



PARTIES

THE SALISBURY GROUP PTY LTD

[CAR NAME]

[PRINCIPAL NAME]

**PRINCIPAL REPRESENTATIVE
AGREEMENT**

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REF: LDC:TSG

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AGREEMENT dated: INSERT DATE

2011 (the "Commencement Date")

PARTIES: **THE SALISBURY GROUP PTY LTD** (ABN 51 089 332 918) whose Registered Office is located at Suite 204, Level 2, Quay West, 111 Harrington Street, Sydney in the State of New South Wales ("TSG")

(**CAR NAME**) of (INSERT ADDRESS) in the State of INSERT STATE ("Representative")

(**PRINCIPAL NAME**) of (INSERT ADDRESS) in the State of INSERT STATE ("Representative")

RECITALS:

- A. TSG holds an Australian Financial Services Licence and is licensed to carry on the business of dealing in Financial Products and providing Financial Product Advice.
- B. The Representative conducts a financial planning business including providing Financial Product Advice and arranging the sale of various Authorised Products approved by TSG from time to time.
- C. Pursuant to the Regulatory Laws TSG is directly responsible for the actions of its representatives and to protect the reputation and goodwill of TSG and of its other representatives and to ensure compliance with the requirements of the Regulatory Laws requires the Representative to enter this Agreement.
- D. TSG and the Representative have agreed that, provided the Representative conforms with the requirements of the Regulatory Laws and this Agreement, the Representative shall be entitled to become, and to remain, a representative of TSG subject to and in accordance with the terms and conditions set out in this Agreement.

THE PARTIES AGREE:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement (including the recitals) unless the context otherwise requires:

"TSG Business" means the activities carried on by TSG or any of its representatives or associates as part of, or in conjunction with, the business of providing Financial Planning Services and any ancillary activities.

"Agreement" means this Agreement and any document that varies or supplements it;

"Authorised Product" means any Financial Product which the Representative is authorised by TSG to recommend to Clients being a product included in the then current Authorised Product List of TSG;

"Authorised Product List" means the list of Financial Products researched and nominated by TSG, and notified to the Representative from time to time, as suitable and which the Representative may recommend to Clients in accordance with the terms and conditions contained in this Agreement;

"authorised representative" has the same meaning as in the Corporations Act;

“Authorised Representative Authority” means the authority granted by TSG to the Representative under this Agreement authorising the Representative to deal in Financial Products and provide Financial Product Advice in respect of the Authorised Products as an authorised representative of TSG pursuant to the terms and conditions contained in this Agreement;

“Claim” means any action, cause of action, proceedings, demand, claim, cross claim, counter claim, expense, cost (including without limitation legal costs and disbursements on a full indemnity basis), damage, loss and other liability of any nature whatever, however caused or arising out of, flowing from, in connection with, in respect of or incidental to any breach of the obligations of the Representative under this Agreement, the Authorised Representative Authority or the Regulatory Laws;

“Client” means any person seeking or utilising or considering utilising or who has utilised or engaged the services of TSG or any of its representatives or Associates in connection with TSG’ Business;

“Compliance Manual” means the Compliance Manual or any manual produced in substitution by TSG (which includes its operational policies and procedures as amended from time to time) and made available to the Representative in any manner determined by TSG, which details the relevant legislation and designated procedures that the Representative must adhere to, together with any updates, amendments or additions thereto as produced by TSG subsequent to the Representative’s appointment as an authorised representative pursuant to the Authorised Representative Authority and this Agreement;

“Confidential Information” means information concerning the affairs of Clients and without limiting the generality of the foregoing includes lists, files, data or other information or details pertaining thereto;

“Financial Planning Services” means the services of dealing in Financial Products and/or providing Financial Product Advice;

“Financial Product” has the same meaning as in the Corporations Act;

“Financial Product Advice” has the same meaning as in the Corporations Act;

“Income” means income received from or in respect of Financial Planning Services, including initial commission, trail commission and fees received for services provided pursuant to this Agreement;

“Product Disclosure Statement” has the same meaning as in the Corporations Act;

“Principal” means an owner of at least 25% of a practice providing financial planning services to clients under the Australian Financial Services Licence held by TSG.

“Product Issuer” has a meaning consistent with those words as commonly used and subject to the Corporations Act;

“Regulatory Laws” means the Corporations Act, the Income Tax Assessment Act, the Cash Transaction Reporting Act, the Superannuation (Industry) Supervision Act, the Australian Securities & Investments Commission Act 2001 and all other existing and new laws, regulations and rules (including Australian Stock Exchange Rules) which may impact upon TSG or the Representative in the manner of conduct of TSG’ Business and without limiting the generality of the foregoing includes any applicable ruling, determination or circular of any statutory or other body vested with authority to administer such Regulatory Laws;

“representative” has the same meaning as in the Corporations Act;

“Representative Fees” means the fees payable by the Representative to TSG, the amount and terms of payment of which is to be agreed between TSG and the Representative and is attached as schedule “A”. Changes are notified to the Representative in writing from time to time;

“the Corporations Act” means the Corporations Act 2001 and the Corporations Regulations 2001 as amended from time to time and where the context admits the corresponding legislation of any State or Territory of Australia and includes any statute in substitution for the same;

- 1.2 References to recitals, clauses, subclauses, paragraphs, annexures or schedules are references to recitals, clauses, subclauses, paragraphs, annexures and schedules of or to this Agreement.
- 1.3 Headings in this Agreement are for convenience only and do not affect its interpretation or construction.
- 1.4 In this Agreement unless the context otherwise requires:
 - (a) the singular includes the plural and vice versa;
 - (b) each gender includes the other two genders;
 - (c) the word “person” means a natural person and any association, body or entity whether incorporated or not;
 - (d) the word “month” means calendar month and the word “year” means 12 calendar months;
 - (e) a reference to writing includes any communication sent by post or facsimile transmission;
 - (f) where any word or phrase is defined, any other part of speech or other grammatical form of that word or phrase has a cognate meaning;
 - (g) a reference to any statute, proclamation, rule, code, regulation or ordinance includes any amendment, consolidation, modification, re-enactment or reprint of it or any statute, proclamation, rule, code, regulation or ordinance replacing it;
 - (h) all monetary amounts are in Australian currency;
 - (i) a reference to time refers to time in Melbourne, Australia;
 - (j) “Associate” has the same meaning given by Section 318 of the Income Tax Assessment Act 1936 (Cth) or any section amending or replacing such provision;
 - (k) “Business Day” means a day other than a Saturday, Sunday or public holiday in Victoria or other state that the representative is domiciled;
 - (l) no rule of construction applies to the disadvantage of a party because this Agreement is prepared by (or on behalf of) that party;
 - (m) a reference to any thing is a reference to the whole and each part of it;
 - (n) a reference to a group of persons is a reference to all of them collectively and to each of them individually;
 - (o) “company”, “corporation” and “body corporate” have the meanings respectively provided by Chapter 1 of the Corporations Act;

