

## Questions and Answers

We realise that investors might have questions about the Payment Scheme. These Questions & Answers (Q&As) set out answers to the main questions which we believe investors may have regarding the Payment Scheme. The Q&As have been updated as at 25 June 2013.

If you have any further questions, you can contact CFM using the details set out in question 9.3.

**These Q&As do not form part of the legal terms of the offer under the Payment Scheme.**

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## **Glossary of terms used in this document**

Some terms in these Q&As have specific meanings. To assist you in understanding the Payment Scheme, words used in the Q&As which are underlined, italicised and written in blue have the meaning set out below.

**ACD** means Authorised Corporate Director;

**Application Pack** means the letter which has been sent to each eligible investor enclosing a personalised application form which includes details of that investor's offer of payment under the [Payment Scheme](#) and a copy of the declaration which the investor will be required to complete in order to accept the offer of payment, further details of which are described in question [3.6.2](#). As a result of the extension of the acceptance deadline announced on 29 October 2012, any reference in the Application Pack to a 31 December 2012 acceptance deadline should now be read as 31 December 2013;

**Arch** means Arch Financial Products LLP;

**Beneficial Interest** means where your investment in the shares is held in the name of a third party, such as a [Nominee](#), but for your benefit and held on your behalf;

**BNYM T&D** means BNY Mellon Trust & Depository (UK) Limited, the depositary to the CF Arch cru Investment Funds;

**CF Arch cru Funds** means the CF Arch cru Specialist Portfolio, CF Arch cru Investment Portfolio (sub-funds of the CF Arch cru Investment Funds) and CF Arch cru Balanced Fund, CF Arch cru Finance Fund, CF Arch cru Global Growth Fund or CF Arch cru Income Fund (sub-funds of the CF Arch cru Diversified Funds);

**CFAC Payment Scheme Limited**, the company which has been set up by the [Contributing Parties](#) for the purposes of making payments to investors in the [CF Arch cru Funds](#) who are eligible under the [Payment Scheme](#);

**CFM** means Capita Financial Managers Limited, the [ACD](#) to the [CF Arch cru Funds](#);

**CGT** means Capital Gains Tax;

**Contributing Party** means one of the firms which are contributing money into the [Payment Scheme](#) (i.e. [CFM](#), [BNYM T&D](#) and [HSBC](#)). When referring to all of them, we use the term "**Contributing Parties**";

**CISX** means the Channel Islands Stock Exchange;

**Economic Interest** means where you have a direct or indirect economic exposure to the value of shares in the [CF Arch cru Funds](#), but do not hold a [Legal Interest](#) or [Beneficial Interest](#) in those shares. An example might be where you have purchased a linked insurance product from a third party provider;

**FCA** means the Financial Conduct Authority which replaced the [Financial Services Authority](#) in April 2013;

**FOS** means the Financial Ombudsman Service;

**FSA** means the Financial Services Authority;

**FSCS** means the Financial Services Compensation Scheme;

**Fund Supermarket** means a firm which provides its clients with access to financial products offered by a number of different companies and which holds the [Legal Interest](#) in those investments as a [Nominee](#) for its clients;

**GFSC** means the Guernsey Financial Services Commission;

**Guernsey Cells** means the Guernsey incorporated cell companies which are or were listed on the [CISX](#), and in which the [CF Arch cru Funds](#) invested;

**Hardship Scheme** means the scheme announced by [CFM](#) in its letter to investors of 7 December 2009 and details of which are set out on [CFM's](#) website;

**HMRC** means HM Revenue and Customs;

**HSBC** means HSBC Bank plc, the depositary to the CF Arch cru Diversified Funds;

**IFA** means Independent Financial Advisor;

**ISA** means Individual Savings Account;

**Legal Interest** means where you are the holder of the shares named on the official registers for the [CF Arch cru Funds](#) maintained by [CFM](#);

**Linked Product Provider** means an institutional investor who holds investments in the [CF Arch cru Funds](#) legally and beneficially, but does so in order to provide a return to their [Underlying Customers](#) equivalent to that which the [Underlying Customer](#) would have received if they had invested in the [CF Arch cru Funds](#) directly. For example, a third party provider who has sold a linked insurance product (such as a unit linked life policy) through which its customers can gain an exposure to the performance of the [CF Arch cru Funds](#), will typically be a [Linked Product Provider](#);

**NAV** means net asset value;

**Nominee** means a person who is named on the register of shareholders in the [CF Arch cru Funds](#) but holds the shares for the benefit of an underlying investor (the underlying beneficial owner, or "[UBO](#)");

**Payment Scheme** means the £54 million payment scheme voluntarily established by the [Contributing Parties](#) for investors holding shares in the [CF Arch cru Funds](#);

**Pre-Contractual Statement** means an undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing and whether implied or otherwise, relating to the offer of payment under the [Payment Scheme](#) or given by [CFAC Payment Scheme Limited](#), any of the [Contributing Parties](#) or any other person at any time prior to your acceptance of the offer of payment under the [Payment Scheme](#);

**SIPP** means Self Invested Personal Pension;

**SSAS** means Small Self-Administered Scheme, a pension scheme where the members are usually all company directors or key staff;

**UBO** means the underlying beneficial owner of shares held by a [Nominee](#); and

**Underlying Customer** means the underlying customer of a [Linked Product Provider](#).

## QUESTIONS AND ANSWERS

### 1. THE PAYMENT SCHEME

#### 1.1 What is the Payment Scheme?

1.1.1 [CFM](#), [BNYM T&D](#) and [HSBC](#) paid £54 million into [CFAC Payment Scheme Limited](#) for the purposes of making payments to investors in the [CF Arch cru Funds](#) under the [Payment Scheme](#). The [Payment Scheme](#) was voluntarily established by the [Contributing Parties](#) without admission of liability.

1.1.2 The [FSA](#) stated that it considers that the [Payment Scheme](#) is a fair and reasonable outcome which is in the best interests of investors in the [CF Arch cru Funds](#).

