

MR01

Particulars of a charge



Companies House



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A fee is payable with this form
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☒ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument

☒ **What this form is NOT for**
You may not use this form to
register a charge where there is no
instrument. Use

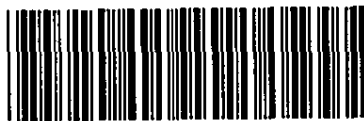
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refer to our guidance at
www.gov.uk/companieshouse

This form must be delivered to the Registrar for registration
21 days beginning with the day after the date of creation.
If delivered outside of the 21 days it will be rejected unless
a court order extending the time for delivery.



You must enclose a certified copy of the instrument with
this form, scanned and placed on the public record. Do not send the

WEDNESDAY



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A21

16/11/2016

#167

COMPANIES HOUSE

1

Company details

Company number

0 0 0 1 5 4 5 4

Company name in full

The Prudential Assurance Company Limited

For official use

→ Filling in this form

Please complete in typescript or in
bold black capitals

All fields are mandatory unless
specified or indicated by *

2

Charge creation date

Charge creation date

0 7 1 1 2 0 1 6

3

Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge

Name

Munchener Ruckversicherungs-Gesellschaft Aktiengesellschaft

(UK registered as Munich Re Company United Kingdom Life Branch)

Name

Name


Name

If there are more than four names, please supply any four of these names then
tick the statement below

☐ I confirm that there are more than four persons, security agents or
trustees entitled to the charge

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Particulars of a charge

4	Brief description	
Brief description	<p>Please give a short description of any land, ship, aircraft or intellectual property registered or required to be registered in the UK subject to a charge (which is not a floating charge) or fixed security included in the instrument</p>	<p>Please submit only a short description if there are a number of plots of land, aircraft and/or ships, you should simply describe some of them in the text field and add a statement along the lines of, "for more details please refer to the instrument"</p> <p>Please limit the description to the available space</p>
5	Other charge or fixed security	
	<p>Does the instrument include a charge (which is not a floating charge) or fixed security over any tangible or intangible or (in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	
6	Floating charge	
	<p>Is the instrument expressed to contain a floating charge? Please tick the appropriate box</p> <p><input type="checkbox"/> Yes Continue</p> <p><input checked="" type="checkbox"/> No Go to Section 7</p> <p>Is the floating charge expressed to cover all the property and undertaking of the company?</p> <p><input type="checkbox"/> Yes</p>	
7	Negative Pledge	
	<p>Do any of the terms of the charge prohibit or restrict the company from creating further security that will rank equally with or ahead of the charge? Please tick the appropriate box</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	
8	Trustee statement ^①	
	<p>You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge</p> <p><input type="checkbox"/></p>	<p>^① This statement may be filed after the registration of the charge (use form MR06)</p>
9	Signature	
Signature	<p>Please sign the form here</p> <p>Signature</p> <p>X  X</p> <p>This form must be signed by a person with an interest in the charge</p>	

MR01

Particulars of a charge



Presenter information

You do not have to give any contact information, but if you do, it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	ROBERT STIRLING
Company name	SKADDEN ARPS SLATE
	MEAGHER & FLOM (UK) LLP
Address	40 BANK STREET
	CANARY WHARF
Post town	LONDON
Country/Region	
Postcode	E 1 4 S D S
Country	
DX	
Telephone	



Certificate

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register
- ☐ You have included a certified copy of the instrument with this form
- ☐ You have entered the date on which the charge was created
- ☐ You have shown the names of persons entitled to the charge
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8
- ☐ You have given a description in Section 4, if appropriate
- ☐ You have signed the form
- ☐ You have enclosed the correct fee
- ☐ Please do not send the original instrument, it must be a certified copy



Important information

Please note that all information on this form will appear on the public record.



How to pay

A fee of £23 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'.



Where to send

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below.

For companies registered in England and Wales
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

For companies registered in Northern Ireland
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



Further information

For further information, please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number 15454

Charge code: 0001 5454 0057

The Registrar of Companies for England and Wales hereby certifies that a charge dated 7th November 2016 and created by THE PRUDENTIAL ASSURANCE COMPANY LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 16th November 2016.

↪

Given at Companies House, Cardiff on 21st November 2016



Companies House



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

Dated 7 NOVEMBER 2016

The Prudential Assurance Company Limited
as Chargor

- and -

Munchener Ruckversicherungs-Gesellschaft Aktiengesellschaft in Munchen
(Registered in the UK as Munich Re Company United Kingdom Life Branch)
as Chargee

**CEDING COMPANY
SECURITY AGREEMENT**

Treaty Reference PRIL 11

SKADDEN, ARPS, SLATE, MEAGHER & FLOM (UK) LLP
40 BANK STREET
LONDON
E14 5DS

We certify this to be a true copy of the original.

.....*Alla Barford*.....
Skadden, Arps, Slate, Meagher & Flom (UK) LLP
40 Bank Street
Canary Wharf
London E14 5DS

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This Agreement is made on **7 NOVEMBER** 2016

Between:

- (1) **The Prudential Assurance Company Limited**, a company incorporated in England (registered number 00015454) whose registered office is at Laurence Pountney Hill, London EC4R 0HH (the "**Chargor**"), and
- (2) **Münchener Ruckversicherungs-Gesellschaft Aktiengesellschaft in München (Registered in the UK as Munich Re Company United Kingdom Life Branch)**, a company incorporated in Germany with Commercial Register Munich No HRB 42039, registered in the UK as Munich Re Company United Kingdom Life Branch, (UK Establishment Number BR003492) whose address is Plantation Place, 30 Fenchurch Street, London EC3M 3AJ (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 October 2016 by the Chargor, the Chargee and the Custodian in relation to the Secured Accounts, as the same may be replaced from time to time in accordance with Clause 29 of the Reinsurance Agreement,

