



Registration of a Charge

Company name: **EQUITABLE LIFE ASSURANCE SOCIETY,(THE)**

Company number: **00037038**



X42ET9H7

Received for Electronic Filing: **03/03/2015**

Details of Charge

Date of creation: **02/03/2015**

Charge code: **0003 7038 0016**

Persons entitled: **CANADA LIFE LIMITED**

Brief description:

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **PINSENT MASONS LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 37038

Charge code: 0003 7038 0016

The Registrar of Companies for England and Wales hereby certifies that a charge dated 2nd March 2015 and created by **EQUITABLE LIFE ASSURANCE SOCIETY,(THE)** was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 3rd March 2015 .

Given at Companies House, Cardiff on 4th March 2015

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

DATED 2nd March 2015

THE EQUITABLE LIFE ASSURANCE SOCIETY

as Chargor

- and -

CANADA LIFE LIMITED

as Chargee

SECURITY AGREEMENT



C4/4389819
P0860.06051

Hogan Lovells International LLP
Atlantic House, Holborn Viaduct, London EC1A 2FG

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BETWEEN:

- (1) **THE EQUITABLE LIFE ASSURANCE SOCIETY**, a mutual society registered in England No. 37038. Registered Office: 20 – 22 Bedford Row, London, WC1R 4JS (the "**Chargor**"); and
- (2) **CANADA LIFE LIMITED**, a company incorporated in England and Wales, Company No. 973271 and having its registered office at Canada Life Place, Potters Bar, Hertfordshire, EN65BA (the "**Chargee**").

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Security Agreement:

"Account Control Agreement" means an account control agreement entered into on or about the date of this Security Agreement by the Chargor, the Chargee and the Custodian in relation to the Charged Accounts;

"Business Day" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in (i) London and (ii) in the case of a delivery of Cash or Non-Cash Assets (a) the location of the account into which such delivery is to be made, and (b) either, in the case of a delivery of Cash, the principal financial centre of the currency of such Cash or, in the case of a delivery of Non-Cash Assets, the location of the account out of which such delivery shall be made, and, if different, the place where the delivery will be registered (if applicable);

"Cash" means any Deposits denominated in GBP and such other currency or currencies as may from time to time be agreed in writing between the Parties;

"Cash Collateral" means Collateral comprising Cash;

"Charged Accounts" means the Euro Charged Account, the Sterling Fixed Charged Account and the Sterling Index Charged Account;

"Charged Property" means the property, assets and rights (including the Collateral) for the time being subject to the security granted pursuant to this Security Agreement;

"Clearance System" means Euroclear Bank SA/NV, Clearstream Banking, Société Anonyme, Luxembourg, The Depository Trust & Clearing Corporation and any other person whose business is or includes the provision of clearance services or the provision of security accounts or any nominee or depository for any such person, which system is from time to time used in connection with transactions relating to Non-Cash Assets;

"Collateral" means all the Cash or Non-Cash Assets which stand to the credit of a Charged Account from time to time, together with all Proceeds, interest, substitutions for and additions to the foregoing and which have not been transferred to the Chargor;

"Collateral Rights" means all rights, powers and remedies of the Chargee provided by this Security Agreement or by law;

"Custodian" means The Northern Trust Company;

"Custodian Agreement" means the custodian agreement dated 22 December 2011 (as amended by letter dated 1 April 2014) pursuant to which the Custodian acts as custodian of the Chargor, entered into between the Custodian and the Chargor;

"Delegate" means any person appointed pursuant to Clause 10.2 and any person appointed as an attorney of the Chargee and/or any Receiver;

"Deposit" means each credit balance from time to time on a Charged Account and all rights, benefits and proceeds in respect thereof;

"Encumbrance" means any mortgage, charge, pledge, lien, hypothecation, assignment, trust arrangement, right of set-off, option, restriction, right of first refusal, right of pre-emption, third party right or interest, other encumbrance or security interest of any kind, or other type of preferential arrangement (including without limitation, a title transfer or retention arrangement) having similar effect (other than a lien routinely imposed on securities in a relevant Clearance System);

"Enforcement Notice" means a notice in the form appearing in Schedule 2 (*Enforcement Notice*) served by the Chargee on the Chargor in accordance with Clause 7.1 notifying the Chargor that an Event of Default has occurred and that the Chargee intends to enforce the security conferred on it hereunder;

"Euro Charged Account" means the account whose details are specified under that name in Schedule 1;

