

**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (ChD)**

**IN THE MATTER OF  
USAA LIMITED  
and  
IN THE MATTER OF  
USAA S.A.  
and  
IN THE MATTER OF  
USAA S.A. UK BRANCH  
and  
IN THE MATTER OF  
THE FINANCIAL SERVICES AND MARKETS ACT 2000**

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**SCHEME**

(pursuant to Part VII of the Financial Services and Markets Act 2000)

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## PART A - DEFINITIONS AND INTERPRETATION

### 1 Definitions and Interpretation

1.1 In this Scheme, unless the subject or context requires otherwise, the following expressions bear the meanings respectively set opposite them:

**Actuary** means the person appointed by the relevant (re)insurer from time to time to perform the "actuarial function", as described in the Conditions Governing Business Part of the PRA Rulebook (in respect of USAA LTD and USAA UK) or, in relation to USAA S.A., the equivalent function under the Luxembourg Insurance Law

**Applicable Privacy Laws** means all applicable data protection laws, rules and regulations concerning the protection of individuals with regard to the processing of personal data and on the free movement of such data, as amended or replaced from time to time, and any applicable national laws, rules and regulations implementing the foregoing, including the General Data Protection Regulation and the UK Data Protection Act 2018

**Board** means, in relation to a company, the board of directors from time to time of that company

**BTA** has the meaning set out in clause 2.7

**CAA** means the Commissariat aux Assurances, or any successor or replacement regulatory authority with responsibility for supervision of insurance and reinsurance companies in the Grand-Duchy of Luxembourg

**Court** means the High Court of Justice in England and Wales

**DISP** has the meaning set out in clause 4.5(a)

**EEA** means the European Economic Area as constituted at the Effective Date, which, for the avoidance of doubt, excludes the United Kingdom

**EEA Intellectual Property** means the Intellectual Property of USAA LTD that relates to the Transferred EEA Business

**EEA Payment** has the meaning set out in clause 10.4

**EEA Policies** means any and all Policies written and/or assumed by or on behalf of USAA LTD through its office in the United Kingdom prior to the Effective Date in accordance with the Passporting Regulations in respect of risks situated in the EEA

**EEA State** means a member state of the EEA

**EEA Third Party Contracts** means all contracts, other than the EEA Policies and the Transferred EEA Reinsurance Agreements, to which USAA LTD is party or beneficiary which relate to the Transferred EEA Business including, without limitation, all of USAA LTD's rights, benefits and powers under any outsourced services agreements, indemnity agreements, collateral agreements, pledges, liens, guarantees and other repayment or reimbursement rights of USAA LTD related to the EEA Policies written by or on behalf of or assumed by USAA LTD as insurer

**Effective Date** has the meaning set out in clause 19.2

**Encumbrance** means any mortgage, charge, pledge, security assignment, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, any other encumbrance or security interest of any kind and any other type of preferential arrangement (including, without limitation, title transfer and retention agreements) having a similar effect

**Excluded EEA Assets** means any and all assets of USAA LTD other than the Transferred EEA Assets, the Transferred UK Assets, the Residual EEA Assets and the Residual UK Assets and such Excluded EEA Assets shall include (without limitation):

- (a) the corporate minute books of USAA LTD, and any other books and records to the extent relating to any other Excluded EEA Asset;
- (b) subject to clause 7.1(b), all property not used (in whole or in part) in the conduct of the operation of the Transferred EEA Business;
- (c) the Retained Records;
- (d) all cash and other investments other than those held as Technical Provisions for the Transferred EEA Business;
- (e) any right to repayment of taxation or any available taxation credits, other than the right to reclaim insurance premium taxes paid by USAA LTD to *Agenzia delle Entrate*, the tax authority in Italy, in respect of Transferred EEA Policies;
- (f) the rights, benefits and powers of USAA LTD under or by virtue of the Excluded EEA Policies;
- (g) any property of USAA LTD attributable to the Transferred EEA Business (including any right or benefit of USAA LTD under any Transferred EEA Policy) which USAA LTD and USAA S.A. agree prior to the Effective Date should not be transferred at all;
- (h) all rights, benefits and powers under the Residual EEA Policies Reinsurance Arrangement;
- (i) assets held in connection with a liability of USAA LTD in respect of the German Pension Scheme; and

- (j) all rights, benefits and powers under the Stop Loss Reinsurance Agreement

**Excluded EEA Intellectual Property** means the Intellectual Property owned by USAA LTD which, on the Effective Date, has no substantial application to the Transferred EEA Business

**Excluded EEA Liabilities** means any liability whatsoever of USAA LTD, including:

- (a) any liability that is attributable to or connected with an Excluded EEA Asset;
- (b) any liability which USAA LTD and USAA S.A. agree prior to the Effective Date should not be transferred at all;
- (c) any liability which cannot be transferred to or vested in USAA S.A. for any other reason on the Effective Date other than the Residual EEA Liabilities;
- (d) any liability to make a payment of or in respect of or of an amount representing, equal to, equivalent to, or deemed to be, taxation (whether actual, present, future, contingent or deferred);
- (e) any liability which relates to obligations and liabilities under the Residual EEA Policies Reinsurance Arrangement; and
- (f) all obligations and liabilities in relation to the German Pension Scheme

**Excluded EEA Policies** means EEA Policies:

- (a) which USAA LTD and USAA S.A. agree prior to the Effective Date should not be transferred; or
- (b) in relation to which the policyholder is, as at the Effective Date or any Subsequent EEA Transfer Date, included on any of the Sanctions Lists

**Excluded UK Assets** means any and all assets of USAA LTD other than the Transferred UK Assets, the Transferred EEA Assets, the Residual UK Assets and the Residual EEA Assets and such Excluded UK Assets shall include (without limitation):

- (a) the corporate minute books of USAA LTD; and any other books and records to the extent relating to any other Excluded UK Asset;
- (b) subject to clause 15.1(b), all property not used (in whole or in part) in the conduct of the operation of the Transferred UK Business;
- (c) the Retained Records;

- (d) all cash and other investments other than those held as Technical Provisions for the Transferred UK Business;
- (e) any right to repayment of taxation or any available taxation credits;
- (f) the rights, benefits and powers of USAA LTD under or by virtue of the Excluded UK Policies;
- (g) any property of USAA LTD attributable to the Transferred UK Business (including any right or benefit of USAA LTD under any Transferred UK Policy) which USAA LTD and USAA UK agree prior to the Effective Date should not be transferred at all;
- (h) all rights, benefits and powers under the Residual UK Policies Reinsurance Arrangement;
- (i) all rights, benefits and powers under the Stop Loss Reinsurance Agreement; and
- (j) assets held in connection with a liability of USAA LTD to or in relation to the UK Pension Scheme

**Excluded UK Intellectual Property** means the Intellectual Property owned by USAA LTD which, on the Effective Date, has no substantial application to the Transferred UK Business

**Excluded UK Liabilities** means any liability whatsoever of USAA LTD, including:

- (a) any liability that is attributable to or connected with an Excluded UK Asset;
- (b) any liability which USAA LTD and USAA UK agree prior to the Effective Date should not be transferred at all;
- (c) any liability which cannot be transferred to or vested in USAA UK for any other reason on the Effective Date other than the Residual UK Liabilities;
- (d) any liability to make a payment of or in respect of or of an amount representing, equal to, equivalent to, or deemed to be, taxation (whether actual, present, future, contingent or deferred);
- (e) any liability which relates to obligations and liabilities under the Residual UK Policies Reinsurance Arrangement; and
- (f) all obligations and liabilities in relation to the UK Pension Scheme

**Excluded UK Policies** means UK Policies:

- (a) which USAA LTD and USAA UK agree prior to the Effective Date should not be transferred;
- or

- (b) in relation to which the policyholder is, as at the Effective Date or any Subsequent UK Transfer Date, included on any of the Sanctions Lists

**FCA** means the Financial Conduct Authority, or such other governmental, statutory or other authority or authorities as shall from time to time perform such regulatory and supervisory functions in relation to General Business carried on in the United Kingdom as are at the date of this Scheme allocated to the Financial Conduct Authority under FSMA

**FCA Handbook** means the handbook of rules and guidance issued by the FCA from time to time pursuant to FSMA

**FOS** has the meaning set out in clause 4.5(a)

**FSMA** means the Financial Services and Markets Act 2000

**General Business** means the business of effecting or carrying out general insurance contracts as principal, being contracts falling within Part 1 of Schedule 1 to the RAO

**General Data Protection Regulation** means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)

**German Pension Scheme** means the defined benefit pensions liabilities and contingent liabilities of USAA LTD in relation to its former German employees

**Governmental Authority** means any national, supra-national, federal, state, provincial or local government, political subdivision, governmental, regulatory, department, bureau, board or other administrative authority, instrumentality, agency, body or commission, self-regulatory organization or any court (including, without limitation, the Court), tribunal, or judicial or arbitral body

**Group** means in respect of any person:

- (a) that person;
- (b) its holding companies from time to time;
- (c) its subsidiaries from time to time; and
- (d) each of the subsidiaries from time to time of any such holding company

**Independent Expert** means Alex Marcuson of Marcuson Consulting Ltd or any other independent expert approved pursuant to section 109(2)(b) of FSMA

**Intellectual Property** means all of the following, whether protected, created or arising under the laws of any jurisdiction and whether or not registered or published: copyrights; moral rights; database rights; design rights; trade secrets; Trademarks; all rights arising from or in respect of domain names and domain name registrations and reservations; intellectual property rights arising from or in respect of technology; and all other applications and registrations related to any of the rights set forth in this definition and all rights therein whether provided by international treaty, convention or otherwise

**liability to taxation** means a liability to make an actual payment of taxation

**Luxembourg Insurance Law** means the Law of 7 December 2015 on the insurance sector

**Order** means an order made by the Court pursuant to section 111 of FSMA sanctioning this Scheme (or any part of it) and any order (including any subsequent order) in relation to this Scheme made by the Court pursuant to section 112 of FSMA

**Part 4A permission** means a permission to carry on regulated activities granted under part 4A of FSMA, or having effect as if so given

**Part VII Transitional Insurance Business Transfer** has the meaning given in the Part VII Transitional Regulations

**Part VII Transitional Regulations** means the provisions of Regulation 36 of and the Schedule to the Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019 (SI 2019/710)

**Passporting Regulations** means the Financial Services and Markets Act 2000 (EEA Passport Rights) Regulations 2001 (SI 2001/2511)

**Permits** means any approvals, authorisations, consents, registrations, franchises, licences, permits or certificates of a Governmental Authority

**Policies** means all policies (as defined in the Policyholder Order), treaties, binders, slips and other contracts of or for insurance and all binding quotations (and including at any time any constituent part of a policy which gives rise to any separately identifiable benefit) written by or on behalf of or assumed by USAA LTD as insurer (where such policy, treaty, binder, slip or other contract was not written or assumed solely by or on behalf of the USAA LTD, to the extent and only for and in respect of the proportion written by or on behalf of the USAA LTD) (including, without limitation, all supplements, endorsements and riders thereto and all ancillary agreements in connection therewith) prior to the Effective Date

**policyholder** has the meaning set out in the Policyholder Order

**Policyholder Order** means the Financial Services and Markets Act 2000 (Meaning of "Policy" and "Policyholder") Order 2001 (SI 2001/2361)



**PRA** means the Prudential Regulation Authority, or such other governmental, statutory or other authority or authorities as shall from time to time perform such prudential and supervisory functions in relation to General Business carried on in the United Kingdom as are at the date of this Scheme allocated to the Prudential Regulation Authority under FSMA

**PRA Rulebook** means the rulebook issued by the PRA from time to time pursuant to FSMA

**Proceedings** means any action or other legal or administrative proceedings or step (whether direct or indirect, by way of a claim, demand, legal proceedings, execution of judgment, arbitration, complaint or otherwise howsoever), including:

- (a) arbitration;
- (b) mediation;
- (c) any other dispute resolution procedure (whether or not it involves submission to any court);
- (d) any judicial, quasi-judicial, administrative or regulatory review or process; and
- (e) any complaint or claim to any ombudsman, including the United Kingdom Financial Ombudsman Service