"Alternative Security Arrangement" has the meaning given in the Reinsurance Agreement,

"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, euro, US dollars 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,

"Ceding Company Reinsurance Fee Collateral Amount" has the meaning given in the Reinsurance Agreement,

"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 depositary 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, together with all Proceeds, interest, substitutions for and additions to the foregoing, which stand to the credit of a Secured Account from time to time,

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

"Custodian" means HSBC Bank plc or any successor Custodian appointed in accordance with Clause 29 of the Reinsurance Agreement or Clause 8.4 of the Account Control Agreement,

"Custodian Agreement" means the custody agreement between the Ceding Company and the Custodian dated on or about October 2016, pursuant to which the Custodian is appointed to act as custodian of the assets of the Chargor which are the subject of the Transaction Documents, as replaced from time to time in accordance with Clause 29 of the Reinsurance Agreement or Clause 8.4 of the Account Control Agreement,

"Delegate" means any person appointed pursuant to Clause 12.2 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 Secured Account and all rights, benefits and proceeds in respect thereof,

"Eligible Collateral" has the meaning given to it in the Reinsurance Agreement,

"Eligible Collateral Requirements" means the requirements for Eligible Collateral set out in Schedule 5 (*Eligible Collateral*) to the Reinsurance Agreement,

"Eligible Value" has the meaning given to it in the Reinsurance Agreement,

"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), except to the extent that the same arises from the express terms of the Custodian Agreement and the Account Control Agreement,

"Enforcement Notice" means a notice in the form appearing in Part C of Schedule 2 (*Enforcement Notice*) served by the Chargee on the Chargor in accordance with Clause 9.1 notifying the Chargor that an Event of Default has occurred and that the Chargee intends to enforce the security conferred on it hereunder;

"Event of Default" means

- (a) the failure by the Chargor at any time after the Termination Effective Date
 - (i) to pay any amount owing to the Chargee under the Transaction Documents in accordance with the terms thereof, or
 - (ii) to deliver additional Eligible Collateral in accordance with Clause 25 (Collateral Arrangements in Respect of Exposure Amount), 26 (Collateral Arrangements in Respect of Reinsurance Fee) or Clause 27 (Alternative Collateral Arrangements in the event of a Financial Stability Event) of the Reinsurance Agreement, save where such failure constitutes an Excluded Event of Default, or
- (b) an Insolvency Event occurring in respect of the Chargor,

"Excluded Event of Default" means any failure by the Chargor to deliver additional Eligible Collateral as required under the Transaction Documents where such failure arises out of

- (a) a Force Majeure Event, or
- (b) a change in the law of England and Wales, Scotland, Germany or the Home State of the Chargor or Chargee such that it becomes unlawful for either Party to perform material parts of their obligations under the Transaction Documents,

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

"Insolvency Event" has the meaning given to it in the Reinsurance Agreement,

"Interest Rate" has the meaning given to it in the Reinsurance Agreement,

"Investment Manager" means the investment manager of the Collateral held in the Secured Accounts from time to time, being, on the date hereof, MAGIM,

"Joint MAGIM Control Notice" means a notice in the form appearing in Part B of Schedule 2 (*Joint MAGIM Control Notice*) served by the Chargee on the Custodian following the remedy or waiver to the reasonable satisfaction of the Chargee of all Relevant Events,

"MAGIM" means M&G Investment Management Limited, a company incorporated in England and Wales with registered number 0936683 and with its registered office at Laurence Pountney Hill, London EC4R OHH,

"Non-Cash Assets" means any safe custody investments and custody assets (as such terms are defined in the FCA rules) including but not limited to shares, stocks, debentures, bonds, warrants, securities and other similar property or investments and/or assets as may be agreed between the Custodian and the Chargor from time to time (including evidence of, title to and all rights in respect of such safe custody investments and custody assets) held by the Custodian for the Chargor in a Secured Account pursuant to this Agreement,

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

"Notice of Exclusive Control" means the notice to be served on the Custodian pursuant to Clause 17 by the Chargee following a Relevant Event, in the form set out in Part A of Schedule 2 (*Notice of Exclusive Control*),

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

"Obligations" means all present and future indebtedness, moneys, obligations and liabilities of the Chargor to the Chargee under the Transaction Documents (including this Security Agreement), in whatever currency denominated and whether actual or contingent,

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

"Permitted Encumbrance" means any Encumbrance existing at any time (a) in favour of the Chargee, (b) in favour of the Custodian under the Custodian Agreement as detailed in and on the terms set out in the Account Control Agreement, (c) in favour of any Sub-custodian arising by operation of law or by reason of its agreement with the Custodian to the extent permitted under the Custodian Agreement and the Account Control Agreement, (d) a floating charge over a material portion of the Chargor's assets including those in the Secured Account granted (i) to a non-group cedant or reinsurer or (ii) prior to the date of this Security Agreement, to a reinsurer in respect of an intra-group reinsurance, and which are, in each case, created for the purposes of enabling such cedant or reinsurer to recover from the Chargor pursuant to a reinsurance agreement the amount that it would have received if it had been a direct policyholder of the Chargor (and not been subordinated pursuant to the Insurers (Reorganisation and Winding-up) Regulations 2004) and are fully subordinated to the Encumbrances granted or purported to be granted by this Security Agreement (the **"Permitted Floating Charges"**), (e) any other security interest to which the Chargee gives its prior written consent, (f) arising under the operating terms of (or which is otherwise routinely imposed on all securities in) any clearing system or central securities depositary in which any Charged Property may be held from time to time, or (g) any other security interest which is fully subordinated to the Encumbrances granted or purported to be granted by this Security Agreement,