"Event of Default" means any of (i) the occurrence of an Insolvency Event in respect of the Chargor; (ii) the termination of the Reassurance Agreement following the occurrence of any of the events listed in paragraphs (b), (c), (d) or (e) of Schedule 7 of the Reassurance Agreement, (iii) a breach of Clause 5.2(b) of this Security Agreement by the Chargor; or (iv) an order is made by the court entitling any person to enforce security or levy distress, attachment, execution or legal process against any part of the Charged Property;

"GBP" and **"£"** mean British pounds sterling;

"Insolvency Event" means:

- (a) any procedure is commenced with a view to the winding up or reorganisation of the Chargor except in the case of (i) a solvent reorganisation or (ii) any winding-up petition which is frivolous or vexatious or is discharged, stayed or dismissed within 14 days of commencement or, if earlier, the date on which it is advertised;
- (b) any step is taken or any procedure is commenced with a view to the appointment of an administrator, receiver, administrative receiver or liquidator in relation to the Chargor or all or substantially all of its assets except in the case of any winding-up petition or administration application which is frivolous or vexatious or is discharged, stayed or dismissed within 14 days of commencement or, if earlier, the date on which it is advertised as the case may be;
- (c) the holder of any security over all or substantially all of the assets of the Chargor takes any step to enforce that security or all or substantially all of the assets of the Chargor are subject to attachment, sequestration, execution or any similar process;
- (d) the Chargor is or becomes unable to pay its debts as they fall due within the meaning of section 123 of the Insolvency Act 1986; or
- (e) anything analogous to the matters set out in paragraphs (a) to (d) above occurs in relation to the Chargor in any other jurisdiction;

"Interest Rate" has the meaning given to it in the Reassurance Agreement;

"Investment Manager" means Blackrock Investment Management (UK) Limited, a company incorporated in England and Wales under registered number 0202394 whose registered address is at 12 Throgmorton Avenue, London EC2N 2DL;

"Non-Cash Assets" means assets other than Cash and shall include the certificates and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate);

"Non-Cash Collateral" means Collateral comprising Non-Cash Assets;

"Notice of Termination" means a notice of termination validly given by a party to, and in accordance with the terms of, the Reassurance Agreement;

"Obligations" means all the obligations of the Chargor (whether actual or contingent) to the Reassurer under the Reassurance Agreement to pay any amount or to transfer any asset to the Reassurer;

"Parties" means the Chargor and the Chargee and "Party" shall mean either of them as the context may indicate;

"Permitted Encumbrance" means (a) any Encumbrance existing at any time in favour of the Chargee; (b) any Encumbrance in favour of the Custodian under the terms of the Custodian Agreement and/or the Account Control Agreement in respect of amounts payable in connection with the services provided in connection with the Charged Accounts thereunder; (c) any Encumbrance arising by operation of law and in the ordinary course of settlement systems or custody arrangements in relation to the Collateral; (d) any Encumbrance that applied to an asset originating from the Chargee or from a third party in accordance with an instruction given by the Chargee when it was transferred into the Charged Accounts; or (e) any other Encumbrance to which the Chargee gives its prior written consent;

"Proceeds" means all principal, interest, dividends and other payments (including margin payments) and distributions of Cash or other property paid or distributed in connection with all Non-Cash Collateral and all rights, privileges and other securities of every kind distributed with respect thereto or in exchange therefor. For the avoidance of doubt, Proceeds will not include any item of property acquired by the Chargee upon any disposition or liquidation of Collateral;

"Reassurance Agreement" means the annuity business reassurance agreement dated on or about the date hereof between the Chargor and the Chargee;

"Receiver" means a receiver appointed under this Security Agreement;

"Settlement System" includes CREST and any other such settlement systems and nominees thereof wherever located which are from time to time used in connection with transactions relating to the Collateral;

"Sterling Fixed Charged Account" means the account whose details are specified under that name in Schedule 1;

"Sterling Index Charged Account" means the account whose details are specified under that name in Schedule 1;

"Transaction Agreements" has the meaning given in the Reassurance Agreement; and

"Transition Notice" has the meaning given in the Account Control Agreement.

