

Important Information on Investment Guidelines and Dealing Instructions

This eshot relates to all Sovereign QROPS, De-Listed (Former) QROPS and SIPP products, including the newly acquired Aurora Europa products formerly under the trusteeship of Concept Group.

Sovereign issued revised Investment Guidelines for all its pension products in April 2017. These are updated and reissued below.

These guidelines are now applicable to all Guernsey De-Listed (Former) QROPS with immediate effect and will become applicable to the Aurora Europa products from the 1st of March 2018.

A comprehensive PDF showing the investment guidelines for QROPS and De-Listed (Former) QROPS products can be found [here](#).

Our International SIPP investment guidelines can be found [here](#).

Dealing Instructions

Due to newly introduced regulatory guidelines, Sovereign's investment administration team is required to review any cases where more than one dealing instruction is received per portfolio per quarter. This may prompt an internal review which may result in a brief delay of the instruction being actioned.

Upon receipt of a dealing instruction which includes both 'buy' and 'sell' instructions, Sovereign will only be able to action the 'sell' instruction if the new proposed portfolio meets the current investment guidelines. If a sale is required, a dealing instruction including only the details of the investment being sold will need to be submitted to our dealing team. The corresponding purchase instruction should then follow separately. In short, two separate dealing instructions may be required.

When placing dealing instructions for structured notes, a Fact Sheet must also be included with the dealing instruction. If the Fact Sheet is omitted, there may be a delay in processing the dealing instruction while this is obtained.

Charging Structures

Investment products used in connection to any of Sovereign's pension plans and retirement schemes must have a charging structure applicable over no more than a ten-year period. With immediate effect, Sovereign will no longer permit charging structures exceeding ten-year periods.

Annual Fees

Sovereign trustees will always sell the largest liquid asset in a member's pension to settle its annual fee should there not be sufficient cash in the investment transaction account. Please advise the relevant trustee at your earliest convenience, should you wish for alternative arrangements to be made in the event that there are insufficient funds in such an account.

Structured Notes

The following rules in respect of the composition of structured notes apply to all Sovereign QROPS, De-Listed (Former) QROPS and SIPP products:

- Major indices only (no single equities or sectors)
- Minimum 30 per cent barriers
- Minimum credit rating for issuing banks (Moody's, Fitch and S&P 'BBB')
- Notes must not restrict retail investors or allow professional investors only

For QROPS and De-Listed (Former) QROPS, no more than 66 per cent of the portfolio value at the time of investment may be invested in structured notes, with no more than 33 per cent from a single issuer.

For the Sovereign International SIPP, a maximum of 20 per cent will be allowed into structured notes meeting the above criteria at time of the investment.

The trustees will only permit investments in retail products. 'Professional', 'Sophisticated', 'Expert', 'Qualifying' and 'Accredited' or similar investor funds, along with unregulated collective investment schemes ('UCIS'), are no longer permitted.

For more information, please contact:

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