"Permitted Floating Charges" has the meaning given to that term in the definition of Permitted Encumbrance

"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,

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

"Reinsurance Agreement" means the reinsurance agreement marked "Treaty Reference PRIL 11" originally between the Chargee and Prudential Retirement Income Limited ("PRIL") and subsequently transferred by PRIL to the Chargor on 1

October 2016 (pursuant to a Part VII transfer under the Financial Services and Markets Act 2000) dated 1 July 2016, in relation to the reinsurance of certain annuity policies written by the Chargor,

"Relevant Event" means

- (a) the service of a notice of termination in respect of the Custodian Agreement, or the termination of the Custodian Agreement, in circumstances where an Alternative Security Arrangement has not been put in place by the Alternative Security Date,
- (b) the termination of the Reinsurance Agreement by the Chargee in circumstances where, as at the Termination Effective Date, any of the events in Part 1 (other than a Natural Termination) or Part 3 of Schedule 6 (*Termination Events*) to the Reinsurance Agreement was continuing, or
- (c) an Event of Default,

"Secured Account" means an account or accounts of the Chargor held with the Custodian under the Custodian Agreement and subject to the Account Control Agreement, being an account or accounts specified in Schedule 1 to this Security Agreement or any replacement account(s) opened from time to time, and all and any Cash and Non-Cash Assets from time to time held in such account,

"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,

"Sub-custodian" means any bank or financial institution appointed by the Custodian pursuant to the Custodian Agreement which may from time to time hold the Collateral or any part of it on behalf of the Custodian for the Chargor,

"Termination Effective Date" has the meaning given to it in the Reinsurance Agreement,

"Transaction Documents" has the meaning given to it in the Reinsurance Agreement,

"Unlimited Transaction" means a transaction whereby Cash or Non-Cash Assets are to be removed from a Secured Account in accordance with

- (a) Clauses 25 (*Collateral Arrangements in Respect of Exposure Amount*), 26 (*Collateral Arrangements in Respect of Reinsurance Fee*) or 30 (*Alternative Security Arrangement*) of the Reinsurance Agreement, or
- (b) Clause 6 (Exchange, Substitution and Removal of Collateral) of this Agreement where
 - (i) the transaction consists in the removal of Cash, and Non-Cash Assets having an Eligible Value equal to the Eligible Value of such Cash are to be transferred into the Secured Account in substitution for such Cash, and

- (ii) such Cash constitutes the proceeds of a maturity or redemption of an asset previously held in the Secured Account, and

"Valuation Percentage" has the meaning given to it in the Reinsurance 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 "Reinsurance Agreement" and the "Custodian Agreement" is a reference to this Security Agreement or (as the case may be) the Account Control Agreement, the Reinsurance 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 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 4 Any reference to time in this Security Agreement is to London time except where expressly stated otherwise
- 1 5 Any capitalised term used in this Security Agreement, which is not defined herein, but which is defined in the Account Control Agreement, the Reinsurance Agreement or the Custodian Agreement shall have the meaning given to it in the Account Control Agreement, the Reinsurance Agreement or the Custodian Agreement as the case may be

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 Transaction Documents

3. CHARGE

- 3 1 The Chargor, with full title guarantee (subject as provided in Clause 5 5 (*Covenants and Undertakings*), hereby charges in favour of the Chargee by way of first fixed charge in favour of the Chargee each Secured Account (as identified in Schedule 1 as at the date of this Agreement) and all Collateral therein from time to time (the "Charged Collateral")
- 3 2 The Chargor, with full title guarantee, hereby assigns by way of security and, if and to the extent that such assignment is ineffective for any reason, 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 and all rights which it may have against the Custodian now or in the future under and in connection with the Account Control Agreement, including without limitation

- (a) any rights which the Chargor may have or acquire as against the Custodian, a Sub-custodian, 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 Secured 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 Sub-custodian, nominee, agent, 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**
- 4 1 The Chargor repeats the representations and warranties set out in Clause 35 1(A) to (1) (*Representations and Warranties*) of the Reinsurance Agreement on the date of this Security Agreement by reference to the facts and circumstances existing as at the date of this Security Agreement
- 4 2 The Chargor represents and warrants to the Chargee that 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 the date of the Reinsurance Agreement other than any amendment that has been disclosed in writing to the Chargee and which has not resulted and is not likely to result in a material adverse effect on the security of the Chargee
- 4 3 The Chargor represents and warrants to the Chargee that
 - (a) any Collateral held in a Secured Account on the date hereof is free of any Encumbrance other than a Permitted Encumbrance,
 - (b) all Collateral held in the Secured Accounts on the date hereof is not subject to any security other than any Permitted Encumbrance,

- (c) none of the Permitted Floating Charges has crystallised into a fixed charge,
- (d) the Custodian has not been given formal account control instructions or other equivalent notice in respect of any of the Permitted Floating Charges,
- (e) nothing in any of the Permitted Floating Charges prevents or restricts the Chargor from entering into this Security Agreement, and
- (f) the entry by the Chargor into this Security Agreement and the granting by the Chargor of the Encumbrances hereunder constitute a dealing in the Charged Property in the ordinary course of the Chargor's business