**RAO** means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544)

**Residual EEA Assets** means:

- (a) the Residual EEA Policies and the rights, benefits and powers of USAA LTD under or by virtue of the Residual EEA Policies;
- (b) any property of USAA LTD attributable to the Residual EEA Policies or the Transferred EEA Business (including any right, benefit or power of USAA LTD under any Transferred EEA Policy) in respect of which the Court has declined to order the transfer to USAA S.A. under section 112 of FSMA on the Effective Date;
- (c) any property of USAA LTD attributable to the Residual EEA Policies or the Transferred EEA Business which is outside the jurisdiction of the Court or in respect of which the transfer pursuant to an order of the Court is not recognised by the laws of the jurisdiction in which the property is situated or in respect of which further steps are necessary to effect the transfer pursuant to the laws of the jurisdiction in which such property is situated;
- (d) any property of USAA LTD attributable to the Residual EEA Policies or the Transferred EEA Business which cannot be transferred to or vested in USAA S.A. on the Effective Date for any other reason;

- (e) any property of USAA LTD attributable to the Residual EEA Policies or the Transferred EEA Business (including any right, benefit or power of USAA LTD under any Residual EEA Policy or any Transferred EEA Policy) where USAA LTD and USAA S.A. agree prior to the Effective Date that its transfer should be delayed;
- (f) any other property of USAA LTD attributable to the Residual EEA Policies or the Transferred EEA Business (including any right, benefit or power under a Residual EEA Policy, a Transferred EEA Policy or a Transferred EEA Reinsurance Agreement) in respect of which:
  - (i) the Court makes an order as to the enforceability of an interest or right as referred to in section 112A(2)(b) of FSMA; and
  - (ii) USAA LTD and USAA S.A. have agreed in writing prior to the Effective Date that its transfer should be delayed; and
- (g) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, earned or received from time to time after the Effective Date but prior to any relevant Subsequent EEA Transfer Date in respect of any such property referred to in clauses (a) to (f) of this definition,

but excluding any Excluded EEA Assets

**Residual EEA Liability** means any liability whatsoever of USAA LTD relating to the Transferred EEA Business (other than under an Excluded EEA Policy):

- (a) to the extent that is attributable to or connected with a Residual EEA Asset and arises at any time before the Subsequent EEA Transfer Date applicable to that Residual EEA Asset;
- (b) in respect of which the Court has declined to order the transfer to USAA S.A. under section 112 of FSMA on the Effective Date;
- (c) in respect of which USAA LTD and USAA S.A. agree prior to the Effective Date that its transfer should be delayed; or
- (d) which cannot be transferred to or vested in USAA S.A. for any other reason on the Effective Date

**Residual EEA Policies** means EEA Policies comprised in the Transferred EEA Business:

- (a) written or assumed by USAA LTD, which are not Excluded EEA Policies and in respect of which:

- (i) for the purpose of paragraph 1(2A) of Schedule 12 to FSMA, an EEA State is the 'State in which the contract was concluded'; and
  - (ii) the PRA has not, prior to the making of the Order by which the Court sanctions this Scheme, provided the certificate referred to in paragraph 3A of Schedule 12 to FSMA with respect to the relevant EEA State which is the State in which the contract was concluded (for the purposes of FSMA);
- (b) written or assumed by USAA LTD, which are not Excluded EEA Policies but which are not capable of being transferred pursuant to FSMA at the Effective Date; or
- (c) in respect of which (including in relation to Excluded EEA Policies where the policyholder is included on any of the Sanctions Lists) further steps are possible and necessary to be taken following the Order before any such EEA Policies can be transferred and USAA LTD and USAA S.A. agree that such steps should be taken,

but excluding any EEA Policy that is or becomes a Transferred EEA Policy as described in clause 7.2

**Residual EEA Policies Reinsurance Arrangement** means a reinsurance arrangement implemented in respect of Residual EEA Policies pursuant to and in accordance with clause 7.1

**Residual UK Assets** means:

- (a) the Residual UK Policies and the rights, benefits and powers of USAA LTD under or by virtue of the Residual UK Policies;
- (b) any property of USAA LTD attributable to the Residual UK Policies or the Transferred UK Business (including any right, benefit or power of USAA LTD under any Transferred UK Policy) in respect of which the Court has declined to order the transfer to USAA UK under section 112 of FSMA on the Effective Date;
- (c) any property of USAA LTD attributable to the Residual UK Policies or the Transferred UK Business which is outside the jurisdiction of the Court or in respect of which the transfer pursuant to an order of the Court is not recognised by the laws of the jurisdiction in which the property is situated or in respect of which further steps are necessary to effect the transfer pursuant to the laws of the jurisdiction in which such property is situated;
- (d) any property of USAA LTD attributable to the Residual UK Policies or the Transferred UK Business which cannot be transferred to or vested in USAA UK on the Effective Date for any other reason;
- (e) any property of USAA LTD attributable to the Residual UK Policies or the Transferred UK Business (including any right, benefit or power of USAA LTD under any Residual UK Policy

or any Transferred UK Policy) where USAA LTD and USAA UK agree prior to the Effective Date that its transfer should be delayed;

- (f) any other property of USAA LTD attributable to the Residual UK Policies or the Transferred UK Business (including any right, benefit or power under a Residual UK Policy, a Transferred UK Policy or a Transferred UK Reinsurance Agreement) in respect of which:
  - (i) the Court makes an order as to the enforceability of an interest or right as referred to in section 112A(2)(b) of FSMA; and
  - (ii) USAA LTD and USAA UK have agreed in writing prior to the Effective Date that its transfer should be delayed; and
- (g) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, earned or received from time to time after the Effective Date but prior to any relevant Subsequent UK Transfer Date in respect of any such property referred to in clauses (a) to (f) of this definition,

but excluding any Excluded UK Assets

**Residual UK Liability** means any liability whatsoever of USAA LTD relating to the Transferred UK Business (other than under an Excluded UK Policy):

- (a) to the extent that is attributable to or connected with a Residual UK Asset and arises at any time before the Subsequent UK Transfer Date applicable to that Residual UK Asset;
- (b) in respect of which the Court has declined to order the transfer to USAA UK under section 112 of FSMA on the Effective Date;
- (c) in respect of which USAA LTD and USAA UK agree prior to the Effective Date that its transfer should be delayed; or
- (d) which cannot be transferred to or vested in USAA UK for any other reason on the Effective Date

**Residual UK Policies** means UK Policies comprised in the Transferred UK Business:

- (a) written or assumed by USAA LTD and which are not Excluded UK Policies but which are not capable of being transferred pursuant to FSMA at the Effective Date; or
- (b) in respect of which (including in relation to Excluded UK Policies where the policyholder is included on any of the Sanctions Lists) further steps are possible and necessary to be taken following the Order before any such UK Policies can be transferred and USAA LTD and USAA UK agree that such steps should be taken,

but excluding any UK Policy that is or becomes a Transferred UK Policy as described in clause 15.2

**Residual UK Policies Reinsurance Arrangement** means a reinsurance arrangement implemented in respect of Residual UK Policies pursuant to and in accordance with clause 15.1

**Retained Records** means any accounting and financial and other records of USAA LTD which USAA LTD is required by law to retain, including VAT records

**Sanctions Lists** means the sanctions lists maintained by the following as at the Effective Date: (a) the United Nations; (b) the European Union; (c) the US Department of the Treasury; (d) the Office of Foreign Asset Control; (e) Her Majesty's Treasury; and (f) Canada (including any relevant governmental or regulatory body)

**Scheme** means this scheme in its original form or with or subject to any modification, addition or condition which may be approved or imposed in accordance with clause 21

**Solvency II Directive** means European Union Directive EU 2009/138 on the taking up and pursuit of the business of insurance and reinsurance

**Split EEA Reinsurance Agreements** means those outwards reinsurance agreements to which USAA LTD is a party at the Effective Date and which reinsure or purport to reinsure liabilities under: (a) the Transferred EEA Policies; and (b) the Residual EEA Policies and/or any other Policies, in respect of which USAA LTD is the reinsured

**Split UK Reinsurance Agreements** means those outwards reinsurance agreements to which USAA LTD is a party at the Effective Date and which reinsure or purport to reinsure liabilities under: (a) the Transferred UK Policies; and (b) the Residual UK Policies and/or any other Policies, in respect of which USAA LTD is the reinsured

**Stop Loss Reinsurance Agreement** means the Stop Loss Reinsurance Agreement between USAA LTD and United States Automobile Association dated 1 January 2020

**Subsequent EEA Transfer Date** means in relation to any Residual EEA Asset or Residual EEA Liability, the date (and each date) after the Effective Date on which such Residual EEA Asset or Residual EEA Liability as the case may be is or is to be transferred to USAA S.A., namely:

- (a) in respect of any Residual EEA Asset falling within paragraphs (a), (b), (c) or (d) of the definition of Residual EEA Assets and of any Residual EEA Liability which is attributable to or connected with that Residual EEA Asset or which falls within paragraphs (a), (b), (c) or (d) of the definition of Residual EEA Liability, the date on which any impediment to its transfer shall have been removed or overcome;

- (b) in respect of any Residual EEA Asset falling within paragraphs (e) or (f) of the definition of Residual EEA Assets and of any Residual EEA Liability which is attributable to or connected with that Residual EEA Asset, the date on which USAA LTD and USAA S.A. agree the transfer should take effect; and
- (c) in respect of any Residual EEA Asset falling within paragraph (g) of the definition of Residual EEA Assets and of any Residual EEA Liability which is attributable to or connected with that Residual EEA Asset, the date on which such Residual EEA Asset is received or earned by USAA LTD

**Subsequent UK Transfer Date** means in relation to any Residual UK Asset or Residual UK Liability, the date (and each date) after the Effective Date on which such Residual UK Asset or Residual UK Liability as the case may be is or is to be transferred to USAA UK, namely:

- (a) in respect of any Residual UK Asset falling within paragraphs (a), (b), (c) or (d) of the definition of Residual UK Assets and of any Residual UK Liability which is attributable to or connected with that Residual UK Asset or which falls within paragraphs (a), (b), (c) or (d) of the definition of Residual UK Liability, the date on which any impediment to its transfer shall have been removed or overcome;
- (b) in respect of any Residual UK Asset falling within paragraphs (e) or (f) of the definition of Residual UK Assets and of any Residual UK Liability which is attributable to or connected with that Residual UK Asset, the date on which USAA LTD and USAA UK agree the transfer should take effect; and
- (c) in respect of any Residual UK Asset falling within paragraph (g) of the definition of Residual UK Assets and of any Residual UK Liability which is attributable to or connected with that Residual UK Asset, the date on which such Residual UK Asset is received or earned by USAA LTD

**taxation or tax** means:

- (a) all forms of tax, levy, duty, charge, impost, withholding or other amount whenever created or imposed and whether of the United Kingdom or elsewhere, payable to or imposed by any authority responsible for the collection or management of any such tax, levy, duty, charge, impost, withholding or other amount; and
- (b) all charges, interest, penalties and fines incidental or relating to any sum falling within (a) above or which arise as a result of the failure to pay that sum on the due date or to comply with any obligation relating to it

**Technical Provisions** means the amount of USAA LTD's expected liabilities in relation to the Transferred EEA Policies and/or (as the context requires) the Transferred UK Policies, determined in accordance with generally accepted accounting practice in the United Kingdom

**Trademarks** means all of the following, whether protected, created or arising under the laws of England and Wales or the laws of any other jurisdiction: trademarks, service marks, trade names, service names, trade dress, logos, designs, slogans and other identifiers of source, including all goodwill associated therewith and all common law rights, registrations and applications for registration thereof, and all rights therein provided by international treaties or conventions, and all extensions and renewals of any of the foregoing

**Transfer Regulations** means the Financial Services and Markets Act 2000 (Control of Business Transfers) (Requirements on Applicants) Regulations 2001/3625

**Transferred EEA Assets** means any and all property of USAA LTD, whatsoever and wheresoever situated, comprised in or attributable to the Transferred EEA Business as at the Effective Date including (without prejudice to the generality of the foregoing):

