraph 9 applied and the last sentence of paragraph 10 applied;
- b. where contributions have not been completed, as if the last sentence of paragraphs 11 and 12 applied.

Restriction on New Contracts

23. A person shall enter into a savings contract with a bank for a share option purpose only if-

- a. the bank has received from the company which established the SAYE option scheme a copy of a Certificate from Her Majesty's Revenue and Customs granting approval of that scheme under Schedule 3 to ITEPA 2003,
- b. the aggregate of-
 - i. each monthly contribution which would be paid under the contract;
 - ii. each monthly contribution which would be paid under any other savings contracts under bank certified SAYE savings arrangement;
 - iii. each monthly contribution which would be paid under any contract with a European authorised institution under institution-operated certified SAYE savings arrangement;
 - iv. each monthly contribution which would be paid under any contract with a building society under building society-operated certified SAYE savings arrangement; and
 - v. each monthly contribution which would be paid under any contract with the Director of National Savings under Share Option Issues is less than the lesser of-
 - vi. £250 (or such greater sum as H M Treasury may from time to time determine),
 - or
 - vii. the monthly contribution necessary to secure as nearly as may be repayment of an amount equal to that for which shares may be acquired in pursuance of rights obtained by him under a share option scheme.

Notice of any variation by H M Treasury under sub-paragraph (b)(vi) shall be given in writing to the bank. For the purpose of sub-paragraph (b)(vii) above the amount of repayment shall be determined in accordance with paragraphs 26 and 30 of Schedule 3 to ITEPA 2003.

Wrongful Entry into Contracts

24. Any sums paid by a person under a savings contract which has been entered into in breach of paragraph 3 or paragraph 23 shall be repaid to him without any interest or bonus, and if a person who has so entered has had his contributions refunded by the bank with interest and/or bonus because such breach was unknown to the bank, the bank may recover such interest and/or bonus.

Change of Bank

25. A bank shall not permit a person who has entered into a savings contract with it to transfer to another bank or to any other body the balance accumulated under that contract but this paragraph shall not prevent-

- a. his continuing that contract with a bank with which that bank has amalgamated or to which it has transferred all or part of its engagements, or
- b. that bank from amalgamating with or transferring all or part of its engagements to one or more other banks.

Statutory Controls

26. Notwithstanding this prospectus a savings contract shall have effect-

- a. subject to any restrictions on the operations of the bank which may be imposed on it from time to time by the Financial Services Authority under its statutory powers, and
- b. subject to the continued observance by the bank of any conditions which the Commissioners may have imposed on it under section 707 of ITTOIA 2005 in authorising the bank to enter into savings contracts under the Scheme.

Supply of Information

27. A person who has entered into a savings contract shall be deemed to have agreed to the bank-

- a. supplying to one or more third parties such information as may be necessary to establish that he is complying with the requirements of paragraph 23, and
- b. disclosing to Her Majesty's Revenue and Customs any information which is required under paragraph 45 of Schedule 3 to ITEPA 2003.

Date of Payment

28. For the purpose of this prospectus-

- a. a sum shall be deemed to be paid to the bank by the person who has entered into a savings contract on the day on which the bank received it;
- b. a sum paid to the person who has entered into a savings contract by means of a cheque or warrant sent by post shall be deemed to be paid or repaid by the bank on the day on which the bank posts it to the person entitled.

Notices

29. Save as provided for in paragraph 19, where a notice under this prospectus is to be given to the bank by any person other than the Commissioners, that notice is to be sent to the address notified by the bank to that person, and, at the discretion of the bank, that address may include but shall not be confined to an electronic address or web address.