#### 1.2 Why was the Payment Scheme set up?

1.2.1 Dealings in the [CF Arch cru Funds](#) were suspended in March 2009, owing to concerns about illiquidity in one of the sub-funds of the [CF Arch cru Funds](#). Following the suspension of dealings, [CFM](#) (as [ACD](#) of the [CF Arch cru Funds](#)), in conjunction with its professional advisers, reviewed the options for the future of the [CF Arch cru Funds](#). In December 2009, after consultation with the [FSA](#), [BNYM T&D](#) and [HSBC](#), [CFM](#) determined that it was in the best interests of investors for the [CF Arch cru Funds](#) to be wound up. The winding up of the [CF Arch cru Funds](#) on an "orderly realisation" basis commenced on 1 February 2010 (please see question [4.15](#) below for an explanation of what this involves). [CFM](#) had returned £54.1 million in interim capital distributions to investors in the [CF Arch cru Funds](#) up to 31 May 2011. Since then, further interim capital distributions totalling £51.83 million have been paid, so the total paid as at 21 December 2012 is £105.93 million. Further distribution payments will be made as and when suitable amounts of cash have been raised from the assets of the Fund. The exact timing and amount of this distribution is dependent upon assets being realised within the Guernsey incorporated cell companies in which the [CF Arch Funds](#) are invested (the "[Guernsey Cells](#)") and the proceeds being returned to the [CF Arch Funds](#).

1.2.2 [CFM](#) had been reviewing the position of the investors in the [CF Arch cru Funds](#) since suspension and the [Contributing Parties](#) had also been in dialogue with the [FSA](#) in this regard. The [Payment Scheme](#) was set up in order to provide additional sums to investors in respect of their investments in the [CF Arch cru Funds](#) more swiftly and reduce the difference between the value of these investments at the time and their value based on the last published share prices prior to the suspension of dealings.

1.2.3 The [FSA](#) stated that it considered this package to represent a fair and reasonable outcome which was in the best interests of the investors in the [CF Arch cru Funds](#).

### 1.3 What funds are covered by the Payment Scheme?

1.3.1 The funds that are covered by the [Payment Scheme](#) are the CF Arch cru Investment Funds (the sub-funds of which are the CF Arch cru Investment Portfolio and CF Arch cru Specialist Portfolio) and the CF Arch cru Diversified Funds (the sub-funds of which are the CF Arch cru Balanced Fund, CF Arch cru Finance Fund, CF Arch cru Global Growth Fund and CF Arch cru Income Fund).

### 1.4 What is CFAC Payment Scheme Limited and what is its role?

1.4.1 [CFAC Payment Scheme Limited](#) is the name of the company which has been set up for the purposes of holding the £54 million contributed to the [Payment Scheme](#) by the [Contributing Parties](#) and making payments to investors in the [CF Arch cru Funds](#) under the [Payment Scheme](#).

1.4.2 Whilst the [Payment Scheme](#) is open for applications, the £54 million held by [CFAC Payment Scheme Limited](#) cannot be accessed or used by the [Contributing Parties](#) or anyone else for any purpose other than to make payments to investors in the [CF Arch cru Funds](#) in accordance with the [Payment Scheme](#).

## 2. BACKGROUND INFORMATION

### 2.1 How much has each party contributed to the Payment Scheme?

2.1.1 The individual amounts contributed to the [Payment Scheme](#) by [BNYM T&D](#) and [HSBC](#) are confidential. The size of [CFM's](#) contribution was £32m, as outlined in the [FSA's](#) Final Notice in relation to [CFM's](#) conduct as [ACD](#) of the [CF Arch cru Funds](#) published on 26 November 2012 (see question 2.3).

2.1.2 No-one other than the [Contributing Parties](#) has contributed to the [Payment Scheme](#). The [FSA](#) has said that it is considering the role of parties other than the [Contributing Parties](#) in relation to the [CF Arch cru Funds](#).

2.1.3 In December 2012 the [FSA](#) published details of a redress scheme in respect of unsuitable advice to invest in Arch cru funds. Details of this redress scheme can be viewed on the [FCA](#) website: <http://www.fca.org.uk/static/pubs/policy/ps12-24.pdf>.

### 2.2 Why did it take until August 2011 to set up the Payment Scheme?

2.2.1 Since the suspension of dealings in the [CF Arch cru Funds](#), [CFM](#) had undertaken significant work to try and protect investors' interests – for example, [CFM](#) commissioned a detailed review into the existence, ownership and value of the underlying assets of the [Guernsey Cells](#), despite the documents and information regarding these issues being held by the [Guernsey Cells](#) and not [CFM](#).

2.2.2 Completing this thorough review took some time. During this period, [CFM](#) also established the [Hardship Scheme](#) for investors in the [CF Arch cru Funds](#) experiencing financial difficulty.