- 1.2 In this Security Agreement, any reference to (a) a "Clause" or a "Schedule" is, unless otherwise stated, a reference to a clause hereof or schedule hereto and (b) "this Security Agreement", the "Account Control Agreement", the "Reassurance Agreement" and the "Custodian Agreement" is a reference to this Security Agreement or (as the case may be) the Account Control Agreement, the Reassurance Agreement or the Custodian Agreement as amended, varied, supplemented or replaced from time to time. Clause headings are for ease of reference only.
- 1.3 Terms used but not defined herein shall bear the respective meanings ascribed to them in the Reassurance Agreement.
- 1.4 Any reference in this Security Agreement to a statutory provision shall be to a statutory provision of England and Wales (unless otherwise specified) and shall include that provision and any regulations made in pursuance thereof as from time to time modified or re-enacted on or after the date of this Security Agreement so far as such modification or re-enactment applies or is capable of applying to any transactions entered into under or in connection with this Security Agreement.
- 1.5 Any reference to time in this Security Agreement is to London time except where expressly stated otherwise.

2. COVENANT TO PAY

The Chargor hereby covenants with the Chargee that it will perform and discharge the Obligations as and when the same fall due for payment, performance or discharge in accordance with the terms of the Reassurance Agreement.

3. CHARGE

- 3.1 The Chargor, with full title guarantee (subject to any Permitted Encumbrance), hereby charges in favour of the Chargee by way of first fixed charge each Charged Account (as identified in Schedule 1 as at the date of this Security Agreement) and all Collateral therein from time to time.
- 3.2 The Chargor, with full title guarantee (subject to any Permitted Encumbrance), hereby assigns by way of security or, to the extent such assignment is not effective, charges by way of first fixed charge in favour of the Chargee all rights which it may have against the Custodian now or in the future under and in connection with the Custodian Agreement in so far as such rights relate specifically to the Charged Accounts and the Collateral, including without limitation:
 - (a) any rights which the Chargor may have or acquire as against the Custodian, a nominee or agent, any Clearance System or any Settlement System in respect of any of the Collateral or the proceeds thereof; and
 - (b) any rights which the Chargor may have under any agreement with any such person (or the owner, licensee or operator of the same) in so far as they relate specifically to the Charged Accounts and any right to require delivery by such person of any Collateral in any currency to or to the order of the Chargor.
- 3.3 The security created under or pursuant to this Security Agreement shall be a continuing security for each of the Obligations and shall not be satisfied by any intermediate payment or satisfaction of the whole or any part of the Obligations.

- 3.4 The Chargor hereby waives any right it may have of first requiring the Chargee to proceed against or claim payment from any other person or enforce any guarantee or security before enforcing its security under this Security Agreement.
- 3.5 Where any discharge of the security constituted by this Security Agreement is made on the faith of any payment, security or other disposition which is avoided or where any amount paid pursuant to any such discharge must be repaid on bankruptcy or liquidation (or otherwise) of any of the Chargor, the Custodian, a nominee or agent, the Investment Manager or any other entity who may from time to time come into possession or control of the Collateral, the security constituted by this Security Agreement and the liability of the Chargor under this Security Agreement shall continue as if there had been no such discharge.
- 3.6 The fact that no details of any Charged Property are included in any relevant Schedule to this Security Agreement does not affect the validity or enforceability of any security created by or pursuant to this Security Agreement.

4. REPRESENTATIONS

The Chargor represents and warrants to the Chargee that, as at the date hereof:

- (a) it is a company duly incorporated and validly existing under the laws of England and Wales;
- (b) it has the power to enter into this Security Agreement and all corporate and other action required to authorise the execution by it of this Security Agreement and the performance of its obligations hereunder has been duly taken;
- (c) it has obtained all necessary governmental and regulatory authorisations and permissions to enable it to perform its obligations under this Security Agreement;
- (d) it is acting as a principal in entering into this Security Agreement and performing its obligations hereunder;
- (e) it has not agreed to create any Encumbrance (save as created by this Security Agreement, the Custody Agreement or the Account Control Agreement) over any of the Charged Property;
- (f) each of the Custodian Agreement and the Account Control Agreement is in full force and effect as at the date of this Security Agreement and that no amendment has been made to the Custodian Agreement since 1 April 2014;
- (g) any Collateral held in a Charged Account on the date hereof is beneficially owned by the Chargor and is free of any Encumbrance other than a Permitted Encumbrance; and
- (h) subject to any Permitted Encumbrance, the Chargee has a first ranking priority security interest in all Collateral held in the Charged Accounts on the date hereof.