- (a) the rights, benefits and powers of USAA LTD under or by virtue of the Transferred EEA Policies;
- (b) all rights and claims (present or future, actual or contingent and known or unknown) against any third party in relation to the Transferred EEA Business or arising as a result of USAA LTD having carried on the Transferred EEA Business;
- (c) the rights, benefits and powers of USAA LTD under the Transferred EEA Reinsurance Agreements;
- (d) property held as of the Effective Date by USAA LTD in an amount equal to: the sum of (i) the Technical Provisions for the Transferred EEA Policies as reflected in the books and records of USAA LTD; and (ii) the amount of any other liabilities in respect of Transferred EEA Liabilities;
- (e) the rights, benefits and powers of USAA LTD under the EEA Third Party Contracts;
- (f) all accounts, notes, premiums, reinsurance, and subrogation recoveries and other receivables that primarily relate to the Transferred EEA Business;
- (g) all expenses that have been prepaid by USAA LTD relating to the Transferred EEA Business, including VAT and lease and rental payments;
- (h) all EEA Intellectual Property other than the Excluded EEA Intellectual Property;
- (i) all transferable Permits used in connection with the Transferred EEA Business;

(j) all books, records, files and papers, whether in hard copy or computer format, of the Transferred EEA Business, including insurance and reinsurance contracts, claims and underwriting files, sales and promotional literature, manuals and data, sales and purchase correspondence and lists of present and former customers, excluding the Retained Records; and

(k) all goodwill (including the renewal rights) associated with the Transferred EEA Assets,

but excluding: (A) the Residual EEA Assets; (B) the property under or relating to the Residual EEA Policies or any Residual EEA Policies Reinsurance Arrangement; (C) the Excluded EEA Assets; and (D) the appropriate proportion of the property of USAA LTD which will remain with USAA LTD upon the deemed variation of the Split EEA Reinsurance Agreements pursuant to clause 6.3(a) (if applicable)

**Transferred EEA Business** means:

(a) the business carried on by USAA LTD comprising the underwriting, management and administration of the EEA Policies and all associated liabilities of the EEA Policies; together with

(b) all activities carried on by USAA LTD in relation or in connection thereto together with the rights and obligations of USAA LTD under the Transferred EEA Assets and the Transferred EEA Liabilities,

but excluding the Excluded EEA Assets, the Excluded EEA Policies and the Excluded EEA Liabilities

**Transferred EEA Liabilities** means any and all liabilities whatsoever of USAA LTD comprised in or attributable to the Transferred EEA Business or otherwise arising in connection with or in relation to the carrying on of the Transferred EEA Business including as a result of negligence, other than Excluded EEA Liabilities, whether arising before or after the Effective Date including (without prejudice to the generality of the foregoing):

(a) all liabilities under or in connection with the Transferred EEA Policies;

(b) all liabilities under and in connection with lapsed, matured, surrendered, expired and reinstated Transferred EEA Policies;

(c) all liabilities in connection with quotations made by or on behalf of USAA LTD through its office in the United Kingdom prior to the Effective Date and which relate to a risk or risks situated in any EEA State, which were not proceeded with and/or did not become EEA Policies for any reason whatever (including due to an administrative or processing error);



- (d) all liabilities under and in connection with the Transferred EEA Reinsurance Agreements arising in, and relating to, the period on and after the Effective Date;
- (e) all liabilities under and in connection with the EEA Third Party Contracts; and
- (f) all liabilities for damages (including compensatory, consequential, exemplary, punitive, bad faith or similar or other damages) which relate to the marketing, sale, underwriting, issuance, delivery, cancellation or administration of any Transferred EEA Policy including (without limitation): (A) any amount in respect of interest arising in connection thereto or in connection with any payment made in respect thereof; (B) any amount in respect of any additional liability or an increase in liability to taxation of a policyholder or former policyholder when compared to that person's liability to taxation if the event or series of events giving rise to the relevant damages had not occurred; and (C) any liability arising out of or relating to any alleged or actual act, error or omission by USAA LTD or its agents, whether intentional or otherwise, with respect to any such Transferred EEA Policy, including:
  - (i) any alleged or actual reckless conduct or bad faith in connection with the handling of any claim arising out of or under such Transferred EEA Policy; or
  - (ii) the marketing, sale, underwriting, issuance, delivery, cancellation or administration of such Transferred EEA Policy
- (g) all liabilities resulting from Proceedings taken by or against USAA LTD in connection with the Transferred EEA Business

but excluding: (A) the Residual EEA Liabilities; (B) the liabilities under or relating to the Residual EEA Policies or any Residual EEA Policies Reinsurance Arrangement (C) the Excluded EEA Liabilities; and (D) the appropriate proportion of the liabilities of USAA LTD which will remain with USAA LTD upon the deemed variation of the Split EEA Reinsurance Agreements pursuant to clause 6.3(a) (if applicable)

**Transferred EEA Policies** means every EEA Policy written and/or assumed by USAA LTD which is comprised in the Transferred EEA Business (and any and all rights to renew the same), but excluding the Excluded EEA Policies and (subject to clauses 7.1 to 7.3 inclusive) the Residual EEA Policies

**Transferred EEA Reinsurance Agreements** means all contracts, agreements, Policies and other arrangements of whatsoever nature made between USAA LTD and a third party or a related party of USAA LTD in the nature of reinsurance or retrocession under or in connection with any Transferred EEA Policy or Transferred EEA Liability including, if applicable, the Split EEA Reinsurance Agreements created by the deemed variation in accordance with clause 6.3(b) other than the Stop Loss Reinsurance Agreement

**Transferred UK Assets** means any and all property of USAA LTD whatsoever and wheresoever situated comprised in or attributable to the Transferred UK Business as at the Effective Date including (without prejudice to the generality of the foregoing):

- (a) the rights, benefits and powers of USAA LTD under or by virtue of the Transferred UK Policies;
- (b) all rights and claims (present or future, actual or contingent and known or unknown) against any third party in relation to the Transferred UK Business or arising as a result of USAA LTD having carried on the Transferred UK Business; and
- (c) the rights, benefits and powers of USAA LTD under the Transferred UK Reinsurance Agreements;
- (d) property held as of the Effective Date by USAA LTD in an amount equal to: the sum of (i) the Technical Provisions for the Transferred UK Policies as reflected in the books and records of USAA LTD; and (ii) the amount of any other liabilities in respect of Transferred UK Liabilities;
- (e) the rights, benefits and powers of USAA LTD under the UK Third Party Contracts;
- (f) all accounts, notes, premiums, reinsurance, and subrogation recoveries and other receivables that primarily relate to the Transferred UK Business;
- (g) all expenses that have been prepaid by USAA LTD relating to the Transferred UK Business, including VAT and lease and rental payments;
- (h) all UK Intellectual Property other than the Excluded UK Intellectual Property;
- (i) all transferable Permits used in connection with the Transferred UK Business;
- (j) all books, records, files and papers, whether in hard copy or computer format, of the Transferred UK Business, including insurance and reinsurance contracts, claims and underwriting files, sales and promotional literature, manuals and data, sales and purchase correspondence and lists of present and former customers, excluding the Retained Records; and
- (k) all goodwill (including the renewal rights) associated with the Transferred UK Assets,

but excluding: (A) the Residual UK Assets; (B) the property under or relating to the Residual UK Policies or any Residual UK Policies Reinsurance Arrangement; (C) the Excluded UK Assets; and (D) the appropriate proportion of the rights, benefits and powers of USAA LTD which will remain with USAA LTD upon the deemed variation of the Split Reinsurance Agreements (if applicable) in accordance with clause 14.3(a) (if applicable)

**Transferred UK Business** means:

- (a) the business carried on by USAA LTD comprising the underwriting, management and administration of the UK Policies and all associated liabilities of the UK Policies; together with
- (b) all activities carried on by USAA LTD in relation or in connection thereto together with the rights and obligations of USAA LTD under the Transferred UK Assets and the Transferred UK Liabilities,

but excluding the Excluded UK Assets, the Excluded UK Policies and the Excluded UK Liabilities

**Transferred UK Liabilities** means any and all liabilities whatsoever of USAA LTD comprised in or attributable to the Transferred UK Business or otherwise arising in connection with or in relation to the carrying on of the Transferred UK Business, including as a result of negligence, other than the Excluded UK Liabilities whether arising before or after the Effective Date including (without prejudice to the generality of the foregoing):

- (a) all liabilities under or in connection with the Transferred UK Policies;
- (b) all liabilities under and in connection with lapsed, matured, surrendered, expired and reinstated Transferred UK Policies;
- (c) all liabilities in connection with quotations made by or on behalf of USAA LTD prior to the Effective Date and which relate to risk or risks situated in the UK or any other location outside the EEA which were not proceeded with and/or did not become UK Policies for any reason whatever (including due to an administrative or processing error);
- (d) all liabilities under and in connection with the Transferred UK Reinsurance Agreements arising in, and relating to, the period on and after the Effective Date;
- (e) all liabilities under and in connection with the UK Third Party Contracts; and
- (f) all liabilities for damages (including compensatory, consequential, exemplary, punitive, bad faith or similar or other damages) which relate to the marketing, sale, underwriting, issuance, delivery, cancellation or administration of any Transferred UK Policy including (without limitation): (A) any amount in respect of interest arising in connection thereto or in connection with any payment made in respect thereof; (B) any amount in respect of any additional liability or an increase in liability to taxation of a policyholder or former policyholder when compared to that person's liability to taxation if the event or series of events giving rise to the relevant damages had not occurred; and (C) any liability arising out of or relating to any alleged or actual act, error or omission by USAA LTD or its agents, whether intentional or otherwise, with respect to any such Transferred UK Policy, including:

- (i) any alleged or actual reckless conduct or bad faith in connection with the handling of any claim arising out of or under such Transferred UK Policy; or
  - (ii) the marketing, sale, underwriting, issuance, delivery, cancellation or administration of such Transferred UK Policy
- (g) all liabilities resulting from Proceedings taken by or against USAA LTD in connection with the Transferred UK Business

but excluding: (A) the Residual UK Liabilities; (B) the liabilities under or relating to the Residual UK Policies or any Residual UK Policies Reinsurance Arrangement; (C) the Excluded UK Liabilities; and (D) the appropriate proportion of the liabilities of USAA LTD which will remain with USAA LTD upon the deemed variation of the Split UK Reinsurance Agreements (if applicable) in accordance with clause 14.3(a) (if applicable)

**Transferred UK Policies** means every UK Policy written and/or assumed by USAA LTD which is comprised in the Transferred UK Business (and any and all rights to renew the same), together with all proposals for insurance received by or on behalf of USAA LTD before the Effective Date which have not become UK Policies in force by the Effective Date but which subsequently become UK Policies and any Policies that have been bound but which have not yet incepted as at the Effective Date but subsequently become UK Policies, but excluding the Excluded UK Policies and (subject to clauses 15.1 to 15.3 inclusive) the Residual UK Policies

**Transferred UK Reinsurance Agreements** means all contracts, agreements, Policies and other arrangements of whatsoever nature made between USAA LTD and a third party or a related party of USAA LTD in the nature of reinsurance or retrocession under or in connection with any Transferred UK Policy or Transferred UK Liability including, if applicable, the Split UK Reinsurance Agreements created by the deemed variation in accordance with clause 14.3(b) other than the Stop Loss Reinsurance Agreement

**UK Intellectual Property** means the Intellectual Property of USAA LTD that relates to the Transferred UK Business

**UK Payment** has the meaning set out in clause 18.4

**UK Pension Scheme** means the UK defined benefit pension scheme of USAA LTD known as “the USAA Limited Pensions and Life Assurance Scheme”

**UK Policies** means any and all Policies written and/or assumed by or on behalf of USAA LTD prior to the Effective Date which are not EEA Policies

**UK Third Party Contracts** means all contracts, other than the UK Policies and the Transferred UK Reinsurance Agreements, to which USAA LTD is party or beneficiary which relate to the

Transferred UK Business including without limitation all of USAA LTD's rights, benefits and powers under any outsourced services agreements indemnity agreements, collateral agreements, pledges, liens, guarantees and other repayment or reimbursement rights of USAA LTD related to the UK Policies written by or on behalf of or assumed by USAA LTD as insurer