- 2.2.3 In parallel with [CFM's](#) work to implement the orderly realisation of the [CF Arch cru Funds](#), [CFM](#) also undertook a detailed review of the [CF Arch cru Funds](#) and the position of investors in them. Analysing what happened and the relative roles and responsibilities of the parties involved, was a complex exercise.
- 2.2.4 [CFM](#) also engaged in extensive dialogue with [BNYM T&D](#), [HSBC](#) and the [FSA](#) regarding what might be done to assist investors. [CFM](#) and the [FSA](#) announced the establishment of the [Payment Scheme](#) as soon as possible after details of it had been agreed. The [FSA](#) stated that it considered this package to represent a fair and reasonable outcome which was in the best interests of the investors in the [CF Arch cru Funds](#).
- 2.3 **How does the Payment Scheme relate to CFM's review of investor detriment and the FSA's work?**
- 2.3.1 As we have explained previously to investors, [CFM](#) has undertaken a review of the [CF Arch cru Funds](#). The outcome of this review will not be published separately, but [CFM](#) has taken account of the findings of its review of investor detriment in its discussions with the [FSA](#) before the voluntary establishment of the [Payment Scheme](#).
- 2.3.2 In [CFM's](#) view, and based on its review, the principal causes of the detriment to investors are (1) the significant dislocation which occurred in financial markets generally during the period leading up to the suspension of dealings of the [CF Arch cru Funds](#); and (2) the conduct of parties other than the [Contributing Parties](#), including in particular (a) the parties involved in distributing and marketing the [CF Arch cru Funds](#); and (b) the parties involved in managing and valuing the [Guernsey Cells](#).
- 2.3.3 The [FSA](#) published a notice summarising its findings in relation to [CFM's](#) role in the CF Arch cru Investment and Diversified funds on 26 November 2012. [CFM](#) accepted and acknowledged the [FSA's](#) findings. No financial penalty was imposed by the [FSA](#) on [CFM](#). As the [FSA](#) made it clear in the final notice, [CFM](#) had already taken significant steps to address the issues identified, which related to the period between June 2006 and March 2009. It is important for investors to note that the content of the notice is one of the factors that were taken into account by the [FSA](#) before announcing the [Payment Scheme](#), which it stated it considers to be a fair and reasonable outcome which is in the best interests of investors. The establishment of the [Payment Scheme](#) does not mean that [CFM](#), or the other [Contributing Parties](#), are liable for the fall in value of the [CF Arch cru Funds](#) after the suspension of dealings in March 2009.
- 2.4 **Why aren't investors being given the amount needed to return the suspension value of the CF Arch cru Funds under the Payment Scheme?**
- 2.4.1 The [Payment Scheme](#) was set up voluntarily and without admission of liability by the [Contributing Parties](#) in order to provide additional sums to investors in respect of their investments in the [CF Arch cru Funds](#) more swiftly and reduce the difference between the value of these investments at the time and their value based on the last published share prices prior to the suspension of dealings. The [Payment Scheme](#) was not established because any of the

[Contributing Parties](#) are responsible for the fall in value of the [CF Arch cru Funds](#) after the suspension of dealings in March 2009.

- 2.4.2 The [Payment Scheme](#) does not affect investors' ability to seek to recover sums additional to those received under the [Payment Scheme](#) from parties other than the [Contributing Parties](#).

## 2.5 Are other parties expected to make payments to investors in the future?

- 2.5.1 This is not something which [CFM](#) is in a position to answer. The [FSA](#) has said that it is considering the role of parties other than the [Contributing Parties](#) in relation to the [CF Arch cru Funds](#).

- 2.5.2 In December 2012 the [FSA](#) published details of a redress scheme in respect of unsuitable advice to invest in Arch cru funds. Details of this redress scheme can be viewed on the [FCA](#) website: <http://www.fca.org.uk/static/pubs/policy/ps12-24.pdf>.

## 2.6 Why have the CF Arch cru Funds fallen in value since suspension?

- 2.6.1 It is important to note that financial markets generally were experiencing a period of extreme dislocation during the period leading up to the suspension of dealings in the [CF Arch cru Funds](#) in March 2009.

- 2.6.2 It has also emerged after the suspension of dealings that the [CISX](#) share prices for the [Guernsey Cells](#) did not reflect their actual value. [CFM](#) had relied on these [CISX](#) quoted share prices when valuing the [CF Arch cru Funds](#). The [CISX](#) quoted share prices were also consistent with the published [NAVs](#) and audited accounts for the [Guernsey Cells](#).

- 2.6.3 The changes made at [Guernsey Cell](#) level to the valuations of their underlying assets has meant that the [CF Arch cru Funds](#) are not worth as much as [CFM](#) and other investors in the [Guernsey Cells](#) had previously understood.

- 2.6.4 The new board of directors of the [Guernsey Cells](#) has been investigating events surrounding the past selection, management and valuation of the [Guernsey Cells'](#) assets. As a result of this work, the directors of the [Guernsey Cells](#) filed a claim in the English courts in December 2011, seeking approximately £150 million in damages from Arch in relation to its former role as the investment manager of the [Guernsey Cells](#). The [Guernsey Cells](#) have made claims that Arch managed the assets of the [Guernsey Cells](#) in breach of: the mandate given to it; a duty to exercise reasonable care in managing the assets of the [Guernsey Cells](#); and various fiduciary duties owed by Arch to the [Guernsey Cells](#). Arch filed a defence and counterclaim to the claims on 1 May 2012 and the [Guernsey Cells](#) filed their reply and defence to counterclaim on 22 May 2012. The [Guernsey Cells](#) have also filed a claim against Arch's chief executive, seeking £20 million for dishonestly assisting Arch in breaching its duties. We understand that a trial is scheduled to take place in November 2013.

- 2.6.5 The [Guernsey Cells](#) have also brought claims in the Guernsey Courts totalling £160 million against the former administrators to the [Guernsey Cells](#), Bordeaux

Services (Guernsey) Limited, and the former directors of the [Guernsey Cells](#) in relation to their role in the management and valuation of the Cells.

- 2.6.6 If any money is recovered through these claims, this would increase the value of the [Guernsey Cells](#) and, in turn, the value of the [CF Arch cru Funds](#). This value would be returned to investors in the [CF Arch cru Funds](#) through the orderly realisation process. However, there is no certainty at this stage as to whether the Courts will find in the [Guernsey Cells'](#) favour, the amount of damages which might be awarded or the amount which may then prove recoverable from any of the defendants.
- 2.6.7 The board of directors of the [Guernsey Cells](#) will keep [CFM](#) updated and, to the extent [CFM](#) is able to do so, [CFM](#) will continue to update investors with any important developments in relation to this.