5. COVENANTS AND UNDERTAKINGS

- 5.1 The Chargor covenants that it will not during the subsistence of this Security Agreement, except with the prior written consent of the Chargee:
- (a) whether by a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) (a) transfer, assign, or dispose of any part of the Charged Property (and no right, title or interest in relation to the Charged

Accounts shall be capable of assignment or other disposal), (b) execute any transfer, assignment or other disposition of all or any part of any Charged Property or create any legal or equitable estate or other interest in, or over, or otherwise relating to, any Charged Property (c) agree or purport to do any of the foregoing;

- (b) permit or agree to any variation of its rights under the Account Control Agreement;
- (c) create, grant or permit to exist any Encumbrance, other than a Permitted Encumbrance, over all or any part of the Charged Property except in accordance with the provisions of this Security Agreement; or
- (d) give any instruction that contravenes any of the Chargor's obligations hereunder.

5.2 The Chargor undertakes that:

- (a) any Collateral delivered to a Charged Account shall be free of any Encumbrance other than a Permitted Encumbrance;
- (b) subject to any Permitted Encumbrance, the Chargee at all times shall have a first ranking priority security interest in all Collateral delivered to the Charged Accounts and not subsequently removed from the Charged Account in accordance with this Security Agreement or the Reassurance Agreement.

5.3 The Chargor shall make a filing (and the Chargee may make such a filing on the Chargor's behalf) in respect of the Security Agreement with Companies House in accordance with Section 859A of the Companies Act 2006 in so far as the security created by the Security Agreement is registrable under that Act.

6. FURTHER ASSURANCE

6.1 The Chargor shall at its own expense execute all documents and do or procure all things (including the delivery, transfer, assignment or payment of all or part of the Collateral to the Custodian on behalf of the Chargee) that the Chargee may reasonably specify (and in such form and substance as the Chargee may reasonably require) for the purpose of (a) enforcing its security under this Security Agreement or (b) perfecting and protecting its security over or title to all or any part of the Charged Property, or perfecting or protecting the priority of such security or (c) enabling the Chargee to vest and transfer all or part of the Collateral in its name or in the name of its nominee(s), agent or any purchaser in the enforcement of its security under this Security Agreement.

6.2 The Chargor shall take all such reasonable action as is available to it (including making all filings and registrations and/or giving any notices, orders, directions or instructions) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any security conferred or intended to be conferred on the Chargee by or pursuant to this Security Agreement and/or the priority of any such security.

7. ENFORCEMENT OF SECURITY

7.1 The Chargee may, at any time when an Event of Default has occurred and is continuing, serve an Enforcement Notice on the Chargor, with a copy to the Custodian, which notice shall take effect immediately following service (and provided that no inadvertent failure on the part of the Chargee to copy such notice to the Custodian shall invalidate the same).

7.2 Subject to Clause 7.3 and Clause 11, at any time after the service of an Enforcement Notice, the security created by or pursuant to this Security Agreement shall be

immediately enforceable and the Chargee may, without notice to the Chargor or prior authorisation from any court, in its absolute discretion:

- (a) enforce all or any part of that security (at the times, in the manner and on the terms it thinks fit);
 - (b) sell or otherwise dispose of all or any part of the Charged Property. The Chargee shall be entitled to apply the proceeds of such sale or other disposal in paying the costs of that sale or disposal and in or towards the discharge of the Obligations. The Chargee shall be entitled to treat any Cash Collateral as if it were the proceeds of such sale or other disposal;
 - (c) exercise all the rights, powers and remedies possessed by it according to law as assignee of the rights of the Chargor under the Custodian Agreement and/or the rights of the Chargor against the Custodian under the Account Control Agreement;
 - (d) apply the Cash Collateral in or towards payment or discharge of any amounts payable by the Chargor with respect to any Obligation in such order as the Chargee sees fit; or set off all or any part of any amount payable by the Chargor with respect to any Obligation against any obligation of the Chargee to repay any amount to the Chargee in respect of the Collateral; and
 - (e) whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Security Agreement) on mortgagees and by this Security Agreement on any Receiver or otherwise conferred by law on mortgagees or receivers.
- 7.3 In exercising its rights under Clause 7.2, the Chargee shall not sell or otherwise dispose of or transfer to itself from the Charged Accounts an amount exceeding the amount that it reasonably considers to be the maximum amount that will become due to it following termination of the Reassurance Agreement following an Event of Default.
- 7.4 The power of sale or other disposal conferred on the Chargee and on any Receiver by this Security Agreement shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925 and such power shall arise (and the Obligations shall be deemed due and payable for that purpose) on execution of this Security Agreement.
- 7.5 The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Security Agreement or to the exercise by the Chargee or any Receiver of its right to consolidate all or any of the security created by or pursuant to this Security Agreement with any other security in existence at any time or to its power of sale, which powers shall be immediately exercisable by the Chargee or any Receiver without notice to the Chargor at any time after the security created by or pursuant to this Security Agreement has become enforceable.
- 8. POWER OF ATTORNEY**
- 8.1 Subject to Clause 11, the Chargor, by way of security, irrevocably appoints the Chargee (or such person as the Chargee may nominate) and any Receiver severally as its attorney and in its name, on its behalf and as its attorney to execute, deliver and perfect all documents (including any notice of the assignments contained in this Security Agreement in favour of the Chargee) and do all things in the name of the Chargor or the Chargee (as the attorney may decide) that the Chargee may reasonably consider to be necessary for

