

**COMPETITION POLICY**

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## TISA EXCHANGE LIMITED

### COMPETITION POLICY

#### 1. INTRODUCTION

- 1.1 This competition law policy (the "**Competition Policy**") governs the activities of the members of TISA Exchange Limited (including the activities of the directors of TISA Exchange Limited) in relation to their participation in the Contract Club from a competition law perspective. It is to be read in conjunction with the rest of the Membership Agreement, including the Glossary. In this Competition Policy, capitalised terms have the meanings given to them in the Glossary.
- 1.2 TISA Exchange Limited and the Contract Club have been established with the pro-competitive objective of improving efficiency by delivering and administering an industry standard contract to simplify and expedite the transfer of any Retail Investment Product, cash or portfolios of one or more investment fund holdings involving the alteration of the fund's register of Unit holders to reflect the transfer of legal ownership and which may include the redemption, or a change in share class, of specified assets within the portfolio.
- 1.3 The members of TISA Exchange Limited (being the "Members" as defined in the Glossary) are currently:
- 1.3.1 Service Providers: product providers (excluding Pension Providers), ISA managers, platform service providers or Intermediate Unitholders, each as defined in the FCA Handbook from time to time;
  - 1.3.2 Asset Managers: a party that is ultimately responsible for the maintenance of a fund's register of holders of Units and for the repurchasing of Units that are to be redeemed and for the conversion of Units that are to be converted to a Conversion Share Class;
  - 1.3.3 Pension Provider: a party who is responsible for the provision and administration of a Pension Scheme, or, if one is appointed for the relevant Pension Scheme, the Pension Administrator;
  - 1.3.4 Multi-Role Members: members who fulfil the criteria for membership in more than one of the member categories set out in article 19.2 of the Articles of Association; and
  - 1.3.5 TISA: the Tax Incentivised Savings Association.

The "**Operating Members**" are the Members other than TISA.

- 1.4 Any person who is not a director of TISA Exchange Limited but is appointed to any Advisory Council and/or any other sub-committee of the Board (an "**Attendee**") will be bound by this Competition Policy in the same way as TISA, and references to TISA in this Competition Policy will include the Attendees from time to time.
- 1.5 Some or all of the Operating Members are competitors in some or all of the markets in which they operate. Some or all of the Attendees may be employed or engaged by entities (each an "**Attendee's Organisation**") that are competitors in some or all of the markets in which they operate. Each Attendee undertakes not to do, or omit to do, anything which would, if his Attendee's Organisation were bound by this Competition Policy as an Operating Member, constitute a breach of this Competition Policy by such Attendee's Organisation.
- 1.6 Each of the Members recognises the importance of complying with EU and UK competition law and each explicitly agrees to observe this Competition Policy. The potential consequences of infringing competition law are set out in the Appendix to this Competition Policy.

1.7 Each of the Operating Members undertakes that all individual employees of, and any agent or contractor employed in, its respective organisation authorised to receive information or data from other Operating Members in relation to the Transfers will be made aware of and will comply with this Competition Policy.

## 2. EXCHANGE OF INFORMATION AND DATA

2.1 In order to carry out the Transfers, the Operating Members need to share certain information and data with each other. The Members also need to discuss certain matters relating to the proper operation of the Contract Club and to share certain information and data with each other for this purpose.

2.2 However, each Member agrees that it will not use the Contract Club as a conduit for sharing with any other Member any commercially sensitive information or data that is not necessary for the purpose of executing the Transfers or the proper operation of the Contract Club. Each Member therefore recognises that appropriate safeguards need to be put in place to ensure that commercially sensitive information is not exchanged between the Members, either directly or indirectly.

2.3 Each Member undertakes:

2.3.1 in the case of Operating Members, to use any information or data obtained from another Operating Member through Messages or manual communication or otherwise in relation to any proposed Transfer only for the purposes of carrying out the Transfers; and

2.3.2 in the case of any Member, to use any information or data obtained from another Member in relation to its participation in the Contract Club only for the purposes of the proper operation of the Contract Club,

and in each case not to use such information or data for any other purpose whatsoever.

