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## SCHEDULE

### REGULATIONS OF THE STANDARD LIFE ASSURANCE COMPANY

#### *Distribution of profits*

##### *Appropriation of surplus*

- 79 (1) Where there is an available surplus in respect of any fund including the general fund of the Company, or where with the concurrence of the actuary the directors anticipate that an available surplus will emerge at the next following investigation under regulation 78, the directors may in their discretion make provision out of that available surplus or anticipated available surplus for the making of such payments, or the allowance of such benefits, privileges or advantages, as they think fit, to any persons or class of persons who have transacted or shall transact with the Company any business connected with the fund in relation to which that available surplus arose or is anticipated to arise.
- (2) The directors may in their discretion declare to be distributable in respect of any fund the whole or any part of any balance remaining (after setting aside such sums as they may think fit to reserve funds established in accordance with regulation 77 and after making such provision, if any, as they shall have determined on under paragraph (1) of this regulation) of any available surplus or anticipated available surplus relating to that fund; and in relation to each such fund the “distributable surplus” shall mean the amount so declared.
- (3) Nothing in this regulation shall require that the directors declare to be distributable the whole (or the whole of such balance) of any available surplus or anticipated available surplus and they may in their discretion determine that the whole or any part of such available surplus or anticipated available surplus (or of such balance) shall be carried forward in the fund in relation to which it arose.

##### *Bonus distribution*

- 80 (1) If the directors declare a distributable surplus in respect of any fund, they shall allocate that distributable surplus among the policies under which the assurances are entitled to participate in that part of the profits of the Company which is represented by that distributable surplus, on such principles and by such methods as they may determine having regard to the terms and conditions of such policies and to the terms on which was established any separate fund relative to such policies. The distributable surplus may be applied in the provision of reversionary bonuses on such policies or by reduction of premiums or otherwise as the directors may determine.
- (2) Nothing in this regulation shall require that the directors allocate any of the distributable surplus to policies which are no longer in force (whether or not capable of being revived) at the date on which the directors actually make their declaration.

##### *Encashment of bonus*

- 81 The directors may at their discretion arrange with any holder of (or other person in right of) a policy under which the assurance qualifies for the addition of a reversionary bonus or for the reduction of premium by application of bonus or for a bonus in any other form for such bonus to be cancelled in return for a cash payment

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on such basis as they may determine and for the policy conditions and benefits to be restored to those which would have been applicable if that bonus had not been declared.

*Bonus on claims between distributions*

- 82 In respect of the period since the previous distribution of surplus, or in any other respect as the directors may determine, the directors may provide under any policy an interim bonus addition or special bonus addition or terminal bonus addition or other forms of bonus addition on such basis or bases and at such rate or rates as they may determine, and the directors shall have power to amend such basis or bases and rate or rates, or to suspend payment of such interim or special or terminal or other bonus additions, at any time.

*Directors may by arrangement limit, postpone, restrict or commute right of participation*

- 83 The directors shall have power by arrangement with any applicant for membership or the holder of any policy and either at the time when a proposal for assurance is made or at any time thereafter to limit, postpone or otherwise restrict his right of participation in the surplus or profits or to commute his share of the profits or any part thereof past or future for a payment in cash or a reduction of the premium to be paid upon such assurance or payable in respect of such policy or for any other consideration.

*Power to declare distributable surplus not to be delegated*

- 84 The powers and responsibilities of the directors under the foregoing regulations relative to the distribution of profits shall be exercised by the directors as such and shall not be capable of delegation by them whether in whole, or in part, or in respect of a separate fund.