## 2.7 Who was responsible for the performance and pricing of the Guernsey Cells?

- 2.7.1 [CFM's](#) view on the respective roles and responsibilities of the various parties for the performance and pricing of the [Guernsey Cells](#) is set out below.
- 2.7.2 The board and the investment manager of the [Guernsey Cells](#) were responsible for their performance.
- 2.7.3 The [Guernsey Cells](#) have their own board of directors. The previous board of directors appointed Arch as investment manager to the [Guernsey Cells](#). Arch was responsible for performing this role in its own right, and separate from its role as investment manager of the [CF Arch cru Funds](#). [CFM](#) was not responsible for appointing or supervising Arch in relation to its role as investment manager of the [Guernsey Cells](#).
- 2.7.4 The [Guernsey Cells](#) had an independent administrator, Bordeaux Services (Guernsey) Limited, which was responsible for valuing the assets held by the [Guernsey Cells](#). These valuations were published on the [CISX](#) on a monthly or quarterly basis, and were also subject to periodic independent audit by Moore Stephens LLP, the auditors of the [Guernsey Cells](#). The prices which were quoted on the [CISX](#) for the shares of the [Guernsey Cells](#) were produced by an independent market maker, Winterflood Securities Limited. None of the [Contributing Parties](#) had any responsibility for producing these quoted prices, upon which [CFM](#) relied when valuing the assets of the [CF Arch cru Funds](#).

## 2.8 Will the Guernsey Cells be paying money to investors?

- 2.8.1 The [Guernsey Cells](#) are not making any separate payment direct to investors in the [CF Arch cru Funds](#). However, the directors of the [Guernsey Cells](#) filed a claim in the English courts in December 2011, seeking approximately £150 million in damages from Arch in relation to its former role as the investment manager of the [Guernsey Cells](#). The [Guernsey Cells](#) have made claims that Arch managed the assets of the [Guernsey Cells](#) in breach of: the mandate given to it; a duty to exercise reasonable care in managing the assets of the [Guernsey Cells](#); and various fiduciary duties owed by Arch to the [Guernsey Cells](#). Arch filed a defence and counterclaim to the claims on 1 May 2012 and

the [Guernsey Cells](#) filed their reply and defence to counterclaim on 22 May 2012. The [Guernsey Cells](#) have also filed a claim against Arch's chief executive, seeking £20 million for dishonestly assisting Arch in breaching its duties. We understand that a trial is scheduled to take place in November 2013.

2.8.2 The [Guernsey Cells](#) have also brought claims in the Guernsey Courts totalling £160 million against the former administrators to the [Guernsey Cells](#), Bordeaux Services (Guernsey) Limited, and the former directors of the [Guernsey Cells](#) in relation to their role in the management and valuation of the Cells.

2.8.3 If any money is recovered through these claims, this would increase the value of the [Guernsey Cells](#) and, in turn, the value of the [CF Arch cru Funds](#). This value would be returned to investors in the [CF Arch cru Funds](#) through the orderly realisation process. However, there is no certainty at this stage as to whether the Courts will find in the [Guernsey Cells'](#) favour, the amount of damages which might be awarded or the amount which may then prove recoverable from any of the defendants.

2.8.1 The board of directors of the [Guernsey Cells](#) will keep [CFM](#) updated and, to the extent [CFM](#) is able to do so, [CFM](#) will continue to update investors with any important developments in relation to this.

## **2.9 What action is being taken by the regulator in Guernsey?**

2.9.1 The Policy Council of the States of Guernsey announced on 22 April 2013, that an independent mediator had been appointed to assist in attempts to resolve some of the civil claims brought by the Arch Guernsey funds. The appointment will last until the end of June 2013.

If any money is recovered through these claims or through the process of mediation, this would increase the value of the [Guernsey Cells](#) and, in turn, the value of the [CF Arch cru Funds](#). This value would be returned to investors in the [CF Arch cru Funds](#) through the orderly realisation process.

However, there is no certainty at this stage as to whether either the Courts or the mediation process will lead to recoveries that will benefit the [Guernsey Cells](#) and hence the [CF Arch cru Funds](#). We will keep you informed of material developments.

## **3. APPLICATIONS UNDER THE PAYMENT SCHEME**

### **3.1 Will I receive a payment under the Payment Scheme automatically?**

3.1.1 No. Investors must submit a correctly completed application to receive payment under the [Payment Scheme](#). You should carefully consider the 31 August 2011 letter and the [Application Pack](#) that has been sent to you.

### **3.2 Who can apply under the Payment Scheme?**

3.2.1 In order to apply directly to the [Payment Scheme](#), you must be a legal investor who was named as at 31 May 2011 on the register of shareholders in the [CF](#)

[Arch cru Funds](#) (or on the sub-register of [ISA](#) holders for whom [CFM](#) is the [ISA](#) plan manager), and you must still be holding your investment as at 31 August 2011. (For the position in relation to transfers after 31 August 2011 please see question [3.11](#) below.)

- 3.2.2 There are approximately 6,400 shareholdings on the register of shareholders of the [CF Arch cru Funds](#). The legal investors named on the register of shareholders include:
- (A) Individual investors who have invested in the [CF Arch cru Funds](#) directly;
  - (B) [Linked Product Providers](#) such as those who have issued insurance products linked to the performance of the [CF Arch cru Funds](#); and
  - (C) [Nominees](#) such as stockbrokers and [Fund Supermarkets](#) who may be holding shares on behalf of their clients.
- 3.2.3 Investors who are [Nominees](#) or [Linked Product Providers](#) will be holding their shares on behalf of an underlying client, or to provide an underlying client with a return based on the performance of the shares. For the purposes of the [Payment Scheme](#), we have called these people [UBOs](#) or [Underlying Customers](#). For example, [UBOs](#) include people who have invested in the [CF Arch cru Funds](#) through a [Nominee](#) such as a [SIPP](#) provider, a [Fund Supermarket](#), or an [ISA](#) investment. [Underlying Customers](#) will be people who have purchased an investment such as a linked insurance bond from a [Linked Product Provider](#) which gives them an [Economic Interest](#) (this means an exposure, whether direct or indirect, to the value of the shares, other than by holding the [Legal Interest](#) or [Beneficial Interest](#)) in the [CF Arch cru Funds](#).
- 3.2.4 In these cases, it is the [Nominee](#) or [Linked Product Provider](#) who is eligible to apply to the [Payment Scheme](#) and not the [UBO](#) or [Underlying Customer](#). [Nominees](#) and [Linked Product Providers](#) should, however, consider whether they need to consult with their [UBOs](#) and [Underlying Customers](#) before accepting the offer under the [Payment Scheme](#).
- 3.2.5 For the avoidance of doubt, if you are a [UBO](#) or [Underlying Customer](#) and therefore hold a [Beneficial Interest](#) and/or [Economic Interest](#) in the [CF Arch cru Funds](#) rather than being named on the register of shareholders, only your [Nominee](#) or [Linked Product Provider](#) can apply for payment under the [Payment Scheme](#) on your behalf. Depending on the terms and conditions governing your arrangement, you may need to liaise with your [Nominee](#) or [Linked Product Provider](#) in order for them to make an application on your behalf.
- 3.2.6 Further information about [Nominees](#) and [Linked Product Providers](#) is set out at question [3.14](#) below.
- 3.3 **My investments in the CF Arch cru Funds are held through an ISA and CFM is my ISA plan manager. Can I make an application directly to the Payment Scheme?**
- 3.3.1 Yes, because [CFM](#) maintains a sub-register of the investors in the [CF Arch cru Funds](#) who have invested via an [ISA](#) and for whom it acts as [ISA](#) plan manager.