- (p) when one corporation is referred to as a “related body corporate”, “subsidiary”, “holding company” or “ultimate holding company” of or in relation to another corporation, those expressions have the meanings respectively provided by Part 1.2 of the Corporations Act;
- (q) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document.

2. APPOINTMENT AND ACCEPTANCE OF THE REPRESENTATIVE

- 2.1 Each of TSG and the Representative agree to co-operatively conduct their respective businesses for their mutual benefit and in this context TSG appoints the Representative with an Authorised Representative Authority to act as its authorised representative to conduct the Representative’s business on the terms contained in, and subject to the conditions of, this Agreement.
- 2.2 The Representative accepts the appointment made in clause 2.1 and acknowledges that it is conditional and dependent upon the continuing appointment by TSG and its compliance with the terms of this Agreement.
- 2.3 The representative is not to do anything in conjunction with the provision of Financial Planning Services, Financial Product Advice or the sale of Financial Products which is not within the scope of their authority.
- 2.4 **Scope of Appointment**

The Representative is authorised, subject to any limitations contained in TSG’s Australian Financial Services licence and to any limitations imposed on the Representative by TSG, to:

- (a) prepare financial plans for Clients, provide Financial Planning Services, Financial Product Advice and related services and advice to Clients and to seek and place investments in Authorised Products for Clients;
- (b) provide such other Financial Planning Services as TSG may approve in writing from time to time.

3. RELATIONSHIP

- 3.1 The relationship between TSG and the Representative is that of independent business contractors.
- 3.2 Nothing in this Agreement shall create or be deemed to create a relationship of employer and employee or partnership or joint venture.
- 3.3 The parties agree to act fairly, reasonably and ethically towards each other and all other representatives of TSG.
- 3.4 Nothing in this Agreement is to be construed as prohibiting or limiting the right of the Representative to carry out and conduct such other business as it may see fit provided:
 - (a) the same does not compete with the business conducted by TSG or the subject of this Agreement;
 - (b) such other business does not interfere with the Representative’s ability to perform its obligations pursuant to the Authorised Representative Authority and this Agreement;
 - (c) such other business is not conducted using TSG’ name or intellectual property;

- (d) such other business will not bring into disrepute, harm or affect the reputation or goodwill of TSG or any of its representatives or Associates;
 - (e) the Representative when conducting such other business will not hold itself out to be acting in any manner that is connected to its Authorised Representative Authority or TSG;
 - (f) the Representative makes full written disclosure to TSG of the existence and nature of such other business and TSG acknowledges in writing the existence of the business and it is recorded in the Conflicts of Interest register
 - (g) the Representative effects and keeps current at all times a lawful and valid professional indemnity insurance policy with a reputable insurer and in an appropriate amount to provide professional indemnity insurance to cover the Representative in respect of such other business that it conducts against any costs, expenses, charges, losses, damages (including consequential loss), action, suits, causes of action and proceedings.
 - (h) the Representative shall provide annually to TSG certified copies of the policy or policies of insurance in respect of any other business conducted by the Representative referred to in sub-clause 3.4(f) and produce a copy of the receipt(s) for the payment of such premiums to TSG seven (7) days after their due date for payment.
- 3.5 Should the Representative conduct a business undertaking in otherwise than in the context of this Agreement, the Representative must ensure that no advice provided in the course of conducting that business is provided on any stationery or in any manner that would lead a member of the public to assume that the advice is given in connection with the business conducted by TSG.
- 3.6 Except as allowed for in this Agreement, no party has any right to assume any obligation or debt on behalf of any other party.
- 3.7 The Representative is solely responsible for all costs, charges and expenses incurred in connection with the operation of its business pursuant to this Agreement, including but not limited to referral fees, paraplanning fees and staffing costs including workers compensation, payroll tax and superannuation guarantee contributions as well as all professional liability including negligence, contract and fraudulent actions involved in the conduct of its business and in acting for TSG other than such as may be agreed in writing.
- 3.8 **Sub-Contractors and Employees**
- (a) The Representative must not in the course of carrying on its business as authorised by this Agreement permit or allow any other person to provide Financial Product Advice or arrange or hold themselves out as entitled to provide Financial Product Advice or deal in Financial Products on behalf of or in respect of TSG unless that person is authorised in writing by TSG to do so and has entered an Agreement with TSG in substantially similar terms to this Agreement.
 - (b) Nothing contained in this clause prevents the Representative from using sub-contractors or employees in the conduct of its business provided each of the sub-contractors or employees sign a confidentiality agreement in a form approved by TSG prior to their engagement.