**USAA LTD** means USAA Limited

**USAA S.A.** means USAA S.A.

**USAA UK** means the United Kingdom branch of USAA S.A.

**VAT** means Value Added Tax or any other applicable ad valorem taxation

1.2 In this Scheme:

- (a) **property** includes property, assets, interests, rights and powers of every description (whether present or future, actual or contingent) and includes property held on trust and securities, benefits, powers of any description and any interest whatsoever in any of the foregoing;
- (b) **liabilities** includes duties and obligations of every description (whether present or future, actual or contingent);
- (c) **transfer** includes (as the context may require) **assign, assignation or assignment, dispose or disposal or convey or conveyance**;
- (d) any reference to the singular shall include a reference to the plural and vice versa and any reference to the masculine shall include a reference to the feminine and neuter and vice versa;
- (e) subject to clause 1.2(g), any reference to an enactment, a statutory provision or any subordinate legislation shall be deemed to include a reference to that enactment, statutory provision or subordinate legislation as amended, replaced or re-enacted from time to time and to any instrument or order made from time to time under such enactment, statutory provision or subordinate legislation;
- (f) subject to clause 1.2(g), any reference to any rules, regulations or guidance made by the PRA and/or the FCA (as applicable) shall be deemed to include a reference to such rules or regulations as amended or replaced from time to time, and any reference to any provision of the PRA Rulebook or FCA Handbook (as applicable) which is not in force at the date of this Scheme but will be in force by the Effective Date shall, in respect of the period before it comes into force, be deemed to include a reference to such rules or regulations issued by the PRA and/or the FCA (as applicable) as most closely corresponded to that provision at the date of this Scheme;

- (g) as the Scheme is a Part VII Transitional Insurance Business Transfer, where required to give effect to the Part VII Transitional Regulations, references to statutory provisions, rules and regulations shall be construed in accordance with the relevant provision in force immediately prior to the repeal of the European Communities Act 1972 as amended by the Part VII Transitional Regulations and, for example, expressions used which have or had meanings under FSMA, the Transfer Regulations, the PRA Rulebook and/or FCA Handbook shall bear those meanings for the purpose of the Scheme,;
- (h) the expressions **subsidiary** and **holding company** shall have the meanings given in section 1159 of the Companies Act 2006, save that for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c) of the Companies Act 2006 a company shall be treated as a member of another company;
  - (i) if any shares in that other company are held by a person acting on behalf of the company or any of its subsidiaries;
  - (ii) if any of its subsidiaries is a member of that other company; or
  - (iii) if any shares in that other company are held by a person (or that person's nominee) by way of security or in connection with the taking of security granted by the company or any of its subsidiaries;
- (i) headings are inserted for convenience only and shall not affect the construction of this Scheme;
- (j) any reference to a person shall include a reference to a body corporate, a partnership, an unincorporated association or to a person's executors or administrators, and for the avoidance of doubt, shall include a trustee;
- (k) unless otherwise specified, if a period of time is specified from a given day or date or from the day or date of an actual event, it shall be calculated exclusive of that day or date;
- (l) any reference to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (m) any reference to a calculation, decision, determination or opinion of any Board (or any similar expression) shall be deemed to include a calculation, decision, determination or opinion of a duly constituted committee or duly authorised representative of that Board;
- (n) the expression **variation** shall include any variation, supplement, deletion, replacement or termination, however effected;
- (o) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;

(p) any reference to an amount shall be exclusive of any applicable value added or other tax.

## PART B - INTRODUCTION

### 2 Introduction

- 2.1 USAA LTD is a company incorporated in England and Wales with registered number 00730577. The registered office of USAA LTD is at 4th Floor, Fitzwilliam House, 10 St Mary Axe, London, EC3A 8AE.
- 2.2 USAA S.A. is a company incorporated in the Grand-Duchy of Luxembourg with registered number 222100GIQKRF94HI8657. The registered office of USAA S.A. is at 1 Avenue du Bois, L-1251, Grand-Duchy of Luxembourg.
- 2.3 USAA UK is a branch of USAA S.A., established in the United Kingdom with registered number BR023811. The registered office of USAA UK is at 4th Floor, Fitzwilliam House, 10 St Mary Axe, London, EC3A 8AE.
- 2.4 USAA LTD has Part 4A permission under FSMA to carry on General Business in the United Kingdom under Firm Reference Number 202016 in classes of business 1, 3, 6, 7, 8, 9, 10, 12, 13 and 17, as set out in Part 1 of Schedule 1 to the RAO.
- 2.5 USAA S.A. has a licence issued by the CAA to carry on non-life insurance business in the Grand-Duchy of Luxembourg in classes 1, 3, 5, 6, 7, 8, 9, 10, 12, 13, 17 and 18, as set out in article 49 of the Luxembourg Insurance Law.
- 2.6 USAA UK has Part 4A permission under FSMA to carry on General Business in the United Kingdom under Firm Reference Number 946508 in classes of business 1, 3, 6, 7, 8, 9, 10, 12, 13 and 18 as set out in Part 1 of Schedule 1 to the RAO.
- 2.7 USAA LTD has agreed to transfer the Transferred EEA Business to USAA S.A. pursuant to a business transfer agreement entered into between, *inter alia*, USAA LTD and USAA S.A. prior to the date of this Scheme (the **BTA**).
- 2.8 USAA LTD has agreed to transfer the Transferred UK Business to USAA UK pursuant to the BTA.
- 2.9 The transfer of the Transferred EEA Business and the transfer of the Transferred UK Business under the BTA is, in each case, conditional upon the Scheme taking effect in relation to both transfers. Accordingly, it is proposed that, subject to the sanction of this Scheme by the Court both:
- (a) the Transferred EEA Business carried on by USAA LTD shall pursuant to and in accordance with Part C of this Scheme, be transferred to USAA S.A.; and
  - (b) the Transferred UK Business carried on by USAA LTD shall pursuant to and in accordance with Part D of this Scheme, be transferred to USAA UK.



## PART C – EEA TRANSFER

### 3 Transfer of EEA Business

- 3.1 Each part of the Transferred EEA Business, the Residual EEA Assets and the Residual EEA Liabilities shall be transferred to and be vested in USAA S.A. in accordance with this Scheme, so that:
- (a) subject to clause 9, with effect on and from the Effective Date, each Transferred EEA Asset and all the property of USAA LTD in it, shall, by the Order and without any further act or instrument, be transferred to and be vested in USAA S.A., subject to all Encumbrances (if any) affecting such property in accordance with this Scheme;
  - (b) subject to clause 9, with effect on and from each Subsequent EEA Transfer Date, each Residual EEA Asset to which such Subsequent EEA Transfer Date applies and all the property of USAA LTD in it, shall, by the Order and without any further act or instrument, be transferred to and be vested in USAA S.A., subject to all Encumbrances (if any) affecting such property in accordance with this Scheme;
  - (c) with effect on and from the Effective Date, each Transferred EEA Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of USAA S.A. in accordance with this Scheme and shall cease to be a liability of USAA LTD; and
  - (d) with effect on and from each Subsequent EEA Transfer Date, each Residual EEA Liability to which such Subsequent EEA Transfer Date applies shall, by the Order and without any further act or instrument, be transferred to and become a liability of USAA S.A. in accordance with this Scheme and shall cease to be a liability of USAA LTD .
- 3.2 USAA S.A. shall accept without investigation or requisition such title as USAA LTD shall have at the Effective Date to the Transferred EEA Assets and, at any Subsequent EEA Transfer Date, to each Residual EEA Asset then transferred and USAA LTD shall not be liable for any charges, expenses, costs, claims, losses or any other liabilities in connection thereto that arise after the Effective Date, save as otherwise agreed between the parties in writing or as set out in this Scheme.
- 3.3 Save as provided in this Scheme, the transfer and vesting of any Transferred EEA Asset or Transferred EEA Liability relating to any part of the Transferred EEA Business by virtue of the Order and this Scheme shall not;
- (a) invalidate or discharge any contract, security interest or any other agreement or arrangement having a similar effect;

- (b) require further registration in respect of any security;
  - (c) constitute a breach of, or default under, or require any obligation to be performed sooner or later than would have otherwise been the case under, any contract or instrument to which USAA LTD or USAA S.A. are a party or are bound;
  - (d) allow any party to a contract to which USAA S.A. or USAA LTD are a party to terminate that contract when that party would not otherwise have been able to terminate it;
  - (e) entitle any party to any contract to which USAA S.A. or USAA LTD are a party to vary the terms of that contract when that party would not otherwise have been able to vary those terms or confer a right or benefit on it which that party would not otherwise have had; or
  - (f) confer any greater or lesser rights or benefits, or impose any greater or lesser obligations, on any party to any contract to which USAA LTD or USAA S.A. are a party when that greater or lesser obligation would not otherwise have been imposed.
- 3.4 USAA LTD and USAA S.A. shall take all such steps, and execute all such documents, as may be necessary or desirable:
- (a) to effect or perfect the transfer to and vesting in USAA S.A. of any Transferred EEA Asset or Residual EEA Asset pursuant to this Scheme;
  - (b) to correct any errors in the identity or amount of the property so transferred; and
  - (c) to effect or perfect the transfer to and assumption by USAA S.A. of any Transferred EEA Liability or Residual EEA Liability pursuant to this Scheme.
- 3.5 With effect on and from the Effective Date, following the sanction of the Scheme by the Court, the Transferred EEA Assets and the Transferred EEA Liabilities shall be allocated to USAA S.A.'s Luxembourg head office.
- 3.6 With effect on and from the Effective Date, following the sanction of the Scheme by the Court, the Transferred Business in relation to the Transferred EEA Policies shall be carried on by USAA S.A. acting through its Luxembourg head office and/or its German branch office.
- 3.7 With effect on and from the Effective Date, USAA S.A. shall:
- (a) succeed to all property and liabilities of USAA LTD in respect of any personal data which relates to the Transferred EEA Business and which is subject to the Applicable Privacy Laws;
  - (b) become the data controller of any personal data which relates to the Transferred EEA Business and which is subject to the Applicable Privacy Laws and shall be deemed to have

been controller of all such personal data at all material times when such personal data was processed; and

- (c) in respect of any personal data which relates to the Transferred EEA Business be subject to the same duty by virtue of any law to which USAA LTD was subject to respect the confidentiality and privacy of each data subject of that personal data and shall be bound by any specific notice or consent given, or request made, by the data subject which was binding on USAA LTD and which required USAA LTD not to use the personal data for marketing purposes,

and in any consent given by a data subject in respect of such data as is mentioned in this clause 3.7, any reference to USAA LTD (or to any member of USAA LTD's Group) shall be deemed to include a reference to USAA S.A. (and to any member of USAA S.A.'s Group).

- 3.8 On and from the Effective Date, USAA S.A. shall owe to the policyholders of the Transferred EEA Business or to any other person at least the same duties of confidentiality and privacy (whether pursuant to statute or contract) as those which USAA LTD owed under the Transferred EEA Business immediately prior to the Effective Date.

#### **4 Continuity of Proceedings**

- 4.1 With effect on and from the Effective Date, any Proceedings (or any relevant part thereof) in connection with the Transferred EEA Business, the Transferred EEA Policies, the Transferred EEA Assets or the Transferred EEA Liabilities which:

- (a) prior to the Effective Date, have been issued, served, commenced, threatened or contemplated;
- (b) as at the Effective Date are pending or are continued, or which are issued, served, commenced, threatened or contemplated;
- (c) as at the Effective Date may be brought in the future including those not yet in contemplation; or
- (d) as at the Effective Date are pending or are continued on or after the Effective Date,

by or against USAA LTD in connection with the Transferred EEA Business, the Transferred EEA Policies, the Transferred EEA Assets or the Transferred EEA Liabilities, shall be continued or commenced by, against or in relation to USAA S.A.. For the avoidance of doubt any future Proceedings (or any relevant part thereof) shall be brought by, against or in relation to USAA S.A. and USAA S.A. shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off, rights of subrogation and any other rights that would have been available to USAA LTD in relation to the Transferred EEA Business, the Transferred EEA Policies, the Transferred EEA

Assets or the Transferred EEA Liabilities in any such Proceedings (or any relevant part thereof) and accepts responsibility in relation thereto.