[CFM](#) has written to you directly with an [Application Pack](#) for each share class/sub-fund in which you have an investment.

- 3.3.2 Investors holding their investment in the [CF Arch cru Funds](#) through an [ISA](#) for whom [CFM](#) is the [ISA](#) plan manager should sign **Declaration A** when submitting their applications (this is the case in relation to both the shares currently held within an [ISA](#) and any shares transferred to [CFM](#) or a member of its group under the [Hardship Scheme](#)). If you fall into this category but have not received an [Application Pack](#) from [CFM](#) in respect of each share class/sub-fund in which you have an investment, you should contact [CFM](#) as soon as possible using the contact details set out at question [9.3](#) below.
- 3.3.3 If [CFM](#) is not your [ISA](#) plan manager, you should contact your [ISA](#) plan manager as it will need to apply to the [Payment Scheme](#) on your behalf (see questions [3.2.3](#) to [3.2.5](#) above).
- 3.3.4 See question [3.4](#) below for information on the [Payment Scheme](#) application process where you have made a successful application to the [Hardship Scheme](#) in relation to an investment in the [CF Arch cru Funds](#) which you held in an [ISA](#) for which [CFM](#) is the [ISA](#) plan manager.

**3.4 I hold my investment in the CF Arch cru Funds through an ISA and CFM is my ISA plan manager. I have transferred some of that investment to CFM or a member of its group as a result of a successful application to the Hardship Scheme. How will the Payment Scheme process apply in this situation?**

- 3.4.1 If you hold your investment in the [CF Arch Cru Funds](#) through an [ISA](#) and [CFM](#) is your [ISA](#) plan manager, and you have transferred some of your shares out of the [ISA](#) to [CFM](#) or a member of its group under the [Hardship Scheme](#), then you should have received two separate [Application Packs](#) – one in relation to the shares which are still in your [ISA](#) and one in relation to the shares transferred under the [Hardship Scheme](#). This is because the tax treatment which is available to [ISA](#) holders in relation to a payment under the [Payment Scheme](#) is not applicable in relation to any part of the payment which relates to shares transferred out of the [ISA](#) to [CFM](#) or a member of its group under the [Hardship Scheme](#). Please see questions [6.2](#), [6.3](#) and [6.5](#) below for further details of the tax position and the options available for payment.

**3.5 I hold my investments through a SIPP provider, ISA account, Fund Supermarket, stockbroker, insurance bond or similar product. What should I do?**

- 3.5.1 If you hold your investment in these ways you are **unlikely** to appear directly on the register of shareholders. This means you do not have a [Legal Interest](#) in the [CF Arch cru Funds](#). [CFM](#) has only sent [Application Packs](#) to investors in the [CF Arch cru Funds](#) named on its register of shareholders or on its plan register (for investors who have invested via an [ISA](#) for which [CFM](#) is the [ISA](#) plan manager). [CFM](#) has sent details of the offer under the [Payment Scheme](#) to the providers of [SIPPs](#), [ISAs](#) and other relevant products. Although this may depend on the terms of their contracts with their underlying clients (i.e. the people defined in this document as [UBOs](#) or [Underlying Customers](#)), [CFM's](#) expectation is that these product providers will pass to their underlying clients

information about the [Payment Scheme](#) and how applications to it will be made on their behalf. If you do not hear from your product provider, you should contact them as they will need to apply to the [Payment Scheme](#) on your behalf.

### 3.6 What letters has CFM sent in relation to the Payment Scheme?

- 3.6.1 [CFM](#) sent the 31 August 2011 letter which provides details about the [Payment Scheme](#) to investors who were named at 31 May 2011 on either the register of shareholders in the [CF Arch cru Funds](#) or the plan register of investors who have invested in the [CF Arch cru Funds](#) through an [ISA](#) and for whom [CFM](#) acts as [ISA](#) plan manager, in each case provided that they still held their investment at 31 August 2011. Where an investment is held in the names of more than one person, [CFM](#) marked the letter for the attention of all named shareholders, but in accordance with standard industry practice and the terms and conditions applicable to investment in the [CF Arch cru Funds](#), [CFM](#) sent the letter to the first named shareholder appearing on the register of shareholders. The first named shareholder should contact the other joint shareholders as appropriate.
- 3.6.2 All investors who receive the 31 August 2011 letter were also sent an [Application Pack](#) setting out their personalised offer under the [Payment Scheme](#). Each [Application Pack](#) also included a copy of the [FOS's](#) standard explanatory leaflet, and informed investors that if they were dissatisfied with the offer under the [Payment Scheme](#), they could make a complaint to the [FOS](#) within six months. As a result, the [Application Pack](#) constitutes a "redress determination" for the purposes of the [FCA's](#) rules in relation to complaint handling – the consequences of this are explained in question [8.2](#) below.
- 3.6.3 The position in relation to transfers of shares in the [CF Arch cru Funds](#) is as follows:
- (A) In a small number of cases, investors who held shares as at 31 May 2011 have transferred those shares to another person – for example, because the shares have passed to the beneficiary of the previous investor's estate. Where that is the case, the 31 August 2011 letter and [Application Pack](#) were sent to the person holding those shares as at 31 August 2011.
  - (B) If a transfer of shares takes place after the date on which the [Application Packs](#) were issued and no application to the [Payment Scheme](#) has been made before the transfer, we anticipate that in most cases the person to whom the shares are transferred will be entitled to make any application to the [Payment Scheme](#) in relation to those shares. [CFM](#) will, before registering a transfer, require the transferor to confirm whether or not an application has been made to the [Payment Scheme](#) in respect of the shares which are the subject of the transfer. If no application has been made to the [Payment Scheme](#), the right to apply to the [Payment Scheme](#) will pass to the transferee along with the shares, provided that the person transferring the shares confirms to [CFM](#) that this is what he/she has agreed with the transferee. It is important that the parties to the transfer of shares discuss and agree