4. THE REPRESENTATIVE'S DUTIES

- 4.1 The Representative must:

- (a) if an incorporated body
 - (i) advise TSG in writing of:
 - (A) the full names of the directors and each person who is concerned in or takes part in the day to day management of that body; and
 - (B) details of all persons with any legal or beneficial interest in the Representative as at the date of this agreement and within 21 days of any change (changes in interests in shares only need to be notified if a person becomes or ceases to be a substantial shareholder); and
 - (ii) procure execution and delivery to TSG of a guarantee in the form contained at Schedule A by each person who is a Director of the Representative and such other person or persons as required by TSG, no later than the date of this Agreement and by each new Director within 10 working days of that person becoming a director.
- (b) comply with all the provisions and requirements of the relevant Regulatory Laws and all other laws of any State or Territory or the Commonwealth of Australia and, without limiting the foregoing:
 - (i) hold an Authorised Representative Authority from TSG and comply with any conditions of that Authorised Representative Authority, this Agreement, and the Compliance Manual and the Representative acknowledges that the Compliance Manual and any additions or amendments thereto are made available to the Representative electronically and it is the responsibility of the Representative to ensure it maintains constant familiarity with the provisions of that Compliance Manual;
 - (ii) not hold itself out as being capable of giving or authorised to give advice beyond the scope of the Authorised Representative Authority;
 - (iii) maintain a register of securities, a register of alternative remuneration, a register of conflicts of interest, a complaints register and any other register which TSG may require from time to time in such form as TSG may define.
 - (iv) disclose to Clients all information required by the Regulatory Laws to be disclosed;
 - (v) not distribute to Clients out of date or withdrawn Product Disclosure Statements or other disclosure documents;
 - (vi) with respect to the provision of any Financial Product Advice comply with Division 3 of Part 7.7 of the Corporations Act, and in particular:
 - (A) at all times take reasonable steps to ascertain the particular objectives, financial situation and needs of the Client;
 - (B) give such consideration to and conduct such investigation of the subject matter of the relevant Financial Product as is reasonable in the circumstances;

- (C) always have a reasonable basis for providing any Financial Product Advice to a Client or dealing in any Financial Product for or on behalf of a Client;
- (c) not act as a representative of any other Australian Financial Services Licensee without the prior written consent of TSG;
- (d) provide to TSG all information reasonably requested by TSG concerning the Representative in order to enable TSG to evaluate the performance of or the ability of the Representative to continue to carry out the obligations pursuant to this Agreement and to act as a representative of TSG and to enable TSG to comply with the Regulatory Laws;
- (e) immediately notify TSG of the happening of any event of which the Representative is aware which may be detrimental to TSG, its representatives or Associates; and
- (f) attend such educational or training courses as are necessary to satisfy the requirements of the Regulatory Laws ;
- (g) maintain proper business records with respect to the conduct of the Representative's business as a representative of TSG and permit TSG to inspect such records during office hours and upon TSG giving five (5) Business Days' written notice to the Representative, and, where such action has been approved by the Chairman to inspect such records during office hours without notice;
- (h) ensure that the format of all letters, financial plans, correspondence, bulletins, marketing material and other written communication of any kind issued or distributed by the Representative is approved by TSG and contains such disclaimers in the form provided in writing from time to time by TSG;
- (i) not issue any advertising, promotional or marketing material or public statements of any kind with respect to TSG or TSG' Business or with respect to the Representative's business unless the format of such material has first been approved in writing by the TSG Chief Executive or Compliance Manager;
- (j) not use TSG' name or any logo, business name or style of TSG other than for the purpose of promoting TSG' Business or carrying on its business pursuant to this Agreement;
- (k) not make any reference alluding to or referring to TSG other than as is consistent with the Authorised Representative Authority, in any printed matter or broadcast without the prior written consent of TSG;
- (l) not use or register the name of TSG, any of its trade or service mark or any parts or derivatives thereof in the Representative's business or company name or any other business or company with which the Representative may be associated without the prior written consent of TSG;
- (m) disclose that the Representative is a representative of TSG in all communications whether written or oral relating in any way to TSG' Business or TSG or the Representative's duties under this Agreement;
- (n) adhere strictly to any rules and procedures for acting as a representative of TSG, and in particular, such rules and procedures specified in the Compliance Manual or any other reasonable direction or instructions to the Representative issued by TSG from time to time;

- (o) act efficiently, honestly and fairly at all times in their business as a representative of TSG;
- (p) faithfully and diligently perform the Representative's obligations under this Agreement;
- (q) not act in any manner so as to bring the character of TSG or any of its officers, employees, representatives or Associates into disrepute;
- (r) not make any representations or warranties on behalf of TSG except as are expressly authorised by TSG;
- (s) not admit liability whether directly or indirectly for any Financial Product Advice given;
- (t) not pledge the credit of TSG nor expose TSG to any liability or debt;
- (u) not contract for or on behalf of TSG in any way whatsoever except as is normally required of a representative of TSG in accordance with this Agreement;
- (v) not make any representation or provide any Financial Product Advice to a Client which is inconsistent with the contents of any Product Disclosure Statement relating to that Financial Product or the contents of any research carried out by or on behalf of TSG and provided to or available to the Representative;
- (w) not recommend to a Client any Financial Product not listed on the Authorised Product List and in the event that a Client requests that the Representative effect an investment not listed on the Authorised Product List, follow such procedure as TSG may determine, including not effect such investment before delivering to the Client a written disclaimer in the form provided or approved by TSG;
- (x) provide all Financial Product Advice in writing in accordance with the requirements of the Regulatory Laws and the Compliance Manual;
- (y) only use application forms for Financial Products which comply with the requirements of the Regulatory Laws and which must nominate TSG as the entity entitled to commission payable with respect to the effecting of any investment;
- (z) not alter or allow to be altered any documentation furnished or supplied by TSG or any institution which markets or issues Financial Products except to reduce the maximum commission disclosed to that charged by the Representative;
- (aa) carry out the obligations of the Representative according to and in compliance with the Compliance Manual and under the supervision, and in accordance with the lawful directions, of TSG;
- (bb) promptly lodge all applications for investments and application moneys received by the Representative with the product provider;
- (cc) not take care, custody or control of Client funds unless the Client is or was a member of the Representative's immediate family;
- (dd) when acting under a Power of Attorney, immediately advise TSG of the situation, and operate on the clients account only within such parameters as TSG then defines;
- (ee) if appointed as Executor of a Client's estate, immediately advise TSG of the situation, and operate on the clients account only within such parameters as TSG then defines;

- (ff) pay promptly to TSG any amount owing by the Representative to TSG pursuant to this Agreement;
- (gg) procure and ensure the performance by each employee, servant or agent of the Representative of all the Representative's obligations pursuant to this Agreement;
- (hh) comply with TSG's reasonable requirements with respect to professional indemnity insurance;
- (ii) allow TSG reasonable and prompt access to any premises occupied or utilised by the Representative in connection with the Representative's activities conducted pursuant to this Agreement for the purpose of inspecting any documentation, records or information relevant to the conduct of the Representative pursuant to this Agreement and make available to TSG such documentation, records and information as TSG may reasonably request;