- (a) carrying out any obligation imposed on the Chargor under this Security Agreement or
- (b) exercising any of the Collateral Rights.

8.2 The exercise of any rights by the Chargee under this Clause 8 in relation any filing or registration requirements pursuant to Clause 5.3, or relating to the perfection of any security conferred or intended to be conferred on the Chargee by or pursuant to this Security Agreement under Clauses 6.1 or 6.2 shall not be subject to the provisions of Clause 11 of this Security Agreement.

8.3 The Chargor shall ratify and confirm all things reasonably done and all documents reasonably executed by the Chargee or the Receiver in the exercise of that power of attorney.

9. RECEIVER

9.1 Subject to Clause 11, at any time after the security created by or pursuant to this Security Agreement has become enforceable the Chargee may by deed or otherwise (acting through an authorised officer of the Chargee), without prior notice to the Chargor:

- (a) appoint one or more persons to be a Receiver in respect of the Charged Property;
- (b) remove (so far as they are lawfully able) any Receiver so appointed; and
- (c) appoint another person (or persons) as an additional or replacement Receiver (or Receivers).

9.2 Any Receiver may be appointed in respect of the whole or any part of the Charged Property specified in the instrument appointing him and different Receivers may be appointed in respect of different parts of the Charged Property.

9.3 The powers of appointment of a Receiver conferred on the Chargee by this Security Agreement shall be in addition to all statutory and other powers of appointment conferred by the Law of Property Act 1925 (as extended by this Security Agreement), the Insolvency Act 1986 or otherwise and such powers shall remain exercisable from time to time by the Chargee in respect of any part of the Charged Property.

9.4 Each Receiver shall be:

- (a) entitled to act individually or together with any other person appointed or substituted as Receiver (except as otherwise stated in the instrument of appointment);
- (b) deemed for all purposes to be the agent of the Chargor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Chargee; and
- (c) entitled to remuneration for his services at a reasonable rate to be fixed by the Chargee from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925).

9.5 Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Chargor) have and be entitled to exercise, in relation to the Charged Property (and any assets of the Chargor which, when got in, would be Charged Property) in respect of which he was appointed (in the name of or on behalf of the Chargor or in his own name and, in each case, at the cost of the Chargor):

- (a) all the powers conferred by the Law of Property Act 1925 on mortgagees and mortgagees in possession and on receivers appointed under that Act;
- (b) all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);
- (c) all the powers and rights of an absolute owner and the power to do or omit to do anything which the Chargee itself could do or omit to do; and
- (d) the power to do all things (including bringing or defending proceedings in the name or on behalf of the Chargor) which the Receiver considers incidental or conducive to:
 - (i) any of the functions, powers, authorities or discretions conferred on or vested in him;
 - (ii) the exercise of the Collateral Rights (including realisation of all or any part of the Charged Property); or
 - (iii) bringing to his hands any assets of the Chargor constituting, or which when got in would be, Charged Property.

9.6 To the fullest extent permitted by law, any right, power or discretion conferred by this Security Agreement (expressly or impliedly) upon a Receiver may, at any time after the security created by or pursuant to this Security Agreement becomes enforceable, be exercised by the Chargee, without prior notice to the Chargor in relation to any Charged Property, irrespective of whether or not it has taken possession of the Charged Property and without first appointing a Receiver or notwithstanding the appointment of a Receiver.

10. DISCRETION AND DELEGATION

10.1 Any liberty or power which may be exercised, or any determination which may be made, under this Security Agreement by the Chargee or any Receiver may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

10.2 Each of the Chargee and any Receiver shall have full power to delegate to any person (either generally or specifically) the powers, authorities and discretions conferred on it by this Security Agreement (including any power of attorney) on such terms and conditions as they or he shall see fit which delegation shall not preclude the subsequent exercise of those powers, authorities or discretions by the Chargee or the Receiver, any revocation of the delegation or any subsequent delegation of any such powers, authorities and discretions. Neither the Chargee nor any Receiver shall be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of, any Delegate.