5. COVENANTS AND UNDERTAKINGS

- 5.1 The Chargor covenants that it will not (nor will it permit the Investment Manager acting on its behalf), 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 Secured 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 or (c) agree or purport to do any of the foregoing,
 - (b) save as provided in the Account Control Agreement, permit or agree to any amendment or variation of the Custodian Agreement and/or the Account Control Agreement or grant or agree to any waiver thereunder,
 - (c) create, grant or permit to exist any Encumbrance, other than a Permitted Encumbrance, over all or any part of the Charged Property, or
 - (d) give any instruction that contravenes any of the Chargor's obligations hereunder,
 - (e) select any Sub-Custodian or Delegate for appointment by the Custodian pursuant to the Custodian Agreement
- 5.2 The Chargor covenants that the account or accounts specified in Schedule 1 to this Security Agreement or any replacement account(s) opened from time to time for the purpose of holding the assets of the Chargor which are the subject of the Transaction Documents will be held in England and Wales
- 5.3 The Chargor undertakes that any Collateral delivered to a Secured Account and not subsequently removed from the Secured Account in accordance with this Security Agreement shall be free of any Encumbrance other than a Permitted Encumbrance
- 5.4 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, provided, however, that the Chargor shall not be liable for any loss caused to the Chargee resulting from an administrative error on the part of Companies House

5 5 The Chargor shall notify the Chargee as soon as reasonably practicable after becoming aware of a payment default in respect of any Non-Cash Collateral

5 6 The covenants set out in Section 3(1), 3(2) and 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clause 3 (*Charge*) It shall be implied in respect of Clause 3 (*Charge*) that the Charged Property is free, save for any Permitted Encumbrance, from all charges and encumbrances (whether monetary or not) and from all other rights exercisable by third parties (including liabilities imposed and rights conferred by or under any enactment)

6. EXCHANGE, SUBSTITUTION AND REMOVAL OF COLLATERAL

6 1 The Chargor shall not, and shall ensure that the Investment Manager will not, remove Collateral from any Secured Account except in the manner and in accordance with the terms of this Clause 6, Clause 7 and the terms of the Reinsurance Agreement

6 2 The Parties acknowledge and agree that the Investment Manager (acting on behalf of the Chargor) may

- (a) provided it is acting in accordance with the Eligible Collateral Requirements binding on the Chargor,
- (b) subject to obtaining consent from the Chargee in accordance with Clause 7 (*Consent to transactions*) and complying with the requirements of Clause 2 1 of the Account Control Agreement, and
- (c) subject to Clause 7 3 and Clause 7 4,

from time to time sell or dispose of, or otherwise transfer out of a Secured Account, all or any part of the Collateral in a Secured Account provided further that (i) in return for the portion of the Collateral that is the subject of the sale or disposal or transfer there shall be deposited in that Secured Account Cash or Non-Cash Assets of an Eligible Value equal to the Eligible Value of such Collateral at the time of the sale or disposal or transfer, less costs of dealing, and that such sale or disposal or transfer is carried out in accordance with the rules, regulations and customs of the relevant market place and on a delivery against payment basis, and whereupon

- (d) that portion of the Collateral which has been disposed of will be released from the charge and any other security interest constituted by this Security Agreement, and
- (e) that portion of the Collateral which has replaced that portion of the Collateral disposed of will be subject to the charge and any other security interest constituted by this Security Agreement

6 3 The Parties acknowledge and agree that the Investment Manager (acting on behalf of the Chargor) may

- (a) provided it is acting in accordance with the Eligible Collateral Requirements binding on the Chargor,
- (b) subject to obtaining consent from the Chargee in accordance with Clause 7 (*Consent to transactions*) and complying with the requirements of Clause 2.1 of the Account Control Agreement, and
- (c) subject to Clause 7.3 and Clause 7.4,

from time to time withdraw all or any part of the Cash Collateral in a Secured Account and use such Cash to purchase securities, provided that such securities are Non-Cash Assets, that the purchased securities are credited to that Secured Account against the withdrawal of the relevant Cash Collateral and are of an Eligible Value at least equal to the Eligible Value of the Cash Collateral withdrawn as at the time of the relevant purchase, less any costs of dealing, and the purchase is carried out in accordance with the rules, regulations and customs of the relevant market place and on a delivery against payment basis, in which case

- (d) that portion of the Cash Collateral which has been withdrawn will be released from the charge and any other security interest constituted by this Security Agreement, and
- (e) the new securities credited to that Secured Account will constitute Non-Cash Collateral, and will be subject to the charge and any other security interest constituted by this Security Agreement

7. CONSENT TO TRANSACTIONS

- 7.1 Where the Chargor or the Investment Manager wishes to remove Collateral from a Secured Account under any provision of the Reinsurance Agreement or Clause 6 (*Exchange, Substitution and Removal of Collateral*) of this Agreement, it shall give notice in writing to the Chargee requesting consent in writing to effect such transaction
- 7.2 Where notice in writing to the Chargee in respect of a transaction has been given under Clause 7.1, the Chargee shall, subject to Clause 7.3 and Clause 7.4, and provided that
 - (a) the Chargee is satisfied (acting reasonably) that the conditions for removal under the relevant provisions of the Reinsurance Agreement (or, in the case of removals under Clause 6 (*Exchange, Substitution and Removal of Collateral*), the applicable conditions for removal under that Clause) are satisfied, and
 - (b) unless such transaction is an Unlimited Transaction, the number of notices in writing given to the Chargee under Clause 7.1 (including the current notice) in the period of 12 months ending on the day on which the notice was received other than in respect of Unlimited Transactions is not more than six, or such other number as may be agreed pursuant to Clause 7.6 (it being acknowledged that a single notice may request consent to be given, and an instruction to be executed, in respect of any number of transactions permitted under the

relevant provisions of the Reinsurance Agreement or Clause 6 (*Exchange, Substitution and Removal of Collateral*) of this Agreement),

give its consent to the same, and, upon giving such consent, the Chargee shall execute by appropriate authorised signatories any form of instruction that the Chargor reasonably requires in accordance with the Account Control Agreement in order to give effect to the proposed transaction