5. REPRESENTATIVE'S WARRANTIES

5.1 The Representative warrants that

- (a) all information given by the Representative to TSG, prior to this Agreement being executed, for the purpose of assessing the Representative's suitability to act for and on behalf of TSG, is true and correct and not misleading or deceptive in any particular way;
- (b) the Representative:
 - (i) is skilled in the business of dealing in Financial Products and providing Financial Product Advice in respect of the Authorised Products and in marketing these services;
 - (ii) has the qualifications and experience required to perform the obligations required of it pursuant to this Agreement and to deal in Financial Products and provide Financial Product Advice in respect of the Authorised Products;
 - (iii) has never held a dealer's licence, investment adviser's license or an authorisation which was subsequently cancelled or suspended ;
 - (iv) has never been convicted of an indictable offence or found guilty of fraud;
 - (v) has never been declared bankrupt or entered into any formal scheme of arrangement with the Representative's creditors;
 - (vi) has never been the subject of an enforcement investigation by a Government authority responsible for a Regulatory Law;
 - (vii) is entitled to enter this Agreement and able to perform fully the Representative's obligations under this Agreement; and
 - (viii) conducts genuine business activities available to the public at large and acknowledges that it is not an employee of TSG or of any associated or related company of TSG and further acknowledges that it is liable for all income and other taxes payable in respect of any payment or receipt from TSG paid to it under this Agreement and, further, that TSG is not liable to the Representative for any entitlement to sick or holiday pay and, further, that all payments made to the

Representative under this Agreement incorporate all entitlements or benefits or payments which the Representative is entitled to receive from TSG; and

- (c) in the event the Representative has breached the warranties in clause 5.1, the Representative warrants that it has disclosed in writing to TSG all material facts relating to such previous breach.

5.2 The Representative must immediately advise TSG in writing if any of the warranties in clause 5.1 cease to be true during the term of this Agreement.

6. LICENSEE'S OBLIGATIONS

6.1 TSG must:

- (a) provide to the Representative:

- (i) research and recommendations on Financial Products and opportunities, provided that the style, content and frequency of such research and recommendations is a matter for the absolute discretion of TSG;
- (ii) the Authorised Product List as amended from time to time as TSG considers appropriate;
- (iii) the most recent version of the Compliance Manual and in this regard, TSG may recreate, amend or add to the Compliance Manual at any time which recreation, amendment or addition:

- (A) is to take effect immediately if it is in respect of compliance with a Regulatory Law and otherwise;

- (B) is to take effect thirty (30) days after any recreation amendment or addition;

- (b) issue an Authorised Representative Authority to the Representative pursuant to the provisions of the Regulatory Laws and ensure the maintenance of such authorisation until the lawful termination of this Agreement.

7. CLIENT REFERRAL PROGRAMS

7.1 TSG may establish a Client Referral Program.

7.2 TSG may within a Client Referral Program, at its absolute discretion refer any Client to the participating Representative and may also direct or redirect any Client, whether previously referred to the Representative, to another participating representative of TSG for any reason whatsoever and TSG will not be liable for any action, cause of action, proceedings, demand, claim, cross claim, counter claim, expense, cost (including without limitation legal costs and disbursements on a full indemnity basis), damage, loss or other liability of any nature whatever, however caused or arising out of, flowing from, in connection with, in respect of or incidental to any such referral or redirection of any Client pursuant to this Clause 7.

7.3 Participation in existing or future Client Referral Programs is by agreement between TSG and the Representative.

7.4 Where a Client Referral Program establishes an ongoing contractual relationship to make payments to a referral provider and the Representative seeks to transfer the business to a third

party the Representative is required to provide for the continuation of the contractual relationship by the purchaser or provide compensation at commercial rates.

- 7.5 Should a participating representative decide to become licensed by another holder of an Australian Financial Services Licence, the Representative agrees it will not contact the source of the Client Referral Program for a period of 2 years from the date of termination except with TSG written permission.

8. FEES AND REMUNERATION

- 8.1 All Income payable to the Representative in respect of the provision of Financial Planning Services prior to the date of this Agreement is payable to TSG.
- 8.2 All Income payable in respect of any Financial Planning Services provided by the Representative during the term of this Agreement is payable to TSG.
- 8.3 Within 15 days of receipt by TSG, TSG will pay the Representative's share of the Income (less the Representative Fees and any agreed deductions, reversals or adjustments) identified as having been received for or in respect of the provision of Financial Planning Services by the Representative to the credit of such bank account as is nominated in writing by the Representative to TSG from time to time.
- 8.4 TSG will provide a commission statement to the Representative not less often than bi-monthly detailing Income received pursuant to clause 8.2, in respect of the period since the Commencement Date or the date of the previous commission statement, whichever is later and also detailing any deductions, reversals or adjustments made in respect of that Income.
- 8.5 If the Income payable to the Representative in any period described in clause 8.4 is insufficient to cover the Representative Fees for that period, the shortfall represents a debt due by the Representative to TSG.
- 8.6 If TSG is required, for any reason, to refund or repay any Income received in respect of Financial Planning Services provided by the Representative, the amount of any such Income repayable which amount has already been paid to the Representative in accordance with clause 8.3 represents a debt due by the Representative to TSG.
- 8.7 Any advances or overpayments made by TSG to the Representative represent a debt due by the Representative to TSG.
- 8.8 TSG may set off any amounts from time to time due by the Representative to TSG, whether under this Agreement or otherwise, against the Income identified in accordance with clause 8.2 as having been received for or in respect of the provision of Financial Planning Services by the Representative and the Representative hereby charges in favour of TSG, all sums payable by TSG to the Representative from time to time hereunder with the payment of all monies from time to time owing by the Representative to TSG.
- 8.9 In the event of there being any dispute as to the representative to whom any Income is payable in accordance with clause 8.3, TSG must, in its absolute discretion, determine the amount or amounts payable to each such representative and such determination is final and conclusive.
- 8.10 In the event TSG is unable to determine to which representative any Income is payable, it is the responsibility of the representative to provide evidence to TSG of its right to any such Income, failing which any Income which remains unallocated after a period of six (6) months will be retained by TSG.