this between themselves before confirming the position to [CFM](#). For the avoidance of doubt, only one application can be made to the [Payment Scheme](#) in respect of each shareholding in a particular share class of a sub-fund of the [CF Arch cru Funds](#).

- (C) Please note that if you hold your investment in the [CF Arch cru Funds](#) in an [ISA](#) for which [CFM](#) is your [ISA](#) plan manager, you will lose your right to apply directly to the [Payment Scheme](#) if you transfer to a new [ISA](#) plan manager before you accept your offer under the [Payment Scheme](#). After the shares are transferred, your new [ISA](#) plan manager will have to apply to the [Payment Scheme](#) on your behalf, as it will be the holder of the [Legal Interest](#) in the shares.

- 3.6.4 CFM has sent reminder letters in March, June and October 2012 and June 2013 to those investors in the CF Arch cru Funds who have not applied to the Payment Scheme. We will issue a further reminder letter in October 2013.

### 3.7 **What if I hold investments in more than one share class or sub-fund of the CF Arch cru Funds?**

- 3.7.1 We have sent a separate [Application Pack](#) for each share class/sub-fund in which you have an investment. This is because you may choose whether or not to accept the offer separately in relation to each such share class/sub-fund. It is important that you return a correctly completed application for each share class/sub-fund for which you wish to accept the offer under the [Payment Scheme](#).
- 3.7.2 To accept an offer, you must return a correctly completed application in respect of the entirety of your holding in the share class to which the offer relates.
- 3.7.3 [Nominees](#) and [Linked Product Providers](#) may submit multiple partial applications to the [Payment Scheme](#) as instructions are received from their [UBOs](#) or [Underlying Customers](#) – please see question [3.14](#). Please note that each [UBO](#) or [Underlying Customer](#) instructing the [Nominee](#) or [Linked Product Provider](#) to accept an offer under the [Payment Scheme](#) may only accept the offer under the [Payment Scheme](#) in relation to the entirety of the [UBO](#) or [Underlying Customer's](#) interest in the particular share class of a sub-fund to which the offer relates.

### 3.8 **Why have I received more than one offer under the Payment Scheme?**

- 3.8.1 If you have investments in more than one share class within a sub-fund and/or investments in more than one sub-fund, [CFM](#) has sent you a separate letter and a separate [Application Pack](#) in respect of each investment – please see question [3.7](#). You should read and consider each separate [Application Pack](#) carefully.

**3.9 I have investments in the CF Arch cru Funds but have not received a letter. What should I do?**

3.9.1 If you have not received a letter about the [Payment Scheme](#) directly from [CFM](#) in respect of your investment, in the [CF Arch cru Funds](#) then your investment is likely to be held either:

(A) jointly with someone else, and you are not the first named holder of the investment on the register. Where investments are held in joint names, we wrote to the first named shareholder in line with standard industry practice and the terms and conditions applicable to investment in the [CF Arch cru Funds](#) (although for ease of reference we have identified the names of all of the shareholders on the face of the correspondence). If you hold your investment in the [CF Arch cru Funds](#) jointly with one or more other people, you should contact the first named shareholder regarding the [Payment Scheme](#) if he/she has not contacted you; or

(B) for your benefit by an institutional investor named on the register of the [CF Arch cru Funds](#). This could be because: (a) your investment is being held by a [Nominee](#) on your behalf, for example by a [Fund Supermarket](#), an [ISA](#) plan manager other than [CFM](#) or a pension scheme trustee; or (b) the investment in question is being held by what we are calling a [Linked Product Provider](#), for example by a third party investor providing a product such as a unit linked insurance bond in order to return to you an equivalent amount as if you had invested in the [CF Arch cru Funds](#) yourself. In this case, you should contact the person in whose name the investment is held on the register of shareholders, because they will have to apply to the [Payment Scheme](#) on your behalf.

3.9.2 If you are an investor named on the share register for the [CF Arch cru Funds](#) and have not received an [Application Pack](#) (or [Application Packs](#) where you have an investment in more than one share class or sub-fund) you should contact [CFM](#) as soon as possible using the contact details set out at question [9.3](#) below.

**3.10 I held an investment in the CF Arch cru Funds at suspension, but transferred it to someone else before 31 May 2011. Am I eligible for a payment under the Payment Scheme?**

3.10.1 No. If you transferred your investment in the [CF Arch cru Funds](#) before 31 May 2011 you will not be eligible to participate in the [Payment Scheme](#). The person to whom you transferred the shares will be eligible to participate in the [Payment Scheme](#).

3.10.2 The only exception is where you held an investment prior to 31 May 2011 but transferred it to [CFM](#) or a member of its group as a result of a successful application under the [Hardship Scheme](#). This is because, for the purposes of the offer made to you under the [Payment Scheme](#), you will be treated as still owning any shares which have been transferred by you to [CFM](#) or a member of

its group as a result of a successful application to the [Hardship Scheme](#). (For all other purposes, such as future interim capital distributions, you will not be treated as owning shares transferred to [CFM](#) or a member of its group as a result of a successful application under the [Hardship Scheme](#), as [CFM](#) has already paid you the full [NAV](#) of those shares at the time of the transfer.)