- 7.3 Where a Notice of Exclusive Control has been served or an Insolvency Event is continuing in respect of the Chargor, and, in accordance with Clause 6.2, the Chargor wishes to transfer out of a Secured Account all or any part of the Collateral in that Secured Account on terms whereby substitute Collateral owned by the Chargor (as at the date of the notice requesting consent) is to be transferred into that Secured Account (a "Substitution") and gives a notice under Clause 7.1 requesting the Chargee to consent to such Substitution then
- (a) that Substitution shall only be permitted where the Valuation Percentage applicable to the substitute Collateral under the Eligible Collateral Requirements is no less than that applicable to the existing Collateral, and
 - (b) the Chargee will be entitled, in its absolute discretion, to determine whether to consent to such Substitution and execute an instruction requiring such Substitution to be effected
- 7.4 Where an Insolvency Event is continuing in respect of the Chargor and, in accordance with Clause 6.2, the Chargor wishes to carry out a Substitution and gives a notice under Clause 7.1 requesting the Chargee to consent to such transfer then
- (a) the Substitution will be effected on terms whereby the substitute Collateral is first delivered into that Secured Account,
 - (b) the existing Collateral will only be permitted to be transferred out of that Secured Account if the Chargee (acting reasonably) is satisfied that the substitute Collateral has been received into the Secured Account, and
 - (c) the Chargee will be entitled, in its absolute discretion, to determine whether to consent to such transfer of the existing Collateral and execute an instruction requiring such transfer to be effected
- 7.5 The Chargee shall give any consent under Clause 7.2, Clause 7.3 or Clause 7.4 in writing and, if such consent is given, execute the instruction referred to in Clause 7.2, Clause 7.3, or Clause 7.4 by appropriate authorised signatories
- (a) if the request from the Chargor (or, if applicable, Investment Manager) is received by the Chargee on a Business Day, by no later than the time on the second following Business Day equivalent to the time of the delivery of the request (in accordance with the provisions of Clause 7.2), provided that, if at the same time as or in advance of such request the Chargor specifically notifies the Chargee in writing that such request is of a time critical nature, then the Chargee shall use commercially reasonable endeavours to give such consent by the equivalent time on the Business Day after such request, or

- (b) if the request from the Chargor (or, if applicable, Investment Manager) is received by the Chargee on a day which is not a Business Day, by no later than 4 00 p m on the second Business Day following the date of the request
- 7 6 Where a Party notifies the other Party that it wishes the other Party to be required to consent to a greater number of consent requests than specified in Clause 7 2(b), each Party (acting commercially reasonably) shall use reasonable endeavours to procure that senior executives appointed by each Party discuss and, if they think appropriate acting reasonably, agree such greater number of consent requests
- 7 7 This Clause 7 (*Consent to transactions*) shall continue to apply after a Notice of Termination or a Notice of Exclusive Control, a Joint MAGIM Control Notice or an Enforcement Notice has been served
- 8. FURTHER ASSURANCE**
- 8 1 The Chargor shall at its own expense promptly 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 or Sub-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) enabling the Chargee to exercise any rights, powers and remedies of the Chargee provided by or pursuant to this Security Agreement or enforcing, or facilitating the realisation of the assets which are, or are intended to be, the subject of, the security created under this Security Agreement or (b) conferring on the Chargee security over any Collateral located outside England and Wales equivalent or similar to the security intended to be conferred on the Chargee by or pursuant to this Security Agreement or (c) creating, perfecting, maintaining and protecting the security created or intended to be created by this Security Agreement or its title to all or any part of the Charged Property, or perfecting or protecting the priority of such security or (d) 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
- 8 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
- 9. ENFORCEMENT OF SECURITY**
- 9 1 The Chargee may, at any time after the occurrence of an Event of Default, 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)
- 9 2 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, but subject to Clause 17.2 and Clause 17.4

- (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, and
- (c) 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

9.3 Notwithstanding any other provisions of this Agreement, the Obligations shall be deemed for the purposes of section 101 of the Law of Property Act 1925 to have become due and payable within the meaning of section 101 of the Law of Property Act 1925, and the power of sale and other powers conferred on mortgagees by the Law of Property Act 1925 as varied or extended by this Agreement including the power to appoint a Receiver shall arise, immediately on execution of this Security Agreement

9.4 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

10. POWER OF ATTORNEY

The Chargor, by way of security, irrevocably appoints the Chargee and any Receiver (or such person as the Chargee or such Receiver may nominate) severally as its attorney and in its name, on its behalf and as its attorney (with full power of substitution and delegation) to execute, seal, deliver and perfect all documents 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 or expedient for (a) carrying out any obligation imposed on the Chargor under this Security Agreement or (b) exercising any of the Collateral Rights. The Chargor shall ratify and confirm all things reasonably done and all documents reasonably executed by the Chargee or the Receiver (or any person nominated by either the Chargee or the Receiver) in the exercise of that power of attorney

11. RECEIVER

- 11.1 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)
- 11.2 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
- 11.3 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
- 11.4 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)
- 11.5 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
- 11 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

12. DISCRETION AND DELEGATION

- 12 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
- 12 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
- 12 3 Subject to and without prejudice to Clause 12 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 and that nothing in this Clause 12 3 shall reduce the obligations or liabilities that the Delegating Party would have under this Security Agreement but for such delegation. The Chargor hereby notifies the Chargee that it appoints M&G Investment Management Limited as its agent in accordance with the provisions of this Clause 12 3 and the Chargee accepts such appointment

13. NO LIABILITY

13 1 None of the Chargee, any Receiver or Delegate 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, except in the case of gross negligence or wilful default on its part