4.2 With effect on and from the Subsequent EEA Transfer Date applicable thereto, any Proceedings (or any relevant part thereof) in connection with any Residual EEA Asset or Residual EEA Liability being transferred which:

- (a) prior to the Subsequent EEA Transfer Date, have been issued, served, commenced, threatened or contemplated;
- (b) as at the Subsequent EEA Transfer Date are pending or are continued, or which are issued, served, commenced, threatened or contemplated;
- (c) as at the Subsequent EEA Transfer Date may be brought in the future including those not yet in contemplation; or
- (d) as at the Subsequent EEA Transfer Date are pending or are continued on or after the Subsequent EEA Transfer Date,

by or against USAA LTD in connection with the Residual EEA Assets or the Residual EEA Liabilities which are to be transferred on such Subsequent EEA Transfer Date, shall be continued or commenced by, against or in relation to USAA S.A.. For the avoidance of doubt any future Proceedings (or any relevant part thereof) in connection with such Residual EEA Assets or Residual EEA Liabilities shall be brought by, against or in relation to USAA S.A. and USAA S.A. shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off, rights of subrogation and any other rights that would have been available to USAA LTD in relation to the Residual EEA Assets and the Residual EEA Liabilities. Until such Subsequent EEA Transfer Date, the Proceedings (or any relevant part thereof) in connection with any Residual EEA Asset or Residual EEA Liability still to be transferred shall be commenced or continued by or against USAA LTD and USAA LTD shall conduct such Proceedings (or any relevant part thereof) in accordance with the reasonable instructions of USAA S.A. and at the cost of USAA S.A..

4.3 Any judgment, settlement, order or award (or any relevant part thereof) obtained by or against USAA LTD whether before or after the Effective Date to the extent that it relates to any part of the Transferred EEA Business, the Transferred EEA Policies, the Transferred EEA Assets, the Transferred EEA Liabilities, the Residual EEA Assets or the Residual EEA Liabilities and which:

- (a) (in the case of the Transferred EEA Business, the Transferred EEA Policies, the Transferred EEA Assets or the Transferred EEA Liabilities) is not fully satisfied before the Effective Date; or
- (b) (in the case of the Residual EEA Assets or the Residual EEA Liabilities) is not fully satisfied before the applicable Subsequent EEA Transfer Date,

shall, on that date and to the extent to which it was enforceable by or against USAA LTD immediately prior to such date (or, if later, the date on which the judgment, settlement, order or award (or any relevant part thereof) is obtained), become enforceable by or against USAA S.A. (to the exclusion of USAA LTD).

4.4 All documents which would before the Effective Date have been evidence in respect of any matter for or against USAA LTD shall on and from the Effective Date (or any Subsequent EEA Transfer Date) be evidence in respect of the same matter for or against USAA S.A..

4.5 In respect of the Transferred EEA Business, USAA S.A. undertakes to comply with:

(a) the relevant provisions of the Dispute Resolution: Complaints rules (**DISP**) included in the FCA Handbook (and other relevant sections of the FCA Handbook) that would apply to the handling of any complaints brought to the United Kingdom Financial Ombudsman Service (the **FOS**) that fall under its jurisdiction; and

(b) any valid judgment, settlement, order or award (or relevant part thereof) of the FOS, made under its jurisdiction as set out in DISP 2 of the FCA Handbook.

4.6 Notwithstanding clause 22.1, any holder of a Transferred EEA Policy may enforce the provisions of clause 4.5 against USAA S.A..

## **5 Rights and Obligations in relation to the Transferred EEA Business**

5.1 With effect on and from the Effective Date, USAA S.A. shall become entitled to all the rights, benefits, powers and other property of USAA LTD whatsoever subsisting on the Effective Date under or by virtue of the Transferred EEA Policies.

5.2 Every person who is a policyholder of any of the Transferred EEA Policies or is a party to, or has the benefit of, any of the agreements with USAA LTD comprising the Transferred EEA Business shall with effect on and from the Effective Date become entitled, in succession to, and to the exclusion of, any rights which he may have had against USAA LTD under any of the Transferred EEA Policies or any other such agreement comprising the Transferred EEA Business, to the same rights against USAA S.A. subject to the terms of this Scheme, as were available to it against USAA LTD under such Transferred EEA Policies or such other agreement comprising the Transferred EEA Business and (as regards Transferred EEA Policies under which sums attributable or referable thereto continue to be payable) shall with effect on and from the Effective Date account to USAA S.A. for any sums attributable or referable thereto as and when the same become due and payable.

5.3 All references in any Transferred EEA Policy or other agreement comprising the Transferred EEA Business to USAA LTD, USAA LTD's Board, USAA LTD's Actuary or any other officers, employees or agents of USAA LTD shall from and after the Effective Date be read as references

to USAA S.A., USAA S.A.'s Board, USAA S.A.'s Actuary or any other officers or employees of USAA S.A. or, where appropriate, agents of USAA S.A. to which the administration of the relevant part of the business carried on by USAA S.A. has been delegated. In particular, but without limitation, all rights and duties exercisable or expressed to be exercisable or responsibilities to be performed by USAA LTD, USAA LTD's Board, USAA LTD's Actuary or any other officers, employees or agents of USAA LTD in relation to any of the Transferred EEA Policies or other agreements relating to the Transferred EEA Business shall, from and after the Effective Date, be exercisable or required to be performed by USAA S.A., USAA S.A.'s Board, USAA S.A.'s Actuary or any other officers, employees or agents of USAA S.A..

- 5.4 The transfer of any rights, benefits, liabilities and obligations under or in connection with any Transferred EEA Policy, Transferred EEA Asset, Residual EEA Asset, Transferred EEA Liability or Residual EEA Liability pursuant to this Scheme shall take effect and shall be valid and binding on all parties having any interest in the same notwithstanding any restriction howsoever arising (including but not limited to, at law, in equity, tort or by contract) on transferring, assigning or otherwise dealing with the same and such transfer shall be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified or to treat any obligations or liabilities as discharged, modified or released.

## **6 EEA Reinsurance Arrangements**

- 6.1 With effect on and from the Effective Date, all the rights, benefits and powers conferred on or vested in USAA LTD and all the liabilities imposed on USAA LTD by or under the Transferred EEA Reinsurance Agreements, whether express or implied, shall, by the Order and without any further act or instrument, be transferred to and vest in USAA S.A. who shall, where appropriate, be substituted as a party in place of USAA LTD as if USAA S.A. had always been the original party to such agreements from inception.
- 6.2 All references in the Transferred EEA Reinsurance Agreements to USAA LTD, the USAA LTD's Board, USAA LTD's Actuary or any other officers, employees or agents of USAA LTD shall from and after the Effective Date be read as references to USAA S.A., USAA S.A.'s Board, USAA S.A.'s Actuary or any other officers or employees of USAA S.A. or, where appropriate, agents of USAA S.A. to which the administration of the business carried on by USAA S.A. has been delegated. In particular, but without limitation, all rights and/or duties exercisable or expressed to be exercisable or responsibilities to be performed by USAA LTD, USAA LTD's Board, USAA LTD's Actuary or any other officers, employees or agents of USAA LTD in relation to any of the Transferred EEA Reinsurance Agreements shall, from and after the Effective Date, be exercisable or required to be performed by USAA S.A., USAA S.A.'s Board, USAA S.A.'s Actuary or any other officers, employees or agents of USAA S.A..
- 6.3 Each Split EEA Reinsurance Agreement shall be varied such that:

- (a) it shall continue on its existing terms with USAA LTD as the reinsured to the extent that such Split EEA Reinsurance Agreement relates to liabilities under the Residual EEA Policies and remains with USAA LTD after the Effective Date;
- (b) it shall constitute a new agreement with USAA S.A. as the reinsured on the same terms as the existing terms (which, for the avoidance of doubt, shall be terms that for USAA S.A. are no more onerous than the existing terms were for USAA LTD) to the extent that such Split EEA Reinsurance Agreement relates to the Transferred EEA Liabilities which transfer to USAA UK under this Scheme, save that
  - (i) such splitting and transfer shall not constitute an event of default, suspension or otherwise give rise to a right of termination, early termination or unilateral variation (howsoever described) under the terms of any such Split EEA Reinsurance Agreement;
  - (ii) all rights, claims (including incurred but not reported claims), Proceedings and benefits under and accruing to the USAA LTD under each Split EEA Reinsurance Agreement shall not be terminated, reduced or otherwise adversely affected by such variation and new agreement;
  - (iii) all such rights, claims (including incurred but not reported claims), Proceedings and benefits under each Split EEA Reinsurance Agreement which relate to liabilities which are not Transferred EEA Liabilities will remain with and continue to be capable of being exercised by USAA LTD and shall not be terminated, reduced or otherwise adversely affected by such variation and new agreement;
  - (iv) all such rights, claims (including incurred but not reported claims), Proceedings and benefits under each Split EEA Reinsurance Agreement which relate to Transferred EEA Liabilities shall not be terminated, reduced or otherwise adversely affected and shall accrue to and be capable of being exercised by USAA S.A. under such new agreement in replacement of USAA LTD;
  - (v) the terms and conditions of each Split EEA Reinsurance Agreement (including, where applicable, the deductibles, limits and any other applicable policy limitations) shall apply in the aggregate so that the reinsurer has a contract with each of USAA LTD and USAA S.A. but is no better or worse off in respect of such contractual terms and conditions as a result of this Scheme; and
  - (vi) where applicable, the method of allocating premiums, limits, losses and related expenses and taxation in respect of a Split EEA Reinsurance Agreement shall be determined by agreement between USAA LTD and USAA S.A..

## **7 Residual EEA Policies**

7.1 Subject to clauses 7.2 and 7.3, the Residual EEA Policies shall not be transferred to USAA S.A. by this Scheme and all liabilities attributable to the Residual EEA Policies shall remain liabilities of USAA LTD and shall, to the fullest extent permitted by applicable law, be fully reinsured to USAA S.A. with effect from the Effective Date on the following basis:

- (a) the liability of USAA S.A. with effect on and from the Effective Date shall be such that the rights, benefits and powers provided to holders of Residual EEA Policies shall, to the extent possible, be the same as the rights, benefits and powers which would have been provided to such holders if the Residual EEA Policies had been Transferred EEA Policies;
- (b) the premiums payable by USAA LTD to USAA S.A. in connection with the provision of the reinsurance described in this clause 7.1 shall comprise an amount equal to the sum of:
  - (i) the Transferred EEA Assets which relate to such Residual EEA Policies and which have been received by USAA S.A.;
  - (ii) all premiums and reinsurance recoveries received by USAA LTD in respect of such Residual EEA Policies at any time after the Effective Date, which premiums and reinsurance recoveries shall be paid to USAA S.A. as soon as practicable after they are received;
  - (iii) all charges due to or deductible by USAA LTD in accordance with the relevant Residual EEA Policy's terms and conditions; and
  - (iv) less any fees, charges and expenses in respect of the Residual EEA Policies to the extent that such fees, charges and expenses are deducted from amounts received by USAA LTD in accordance with the terms and conditions of the Residual EEA Policies; and
- (c) USAA S.A. shall assume from USAA LTD the administration of the Residual EEA Policies and shall bear all expenses and liabilities in relation thereto, save as otherwise agreed in writing between the parties.

7.2 If all consents, permissions or other requirements for the transfer of a Residual EEA Policy from USAA LTD to USAA S.A. are obtained:

- (a) such Residual EEA Policy shall be transferred to USAA S.A. and shall thereafter be treated in all respects as if it were a Transferred EEA Policy save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent EEA Transfer Date applicable to such Residual EEA Policy or Residual EEA Liability (as the case may be);



- (b) any liability attributable to such Residual EEA Policy (which, if it were attributable to a Transferred EEA Policy, would be a Transferred EEA Liability) shall be transferred to USAA S.A. and shall thereafter be treated in all respects as if it were a Transferred EEA Liability save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent EEA Transfer Date applicable to such Residual EEA Policy or Residual EEA Liability (as the case may be); and
- (c) reinsurance cover provided to USAA LTD under a Split EEA Reinsurance Agreement pursuant to clause 6.3(a), shall thereafter be treated as provided under the new agreement referred to in clause 6.3(b) as if it were covered by a Transferred EEA Reinsurance Agreement save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent EEA Transfer Date applicable to the relevant Residual EEA Policy or Residual EEA Liability (as the case may be).

