

# SOVEREIGN TERMS AND CONDITIONS OF BUSINESS

## DEFINITIONS AND INTERPRETATION

In these Terms and Conditions:

"Agreement" means the contract between Sovereign and the Client of which these Terms and Conditions shall form an integral part.

"Client" means the applicant whose description and address are set out in this form (and where there is more than one applicant, each shall be a Client on a joint and severable liability basis)

"Company" means any one or more companies in respect of which Sovereign provides Services at the Client's request.

"Services" means any company formation management or administration services whatsoever provided in respect of a Company and any services provided in respect of a trust including the provision of trustees and trust administration services.

"Sovereign" means the Sovereign company identified on the front of this form and where the context admits shall include any member of or any associated company within The Sovereign Group Ltd whether as a subsidiary holding company joint venture company or franchisee of The Sovereign Group Ltd or any of its subsidiaries or in any other capacity whatsoever and any employee servant agent director or representative of same which provides Services pursuant to this Agreement.

Words importing one gender include all other genders and words importing the singular include the plural and vice versa.

## FEES AND SERVICES

1. The Client agrees to pay the fees charged by Sovereign for the provision of Services and any third party disbursements incurred by Sovereign for the provision of the Services. This includes fees for annually recurring Services billed at the rates applied by Sovereign from time to time and fixed fees. Sovereign will not begin to offer Services unless the requested payment has been received by Sovereign. Although effort is made to maintain the same fee level for as long as possible, Sovereign reserves the right to increase the level of annual fees payable but shall give the Client not less than 30 days notice of any increase prior to commencing provision of relevant Services. Additional work undertaken on behalf of the Client shall be paid for on a time-spent basis at the hourly rate then applicable.
2. Fees shall be payable immediately upon issue of invoices to the Client. If invoices are not settled within 30 days of the invoice date Sovereign shall be entitled to charge interest on all outstanding fees at the rate of 4% per annum over the best lending rate offered from time to time by HSBC for the currency in which the invoice is denominated.
3. In the event of the Client failing to settle any invoice by the due date the Client and/ or the Company authorises Sovereign to deduct fees from any account, monies or property under the control of Sovereign in which the Client or the Company has a legal or beneficial interest and whilst any such fees remain outstanding Sovereign shall have a lien on any papers books or records and/ or all assets of the Company or the Client which are in the possession or under the control of Sovereign.
4. In the event that invoices remain outstanding Sovereign shall utilize a debt collection service and the Client acknowledges that they will be responsible for fees incurred in connection with the debt collection.
5. The Client acknowledges that late or non-payment of fees may result in a Company being in default of its statutory obligations and ultimately struck-off the register of companies in the jurisdiction of incorporation. The Client further acknowledges that unless and until the Company is struck-off or otherwise liquidated the Client shall remain liable to pay for the provision of continuing Services and all government fees, penalties and other disbursements payable to third parties.
6. If the Client no longer requires Sovereign to provide Services to a Company, not later than 30 days after the date of an invoice for annual Services the Client shall give written notice to Sovereign accordingly failing which the Client shall be deemed to have accepted liability to pay for such Services and shall be liable for the payment of the said invoice in full.
7. Services are provided on an annual basis and Sovereign shall not, without prior written agreement, be required to provide such Services for shorter periods or for part only of the relevant annual period.
8. Without prior agreement, Sovereign will not pay interest on any monies held by or on behalf of a Client.
9. A termination fee of not less than £500/US\$800 shall be payable by the Client to Sovereign upon the Services no longer being required whether as a result of the winding up or disposal of the Company, the transfer of management or otherwise. Sovereign shall be entitled to charge additional fees for documentary work, time spent in effecting such termination and disbursements payable to third parties.
10. Sovereign reserves the right to refuse to accept instructions from a Client or to discontinue the provision of Services without giving any reasons therefor.

