



TERMS OF BUSINESS

Under S.117 of the Central Bank Act 1989, S.23 and 37 of the Investment Intermediaries Act 1995, S.8H of the Consumer Credit Act 1995 and S.61 of the Insurance Act 1989, the financial regulator, The Central Bank of Ireland issues Consumer Protection Codes, refreshing these regularly to reflect its experiences of market conditions at the interface between consumers and regulated entities.

The **Consumer Protection Code** issued with effect from **January 2012** is an extensive expansion of operating rules, part of which requires the extension of Terms of Business, the engagement conditions between firms like FDM Ltd and clients. This is an important document and should be read before engaging in taking advice as well as before executing on that advice so that you understand the nature and scope of the advice and your consumer rights. It is, by its nature extensive and lengthy.

The following outlines the **Terms of Business** between **you** (hereinafter called **the client**) and the financial planning consultancy service, provided by **Financial Development & Marketing Limited** (FDM Limited), Unit W9A1, Tougher's Business Park, Newhall, Naas, Co. Kildare. Tel. (045) 409364. Fax (045) 409196. Mobile 087-2665000. E-mail: info@eddiehobbs.com. Website: www.eddiehobbs.com. This Terms of Business complies with the Central Bank Code of Conduct 1st November 2000 and updated 1st October 2001, for Section 10 Authorised Intermediaries and "Authorised Advisors", further updated in 2006 and again in 2012 as described. Enclosed is a copy of our Statement of Authorised Status.

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1. FULL ADVISORY SERVICES

The full advisory service generally relates to a comprehensive review of existing financial assets and liabilities. A comprehensive review, much like legal and taxation consultancy, costs money, meeting the costs of travel, research, meetings, reports and administration and, typically, involves several hours of work. FDM Limited offers **new** clients **two options** to pay for our services, to be selected at outset. These are **Pure Fee Only** and **Fee-Based** advisory services. Unless Pure Fee Only is specifically opted for by the client, Fee-Based service will apply.

Higher fees usually relate to very detailed research into the complex affairs of an individual client or when detailed corporate work is required like reviewing a large staff pension scheme. In all cases we make our fees known upfront and agreed with our clients in advance of any engagement. Unless stated otherwise our Pure Fee Only hourly rate is €400 plus Vat and which includes cost recovery for travel, meetings, research, analysis, reports, executing instructions, administration and compliance and a profit element. Any additional expenses related to overseas travel etc will be separately receipted and billed.

1.1 FEE-BASED SERVICE

The Fee-Based service is **not** time-based. A lower fee is charged for research and analysis, typically between €400 and €1,000 plus VAT, depending on the complexity of the client position. This fee part covers several hours of travel, meeting, analysis, reporting, administration and compliance costs, and represents a discount to true costs. Subsequent initial or sales commissions earned by FDM Limited are used to subsidise advisory costs, which would otherwise be billed on the Pure Fee Only basis.

Where initial commission falls short of advisory costs **no fee** will be charged to the client. All sales commissions received by FDM Limited will be retained by FDM Limited. As a matter of practice policy we avoid sales commission or reinvest initial or sales commissions for client investments where possible, instead benefitting from a share of the fund management charge by the asset manager as a rebate of its standard fees or as an addition.

We outline overleaf our commission and fee charging structure for the Fee-Based service and which will apply to client investments unless otherwise stated. This includes all **executive-only** transactions.

1.2 PURE FEE ONLY

Pure Fee Only means the client pays FDM Limited exclusively for time expended on client affairs. Subsequent investment products, if any, will typically be invested on a nil commission's basis. FDM Limited's fees will be debited against the client account at a rate of **€400** per hour plus VAT. FDM Limited's authorisation means it can deliver broad advice on many of the investment instruments ranging from deposits to complex financial products.

A comprehensive analysis and report for a new client will typically cost between €2,000 and €4,000 plus VAT to complete, depending on the complexity of client affairs. FDM Limited will provide a fee indication after initial examination of the client position, and fees may vary from the above. Fees are payable **after the completion of** agreed analysis and reporting unless otherwise stated.

1.3 SIMPLE ADVISORY SERVICES

For simple advisory services FDM Limited may charge a part-hourly rate for and/or collect disclosed commission earnings from product providers depending on the circumstances and often dependent on client choice. This relates to single transaction or advice on matters like



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mortgages, savings, pension funds, etc. FDM Limited also provides advice services at no cost where we can do so but our scope due to regulation is increasingly limited as a consequence of rules that require deep analysis of client's financial affairs, attitudes, objectives and experience before giving advice even of a simple nature.

2. ARRANGING INVESTMENTS

Outlined below are the maximum advisory commissions under FDM Limited's Terms of Business. Unless stated otherwise, FDM Limited does not charge for arranging investment, pension and savings schemes on **nil initial commission terms**, earning instead a rebate of the fund management charge typically of 0.5% p.a. In the case of JPMorgan we are rebated half its annual management charges. **Total** fund management charges usually range between 1.0% to 1.5% p.a. depending on fund type. Highly specialised funds including geared property funds may have higher charges including incentive fees.