13 2 Without limiting Clause 13 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 liable to account as a mortgagee in possession and, if and whenever the Chargee or any Receiver or Delegate 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

14. PROTECTION OF PURCHASERS

14 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

14 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

14 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

15. RIGHT OF APPROPRIATION

- 15.1 To the extent that any of this Security Agreement and the transactions and arrangements documented under this Security Agreement constitute a "security financial collateral arrangement" (as defined in and for the purposes of, the Financial Collateral Arrangements (No 2) Regulations 2003 (SI 2003/3226) (the "Regulations")), the Chargee shall have the benefit of all of the rights of a collateral taker conferred upon it by the Regulations with effect from such time as an Event of Default has occurred and is continuing, including (without limitation)
- (a) the right to appropriate any or all Charged Property which constitutes "financial collateral" (as defined in the Regulations ("Financial Collateral")) in such manner as it sees fit in or towards discharge of the Obligations in such order as the Chargee shall (in its absolute discretion) determine, and thereafter in payment of any surplus to the Chargor or other person entitled to it,
 - (b) to use and dispose of any Financial Collateral in such manner as it sees fit, in which case the Chargee shall comply with any requirements of the Regulations in relation to obtaining "equivalent financial collateral" (as defined in the Regulations), and/or
 - (c) to set-off the value of any equivalent financial collateral against, or apply it in discharge of, any Obligations in accordance with the Regulations
- 15.2 Where, upon an appropriation under this Clause 15 or otherwise, it is necessary to determine the value of the financial collateral (as defined in the Regulations) so appropriated, the Parties agree that the value of the financial collateral shall be, in the case of cash, its face value at the time of appropriation or set-off, as converted, where necessary, into the currency in which the Obligations are denominated at a market rate of exchange prevailing at the time of appropriation or set-off selected by the Chargee, and/or, in any other case, the value as determined by the Chargee as at the time of appropriation by reference to a reputable independent pricing source selected in good faith and at a commercially reasonable manner by the Chargee. Where the Chargee exercises its rights of appropriation and the value of the Collateral appropriated differs from the amount of the Obligations and other obligations owed hereunder then either (i) the Chargee must account to the Chargor for the amount by which the value of the Collateral appropriated exceeds the Obligations and other obligations owed hereunder or (ii) the Chargor will remain liable to the Chargee for any amount by which the value of the Collateral appropriated is less than the Obligations and other obligations owed hereunder. On exercise of the right of appropriation the Chargee shall give notice to the Chargor in any manner permitted under Clause 22. The parties agree that the method of valuation provided for in this Security Agreement is a commercially reasonable method of valuation for the purposes of the Regulations
- 15.3 Each Party acknowledges to the other Party that, notwithstanding any steps taken to register the security at Companies House, it intends for the security created pursuant to this Security Agreement to take effect as a "security financial collateral arrangement" (as defined in the Regulations)

16. COLLATERAL

- 16 1 Upon an Enforcement Notice taking effect in accordance with Clause 9 (*Enforcement of Security*), or (subject to Clause 17 2) upon a Notice of Exclusive Control taking effect in accordance with Clause 17, the Chargee shall be entitled, without notice or further demand, immediately to 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
- 16 2 Subject to Clause 17 2, in respect of Cash Collateral, the Chargee may at any time and without notice to the Chargor, 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
- 16 3 When a Notice of Exclusive Control has been served on the Custodian, the Chargee may exercise, at its discretion (in the name of the Chargor or otherwise) in respect of any of the Collateral in the Secured 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 4 The provisions of this Clause 16 are without prejudice to the Chargee's general enforcement rights under Clause 9 (*Enforcement of Security*)

17. NOTICE OF EXCLUSIVE CONTROL

- 17 1 At any time after the occurrence of a Relevant Event, the Chargee may, without any further consent or authority on the part of the Chargor, serve a Notice of Exclusive Control on the Custodian with a copy to the Chargor and the Investment Manager. The Notice of Exclusive Control will take effect immediately
- 17 2 The Chargee will not
- (a) save where the Chargor, having been given reasonable opportunity to perform an obligation under this Security Agreement (including pursuant to Clause 8 1) and has failed to do so, act under the power of attorney conferred by Clause 10,
 - (b) appoint a receiver under Clause 11 1, or
 - (c) exercise the power of sale under Clause 9 2(b) or
 - (d) apply Cash Collateral under Clause 16 2, or
 - (e) exercise voting and other rights in respect of Collateral under Clause 16 3 (other than by way of Instructions),

unless and until a Notice of Exclusive Control has been given (and, in the case of Clauses 17 2(b), 17 2(c) and 17 2(d), unless and until an Enforcement Notice has been given and has become effective), but may in each case do so thereafter (and, in the

case of (a), the limitation referred to therein shall not then apply), subject to Clause 17.4

- 17.3 For the avoidance of doubt, the Chargee will not serve a Notice of Exclusive Control unless a Relevant Event has occurred
- 17.4 Following the remedy or waiver to the reasonable satisfaction of the Chargee of all Relevant Events which are continuing, the Chargee shall give notice to the Custodian, with a copy to the Chargor and the Investment Manager, substantially in the form set out in Part B of Schedule 2 (a "Joint MAGIM Control Notice") revoking the Notice of Exclusive Control
- 17.5 Following the service of a Notice of Exclusive Control or an Enforcement Notice, the Chargee shall not transfer (by way of sale or transfer to itself or otherwise) any Collateral from any Secured Account other than
- (a) to the extent amounts are due to it under any Transaction Document, or
 - (b) following an Event of Default, where it elects to transfer Cash or Non-Cash Assets from a Secured Account to itself, in which case such transfer shall have effect as an "On-Account Payment" for the purposes of the Reinsurance Agreement
- 17.6 If the Chargee breaches any of the requirements of Clauses 17.2 to 17.4 (and such breach results from the negligence, wilful default or fraud of the Chargee), 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 Secured 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
- 17.7 Following the service of a Notice of Exclusive Control, Clauses 6.2 and 6.3 (and to the extent relating to those clauses, Clause 7 (*Consent to transactions*)) shall continue to apply to the Collateral in accordance with their terms, save that any instruction to effect a removal of Collateral pursuant to those clauses shall be given solely by the Chargee in accordance with the Account Control Agreement