## OFFICERS

11. Where Sovereign provides directors, company secretaries and/or registered agents ("Officers") to or for a Company:
  - 11.1 The Officers may consult with and consider requests and suggestions from the Client in respect of the management of the Company but they shall be under no obligation to act in any manner that is or, in their absolute discretion, appears to them to be dishonest, illegal, improper, incorrect or otherwise wrong.
  - 11.2 Sovereign shall procure the resignation and replacement of the Officers upon receipt of a written request from the beneficial owners of a majority of the voting shares of the Company except that in the case of a hybrid company or a company limited by guarantee the request may be properly given by the holders of a majority interest in the profits of the Company.
  - 11.3 The Client acknowledges and understands that Sovereign provides Officers for many companies some of which may compete or have conflicting interests with the Company. While Sovereign operates a policy of confidentiality the provision of Officers and related Services to other clients shall not be regarded as a breach of any duty in this respect and the Client gives informed consent to this arrangement.
  - 11.4 The Client shall at all times indemnify and keep indemnified the Officers in respect of all actions, claims and demands, losses, penalty payments and costs made against or suffered or incurred by the Officers in the exercise or purported exercise of their duties unless the Officers shall be guilty of personal dishonesty.
  - 11.5 The Client acknowledges and understands that Officers may incur personal liabilities if certain statutory obligations relating to the Company are not complied with and that compliance with such statutory obligations is dependent on the Client promptly paying fees and responding to requests for information. If the Client fails to pay fees when due or respond promptly to requests for information the Officers shall be entitled to resign their services and the Client hereby irrevocably and unconditionally appoints Sovereign his attorney and agent for the purpose of appointing the Client as Officer in their place.
  - 11.6 The Client acknowledges and understands that no contract shall be concluded by the Client or any third party on behalf of the Company by email or any other means unless authorised by the directors of the Company in writing.

## REGISTERED OFFICE

12. Where Sovereign provides registered office facilities to or for the Company:
  - 12.1 No reference shall be made to that registered office address in any advertisement or public announcement without the specific consent of Sovereign thereto.
  - 12.2 The facility is available on the basis of a licence revocable at will by Sovereign and the Client shall upon request from Sovereign immediately transfer the registered office address to another address selected by the Client.
  - 12.3 The Client hereby irrevocably and unconditionally appoints Sovereign his attorney and agent for the purpose of transferring the registered office address to an address of Sovereign's choice if the Client shall fail to do so within 10 days of Sovereign issuing a request under the preceding clause.

13. From time to time, it may be necessary for Sovereign to move its offices to another location and such a move may make it necessary for the registered office address of the Company to be changed. Sovereign undertakes to give the Client as much advance notice as possible of any such move but shall not be liable or held responsible for any costs incurred by the Client or the Company as a result thereof.

## CONFIDENTIALITY

14. If any information is confidential, Sovereign will keep it confidential. However, unless the Client tells us otherwise, Sovereign is authorised to make information about the Client available to other advisers and organisations (such as financial institutions) if Sovereign considers it is appropriate to do so. Sovereign will also make information available to courts, police or regulatory authorities, if it has a legal duty to do so.
15. Sovereign is authorized to release privileged and confidential information to their regulator or insurers if it believes there are circumstances connected to the company or Services which could give rise to a claim against Sovereign. The purpose of releasing the information is to make sure Sovereign protects the Client's interests and that the Client is covered in all circumstances. The Client authorises Sovereign to provide any information or data relating to the Client and any of the Services provided to the Client to associated companies within the Sovereign Group and their regulatory authorities or to banks or other third parties if required for the purposes of the Services.