2.4 For the avoidance of doubt, the following information will not be shared or discussed between any of the Members directly or indirectly through the Contract Club:

2.4.1 current<sup>1</sup> or future prices charged by any Operating Member to its own clients or any element of prices, discounts, rebates, business and/or pricing strategy, employee remuneration costs, margins, or any similar information relating to the same;

2.4.2 other non-aggregated customer-specific information; information relating to competitors of an Operating Member; or R&D, intellectual property rights or know-how, which could affect the commercial decision-making of the party in receipt of the information;

2.4.3 conditions or payment terms offered to its respective clients by each Operating Member;

2.4.4 the identity of, or details regarding individual clients of each Operating Member except to the extent necessary for the purpose of executing the Transfers;

2.4.5 individual costs and/or margins of each Operating Member, including the remuneration paid to any intermediary;

2.4.6 information which may enable the allocation of clients or territories between any of the Operating Members, including information on an Operating Member's strategy or investment plans for particular markets or clients; and

- 2.4.7 arrangements which may lead to agreements or understandings as to whether or not to do business with a particular client or group of clients.
- 2.5 Each Member will also not discuss or agree directly or indirectly through the Contract Club with any other Member that it will:
- 2.5.1 refuse to deal outside the scope of the Contract Club with a particular Service Provider or Asset Manager or Pension Provider which is not a Member;
  - 2.5.2 agree criteria for participation in the Contract Club that excludes or discriminates against prospective members being able to become Members in the Contract Club without objective justification;
  - 2.5.3 refuse to deal with a particular client;
  - 2.5.4 refuse to deal with a particular intermediary; or
  - 2.5.5 refuse to buy goods or services from a particular supplier.
- 2.6 If the conversation turns to potentially anti-competitive subjects, including (but not limited to) those listed at 2.4 and 2.5 above, or a Member provides to another Member or Members commercially sensitive information or data that is not necessary for the purpose of executing the Transfers or the proper operation of the Contract Club during a meeting, the other Member(s) should actively distance themselves from the information received by making it clear that they cannot discuss such matters and ask for the conversation to be changed at once or they should immediately leave the meeting in a way which makes it apparent to those present why they are leaving and ensure that their departure is recorded in any formal minutes and/or their own notes of the meeting. The other Member(s) should also not rely on, use or further disseminate the relevant information within their respective businesses.

### 3. **CONDUCT OF MEETINGS**

- 3.1 This Competition Policy applies to the conduct of any formal meetings and/or other discussions and to informal contact (in each case in person, by telephone, videoconference, in writing or otherwise howsoever) between any of the Members and/or of the Board and/or any Advisory Council and/or any other sub-committee of the Board, in each case in relation to the Contract Club. It is essential that any discussions at meetings or in an informal context comply with this Competition Policy.
- 3.2 Where possible, meetings will be held on videoconference, at TISA's offices or other neutral venue, or they may be held at Members' offices on a rota basis.
- 3.3 In addition, the following protocol applies to all meetings (whether in person, by telephone, videoconference or otherwise):
- 3.3.1 a draft agenda will be reviewed from a competition law perspective and then circulated in advance of any meeting;
  - 3.3.2 the chairperson will remind the attendees of the Competition Policy and validate the agenda at the start of the meeting;
  - 3.3.3 draft minutes must be circulated after any meeting and will be approved at the next meeting; and
  - 3.3.4 an external lawyer may be designated to attend meetings and/or other telephone calls and/or videoconferences from time to time in order to ensure that they are conducted in compliance with this Competition Policy.



## APPENDIX

### POTENTIAL CONSEQUENCES OF BREACHING COMPETITION LAW

Under U K and EU competition law (the Competition Act 1998, the Enterprise Act 2002 and Article 101 of the Treaty on the Functioning of the European Union), the following consequences may arise from anti-competitive agreements and practices:

- substantial fines on each of the parties involved (up to 10% of worldwide group turnover);
- any anti-competitive agreement will be void and unenforceable;
- third-parties may seek to claim standalone or follow-on damages where they have suffered financial loss as a result of the anti-competitive agreements or conduct;
- adverse publicity, wasted management time and significant expense dealing with investigations, being required to modify agreements and legal proceedings;
- **UK only:** criminal sanctions under UK law, including unlimited personal fines and/or imprisonment for up to five years for directors or employees found to have participated in serious infringements of competition law, such as price-fixing; and
- **UK only:** potential disqualification under UK law of directors who have participated in, or who negligently failed to take action against, anti-competitive agreements or conduct. This would prevent any such individual acting as a company director or being involved in the management of a company in the UK for up to 15 years recently this is a penalty that the UK's Competition & Markets Authority (CMA) seeks to impose in every instance where there has been an anticompetitive agreement.

Following the end of the UK's EU exit transition period on 31 December 2020, the European Commission (the "**Commission**") can no longer enforce EU competition law in the UK, but continues to bring enforcement action against companies suspected of conduct which has an effect on competition in the EU (regardless of where the activity takes place). The UK CMA continues to investigate suspected infringements of UK domestic competition law.

It is therefore important to note that anti-competitive behaviour may be subject to separate investigations by the UK CMA and the Commission where it may affect competition both within the UK and the EU respectively.