- **Protection Products**

Initial commission is typically payable by the insurer to FDM Limited related to the possible policy term on the basis of 9% per possible policy year usually subject to a maximum of 90% of the year one premium; although in some instances it may be higher. Protection products include term assurances and health insurance.

- **Life Office Products**

Life offices, distributing through the intermediary sector, engage in making override payments from central marketing budgets. These are not, typically, deductions from products and may be paid to FDM Limited. These are subject to statutory disclosure under the Insurance Act 2000 to clients.

- **Mortgages**

FDM Limited will charge 1% of the mortgage raised to the client, unless paid by the lender as introductory commission. This is subject to a minimum fee of €1,200 plus VAT, less credit for any commission paid by the lender.

- **Product Providers**

FDM Limited holds terms of business and agency agreements with the following product providers:

ACCBank plc. ^(M)

Aviva Health Insurance Ireland Limited

AXA Financial Limited

Caledonian Life ^(P)

Dentists' & General Mutual Benefit Society Limited ^(P)

Friends First Life Assurance Company Limited ^(P)

HSBC Investment Funds Luxembourg SA ^(O)

Invesco Global Asset Management Limited ^(O)

Irish Life & Permanent plc. ^(M)

JPMorgan Asset Management Limited ^(O)

Merrion Stockbrokers Limited

Phoenix Ireland ^(P)

Standard Life Assurance Company ^(P)

Ulster Bank Ireland Limited ^(M)

^(O) Open-end investment companies under UCITS legislation, multi-fund range.

^(P) Pensions, life insurances, investments, critical illness, PHI, ARF's.

Acorn Life ^(P)

Aviva Life & Pensions Ireland Limited ^(P)

BCP Asset Management Limited

Canada Life Assurance (Ireland) Limited ^(P)

First Active plc. ^(M)

GoldCore Limited

ICS Building Society ^(M)

Irish Life Assurance plc. ^(P)

Irish Mortgage Corporation ^(M)

KBC Bank Ireland plc.

New Ireland Assurance Company plc. ^(P)

Quilter ^(S)

Standard Life Investments Global SICAV ^(O)

Zurich Life Assurance plc ^(P)

^(M) Mortgage and personal loans services.

^(AA) Authorised Advisor.

^(S) Stockbroker.



3. RESEARCH

Under Guidelines to Authorised Advisors issued by the Central Bank of Ireland (version October '01), under S.37 of the Investment Intermediaries Act, we wish to draw your attention to the fact that we cannot research all product providers potentially available to you within Ireland, Europe and OECD countries.

Neither will some product providers, who do not work with financial intermediaries, provide research even when requested to do so and you are advised that you may wish to pursue these yourself. However, as a part of FDM Limited's service, we routinely investigate and review financial products already held by clients across domestic and international product providers, utilising client information authority mandates. FDM Limited receives economic analysis from a range of fee charging international services as well as from domestic and international asset managers, stock brokers and financial media.

4. CLIENT UNDERTAKING

The client undertakes to provide full and complete information requested by FDM Limited in undertaking its analysis. All information is treated confidentially.

In the event that information is not supplied, or is restrictive, FDM Limited is prohibited by regulation from giving advice. FDM Limited can however arrange investments for the client on an **execution only** basis. This means that FDM Limited cannot advise on the appropriateness of the investment strategies and products. These have to be decided by the client.

Where the Fee-Based service is chosen, the client undertakes to place products selected by the client on the advice of FDM Limited, and investments based on the strategies recommended by FDM Limited, through the agencies of FDM Limited. This is a "gentleman's agreement", which allows FDM Limited recoup costs, and, understandably, the client-advisory relationship cannot work effectively without a two-way relationship.

In the event that the client adopts the advice, directions and strategies outlined by FDM Limited, whether or not through the specific products recommended by FDM Limited, but does so outside of the agencies of FDM Limited, the client undertakes to be charged at Pure Fee Only rates of €400 per hour plus Vat at the discretion of FDM Limited. This means paying FDM Limited for time expended, less any fees already collected, or commissions received by FDM Limited. This does not apply to Execution Only transactions.

5. IRISH INVESTOR COMPENSATION SCHEME

FDM Limited is a member of the **Investor** Compensation Scheme, established by the Investor Compensation Act of 1998, and provides payment in certain circumstances to eligible investors of authorised firms as defined by the said Act, and which currently sets a minimum limit of €20,000.

It is not the practice of FDM Limited, nor is it within its terms of authorisation, to accept cash or funds or securities or to act on a discretionary basis in the management of client funds. All transactions to and from product providers are made directly by clients accordingly (and typically by interbank credit transfer).

6. COMPLAINTS PROCEDURE

In compliance with the Central Bank Code of Conduct for Section 10 Authorised Investment Intermediaries 1st November 2000, we wish to advise you that you should, in the first instance, raise any complaints with FDM Limited's Managing Director, Mr. Eddie Hobbs, for resolution. In the event