- 8.11 All payments made by TSG to the Representative are gross payments without deduction for any taxes, duties or other imposts of any kind due or payable by either TSG or the Representative.
- 8.12 In the event that any statutory or regulatory authority or body makes a lawful claim upon TSG for any taxes, duties or other imposts (and without limiting the generality of the foregoing including pay as you earn tax instalment deductions, prescribed payment system withholding amounts, payroll tax, fringe benefits tax, tax file number withholding tax), in satisfaction of any such lawful claim TSG may pay such amount to the claimant without admission of any liability or obligation to do so; and
- (a) such amount paid will then be deducted against any amount otherwise due to the Representative and only the balance due will then be payable to the Representative;
 - (b) the Representative indemnifies and keeps indemnified TSG in respect of all such taxes, duties or other imposts; and
 - (c) TSG may, at the request of the Representative made in writing, defend or commence any proceedings, objection, appeal, compromise or otherwise against the claimant for the taxes, duties or other imposts claimed and the Representative must indemnify TSG for the costs of such actions by TSG.

9. CLIENT MONIES

- 9.1 The Representative must ensure that all monies payable to either TSG or any Product Issuer and collected by the Representative from Clients must be collected by way of cheque, direct debit, transfer or money order payable to TSG or the Product Issuer to whom the monies are payable or in such other manner as TSG approves in writing from time to time.
- 9.2 All monies collected in accordance with clause 9.1 must be remitted to TSG or the Product Issuer to whom they are payable immediately following receipt by the Representative.
- 9.3 In the event that the Representative collects any monies due or payable to a Client whether in respect of a claim, return of premiums, return of investment monies, refund of fees, rebate of commission or otherwise, the Representative must;
- (a) keep true and proper accounts of all such monies collected;
 - (b) pay or remit all such monies to the Client immediately without deduction; and
 - (c) not retain any portion thereof by way of set-off or otherwise.

9A TRANSFER OF CLIENT

- 9A.1 In the event that a client wishes to transfer from another Representative licenced by TSG, the Representative agrees to pay that other representative a sum of 2 times the annual trail commission paid in respect of that client. For the purposes of this clause only, trail commission will include any amount currently being paid by Strategy Portfolio Ltd as a marketing allowance.

10. TRANSFER OF BUSINESS

- 10.1 The Representative may transfer all or part of the Representative's business to any third party ("Purchaser") on such terms and conditions agreed between the Representative and the Purchaser provided:

- (a) the Representative provides reasonable notice to TSG of its intention to transfer its business and provides TSG with such details in respect of the Purchaser as TSG reasonably requires in order to evaluate the suitability of the Purchaser to be granted an Authorised Representative Authority by TSG; and
 - (b) TSG agrees, such agreement to be in its absolute discretion, to issue to the Purchaser an Authorised Representative Authority or the Purchaser holds a valid Authorised Representative Authority issued by TSG and
 - (c) the Purchaser enters an agreement in substantially similar terms to this Agreement. Or
 - (d) the Purchaser holds a valid Authorised Representative Authority issued by, or, is another Australian Financial Services Licensee.
- 10.2 Each of TSG and the Representative will do all things necessary to effect the transfer of the Representative's business in accordance with this clause, including provision of a letter of release by TSG, provided that all reasonable costs associated with such transfer will be borne by the Representative.
- 10.3 In the event of death or incapacity of the Representative and the absence of written notice of the existence of a buy/sell agreement or contract or option or instructions concerning the disposition of the business, TSG may act with the Representative's estate to take the urgent action required to protect the realisable value of the Representative's business and to provide the continuity of services to the Client's and to all Referral Sources. Reasonable charges and costs associated with this action shall be borne by the Representative or the Representative's estate.

11. INSURANCE AND INDEMNITY

- 11.1 The Representative indemnifies and agrees to keep indemnified TSG against any Claim however caused or arising out of, flowing from, in connection with, in respect of or incidental to any breach of the obligations of the Representative under this Agreement, the Authorised Representative Authority or the Statutory Requirements.
- 11.2 The parties acknowledge that TSG will effect and maintain in force a professional indemnity insurance policy which provides professional indemnity insurance cover in respect of each of TSG and the Representative.
- 11.3 The Representative:
- (a) agrees to pay to TSG a contribution towards the premium payable in respect of that policy of insurance and also towards any excess payable pursuant to that policy of insurance in such amount as is determined by TSG in its absolute discretion which amount will be calculated on the basis of actual cost to TSG; and
 - (b) acknowledges that TSG does not warrant the appropriateness or suitability of the professional indemnity insurance policy where the Representative, the Representative's business, staff or contractors act outside the authorisations contained within the Authorised Representative Agreement.
- 11.4 If a claim is made and accepted under the professional indemnity insurance policy referred to in clause 11.2 above or, if any amount becomes payable by TSG pursuant to the indemnity referred to in clause 11.1 above then, if the claim or liability has, in any part, resulted from the Representative's failure to comply in any respect with its obligations pursuant to this Agreement, the Authorised Representative Authority or the Statutory Requirements, the

Representative must pay to TSG any amount which TSG becomes liable to pay as a consequence of that failure.

11.5 The Representative shall effect and maintain current at all times during the term of this Agreement an insurance policy in an amount and with an insurance company approved by TSG upon such terms and conditions as may reasonably be required by TSG in respect of the following:

- (a) liability arising by statute or at common law and relating to Workers Compensation;
- (b) liability arising by statute (other than any statute relating to Workers Compensation) or at common law in respect of the death or personal injury to any person or of any damage to property arising out of or in the course of the conduct by the Representative of its business pursuant to this Agreement.

11.6 The Representative shall forthwith upon execution of this Agreement deposit on request with TSG the policy or policies of insurance or duplicates or certified copies thereof referred to in clause 11.5 hereof and pay the premiums for renewal thereof and deposit all renewal certificates and endorsement slips or duplicate or certified copies thereof with TSG and produce the receipts for the payment of such premiums to TSG ten (10) working days after their due date for payment.