7.3 If any Residual EEA Policy is novated by written agreement to USAA S.A., the property and liabilities relating to such Residual EEA Policy shall, to the extent not previously transferred, be transferred to USAA S.A. and such Residual EEA Policy shall thereafter be dealt with by USAA S.A. under the provisions of this Scheme in all respects as if such Residual EEA Policy were a Transferred EEA Policy and any Split EEA Reinsurance Agreement applicable pursuant to clause 6.3(a), shall thereafter be treated as provided under the new agreement referred to in clause 6.3(b) as if it were covered by a Transferred EEA Reinsurance Agreement, save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent EEA Transfer Date applicable to such Residual EEA Policy or Residual EEA Liability (as the case may be).

7.4 To the extent that the risk under any Residual EEA Policy has been ceded to a third party under a Split EEA Reinsurance Agreement, any payment in respect of such risk made by USAA S.A. on behalf of USAA LTD under the relevant Residual EEA Policy shall be deemed to be a payment by USAA LTD for the purposes of such Split Reinsurance Agreement, and shall give rise to a claim by USAA S.A. thereunder as if it were the reinsured under the relevant Split EEA Reinsurance Agreement.

## **8 Mandates and other Payments (USAA S.A.)**

8.1 All amounts payable to USAA LTD in respect of the Transferred EEA Policies shall with effect on and from the Effective Date be payable to USAA S.A..

8.2 To the extent relevant, any mandate or other instruction in force on the Effective Date (including, without limitation, any instruction given to a bank by its customer in the form of a direct debit or standing order) and providing for the payment by a banker or other intermediary of premiums payable to USAA LTD under or in respect of any of the Transferred EEA Policies shall thereafter take effect as if it had provided for and authorised such payment to USAA S.A..

8.3 To the extent relevant, any mandate or other instruction in force on the Effective Date as to the manner of payment of any sum payable by USAA LTD under any of the Transferred EEA Policies shall, with effect on and from the Effective Date, continue in force as an effective authority to USAA S.A. in place of USAA LTD.

## **9 Declaration of Trust by USAA LTD (USAA S.A.)**

9.1 In the case of any Residual EEA Asset, USAA LTD shall from the Effective Date, until the relevant Subsequent EEA Transfer Date, hold any such Residual EEA Asset as trustee for USAA S.A..

9.2 USAA LTD shall be subject to USAA S.A.'s directions in respect of any property referred to in clause 9.1 from the Effective Date until the relevant property is transferred to or otherwise vested in USAA S.A. or is disposed of (whereupon USAA LTD shall account to USAA S.A. for the proceeds of sale thereof), and USAA S.A. shall have authority to act as the attorney of USAA LTD in respect of such property for all such purposes.

9.3 In the event of any payment being made to, property being received by or right being conferred upon USAA LTD after the Effective Date in respect of the Transferred EEA Business, the Transferred EEA Policies, any Transferred EEA Asset or any Residual EEA Asset, USAA LTD shall, as soon as is reasonably practicable after its receipt, pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such property or right to, or in accordance with the directions of, USAA S.A..

9.4 USAA S.A. shall indemnify USAA LTD against any reasonable out-of-pocket charges, costs, expenses, claims and other liabilities arising in respect of any obligation under or in connection with this clause 9.

## **10 Indemnities in favour of USAA LTD (USAA S.A.)**

10.1 With effect on and from the Effective Date, USAA S.A. shall discharge on USAA LTD's behalf or, failing that, shall indemnify USAA LTD against:

(a) charges, costs, expenses and claims and any other liabilities (which, in each case, USAA LTD shall procure are reasonable to the extent such matters are within its control) arising in respect of all Transferred EEA Liabilities and Residual EEA Liabilities (other than liabilities which would otherwise be the subject of double recovery under clause 10.1(b) or clause 10.2 below) until the relevant liability is transferred to or becomes a liability of USAA S.A.;

(b) any amount paid by USAA LTD in respect of any Transferred EEA Liabilities and Residual EEA Liabilities that are, whether wholly or in part, the subject of a policy of indemnity insurance or a claim or right of recovery against a third party, but only to the extent that USAA LTD, having made a claim under such a policy or against such third party, shall have

failed to recover any such amount pursuant to rights it may have under such policy, claim or right of recovery (having used all reasonable endeavours to do so, including complying with clause 10.3); and

- (c) charges, costs and claims arising in respect of any relevant Proceedings in respect of the Transferred EEA Business continued by or against USAA LTD in accordance with the instructions of USAA S.A. as contemplated by clause 4.2.

10.2 For the avoidance of doubt, USAA S.A. shall not be required under clause 10.1 to discharge or indemnify USAA LTD against Excluded EEA Liabilities or for any charges, costs, expenses and claims or any other liabilities arising in respect of any Excluded EEA Liabilities.

10.3 USAA S.A. shall indemnify USAA LTD against any reasonable costs and/or expenses which it may incur in pursuing any claim under any such policy of indemnity insurance or against any such third party as is referred to in clause 10.1(b). Subject thereto, USAA LTD shall take such steps as USAA S.A. shall require in order to pursue the rights it may have under any such policy of indemnity insurance or against any such third party. USAA S.A. shall be entitled, upon notice to USAA LTD, to have conduct of all Proceedings in respect of any such claim. In that connection, USAA LTD shall give all such assistance as USAA S.A. may reasonably require in conducting any such Proceedings.

10.4 Where USAA LTD is entitled to receive an amount pursuant to the indemnities contained in clauses 10.1 or 10.3, it shall be entitled to receive such amount on the basis that the amount payable by USAA S.A. pursuant to such obligation (the **EEA Payment**) shall be calculated in such a manner as will ensure that USAA LTD is in the same position as that in which it would have been if the matter giving rise to the EEA Payment had not occurred, including by taking into account:

- (a) any taxation required to be deducted or withheld by USAA S.A. from the EEA Payment;
- (b) the amount of any additional taxation which becomes payable by USAA LTD as a result of the EEA Payment being subject to taxation in the hands of USAA LTD; and
- (c) the amount of any tax relief which is obtained by USAA LTD or another member of USAA LTD's Group, to the extent that such tax relief is attributable to the matter giving rise to the EEA Payment or as a result of receiving the EEA Payment,

(which taxation and tax relief is to be determined, by taking into account its value, certainty of its availability and timing of its utilisation, by USAA LTD, acting reasonably and in good faith, to the reasonable satisfaction of USAA S.A.).

10.5 For the avoidance of doubt, USAA LTD shall not be entitled to obtain payment or indemnity more than once in respect of any shortfall or other event or any other circumstances which give rise to a claim under this Scheme or any other related agreement between the parties.

## PART D – UK TRANSFER

### 11 Transfer of UK Business

- 11.1 Each part of the Transferred UK Business, the Residual UK Assets and the Residual UK Liabilities shall be transferred to and be vested in USAA UK in accordance with this Scheme, so that:
- (a) subject to clause 17, with effect on and from the Effective Date, each Transferred UK Asset and all the property of USAA LTD in it, shall, by the Order and without any further act or instrument, be transferred to and be vested in USAA UK, subject to all Encumbrances (if any) affecting such property in accordance with this Scheme;
  - (b) subject to clause 17, with effect on and from each Subsequent UK Transfer Date, each Residual UK Asset to which such Subsequent UK Transfer Date applies and all the property of USAA LTD in it, shall, by the Order and without any further act or instrument, be transferred to and be vested in USAA UK, subject to all Encumbrances (if any) affecting such property in accordance with this Scheme;
  - (c) with effect on and from the Effective Date, each Transferred UK Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of USAA UK in accordance with this Scheme and shall cease to be a liability of USAA LTD; and
  - (d) with effect on and from each Subsequent UK Transfer Date, each Residual UK Liability to which such Subsequent UK Transfer Date applies shall, by the Order and without any further act or instrument, be transferred to and become a liability of USAA UK in accordance with this Scheme and shall cease to be a liability of USAA LTD.
- 11.2 USAA UK shall accept without investigation or requisition such title as USAA LTD shall have at the Effective Date to the Transferred UK Assets and, at any Subsequent UK Transfer Date, to each Residual UK Asset then transferred and USAA LTD shall not be liable for any charges, expenses, costs, claims, losses or any other liabilities in connection thereto that arise after the Effective Date, save as otherwise agreed between the parties in writing or as set out in this Scheme.
- 11.3 Save as provided in this Scheme, the transfer and vesting of any Transferred UK Asset or Transferred UK Liability relating to any part of the Transferred UK Business by virtue of the Order and this Scheme shall not
- (a) invalidate or discharge any contract, security interest or any other agreement or arrangement having a similar effect;
  - (b) require further registration in respect of any security;

- (c) constitute a breach of, or default under, or require any obligation to be performed sooner or later than would have otherwise been the case under, any contract or instrument to which USAA LTD or USAA UK are a party or are bound;
- (d) allow any party to a contract to which USAA UK or USAA LTD are a party to terminate that contract when that party would not otherwise have been able to terminate it;
- (e) entitle any party to any contract to which USAA UK or USAA LTD are a party to vary the terms of that contract when that party would not otherwise have been able to vary those terms or confer a right or benefit on that party which he would not otherwise have had; or
- (f) confer any greater or lesser rights or benefits, or impose any greater or lesser obligations, on any party to any contract to which USAA LTD or USAA UK are a party when that greater or lesser obligation would not otherwise have been imposed.

11.4 USAA LTD and USAA UK shall take all such steps, and execute all such documents, as may be necessary or desirable:

- (a) to effect or perfect the transfer to and vesting in USAA UK of any Transferred UK Asset or Residual UK Asset pursuant to this Scheme;
- (b) to correct any errors in the identity or amount of the property so transferred; and
- (c) to effect or perfect the transfer to and assumption by USAA UK of any Transferred UK Liability or Residual UK Liability pursuant to this Scheme.

11.5 With effect on and from the Effective Date, following the sanction of the Scheme by the Court, the Transferred UK Assets and the Transferred UK Liabilities shall be allocated to USAA UK as the London branch of USAA S.A..

11.6 With effect on and from the Effective Date, following the sanction of the Scheme by the Court, the Transferred Business in relation to the Transferred UK Policies shall be carried on by USAA UK as the United Kingdom branch of USAA S.A..

11.7 With effect on and from the Effective Date, USAA UK shall:

- (a) succeed to all property and liabilities of USAA LTD in respect of any personal data which relates to the Transferred UK Business and which is subject to the Applicable Privacy Laws;
- (b) become the data controller of any personal data which relates to the Transferred UK Business and which is subject to the Applicable Privacy Laws and shall be deemed to have been controller of all such personal data at all material times when such personal data was processed; and

- (c) in respect of any personal data which relates to the Transferred UK Business be subject to the same duty by virtue of any law to which USAA LTD was subject to respect the confidentiality and privacy of each data subject of that personal data and shall be bound by any specific notice or consent given, or request made, by the data subject which was binding on USAA LTD and which required USAA LTD not to use the personal data for marketing purposes,

and in any consent given by a data subject in respect of such data as is mentioned in this clause 11.7, any reference to USAA LTD (or to any member of USAA LTD's Group) shall be deemed to include a reference to USAA UK (and to any member of USAA UK's Group).

- 11.8 On and from the Effective Date, USAA UK shall owe to the policyholders of the Transferred UK Business or to any other person at least the same duties of confidentiality and privacy (whether pursuant to statute or contract) as those which USAA LTD owed under the Transferred UK Business immediately prior to the Effective Date.