## OTHER PROVISIONS

16. For the purposes of the US Foreign Account Tax Compliance Act or its foreign equivalent (FATCA) if the Company is a sponsored investment entity or controlled foreign corporation Sovereign is hereby appointed as Sponsoring Entity and if the Company so requests Sovereign hereby agrees to perform the due diligence, withholding, and reporting obligations of the Company pursuant to relevant FATCA regulations.
17. To enable Sovereign at all times to contact the Client, the Client shall provide full details of and promptly inform Sovereign of any changes to his usual residential address, telephone number, fax number and any email address in addition to any business or other contact address provided by the Client.
18. To enable Sovereign to provide the Services the Client shall within 14 days inform Sovereign of any changes to their tax residency.
19. All instructions or requests for action shall be transmitted to Sovereign by the Client in writing. Sovereign may, at its discretion, agree to act on any request or instruction given otherwise than in writing but in such event Sovereign shall not be liable in respect of any misunderstanding or error occasioned in processing such action or request acted upon in good faith.
20. All communications in relation to the administration of the Company, including annual invoices, shall be deemed to have been properly communicated to the Client if sent to the email address notified to Sovereign by the Client in accordance with this Agreement and all such communications shall be deemed to have been properly received by the Client upon sending the email to the Client. In the event that the Client requests communications by post all such communications shall be deemed to have been properly received by the Client seven (7) days after posting such communication to the Client. It shall not be necessary for Sovereign to provide proof of postage. Communications may be sent by post, facsimile, email or by such other method as the Client shall authorise.
21. Sovereign and its Officers shall provide the Services with reasonable care, skill and due diligence, Sovereign's liability is subject to the Client's obligations under this Agreement. Sovereign will not be responsible for losses or expenses which:
  - a) were not foreseeable to the Client or Sovereign when the Agreement was formed, ie loss not within the reasonable contemplation of any parties at the time the parties entered into the Agreement as a probable result of the breach;
  - b) happen as a side effect (such as loss of profits, opportunity or goodwill etc) of any direct loss the Client suffers as a result of Sovereign breaching (or failing to perform) the engagement (including by Sovereign's gross negligence, wilful misconduct or fraud);
  - c) are the acts or omissions of any other person;
  - d) are due to the provision of incomplete, misleading or false information by the Client or their agents;
  - e) exceed any limitation on the extent of Sovereign's obligations or liability to the Client;
  - f) arise from non-receipt of instructions by the Client.The Client shall have no claim whatsoever against Sovereign or its Officers in respect of anything done or omitted to be done or in respect of any exercise of any discretion unless same shall involve fraud, wilful misconduct or gross negligence.
22. Sovereign's liability is limited to the amount invoiced for annually recurring Services save in the event of fraud, wilful misconduct or gross negligence.
23. Sovereign shall be entitled to retain commissions or retrocessions received from any third party or intermediary with whom Sovereign arranges deals on behalf of the Client or Company or to whom Sovereign introduces the Client or Company. The Client accepts that any commission or retrocession received by Sovereign shall not be used to settle any outstanding sums or set-off any future sums due from the Client to Sovereign.
24. The Client shall at all times hereafter indemnify and keep indemnified Sovereign against all actions, suits, proceedings, claims, demands, costs, charges, expenses and consequences whatsoever which may be taken or instituted against Sovereign or which may be incurred or become payable by Sovereign by reason of or on account of (i) Sovereign having acted or declined to act on any instructions or otherwise pursuant to this Agreement, (ii) Sovereign providing any Officer, registered office or other Service in respect of the Company or (iii) Sovereign providing a representative or nominee shareholder of the Company pursuant to this Agreement.
25. In its brochure and other materials Sovereign provides information, inter alia, on corporate, trust, financial and commercial matters. Such information does not purport to be legal or other professional advice and shall not be taken to constitute such advice or used or relied upon by the Client as such. The Client shall take his own independent advice on any matter relating to the Company and any Services provided by Sovereign that may affect or concern the Client and his personal affairs and shall not rely upon any representations (whether oral, written, expressed, implied or otherwise) made by Sovereign, its employees, agents or representatives.
26. To satisfy Sovereign's due diligence requirements, upon request the Client shall provide Sovereign with whatever information Sovereign may reasonably require about the background of the Client, source of funds and/or the dealings and the business of the Company. The Client shall notify Sovereign of any changes to such information.
27. Where Sovereign receives mail on behalf of a Client or a Company Sovereign retains the right to open that mail in accordance with the requirements of local legislation or regulation or as good practice dictates.
28. Sovereign has an internal complaints procedure and a number of Sovereign companies are regulated by financial services authorities. Details will be supplied on request.
29. Any Sovereign name and any opinions, recommendations or similar comments made by Sovereign may not be used in connection with any offering document, financial statement or other public documents without Sovereign's written consent.
30. Sovereign shall be entitled to amend these Terms and Conditions from time to time provided that Sovereign shall give reasonable advance notice to the Client before such amendment shall take effect.
31. The Client acknowledges that he has not relied on any representations, oral or otherwise, that have not been agreed in writing and incorporated herein.
32. This Agreement shall be governed by the laws of, and be deemed to have been made in, the place of incorporation of the Sovereign company identified on the front of this form or invoice. Any proceedings arising out of or in connection with this Agreement may be brought in any court of competent jurisdiction and Sovereign shall retain the right to commence proceedings in any other jurisdiction it may consider appropriate.