12. TERMINATION

12.1 Termination without Notice

TSG may terminate this Agreement forthwith and without liability to the Representative for any costs, damages, expenses, losses or compensation whatsoever upon the happening of any one or more of the following events:

- (a) the Representative fails to observe or perform any representation, covenant, warranty, undertaking, prohibition or obligation required to be observed or performed under this Agreement or the Regulatory Laws and where such failure is agreed and able to be rectified it is not rectified within 30 days, or other mutually agreed period, of notification;
- (b) the Representative commits a breach of any term or provision of this Agreement which is likely to jeopardise the reputation or goodwill of TSG or any of its representatives or Associates or cause TSG to be in breach of any of its obligations or responsibilities pursuant to the Regulatory Laws and where such failure is agreed and able to be rectified is not rectified within 30 days, or other mutually agreed period, of notification ;
- (c) the Representative becomes bankrupt or insolvent;
- (d) the Representative is involved in any unauthorised or illegal act, negligence, wilful default, fraud or dishonesty;
- (e) the Representative breaches any term of the Authorised Representative Authority issued to the Representative by TSG
- (f) the Representative is subject to any banning order or disqualification pursuant to the Regulatory Laws.

12.2 Termination With Notice

Without prejudice to the right of termination in clause 12.1, this Agreement may be terminated without liability to either party for any costs, damages, expenses, losses or compensation other than as detailed in this Agreement upon either party giving to the other 90 days notice in writing specifying the date of termination

- 12.3 Termination of this Agreement shall not of itself affect, limit, reduce or bring to an end any liability of either party to pay any amount to the other party which liability arose prior to such termination.

13. CONSEQUENCES OF TERMINATION

- 13.1 Immediately upon termination of this Agreement and thereafter the Representative must:

- (a) remove from any premises occupied by the Representative all signs referring to TSG and its business name and style;
- (b) immediately return to TSG all stationery, brochures and other printed materials and office equipment in any way relating to TSG or the business conducted by TSG.
- (c) not make any representation that the Representative is in any way connected with, acts for or by arrangement with TSG, or the business conducted by TSG.
- (d) forthwith upon demand return any written Authorised Representative Authority to TSG within ten (10) Business Days from the date of service of such demand.

- 13.2 Immediately following termination of this Agreement, TSG must issue or cause to be issued, a letter to all Clients containing all relevant information, including but not limited to:

- (a) an explanation that the arrangement between it and the Representative has been terminated and that the Representative no longer acts as a representative of TSG; and
- (b) requiring each Client to elect to either:
 - (i) nominate within 14 days an adviser of their choice who may or may not be a Representative of TSG and, if such election is made, TSG must cause to be made available to the Representative or at its direction, all records, files, data, information and details pertaining to those clients, provided that TSG may retain any such information as is required to enable it to satisfy its obligations pursuant to the Regulatory Laws or
 - (ii) remain a client of the Representative (such clients hereafter referred to as "Excluded Clients") and, if such election is made, TSG must cause to be made available to the Representative or at its direction, all records, files, data, information and details pertaining to those clients, provided that TSG may retain any such information as is required to enable it to satisfy its obligations pursuant to the Regulatory Laws; and

- 13.3 Any Client who fails to make an election in accordance with this clause 13 will be deemed to have elected to remain a client of the Representative and the provisions of clause 13.2(b)(ii) apply.

- 13.4 The content of the letter issued pursuant to clause 13.2 is to be agreed by the Representative and TSG, subject to any regulatory requirements.

- 13.5 The parties acknowledge that the information required to be made available pursuant to clause 13.2 will only be made available if:
- (a) no money is owing to TSG by the Representative;
 - (b) the person to whom the information is to be made available is permitted under the Regulatory Laws to accept the information;
 - (c) any expenses incurred by TSG in making that information available, including without limitation legal and transactional costs, stamp duty and other government charges, are paid by the Representative;
 - (d) any new Financial Services Licensee of whom the Representative will be a representative, or, if the Representative is obtaining an Australian Financial Services Licence, the Representative accepting all liability in relation to those clients from the date the information is made available in accordance with clause 13.2 of this Agreement.
- 13.6 Any trail income or future commission accruing in respect of Clients making an election in accordance with clause 13.2(b)(ii) or who are deemed to have made an election pursuant to clause 13.3 accrues to the new Australian Financial Services Licensee of whom the Representative will be a representative, or, if the Representative is obtaining an Australian Financial Services Licence, the Representative on and from the later of;
- (a) the date that the requirements of clause 13.5 are fulfilled;
 - (b) the date that the Product Issuer has accepted the arrangements in respect of the client and TSG with respect to any new Financial Services Licensee; or
 - (c) such other date as the parties agree.

14. RESTRAINT

- 14.1 In the event of termination of this Agreement under clause 12.1 (restricted to clauses c,d, & f), the provisions of this clause will apply. Note deletion of e
- 14.2 The Representative will not, at any time during a period of two years from the date of termination of this agreement :
- (a) either solely or jointly with any other person (whether as principal, agent, employee, director, shareholder, partner, consultant, adviser or otherwise) directly or indirectly consult with or advise any person, firm, company or trust who, or which, was a Client of the Representative;
 - (b) either solely or jointly with any other person (whether as principal, agent, employee, director, shareholder, partner, consultant, adviser or otherwise) directly or indirectly engage in any business of rendering any services to any person with whom the Representative had any contact or dealt with in the course of this Agreement and who at any time during the term of this Agreement was a Client nor will the Representative attempt to do any of those things or induce (or attempt to induce) any other person to do any of those things.

15. OWNERSHIP OF INTELLECTUAL PROPERTY

- 15.1 The Representative acknowledges and agrees that all intellectual property provided by TSG, which is not commercially available, remains the property of TSG, regardless of whether it is developed, expanded, added to or modified in any manner or to any extent by the Representative.

16. ASSIGNMENT

- 16.1 The Representative must not:

- (a) assign or purport to assign any of its rights under this Agreement without the prior written consent of TSG; or
- (b) appoint any of its associates or employees to perform its obligations under this Agreement.

17. NOTICE

- 17.1 A notice or other communication required or permitted to be given by a party to another must be in writing and

- (a) delivered personally; or
- (b) sent by registered post,

to that party's address for service that is set out in this Agreement or notified in writing to each party from time to time.