10.3 Subject to and without prejudice to Clause 10.2, each Party (the "**Delegating Party**") may by notice in writing to the other Party appoint an agent to perform the Delegating Party's obligations under this Security Agreement, provided that the Delegating Party shall be liable for the conduct of the agent to the same extent as it is liable for its own conduct.

11. TIME OF EXERCISE OF POWERS

11.1 At any time after the occurrence of an Event of Default, the Chargee may, without any further consent or authority on the part of the Chargor, serve a Transition Notice on the Custodian with a copy to the Chargor. The Transition Notice will take effect immediately.

11.2 The Chargee will not:

- (a) exercise the rights of enforcement under Clause 7; or
- (b) act under the power of attorney conferred by Clause 8; or
- (c) appoint a Receiver under Clause 9; or
- (d) serve a Transition Notice under the Account Control Agreement;

unless and until an Event of Default has occurred and an Enforcement Notice has been given and has become effective, but may do so thereafter, subject to Clause 11.3.

11.3 Following the service of a Transition Notice or an Enforcement Notice, the Chargee shall not transfer (by way of sale or transfer to itself or otherwise) any Collateral from any Charged Account other than to the extent amounts are due to it under any Transaction Agreement.

11.4 If the Chargee breaches any of the requirements of Clause 11.2 or 11.3, it shall indemnify the Chargor against all costs, expenses, losses and liabilities incurred as a result of such breach, including losses suffered as a result of not being able to deal in the assets held, or previously held, in the Charged Accounts (including profits lost as a result of missed investment opportunities) and costs and expenses incurred in bringing legal proceedings to reverse the action taken by the Chargee.

11.5 Where the Chargee reasonably believes that an Event of Default has occurred and has exercised its rights pursuant to this Clause 11 in good faith, following reasonable attempts to obtain information confirming that an Event of Default has occurred from either the Chargor, or the Custodian and such attempts have proved unsuccessful, the Chargee shall not be in breach of Clauses 11.2 or 11.3.

12. NO LIABILITY

12.1 None of the Chargee, any Receiver or Delegate or the Investment Manager or any of their respective officers, employees, agents or attorneys shall be liable to the Chargor or any other person by reason of:

- (a) taking any action permitted by this Security Agreement;
- (b) taking possession of or realising all or any part of the Charged Property;
- (c) any neglect, default or omission in connection with the Charged Property; or
- (d) the exercise, or the attempted or purported exercise, of any of the Collateral Rights,

in each case, at any time after the security created by or pursuant to this Security Agreement has become enforceable, and except in the case of gross negligence or wilful default on its part.

12.2 Without limiting Clause 12.1, entry into or taking possession of all or any part of the Charged Property shall not render the Chargee or any Receiver or Delegate or the Investment Manager liable to account as a mortgagee in possession and, if and whenever the Chargee or any Receiver or Delegate or the Investment Manager enters into or takes possession of the Charged Property, they or he shall be entitled at any time at its discretion to go out of such possession.

13. PROTECTION OF PURCHASERS

13.1 No person dealing with the Chargee or any Receiver or Delegate shall be bound to enquire:

- (a) whether the rights conferred by or pursuant to this Security Agreement have arisen or become exercisable;
- (b) whether any consents, regulations, restrictions or directions relating to such rights have been obtained or complied with;
- (c) otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such rights; or
- (d) as to the application of any money borrowed or raised or whether any amount remains secured by this Security Agreement.

13.2 All the protection afforded to purchasers contained in Sections 104, 107 and 109 of the Law of Property Act 1925, section 42(3) of the Insolvency Act 1986 (where a Receiver is an administrative receiver) or in any other applicable legislation shall apply to any person purchasing from or dealing with the Chargee or any Receiver or Delegate.

13.3 The receipt of the Chargee, any Receiver or Delegate shall be an absolute and conclusive discharge to any purchaser of the Charged Property and shall relieve such purchaser of any obligation to see to the application of any monies paid to or by the direction of the Chargee or any Receiver or Delegate and, in making any sale or disposal of any of the Charged Property or in making any acquisition, the Chargee or any Receiver or Delegate may do so for such consideration, in such manner and on such terms as it thinks fit.