18. EFFECTIVENESS OF COLLATERAL

- 18.1 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
- 18.2 This Security Agreement shall remain in full force and effect as a continuing arrangement unless and until the Chargee discharges it
- 18.3 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

19. SUBSEQUENT INTERESTS AND SECURED ACCOUNTS

All monies received, recovered or realised by the Chargee under this Security Agreement (including the proceeds of any conversion of currency) may in its discretion be credited to and held in any suspense or impersonal account pending their application from time to time in or towards the discharge of any of the Obligations

20. COSTS AND EXPENSES AND INDEMNITY

Subject to Clause 2, the Chargor shall, on demand of the Chargee, reimburse and indemnify the Chargee and any Delegate for all reasonable costs, charges and expenses (including legal fees, stamp duties and any irrecoverable value added tax) properly incurred in connection with this Security Agreement and any losses or liabilities that any of the same may incur, including (a) in connection with the enforcement or realisation of any security interest hereby constituted or purported to be constituted, (b) in connection with the exercise, or attempted or purported exercise of any Collateral Right, (c) where occasioned by any failure by the Chargor to comply with any of the obligations expressed to be assumed by it to the Chargee or any Receiver under or in connection with this Security Agreement (where such breach results from the negligence, wilful default or fraud of the Chargor), or (d) in connection with the defence, protection, maintenance 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. For the avoidance of doubt, to the extent that the Investment Manager makes a payment to the Chargee in respect of the same loss for which the Chargor is liable, the liability of the Chargor to the Chargee shall be reduced by any payments so made by the Investment Manager that are not required to be repaid to the Investment Manager

21. 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

22. NOTICES

- 22.1 Any notice, request, instruction or document to be provided under Clauses 6 (*Exchange, Substitution and Removal of Collateral*) and 7 (*Consent to Transactions*) of this Security Agreement will be provided to each Party by e-mail to such address or addresses as that Party may specify from time to time, or in such other manner as that Party may reasonably specify, and such address or addresses may be specified by e-mail

22.2 Any other notices will be in writing, and will 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 Chargee is

Munich Re UK Life Branch
Plantation Place
30 Fenchurch Street
London EC3M 3AJ
Attention Head of Longevity
E-mail mlockwood@munichre.com

With a copy to

Attention CEO
Munich Re UK Life Branch
Plantation Place
30 Fenchurch Street
London EC3M 3AJ
E-mail abatley@munichre.com

(b) The address for notices to the Chargor is

The Prudential Assurance Company Limited
3 Sheldon Square
London W2 6PR
Attention Company Secretary
With required copy to be sent by email to uk.secretariat@prudential.co.uk and
Wholesale.Transactions@prudential.co.uk

22.3 Notices under Clause 22.2 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

23 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

24. 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

25. RELEASE AND DISCHARGE

25.1 If the Chargee is satisfied that

- (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 Reinsurance 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 and cost of the Chargor take whatever action is necessary 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

26. LAW AND JURISDICTION

This Security Agreement and all non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with English law and the English courts shall have exclusive jurisdiction to settle any dispute which may arise from or in connection with it

27. VARIATION

27.1 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

27.2 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

28. 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

29. THIRD PARTY RIGHTS

A person who is not a party to this Security Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Security Agreement

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

SCHEDULE 1

Secured Accounts

Account name PAC EXPRIL NORWAY 1 FXD IFO MUNRE

Currency & Cash

a/c no GBP 76578823

Sort code 40-05-15

Custody Account

a/c no 10757

Account name PAC EXPRIL NORWAY 1 LKD IFO MUNRE

Currency & Cash

a/c no GBP 76578831

Sort code 40-05-15

Custody Account

a/c no 10758

SCHEDULE 2

Form of Notices

Part A: Form of Notice of Exclusive Control

[to be on letterhead of Chargee]

To HSBC Bank plc
Corporate Trust & Loan Agency, Europe
HSBC Securities Services
Level 28, 8 Canada Square
London
E14 5HQ

Attention The Senior Manager, CT Client Services, Corporate Trust and Loan
Agency

Copy The Prudential Assurance Company Limited
3 Sheldon Square
London
W2 6PR

Attention Company Secretary

Copy M & G Investment Management Limited
Laurence Pountney Hill
London
EC4R 0HH

Attention Jonathan McClelland / Derran Llewellyn

[Insert Date]

Dear Sirs

SECURED PARTY CONTROL NOTICE pursuant to the Account Control Agreement dated _____ between **HSBC BANK PLC, THE PRUDENTIAL ASSURANCE COMPANY LIMITED** and **MUNCHENER RÜCKVERSICHERUNGSGESELLSCHAFT AKTIENGESELLSCHAFT IN MÜNCHEN (REGISTERED IN THE UK AS MUNICH RE COMPANY UNITED KINGDOM LIFE BRANCH)** (the "Account Control Agreement")

ACCOUNT NUMBER: *{insert account number or other details of account}*

Words and expressions defined in the Account Control Agreement shall have the same meaning when used in this notice

Pursuant to Clause 2.2 of the Account Control Agreement, we hereby give you notice that a Relevant Event has occurred under the Security Document