- 17.2 A notice or other communication will be taken, for the purposes of this Agreement, to have been given

- (a) if personally delivered, upon delivery;
- (b) if sent by registered mail, on the expiration of 2 Business Days after the day of posting

18. ARBITRATION

- 18.1 Any dispute, difference of opinion or question that arises between the parties with respect to or arising out of this Agreement or the construction or effect thereof, such dispute, difference or question if unable to be resolved must be referred in the first instance to a panel of Directors appointed by the Chairman. If either party does not accept the decision of the panel, the matter will be referred to an independent arbitrator acceptable to both parties who shall decide the most appropriate and effective method of resolving the dispute, difference or question and to then give effect to such method. The parties must co-operate fully with the person or persons appointed and must participate fully and actively in the decided method of attempting to resolve the dispute, difference or question. The decision of the arbitrator will, to the extent permitted by law, be binding on both parties.

- 18.2 Arbitration as outlined in 19.1 shall not of itself affect, limit, reduce or bring to an end any liability of either party to pay any amount to the other party which liability arose prior to such termination.

19. GOVERNING LAW AND JURISDICTION

- 19.1 The validity, interpretation and performance of this Agreement will be governed by and construed in accordance with the law of the State of Victoria and of the Commonwealth of Australia which the parties acknowledge is the proper law of this Agreement.

19.2 Each of the parties irrevocably agrees that the courts of the State of Victoria and of the Commonwealth of Australia will have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Agreement and for this purpose irrevocably submits to the jurisdiction of such courts.

19.3 The submission to this jurisdiction is not (and may not be construed so as to) limit the rights of any party to take proceedings against any other party in any other court of competent jurisdiction, nor will the taking of proceedings in any jurisdiction preclude the taking of proceedings in another jurisdiction, whether concurrently or not.

20. CODE OF ETHICS

20.1 TSG and the Representative must comply with the Code of Ethics and the Rules of Professional Conduct of the Financial Planning Association of Australia Limited.

21. INTERIM SUSPENSION

21.1 TSG retains the right to suspend the Representative's Authorised Representative Authority and the Authorised Representative Authority of any of the Representative's employees or contractors for a period of 72 hours upon receipt or notification of any complaint against the Representative or its employees or contractors alleging serious misconduct..

21.2 Upon receipt of any complaint referred to in clause 21 above TSG must undertake a full investigation into such complaint and during such investigation the Representative and any of its employees or contractors whose Authorised Representative Authority has been suspended pursuant to clause 21.1 hereof must cooperate with the investigation and the suspension is to be reviewed after 72 hours.

22. NON-WAIVER

22.1 The failure or delay on the part of any party in exercising any right under this Agreement will not operate as a waiver of such rights.

23. SEVERABILITY

23.1 If any provision of this Agreement is invalid, void or unenforceable, all other provisions which are capable of separate enforcement without regard to an invalid, void or unenforceable provision are and will continue to be of full force and effect in accordance with their terms.

24. COUNTERPARTS

24.1 This Agreement and any amendment or addition thereto may be executed by each party signing or sealing a counterpart.

25. AMENDMENT

25.1 This Agreement (including any Schedule hereto) may only be amended or added to in writing signed by both parties hereto.

26. PRECEDENCE

26.1 This Agreement overrides and supersedes all other Agreements or arrangements between TSG and the Representative in relation to the authority of the Representative to act as a representative of TSG or to hold itself out as being entitled to act as a representative of TSG

EXECUTED as an Agreement.

EXECUTED by **THE SALISBURY GROUP**)
PTY LTD in accordance with section 127 of the)
Corporations Act:)
)

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.....

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Print Name of Signatory

.....
Print name of Signatory

EXECUTED by **[NAME OF CAR]** in)
accordance with section 127 of the Corporations)
Act:)
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Print Name of Signatory

.....
Print name of Signatory

SIGNED by **[INSERT NAME OF CAR]** in the)
presence of:)
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Print Name of Witness

.....
Print name of Signatory

SCHEDULE A
DEED OF GUARANTEE FOR DIRECTORS OF A CORPORATE REPRESENTATIVE

DEED dated: 1st February 2008

PARTIES: **THE SALISBURY GROUP PTY LTD** (ABN 51 089 332 918) whose Registered Office is located at Suite 204, Level 2, Quay West, 111 Harrington Street, Sydney in the State of New South Wales (“TSG”)

(**PRINCIPAL NAME**) of INSERT ADDRESS in the State of INSERT STATE (“Guarantor”)

RECITALS:

- A. Pursuant to a Principal Representative Agreement dated [INSERT DATE OF AGREEMENT], between [INSERT CAR] (the “Representative”) and TSG, the Representative agreed to procure the execution and delivery to TSG of a Deed of Guarantee by a person who is a Director of the Representative and such other person or persons as required by TSG no later than the date of this Agreement and by each new Director of the Representative within ten days of that person so becoming a Director.
- B. The Guarantor has agreed to execute this Deed to guarantee the obligations of the Representative pursuant to TSG Representative Agreement.

THE PARTIES AGREE:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Deed (including the recitals) unless the context otherwise requires:

“**Claim**” means any action, cause of action, proceedings, demand, claim, cross claim, counter claim, expense, cost (including without limitation legal costs and disbursements on a full indemnity basis), damage, loss and other liability of any nature whatever, however caused or arising out of, flowing from, in connection with, in respect of or incidental to any breach of the obligations of the Representative under this Deed, the Authorised Representative Authority or the Regulatory Laws;

“**Deed**” means this Deed and any and any document that varies or supplements it;

“**Principal Representative Agreement**” means the agreement dated [1st February 2008] between TSG and the Representative;

“**Representative**” means [INSERT CAR] [ABN XXXXXXXXXX] of INSERT ADDRESS;

- 1.2 References to recitals, clauses, subclauses, paragraphs, annexures or schedules are references to recitals, clauses, subclauses, paragraphs, annexures and schedules of or to this Deed.
- 1.3 Headings in this Deed are for convenience only and do not affect its interpretation or construction.
- 1.4 In this Deed unless the context otherwise requires:

- (a) the singular includes the plural and vice versa;
- (b) each gender includes the other two genders;
- (c) the word “person” means a natural person and any association, body or entity whether incorporated or not;
- (d) the word “month” means calendar month and the word “year” means 12 calendar months;
- (e) a reference to writing includes any communication sent by post or facsimile transmission;
- (f) where any word or phrase is defined, any other part of speech or other grammatical form of that word or phrase has a cognate meaning;
- (g) a reference to any statute, proclamation, rule, code, regulation or ordinance includes any amendment, consolidation, modification, re-enactment or reprint of it or any statute, proclamation, rule, code, regulation or ordinance replacing it;
- (h) all monetary amounts are in Australian currency;
- (i) a reference to time refers to time in Sydney, Australia;
- (j) “Associate” has the same meaning given by Section 318 of the Income Tax Assessment Act 1936 (Cth) or any section amending or replacing such provision;
- (k) “Business Day” means a day other than a Saturday, Sunday or public holiday in Victoria;
- (l) mentioning anything after “include”, “includes” or “including” does not limit what else might be included;
- (m) no rule of construction applies to the disadvantage of a party because this Deed is prepared by (or on behalf of) that party;
- (n) a reference to any thing is a reference to the whole and each part of it;
- (o) a reference to a group of persons is a reference to all of them collectively and to each of them individually;
- (p) “company”, “corporation” and “body corporate” have the meanings respectively provided by Chapter 1 of the Corporations Act;
- (q) when one corporation is referred to as a “related body corporate”, “subsidiary”, “holding company” or “ultimate holding company” of or in relation to another corporation, those expressions have the meanings respectively provided by Part 1.2 of the Corporations Act.

2. GUARANTEE AND INDEMNITY

- 2.1 In consideration of TSG entering TSG Representative Agreement, the Guarantor unconditionally and irrevocably guarantees to TSG the punctual payment of monies to, and performance of the Representative’s obligations in favour of, TSG pursuant to TSG Representative Agreement.
- 2.2 The Guarantor indemnifies TSG against any non-payment of monies or non-performance of the obligations of the Representative pursuant to TSG Representative Agreement and undertakes to pay any such monies or make good any such breach or non performance at the direction of TSG.

- 2.3 The Guarantor indemnifies and agrees to keep indemnified TSG against any Claim.
- 2.4 This guarantee is a continuing guarantee and the liability of the Guarantor under this guarantee will not be affected by the granting of any time or other indulgence or consideration or by reason of any transaction or arrangement that may take place between TSG and the Representative or any other person.

3. JOINT AND SEVERAL LIABILITY

- 3.1 A covenant, warranty, agreement, representation, provision or obligation in this Deed which is made or given by or which binds more than one person or which extends to or is for the benefit of more than one person binds and extends to or is for the benefit of, as the case may be, all of them jointly and each of them severally.

4. GOVERNING LAW AND JURISDICTION

- 4.1 The validity, interpretation and performance of this Deed will be governed by and construed in accordance with the law of the State of Victoria and of the Commonwealth of Australia which the parties acknowledge is the proper law of this Deed.
- 4.2 Each of the parties irrevocably agrees that the courts of the State of Victoria and of the Commonwealth of Australia will have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Deed and for this purpose irrevocably submits to the jurisdiction of such courts.
- 4.3 The submission to this jurisdiction is not (and may not be construed so as to) limit the rights of any party to take proceedings against any other party in any other court of competent jurisdiction, nor will the taking of proceedings in any jurisdiction preclude the taking of proceedings in another jurisdiction, whether concurrently or not.

5. NO WAIVER

- 5.1 No failure, delay, relaxation or indulgence by a party in exercising any power or right conferred upon it under this Deed will operate as a waiver of that power or right. No single or partial exercise of any power or right precludes any other or future exercise of it, or the exercise of any other power or right under this Deed.

6. SEVERABILITY

- 6.1 If any provision of this Deed is invalid, void or unenforceable, all other provisions which are capable of separate enforcement without regard to an invalid, void or unenforceable provision are and will continue to be of full force and effect in accordance with their terms.

7. SUCCESSORS AND ASSIGNS

- 7.1 This Deed binds and enures for the benefit of the parties, their respective successors (including, in the case of natural persons, their legal personal representatives) and permitted assigns.

8. NO VARIATION

- 8.1 This Deed may not be varied except by written instrument executed by the parties.

9. NOTICES

9.1 A notice or other communication required or permitted to be given by a party to another must be in writing and

- (a) delivered personally;
- (b) sent by registered post, postage prepaid; or

to that party's address for service that is set out in this Deed or notified in writing to each party from time to time.

9.2 A notice or other communication will be taken, for the purposes of this Deed, to have been given

- (a) if personally delivered, upon delivery;
- (b) sent by registered mail, on the expiration of 2 Business Days after the day of posting.

EXECUTED as a Deed.

EXECUTED by **THE SALISBURY GROUP**)
PTY LTD in accordance with section 127 of the)
 Corporations Act:)
)

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Print Name of Signatory

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Print name of Signatory

SIGNED SEALED AND DELIVERED by)
[INSEET NAME OF PRINCIPAL] in the)
 presence of:)
)

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.....
Print Name of Witness

.....
Print name of Signatory

SCHEDULE A

FEE ARRANGEMENT FOR NEW PRINCIPAL REPRESENTATIVE PRACTICES JOINING TSG FROM 8 FEBRUARY 2011 UNTIL 30 JUNE 2011

For Principal Representatives joining TSG within the period 8 February 2011 until 30 June 2011, the following fee structure and conditions shall apply:

- 1. No Representative Fee shall be payable to TSG by the Representative until the earlier of the following dates:
 - (a) Twelve months elapses from the date of execution of this Agreement; or
 - (b) 30 June 2012.

At the expiration of the earlier of the two abovenamed dates, the Representative Fee applicable to all Representatives from time to time shall commence to be deducted thereafter.

- 2. The Fee free period outlined in paragraph one shall be subject to the Representative remaining with TSG for a minimum of three years from the date of execution of this Agreement. For the avoidance of doubt, should the Representative leave TSG for whatever reason within three years of joining TSG, the Representative must within 30 days, pay to TSG an amount calculated as equivalent to the Representative Fee that would have been payable should the Fee free period outlined in paragraph one not have applied.

SIGNED SEALED AND DELIVERED by)
 [INSERT NAME OF PRINCIPAL] in the)
 presence of:)
)

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Print Name of Witness

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Print name of Signatory