14. RIGHT OF APPROPRIATION

The Parties agree that the Charged Property constitutes "financial collateral" and this Security Agreement and the obligations hereunder constitute a "security financial collateral arrangement" (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226), as amended), so that the Chargee shall, at any time after the security created by or pursuant to this Security Agreement has become enforceable but without further notice to the Chargor, have the right to appropriate all or any part of such financial collateral in or towards discharge of the Obligations and the Market Value of such Collateral so appropriated shall be calculated as specified in the definition of the term "Market Value" in the Reassurance Agreement.

15. VOTING RIGHTS

The Chargee may exercise at any time after the security created by or pursuant to this Security Agreement has become enforceable at its discretion (in the name of the Chargor or otherwise) in respect of any of the Collateral in the Charged Accounts any voting rights and any powers or rights which may be exercised by the person or persons in whose name or names such Collateral is registered or who is the bearer or holder of them.

16. EFFECTIVENESS OF COLLATERAL

16.1 The security constituted by this Security Agreement shall be cumulative, in addition to and independent of every other security which the Chargee may at any time hold for the Obligations or any rights, powers and remedies which the Chargee is entitled to at law.

No prior security held by the Chargee over the whole or any part of the Collateral shall merge into the collateral hereby constituted.

16.2 This Security Agreement shall remain in full force and effect as a continuing arrangement unless and until the Chargee discharges it.

16.3 No failure on the part of the Chargee to exercise, or delay on its part in exercising, any Collateral Right shall operate as a waiver thereof, nor shall any single or partial exercise of a Collateral Right preclude any further or other exercise of that or any other Collateral Right. The obligations of the Chargor under this Security Agreement shall not be affected by any act, omission or circumstance which, but for this provision, might operate to release or otherwise exonerate the Chargor from its obligations hereunder.

17. COSTS AND EXPENSES AND INDEMNITY

The Chargor shall, on demand of the Chargee, reimburse the Chargee for all reasonable costs and expenses (including legal fees, stamp duties and any irrecoverable value added tax) properly incurred in connection with (a) the enforcement of the security interest hereby constituted or (b) the exercise of any Collateral Right or (c) the defence, protection and/or preservation of, any Collateral Right, together with interest from the date the same were incurred to the date of payment at the Interest Rate.

18. CURRENCY CONVERSION

For the purpose of discharging, or pending the discharge of any of the Obligations, the Chargee may convert any money received, recovered or realised or subject to application by them under this Security Agreement from one currency to another, as the Chargee may think fit and any such conversion shall be effected at the spot rate of exchange of the Custodian (or in the event that a spot rate of exchange is for whatever reason not available from the Custodian, the spot rate of exchange of any UK clearing bank) for the time being for obtaining such other currency with the first currency.

19. NOTICES

19.1 Any notice, request, instruction or document to be provided under this Security Agreement shall be in writing, and shall be sent to the other Party marked for the attention of the person at the address set out below, or to such other address as that Party may from time to time notify to the other:

(a) The address for notices to the Chargor is:

20-22 Bedford Row, London, WC1R 4JS

Attention: The Company Secretary

(b) The address for notices to the Chargee is:

Canada Life Place, Potters Bar, Hertfordshire EN6 5BA

Attention: The Chief Executive Officer, with copy to the Company Secretary

19.2 Notices under Clause 19.1 may be sent by registered mail. Correctly addressed notices sent by registered mail will be deemed to have been delivered 3 Business Days after posting.

20. SUCCESSORS

This Security Agreement shall remain in effect despite any amalgamation, merger or transfer of business (however effected) relating to either or both of the Parties and references to either Party shall be deemed to include its assignee or successor in title and any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of the Party hereunder or to which under such laws the same have been transferred.

21. SEVERABILITY

If any term or provision set forth in this Security Agreement shall be invalid or unenforceable, the remainder of this Security Agreement, or the application of such terms or provisions to persons or circumstances, other than those to which it is held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted and the remainder of this Security Agreement shall not in any way be affected or impaired by such invalidity or unenforceability.

22. RELEASE AND DISCHARGE

22.1 If:

- (a) all Obligations have been unconditionally and irrevocably paid or discharged in full; or
- (b) security or a guarantee for the Obligations, in each case acceptable to the Chargee, has been provided in substitution for this Security Agreement; or
- (c) the Chargor is unconditionally entitled pursuant to any provision of the Reassurance Agreement to have the Charged Property (or any part of it) released from the security under this Security Agreement,

then the Chargee shall at the request of the Chargor take whatever action is necessary or reasonably desirable to release the Charged Property (or any part thereof which the Chargor is entitled to have released from the security under this Security Agreement) from the security under this Security Agreement.