Subject to the provisions of the Account Control Agreement, you should upon receipt of this notice cease complying with instructions from the Chargor (or from a Manager acting on its behalf) and accept communications and instructions from us alone

This notice, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law

Please acknowledge receipt of this notice by signing and returning to us the enclosed duplicate of this notice

Yours faithfully

For and on behalf of
Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (Registered in the UK as Munich Re Company United Kingdom Life Branch)

[On the duplicate]

We acknowledge receipt of the notice of which this is a duplicate

For and on behalf of
HSBC BANK PLC
Name
Title
Date

Part B: Form of Joint MAGIM Control Notice

[to be on letterhead of Chargee]

To HSBC Bank plc
Corporate Trust & Loan Agency, Europe
HSBC Securities Services
Level 28, 8 Canada Square
London
E14 5HQ

Attention The Senior Manager, CT Client Services, Corporate Trust and Loan
Agency

Copy The Prudential Assurance Company Limited
3 Sheldon Square
London
W2 6PR

Attention Company Secretary

Copy M & G Investment Management Limited
Laurence Pountney Hill
London
EC4R 0HH

Attention Jonathan McClelland / Derran Llewellyn

[Insert Date]

Dear Sirs

CLIENT CONTROL NOTICE pursuant to the Account Control Agreement dated _____ between HSBC BANK PLC, THE PRUDENTIAL ASSURANCE COMPANY LIMITED and MÜNCHENER RÜCKVERSICHERUNGSGESELLSCHAFT AKTIENGESELLSCHAFT IN MÜNCHEN (REGISTERED IN THE UK AS MUNICH RE COMPANY UNITED KINGDOM LIFE BRANCH) (the "Account Control Agreement")
ACCOUNT NUMBER. *[insert account number or other details of account]*

Words and expressions defined in the Account Control Agreement shall have the same meaning when used in this notice

Pursuant to Clause 2.3 of the Account Control Agreement, we hereby give you notice that a Relevant Event has been remedied or waived under the Security Document

Subject to the provisions of the Account Control Agreement, you should upon receipt of this notice resume complying with joint instructions from the Chargor (or from a Manager acting

on its behalf) and the Secured Party in accordance with Clause 2.1 of the Account Control Agreement and cease complying with instructions solely from the Secured Party

This notice, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law

Please acknowledge receipt of this notice by signing and returning to us the enclosed duplicate of this notice

Yours faithfully

For and on behalf of
**Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (Registered
in the UK as Munich Re Company United Kingdom Life Branch)**

[*On the duplicate*]

We acknowledge receipt of the notice of which this is a duplicate.

.....
For and on behalf of
HSBC BANK PLC
Name
Title
Date

Part C: Form of Enforcement Notice

[to be on letterhead of Chargee]

To The Prudential Assurance Company Limited
3 Sheldon Square
London
W2 6PR

Attention Company Secretary

Copy HSBC Bank plc
Corporate Trust & Loan Agency, Europe
HSBC Securities Services
Level 28, 8 Canada Square
London
E14 5HO

Attention The Senior Manager, CT Client Services, Corporate Trust and Loan Agency

Copy M & G Investment Management Limited
Laurence Pountney Hill
London
EC4R 0HH

Attention Jonathan McClelland / Derran Llewellyn

[Insert Date]

Dear Sirs

ENFORCEMENT NOTICE pursuant to the security agreement dated between THE PRUDENTIAL ASSURANCE COMPANY LIMITED and MÜNCHENER RÜCKVERSICHERUNGSGESELLSCHAFT AKTIENGESELLSCHAFT IN MÜNCHEN (REGISTERED IN THE UK AS MUNICH RE COMPANY UNITED KINGDOM LIFE BRANCH) (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 9.1 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.

Subject to the provisions of the Account Control Agreement, the Custodian should upon receipt of a copy of this notice cease complying with instructions from the Chargor (or from a Manager acting on its behalf) and accept communications and instructions from us alone

You are hereby instructed to transfer all Property in the Account(s) to the following account(s)

[Insert transfer details and details of Securities / cash to be transferred]

This notice, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law

We request that the Custodian acknowledges receipt of the copy of this notice by signing and returning to us the enclosed duplicate of this notice

Yours faithfully

For and on behalf of
Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (Registered in the UK as Munich Re Company United Kingdom Life Branch)

[On the duplicate]

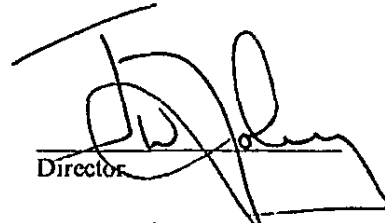
We acknowledge receipt of the notice of which this is a duplicate

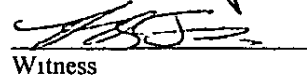
For and on behalf of
HSBC BANK PLC
Name
Title
Date

SIGNATURES

Chargor

Executed and delivered as a Deed
by **The Prudential Assurance Company Limited**
acting by



Director

Witness

NICOLE JONES
Print name

269 TRINITY RD,
Address
LONDON, SW18 3SN.

Chargee

Executed and delivered as a Deed
By **Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in Munchen**
(Registered in the UK as Munich Re Company United Kingdom Life Branch)
acting by

Authorised Signatory

Print Name

Authorised Signatory

Print Name

SIGNATURES

Chargor

Executed and delivered as a Deed
by The Prudential Assurance Company Limited
acting by.

Director


Witness

Print name

Address

Chargee


Executed and delivered as a Deed
By Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München
(Registered in the UK as Munich Re Company United Kingdom Life Branch)
acting by:



Authorised Signatory

MARTIN LOCKWOOD

Print Name



Authorised Signatory

RUDI KARP

Print Name