## **12 Continuity of Proceedings**

- 12.1 With effect on and from the Effective Date, any Proceedings (or any relevant part thereof) in connection with the Transferred UK Business, the Transferred UK Policies, the Transferred UK Assets or the Transferred UK Liabilities which:
  - (a) prior to the Effective Date, have been issued, served, commenced, threatened or contemplated;
  - (b) as at the Effective Date are pending or are continued, or which are issued, served, commenced, threatened or contemplated;
  - (c) as at the Effective Date may be brought in the future including those not yet in contemplation; or
  - (d) as at the Effective Date are pending or are continued on or after the Effective Date,

by or against USAA LTD in connection with the Transferred UK Business, the Transferred UK Policies, the Transferred UK Assets or the Transferred UK Liabilities, shall be continued or commenced by, against or in relation to USAA UK. For the avoidance of doubt, any future Proceedings (or any relevant part thereof) shall be brought by, against or in relation to USAA UK and USAA UK shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off, rights of subrogation and any other rights that would have been available to USAA LTD in relation to the Transferred UK Business, the Transferred UK Policies, the Transferred UK Assets

or the Transferred UK Liabilities in any such Proceedings (or any relevant part thereof) and accepts responsibility in relation thereto.

12.2 With effect on and from the Subsequent UK Transfer Date applicable thereto, any Proceedings (or any relevant part thereof) in connection with any Residual UK Asset or Residual UK Liability to be transferred which:

- (a) prior to the Subsequent UK Transfer Date, have been issued, served, commenced, threatened or contemplated;
- (b) as at the Subsequent UK Transfer Date are pending or are continued, or which are issued, served, commenced, threatened or contemplated;
- (c) as at the Subsequent UK Transfer Date may be brought in the future including those not yet in contemplation; or
- (d) as at the Subsequent UK Transfer Date are pending or are continued on or after the Subsequent UK Transfer Date

by or against USAA LTD in connection with the Residual UK Assets or the Residual UK Liabilities which are to be transferred on such Subsequent UK Transfer Date, shall be continued or commenced by, against or in relation to USAA UK. For the avoidance of doubt any future Proceedings (or any relevant part thereof) in connection with such Residual UK Assets or Residual UK Liabilities shall be brought by, against or in relation to USAA UK and USAA UK shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off, rights of subrogation and any other rights that would have been available to USAA LTD in relation to the Residual UK Assets and the Residual UK Liabilities. Until such Subsequent UK Transfer Date, the Proceedings (or any relevant part thereof) in connection with Residual UK Assets or Residual UK Liabilities still to be transferred, shall be commenced or continued by or against USAA LTD and USAA LTD shall conduct such Proceedings (or any relevant part thereof) in accordance with the reasonable instructions of USAA UK and at the cost of USAA UK.

12.3 Any judgment, settlement, order or award (or any relevant part thereof) obtained by or against USAA LTD whether before or after the Effective Date to the extent that it relates to any part of the Transferred UK Business, the Transferred UK Policies, the Transferred UK Assets, the Transferred UK Liabilities, the Residual UK Assets or the Residual UK Liabilities and which:

- (a) (in the case of the Transferred UK Business, the Transferred UK Policies, the Transferred UK Assets or the Transferred UK Liabilities) is not fully satisfied before the Effective Date; or
- (b) (in the case of the Residual UK Assets or the Residual UK Liabilities) is not fully satisfied before the applicable Subsequent UK Transfer Date,



shall, on that date and to the extent to which it was enforceable by or against USAA LTD immediately prior to such date (or, if later, the date on which the judgment, settlement, order or award (or any relevant part thereof) is obtained), become enforceable by or against USAA UK (to the exclusion of USAA LTD).

12.4 All documents which would before the Effective Date have been evidence in respect of any matter for or against USAA LTD shall on and from the Effective Date (or any Subsequent UK Transfer Date) be evidence in respect of the same matter for or against USAA UK.

12.5 In respect of the Transferred UK Business, USAA UK undertakes to comply with:

(a) the relevant provisions of DISP included in the FCA Handbook (and other relevant sections of the FCA Handbook) that would apply to the handling of any complaints brought to the FOS that fall under its jurisdiction; and

(b) any valid judgment, settlement, order or award (or relevant part thereof) of the FOS, made under its jurisdiction as set out in DISP 2 of the FCA Handbook.

12.6 Notwithstanding clause 22.1, any holder of a Transferred EEA Policy may enforce the provisions of clause 12.5 against USAA UK.

### **13 Rights and Obligations in relation to the Transferred UK Business**

13.1 With effect on and from the Effective Date, USAA UK shall become entitled to all the rights, benefits, powers and other property of USAA LTD whatsoever subsisting on the Effective Date under or by virtue of the Transferred UK Policies.

13.2 Every person who is a policyholder of any of the Transferred UK Policies or is a party to, or has the benefit of, any of the agreements with USAA LTD comprising the Transferred UK Business shall with effect on and from the Effective Date become entitled, in succession to, and to the exclusion of, any rights which he may have had against USAA LTD under any of the Transferred UK Policies or any other such agreement comprising the Transferred UK Business, to the same rights against USAA UK subject to the terms of this Scheme as were available to it against USAA LTD under such Transferred UK Policies or such other agreement comprising the Transferred UK Business and (as regards Transferred UK Policies under which premiums or other sums attributable or referable thereto continue to be payable) shall with effect on and from the Effective Date account to USAA UK for any further or additional premiums or other sums attributable or referable thereto as and when the same become due and payable.

13.3 All references in any Transferred UK Policy or other agreement comprising the Transferred UK Business to USAA LTD, USAA LTD's Board, USAA LTD's Actuary or any other officers, employees or agents of USAA LTD shall from and after the Effective Date be read as references to USAA UK, USAA S.A.'s Board, USAA S.A.'s Actuary or any other officers or employees of

USAA UK or USAA S.A. or, where appropriate, agents of USAA UK or USAA S.A. to which the administration of the relevant part of the business carried on by USAA UK has been delegated. In particular, but without limitation, all rights and duties exercisable or expressed to be exercisable or responsibilities to be performed by USAA LTD, USAA LTD's Board, USAA LTD's Actuary or any other officers, employees or agents of USAA LTD in relation to any of the Transferred UK Policies or other agreements relating to the Transferred UK Business shall, from and after the Effective Date, be exercisable or required to be performed by USAA UK, USAA S.A.'s Board, USAA S.A.'s Actuary or any other officers, employees or agents of USAA UK or USAA S.A..

- 13.4 The transfer of any rights, benefits, liabilities and obligations under or in connection with any Transferred UK Policy, Transferred UK Asset, Residual UK Asset, Transferred UK Liability or Residual UK Liability pursuant to this Scheme shall take effect and shall be valid and binding on all parties having any interest in the same notwithstanding any restriction howsoever arising (including but not limited to, at law, in equity, tort or by contract) on transferring, assigning or otherwise dealing with the same and such transfer shall be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified or to treat any obligations or liabilities as discharged, modified or released.

#### **14 UK Reinsurance Arrangements**

- 14.1 With effect on and from the Effective Date, all the rights, benefits and powers conferred on or vested in USAA LTD and all the liabilities imposed on USAA LTD by or under the Transferred UK Reinsurance Agreements, whether express or implied, shall, by the Order and without any further act or instrument, be transferred to and vest in USAA UK who shall, where appropriate, be substituted as a party in place of USAA LTD as if USAA UK had always been the original party to such agreements from inception.
- 14.2 All references in the Transferred UK Reinsurance Agreements to USAA LTD, USAA LTD's Board, USAA LTD's Actuary or any other officers, employees or agents of USAA LTD shall from and after the Effective Date be read as references to USAA UK, USAA S.A.'s Board, USAA S.A.'s Actuary or any other officers or employees of USAA UK or USAA S.A. or, where appropriate, agents of USAA UK or USAA S.A. to which the administration of the business carried on by USAA UK has been delegated. In particular, but without limitation, all rights and/or duties exercisable or expressed to be exercisable or responsibilities to be performed by USAA LTD, USAA LTD's Board, USAA LTD's Actuary or any other officers, employees or agents of USAA LTD in relation to any of the Transferred UK Reinsurance Agreements shall, from and after the Effective Date, be exercisable or required to be performed by USAA UK, USAA S.A.'s Board, USAA S.A.'s Actuary or any other officers, employees or agents of USAA UK or USAA S.A..
- 14.3 Each Split UK Reinsurance Agreement shall be varied such that:

- (a) it shall continue on its existing terms with USAA LTD as the reinsured to the extent that such Split UK Reinsurance Agreement relates to liabilities under the Residual UK Policies and remain with USAA LTD after the Effective Date;
- (b) it shall constitute a new agreement with USAA UK as the reinsured on the same terms as the existing terms (which, for the avoidance of doubt, shall be terms that for USAA UK are no more onerous than the existing terms were for USAA LTD) to the extent that such Split UK Reinsurance Agreement relates to the Transferred UK Liabilities which transfer to USAA UK under this Scheme, save that:
  - (i) such splitting and transfer shall not constitute an event of default, suspension or otherwise give rise to a right of termination, early termination or unilateral variation (howsoever described) under the terms of any such Split UK Reinsurance Agreement;
  - (ii) all rights, claims (including incurred but not reported claims), Proceedings and benefits under and accruing to the USAA LTD under each Split UK Reinsurance Agreement shall not be terminated, reduced or otherwise adversely affected by such variation and new agreement;
  - (iii) all such rights, claims (including incurred but not reported claims), Proceedings and benefits under each Split UK Reinsurance Agreement which relate to liabilities which are not Transferred UK Liabilities will remain with and continue to be capable of being exercised by USAA LTD and shall not be terminated, reduced or otherwise adversely affected by such variation and new agreement;
  - (iv) all such rights, claims (including incurred but not reported claims), Proceedings and benefits under each Split UK Reinsurance Agreement which relate to Transferred UK Liabilities shall not be terminated, reduced or otherwise adversely affected and shall accrue to and be capable of being exercised by USAA UK under such new agreement in replacement of USAA LTD;
  - (v) the terms and conditions of each Split UK Reinsurance Agreement (including, where applicable, the deductibles, limits and any other applicable policy limitations) shall apply in the aggregate so that the reinsurer has a contract with each of the USAA LTD and USAA UK but is no better or worse off in respect of such contractual terms and conditions as a result of this Scheme; and
  - (vi) where applicable, the method of allocating premiums, limits, losses and related expenses and taxation in respect of a Split UK Reinsurance Agreement shall be determined by agreement between USAA LTD and USAA UK.

## 15 Residual UK Policies

- 15.1 Subject to clauses 15.2 and 15.3, the Residual UK Policies shall not be transferred to USAA UK by this Scheme and all liabilities attributable to the Residual UK Policies shall remain liabilities of USAA LTD and shall, to the fullest extent permitted by applicable law, be fully reinsured to USAA UK with effect from the Effective Date on the following basis:
- (a) the liability of USAA UK with effect on and from the Effective Date shall be such that the rights, benefits and powers provided to holders of Residual UK Policies shall, to the extent possible, be the same as the rights, benefits and powers which would have been provided to such holders if the Residual UK Policies had been Transferred UK Policies;
  - (b) the premiums payable by USAA LTD to USAA UK in connection with the provision of the reinsurance described in this clause 15.1 shall comprise an amount equal to the sum of:
    - (i) the Transferred UK Assets which relate to such Residual UK Policies and which have been received by USAA UK;
    - (ii) all premiums and reinsurance recoveries received by USAA LTD in respect of such Residual UK Policies at any time after the Effective Date, which premiums and reinsurance recoveries shall be paid to USAA UK as soon as practicable after they are received;
    - (iii) all charges due to or deductible by USAA LTD in accordance with the relevant Residual UK Policy's terms and conditions; and
    - (iv) less any fees, charges and expenses in respect of the Residual UK Policies to the extent that such fees, charges and expenses are deducted from amounts received by USAA LTD in accordance with the terms and conditions of the Residual UK Policies; and
  - (c) USAA UK shall assume from USAA LTD the administration of the Residual UK Policies and shall bear all expenses and liabilities in relation thereto, save as otherwise agreed in writing between the parties.
- 15.2 If all consents, permissions or other requirements for the transfer of a Residual UK Policy from USAA LTD to USAA UK are obtained:
- (a) such Residual UK Policy shall be transferred to USAA UK and shall thereafter be treated in all respects as if it were a Transferred UK Policy save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent UK Transfer Date applicable to such Residual UK Policy or Residual UK Liability (as the case may be);

- (b) any liability attributable to such Residual UK Policy (which, if it were attributable to a Transferred UK Policy, would be a Transferred UK Liability) shall be transferred to USAA UK and shall thereafter be treated in all respects as if it were a Transferred UK Liability save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent UK Transfer Date applicable to such Residual UK Policy or Residual UK Liability (as the case may be); and
- (c) reinsurance cover provided to USAA LTD under a Split UK Reinsurance Agreement pursuant to clause 14.3(a), shall thereafter be treated as provided under the new agreement referred to in clause 14.3(b) as if it were covered by a Transferred UK Reinsurance Agreement save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent UK Transfer Date applicable to the relevant Residual UK Policy or Residual UK Liability (as the case may be).