23. GOVERNING LAW AND JURISDICTION

23.1 This Security Agreement and any non-contractual obligations arising out of or in connection with this Security Agreement shall be governed by, and interpreted in accordance with, English law.

23.2 The courts of England shall have exclusive jurisdiction to settle any dispute arising from or in connection with this Security Agreement (including regarding the existence, validity or termination of this Security Agreement) or the consequences of its nullity.

24. VARIATION

24.1 No variation of this Security Agreement shall be valid unless it is in writing and signed by or on behalf of each of the Parties to it. The expression "**variation**" shall include any variation, supplement, deletion or replacement however effected.

24.2 Unless expressly agreed, no variation shall constitute a general waiver of any provisions of this Security Agreement, nor shall it affect any rights, obligations or liabilities under or pursuant to this Security Agreement which have already accrued up to the date of variation, and the rights and obligations of the Parties under or pursuant to this Security

Agreement shall remain in full force and effect, except and only to the extent that they are so varied.

25. COUNTERPARTS

This Security Agreement may be executed in one or more counterparts and by the different parties on separate counterparts, each of which when executed shall be an original, but all the counterparts together shall constitute one and the same instrument.

26. THIRD PARTY RIGHTS

26.1 **Directly enforceable rights:** Pursuant to the Contracts (Rights of Third Parties) Act 1999:

- (a) the provisions of Clauses 8 (*Power of Attorney*), 9 (*Receiver*), 10 (*Discretion and Delegation*) and 12 (*No Liability*) shall be directly enforceable by any Receiver or Delegate or the Investment Manager (as applicable); and
- (b) the provisions of Clause 13 (*Protection of Purchasers*) shall be directly enforceable by any purchaser;

26.2 **Exclusion of Contracts (Rights of Third Parties) Act 1999:** Save as otherwise expressly provided in Clause 26.1 (Directly enforceable rights), no person other than a Party shall have any right by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise to enforce any term (express or implied) of this Security Agreement.

26.3 **Rights of the Parties to vary:** The Parties may by agreement vary any term of this Security Agreement (including this Clause 26) without the necessity of obtaining any consent from any other person.

IN WITNESS whereof this Security Agreement has been executed and delivered as a deed by the parties on the date specified above.

SCHEDULE 1

CHARGED ACCOUNTS

The accounts on the books of the Custodian in the name of the Chargor which are the subject of the Security Agreement, having the following details:

Euro Charged Account

[REDACTED]

Sterling Fixed Charged Account

[REDACTED]

Sterling Index Charged Account

[REDACTED]

SCHEDULE 2

FORM OF ENFORCEMENT NOTICE

[to be on letterhead of Canada Life Limited]

The Equitable Life Assurance Society
20-22 Bedford Row, London, WC1R 4JS
Attention: The Company Secretary

The Northern Trust Company
50 Bank Street, London E14 5NT
Attention: Division Head, Global Fund Services Division

[insert date]

Dear Sirs

**ENFORCEMENT NOTICE pursuant to the Security Agreement dated [] between THE
EQUITABLE LIFE ASSURANCE SOCIETY AND CANADA LIFE LIMITED (the "Security
Agreement")**

ACCOUNT NUMBER: [insert account number or other details of account]

Words and expressions defined in the Security Agreement shall have the same meaning when used in this notice.

Pursuant to Clause 7.1 of the Security Agreement, we hereby give you notice that the security constituted under the Security Agreement has become enforceable and we have determined or become bound to enforce the same.

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

Yours faithfully

.....
For and on behalf of
CANADA LIFE LIMITED

SIGNATURES

Chargor

EXECUTED AND DELIVERED as a Deed)
by THE EQUITABLE LIFE ASSURANCE SOCIETY)
acting by:)



Director



Director

Chargee

EXECUTED AND DELIVERED as a Deed)
by CANADA LIFE LIMITED)
acting by:)

Director

Authorised Signatory

SIGNATURES

Chargor

EXECUTED AND DELIVERED as a Deed)
by **THE EQUITABLE LIFE ASSURANCE SOCIETY**)
acting by:)

Director

Director

Chargee

EXECUTED AND DELIVERED as a Deed)
by **CANADA LIFE LIMITED**)
acting by:)


Director


Authorised Signatory