**3.11 What if I transfer my investment in the CF Arch cru Fund after receiving my Application Pack?**

3.11.1 Only one application can be made to the [Payment Scheme](#) in respect of each shareholding in a particular share class of a sub-fund of the [CF Arch cru Funds](#). We will therefore ask you before registering the transfer to confirm (a) that you have not already applied to the [Payment Scheme](#) in relation to the shares being transferred and (b) whether or not you have agreed that the right to apply to the [Payment Scheme](#) will be transferred with the shares. If you have already applied to the [Payment Scheme](#) in relation to the shares being transferred, they will be transferred with the transferee having no right to apply under the [Payment Scheme](#).

**3.12 What if the named investor on the register is bankrupt or has died or there is a power of attorney in place?**

3.12.1 If the named investor is bankrupt or has passed away, the entitlement to apply to the [Payment Scheme](#) will pass to the named investor's trustee in bankruptcy or to his personal representatives/executors, who can apply for payment under the [Payment Scheme](#) as if they were the named holder.

3.12.2 If the investment in the [CF Arch cru Funds](#) has been re-registered in the name of the beneficiary of the deceased named holder in accordance with his/her will or under intestacy rules and no application was made by the deceased's personal representatives or executor, then that beneficiary can make the application to the [Payment Scheme](#).

3.12.3 In either case, you will need to sign and return **Declaration A** when submitting your application, assuming no-one other than the investor who was declared bankrupt or who has passed away holds a [Beneficial Interest](#) or [Economic Interest](#) in the shares which are the subject of the application - please see question [3.15](#) below for further details.

3.12.4 If you are signing the application as trustee in bankruptcy, executor, personal representative or under a power of attorney, then you must enclose with the application, evidence of your authority to act if this has not previously been supplied to [CFM](#) (e.g. a power of attorney, appointment of trustee in bankruptcy, grant of probate, letter of administration or other relevant evidence). When sending evidence to [CFM](#), please send certified copies rather than originals. Certified copies will not be returned to you unless you specifically request us to do so.

3.12.5 Please contact [CFM](#) (using the details in question [9.3](#) below) if you have any questions regarding the evidence that is needed in any particular circumstances.

### 3.13 What if I am administering an estate under the small estates provisions?

- 3.13.1 Under the small estates procedure, it is possible for estates of low value (i.e. where the total value of the estate of the deceased in the United Kingdom does not exceed £20,000 and the total value of the shares does not exceed £10,000) to be administered without the need to apply for a full grant of probate. If you are administering an estate under the small estates provisions, the evidence you will need to provide generally involves providing a declaration of your entitlement to act and granting an indemnity to cover any loss or damage that is caused in the event that shares are transferred into your name in reliance upon this declaration. Please contact [CFM](#) directly using the contact details at question [9.3](#) below for a copy of its declaration form or to discuss how the small estates provisions apply to your case.

### 3.14 I am a Nominee/Linked Product Provider. What do I need to do?

- 3.14.1 You should consider whether you need to consult with your [UBOs](#) or [Underlying Customers](#) before accepting the offer on their behalf. [CFM](#) is not in a position to advise [Nominees](#) or [Linked Product Providers](#) or their [UBOs](#) or [Underlying Customers](#) respectively on whether you need to consult, as this will depend on the arrangements in place between you and your [UBOs/Underlying Customers](#). [CFM](#) has made available on its website ([www.capitafinancial.com](http://www.capitafinancial.com), enter the "Investor Services" section, follow the link "Investor Communications" and then click on "CF Arch cru Payment Scheme") a pro forma letter for [Nominees](#) or [Linked Product Providers](#) to adapt for the purposes of sending information about the [Payment Scheme](#) to their clients if they have not already done so. The updated pro forma letter refers to the revised acceptance deadline of 31 December 2013 and contains updated text concerning the judicial review applications regarding the [Payment Scheme](#). This letter should not be used where [Nominees](#) or [Linked Product Providers](#) have already provided their client(s) with details about the Payment Scheme (including their offer under the [Payment Scheme](#)). [Nominees](#) or [Linked Product Providers](#) and who have already written to their clients and have not received any response accepting or rejecting their offer under the [Payment Scheme](#), may wish to consider contacting their clients again and explaining that the deadline for CFM to receive applications has been extended. CFM has drafted a pro forma letter for this purpose as well which is available on its website ([www.capitafinancial.com](http://www.capitafinancial.com), enter the "Investor Services" section, follow the link "Investor Communications" and then click on "CF Arch cru Payment Scheme").
- 3.14.2 [Nominees](#) and [Linked Product Providers](#) accepting an offer under the [Payment Scheme](#) must accept on their own behalf and on behalf of their [UBOs](#) or [Underlying Customers](#).
- 3.14.3 Many [Nominees](#) and [Linked Product Providers](#) will have multiple [UBOs](#) or [Underlying Customers](#) and these [UBOs](#) or [Underlying Customers](#) may give instructions regarding the [Payment Scheme](#) at different times. [Nominees](#) and [Linked Product Providers](#) do not need to wait for all of their [UBOs](#) or [Underlying Customers](#) to give instructions before submitting an application. [Nominees](#) and [Linked Product Providers](#) may submit multiple partial applications to the

Payment Scheme, by photocopying the Application Pack that has been sent to them.