15.3 If any Residual UK Policy is novated by written agreement to USAA UK, the property and liabilities relating to such Residual UK Policy shall, to the extent not previously transferred, be transferred to USAA UK and such Residual UK Policy shall thereafter be dealt with by USAA UK under the provisions of this Scheme in all respects as if such Residual UK Policy were a Transferred UK Policy and any Split UK Reinsurance Agreement applicable pursuant to clause 14.3(a), shall thereafter be treated as provided under the new agreement referred to in clause 14.3(b) as if it were covered by a Transferred UK Reinsurance Agreement save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent UK Transfer Date applicable to such Residual UK Policy or Residual UK Liability (as the case may be).

15.4 To the extent that the risk under any Residual UK Policy has been ceded to a third party under a Split UK Reinsurance Agreement, any payment in respect of such risk made by USAA UK on behalf of USAA LTD under the relevant Residual UK Policy shall be deemed to be a payment by USAA LTD for the purposes of such Split UK Reinsurance Agreement, and shall give rise to a claim by USAA UK thereunder as if it were the reinsured under the relevant Split UK Reinsurance Agreement.

## **16 Mandates and other Payments (USAA UK)**

16.1 All premiums or other amounts payable to USAA LTD in respect of the Transferred UK Policies shall with effect on and from the Effective Date be payable to USAA UK.

16.2 To the extent relevant, any mandate or other instruction in force on the Effective Date (including, without limitation, any instruction given to a bank by its customer in the form of a direct debit or standing order) and providing for the payment by a banker or other intermediary of premiums

payable to USAA LTD under or in respect of any of the Transferred UK Policies shall thereafter take effect as if it had provided for and authorised such payment to USAA UK.

- 16.3 To the extent relevant, any mandate or other instruction in force on the Effective Date as to the manner of payment of any sum payable by USAA LTD under any of the Transferred UK Policies shall, with effect on and from the Effective Date, continue in force as an effective authority to USAA UK in place of USAA LTD.

## **17 Declaration of Trust by USAA LTD (USAA UK)**

- 17.1 In the case of any Residual UK Asset, USAA LTD shall from the Effective Date, until the relevant Subsequent UK Transfer Date, hold any such Residual UK Asset as trustee for USAA UK.
- 17.2 USAA LTD shall be subject to USAA UK's directions in respect of any property referred to in clause 17.1 from the Effective Date until the relevant property is transferred to or otherwise vested in USAA UK or is disposed of (whereupon USAA LTD shall account to USAA UK for the proceeds of sale thereof), and USAA UK shall have authority to act as the attorney of USAA LTD in respect of such property for all such purposes.
- 17.3 In the event of any payment being made to, property being received by or right being conferred upon USAA LTD after the Effective Date in respect of the Transferred UK Business, the Transferred UK Policies, any Transferred UK Asset or any Residual UK Asset, USAA LTD shall, as soon as is reasonably practicable after its receipt, pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such property or right to, or in accordance with the directions of, USAA UK.
- 17.4 USAA UK shall indemnify USAA LTD against any reasonable out-of-pocket charges, costs, expenses, claims and other liabilities arising in respect of any obligation under or in connection with this clause 17.

## **18 Indemnities in favour of USAA LTD (USAA UK)**

- 18.1 With effect on and from the Effective Date, USAA UK shall discharge on USAA LTD's behalf or, failing that, shall indemnify USAA LTD against:
- (a) charges, costs, expenses and claims and any other liabilities (which, in each case, USAA LTD shall procure are reasonable to the extent such matters are within its control) arising in respect of all Transferred UK Liabilities and Residual UK Liabilities (other than liabilities which would otherwise be the subject of double recovery under clause 18.1(b) or clause 18.2 below) until the relevant liability is transferred to or becomes a liability of USAA UK;
  - (b) any amount paid by USAA LTD in respect of any Transferred UK Liabilities and Residual UK Liabilities that are, whether wholly or in part, the subject of a policy of indemnity

insurance or a claim or right of recovery against a third party, but only to the extent that USAA LTD, having made a claim under such a policy or against such third party, shall have failed to recover any such amount pursuant to rights it may have under such policy, claim or right of recovery (having used all reasonable endeavours to do so, including complying with clause 18.3); and

- (c) charges, costs and claims arising in respect of any relevant Proceedings in respect of the Transferred UK Business continued by or against USAA LTD in accordance with the instructions of USAA UK as contemplated by clause 12.2.

18.2 For the avoidance of doubt, USAA UK shall not be required under clause 18.1 to discharge or indemnify USAA LTD against Excluded UK Liabilities or for any charges, costs, expenses and claims or any other liabilities arising in respect of any Excluded UK Liabilities.

18.3 USAA UK shall indemnify USAA LTD against any reasonable costs and/or expenses which it may incur in pursuing any claim under any such policy of indemnity insurance or against any such third party as is referred to in clause 18.1(b). Subject thereto, USAA LTD shall take such steps as USAA UK shall require in order to pursue the rights it may have under any such policy of indemnity insurance or against any such third party. USAA UK shall be entitled, upon notice to USAA LTD, to have conduct of all Proceedings in respect of any such claim. In that connection, USAA LTD shall give all such assistance as USAA UK may reasonably require in conducting any such Proceedings.

18.4 Where USAA LTD is entitled to receive an amount pursuant to the indemnities contained in clauses 18.1 or 18.3, it shall be entitled to receive such amount on the basis that the amount payable by USAA UK pursuant to such obligation (the **UK Payment**) shall be calculated in such a manner as will ensure that USAA LTD is in the same position as that in which it would have been if the matter giving rise to the UK Payment had not occurred, including by taking into account:

- (a) any taxation required to be deducted or withheld by USAA UK from the UK Payment;
- (b) the amount of any additional taxation which becomes payable by USAA LTD as a result of the UK Payment being subject to taxation in the hands of USAA LTD; and
- (c) the amount of any tax relief which is obtained by USAA LTD or another member of USAA LTD's Group, to the extent that such tax relief is attributable to the matter giving rise to the UK Payment or as a result of receiving the UK Payment,

(which taxation and tax relief is to be determined, by taking into account its value, certainty of its availability and timing of its utilisation, by USAA LTD, acting reasonably and in good faith, to the reasonable satisfaction of USAA UK).

18.5 For the avoidance of doubt, USAA LTD shall not be entitled to obtain payment or indemnity more than once in respect of any shortfall or other event or any other circumstances which give rise to a claim under this Scheme or any other related agreement between the parties.



## PART E - MISCELLANEOUS PROVISIONS

### 19 Effective Date

19.1 The provisions of this Scheme relating to the transfer to USAA S.A. of the Transferred EEA Business on the one hand and the transfer to USAA UK of the Transferred UK Business on the other, are interdependent and, accordingly, it is hereby declared that:

- (a) the transfer to USAA S.A. of the Transferred EEA Business may not be sanctioned and become effective unless the transfer to USAA UK of the Transferred UK Business is sanctioned and becomes effective at the same time; and
- (b) the transfer to USAA UK of the Transferred UK Business may not be sanctioned and become effective unless the transfer to USAA S.A. of the Transferred EEA Business is sanctioned and becomes effective at the same time.

19.2 Subject to clause 19.2(b), the provisions of this Scheme related to:

- (a) the Transferred EEA Business and the Transferred UK Business shall become effective at 23:59 pm (Central European Time) on 31 December 2022 (the **Effective Date**); and
- (b) If the provisions of this Scheme relating to both the Transferred EEA Business and the Transferred UK Business have not become effective on or before 23:59 pm (Central European Time) on 31 March 2022, the provisions of this Scheme shall lapse.

19.3 This Scheme will not become effective on the Effective Date unless on or prior thereto the Order shall have been made.

### 20 Costs and Expenses

Except as otherwise agreed in writing, USAA LTD shall bear 100% of the aggregate costs and expenses in relation to the preparation and carrying into effect of this Scheme.

### 21 Modification or Additions

21.1 USAA LTD, USAA S.A. and USAA UK may, as required, consent for and on behalf of the parties hereto and all other persons concerned (other than the PRA and the FCA) to any modification of or addition to this Scheme or to any further condition or provision affecting the same which, prior to its sanction of this Scheme, the Court may approve or impose.

21.2 Subject to clause 21.4, at any time after the sanction of this Scheme, USAA S.A., with USAA LTD's consent (not to be unreasonably withheld or delayed) (it being acknowledged and agree that USAA LTD's consent shall not be required to the extent that USAA LTD has been liquidated prior to the date of the proposed amendment to the Scheme), shall be at liberty to apply to the

Court for consent to amend clauses 1 and clause 2 (inclusive) (to the extent such clauses relate to the Transferred EEA Business) and clauses 3 to 10 inclusive, provided that in any such case:

- (a) the PRA and the FCA shall be notified in advance and in good time of (and, in any event, not less than six weeks prior to), and shall have the right to be heard at, any hearing of the Court at which such application is considered; and
- (b) such application shall be accompanied by a certificate (supported by a report which has been prepared on the basis of the most recent available financial information) from the Independent Expert or another independent actuary to the effect that in his opinion the proposed amendment will not materially adversely affect the policyholders of the Transferred EEA Policies, the Transferred UK Policies, the Residual EEA Policies and the Residual UK Policies.

If the consent of the Court is granted, the USAA S.A. may amend the terms of this Scheme in accordance with such consent.

21.3 Subject to clause 21.4, at any time after the sanction of this Scheme, USAA UK, with USAA LTD's consent (not to be unreasonably withheld or delayed) (it being acknowledged and agreed that USAA LTD's consent shall not be required to the extent that USAA LTD has been liquidated prior to the date of the proposed amendment to the Scheme), shall be at liberty to apply to the Court for consent to amend clauses 1 and clause 2 (inclusive) (to the extent such clauses relate to the Transferred UK Business) and clauses 11 to 18 (inclusive), provided that in any such case:

- (a) the PRA and the FCA shall be notified in advance and in good time of (and, in any event, not less than six weeks prior to), and shall have the right to be heard at, any hearing of the Court at which such application is considered; and
- (b) such application shall be accompanied by a certificate (supported by a report which has been prepared on the basis of the most recent available financial information) from the Independent Expert or another independent actuary to the effect that in his opinion the proposed amendment will not materially adversely affect the policyholders of the Transferred EEA Policies, the Transferred UK Policies, the Residual EEA Policies or the Residual UK Policies.

If the consent or the Court is granted, USAA UK may amend the terms of this Scheme in accordance with such consent.

21.4 The consent of the Court shall not be required in relation to minor and/or technical amendments to the terms of this Scheme (including amendments to correct manifest errors and/or to reflect changes required by law or regulation, including changes in generally accepted actuarial practice) that are (in the case of amendments set out in clause 21.2) agreed by USAA LTD and USAA S.A.

or (in the case of amendments set out in clause 21.3) agreed by USAA LTD and USAA UK, provided, in each case that:

- (a) USAA LTD's consent shall not be required to the extent that USAA LTD has been liquidated prior to the date of the proposed amendment to the Scheme; and
- (b) either: (i) each of the PRA and the FCA has been notified of the same and has indicated that it does not object thereto; or (ii) a period of six weeks commencing on the date of an acknowledgement of receipt of the relevant notification by both the PRA and the FCA has passed without the PRA or the FCA indicating any objection thereto.

## **22 Third Party Rights and Governing Law**

22.1 It is not intended that any person who is not a party to this Scheme may enforce any of its terms, whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise.

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

Dated this 19<sup>th</sup> day of July 2022