- 3.14.4 In the event of a partial acceptance, the terms of the offer set out in (a) the 31 August 2011 letter; (b) the covering letter in the Application Pack; and (c) the declaration in the Application Pack will apply to that part of the offer to which the partial acceptance relates. For the avoidance of doubt, the cumulative total of partial acceptances from a Nominee or Linked Product Provider of an offer under the Payment Scheme may not exceed the total investment held by that Nominee or Linked Product Provider in the share class of the sub-fund to which the offer relates.
- 3.14.5 Each UBO or Underlying Customer instructing the Nominee or Linked Product Provider to accept an offer under the Payment Scheme may only accept the offer under the Payment Scheme in relation to the entirety of the UBO or Underlying Customer's interest in the particular share class of a sub-fund to which the offer relates.
- 3.14.6 Where a UBO or Underlying Customer giving instructions to a Nominee or Linked Product Provider has interests in several share classes and wishes the Nominee or Linked Product Provider to accept in relation to multiple share classes, he/she will need to give instructions in respect of each such share class.
- 3.14.7 Acceptances by Nominees and Linked Product Providers of offers under the Payment Scheme (whether in whole or in part) will be on terms that the Nominee or Linked Product Provider must:
- (A) accept the terms of payment described in (a) the 31 August 2011 letter; (b) the covering letter in the Application Pack; and (c) the declaration in the Application Pack on behalf of the UBOs or Underlying Customers to whom the acceptance relates;
  - (B) agree to provide to the Contributing Parties such details regarding their UBOs or Underlying Customers as the Contributing Parties may reasonably request for the purposes of identifying whether or not the offer under the Payment Scheme has been accepted and payment made in relation to any particular UBO or Underlying Customer's interest in the relevant share class of a sub-fund of the CF Arch cru Funds;
  - (C) agree to pass on to each of its UBOs or Underlying Customers, without charge or deduction, the amount received from the Payment Scheme which relates to that UBO or Underlying Customer's interest in the relevant share class of a sub-fund of the CF Arch cru Funds; and
  - (D) agree to reimburse the Contributing Parties for any losses suffered by the Contributing Parties as a result of a failure by the Nominee or Linked Product Provider to pass on to the relevant UBO(s) or Underlying Customer(s) payments received by the Nominee or Linked

[Product Provider](#) following acceptances (in full or in part) of the offer made under the [Payment Scheme](#).

### 3.15 Which declaration should I sign?

3.15.1 Each investor who makes an application to the [Payment Scheme](#) will need to complete and sign a declaration and return it with their application form. There are different categories of investor, and they will need to ensure that they complete the declaration which applies to them:

- (A) Please complete **Declaration A** (printed on pink paper) if you (or you and the other joint holders of your investment in the [CF Arch cru Funds](#)) are the only person(s) with the [Legal Interest](#), and no-one else holds a [Beneficial Interest](#) or an [Economic Interest](#), in the shares which are the subject of the application. Declaration A is likely to be applicable if you are an individual holding shares in the [CF Arch cru Funds](#) for your own benefit.
- (B) Investors holding their investment in the [CF Arch cru Funds](#) through an [ISA](#) for whom [CFM](#) is the [ISA](#) plan manager should also use **Declaration A**.
- (C) Please complete **Declaration B** (printed on blue paper) if you hold the [Legal Interest](#) in the shares which are the subject of the application but if someone else holds a [Beneficial Interest](#) or an [Economic Interest](#) in those shares. Declaration B will be applicable if you are a [Nominee](#) or [Linked Product Provider](#) - for example where you are a [Fund Supermarket](#) or are otherwise holding the investments on behalf of or for the benefit of [UBOs](#) or [Underlying Customers](#).

### 3.16 I have transferred my entire holding to CFM or a member of its group under the Hardship Scheme – which declaration should I sign?

3.16.1 If you receive an offer in respect of shares which you used to hold, but which have all been transferred to [CFM](#) or a member of its group under the [Hardship Scheme](#), please sign the declaration which would have applied to you if you were still holding the shares. See question [3.15](#) above for further details, but in summary:

- (A) Please complete **Declaration A** (printed on pink paper) if you (or you and the other joint holders of your investment in the [CF Arch cru Funds](#)) were the only person(s) with the [Legal Interest](#), and no-one else held a [Beneficial Interest](#) or an [Economic Interest](#), in the shares which are the subject of the application.
- (B) Please complete **Declaration B** (printed on blue paper) if you held the [Legal Interest](#) in the shares which are the subject of the application but if someone else held a [Beneficial Interest](#) or an [Economic Interest](#) in those shares.

**3.17 I have signed the declaration – where should I send it?**

3.17.1 In order to accept your offer of payment under the [Payment Scheme](#) you must send [CFM](#) a correctly completed application, the correct signed declaration (A or B - see question [3.15](#)), bank mandate form (where applicable) and any relevant evidence of authority to act (for example, if you are a trustee, executor or personal representative of a named investor - see questions [3.12](#) and [3.13](#) above). If you have lost your pre-paid envelope, please send the documents to the address set out in question 9.3.

**3.18 Can I send my application by fax or by email?**

3.18.1 No. We can only consider correctly completed applications with an original signature – please return your correctly completed application to [CFM](#) in the pre-paid envelope provided in the [Application Pack](#). If you have lost your pre-paid envelope, please send the documents to the address set out in question 9.3.

**4. PAYMENTS UNDER THE PAYMENT SCHEME**

**4.1 How was my offer under the Payment Scheme calculated?**

4.1.1 The letter sent to you explaining the [Payment Scheme](#) sets out details of how [CFM](#) has calculated each investor's share of the £54 million contributed to the [Payment Scheme](#). The [Application Pack](#) sent to you contains your personalised offer of payment under the [Payment Scheme](#).

4.1.2 The amount which was offered to you under the [Payment Scheme](#) represents approximately 34% of the difference between the [NAV](#) of your investment in the [CF Arch cru Funds](#) at 31 May 2011 (after taking account of interim capital distributions up to 31 May 2011) and the value of your investment based on the last published share prices prior to suspension of dealings on 13 March 2009.

4.1.3 For example, if you are an investor with 10,000 shares in the B Income share class of the CF Arch cru Investment Portfolio, then:

(A) We have first calculated the amount of the fall in value of the shares owned by investors in the B Income share class as a whole, comparing (i) the value using the published price at the date of suspension with (ii) the value as at 31 May 2011, plus the value of the interim capital distributions paid to B Income share class holders up to 31 May 2011 date.

(B) In this case, the difference was approximately £17.14 million. We compared this figure to the fall in value of all shares in all share classes of the [CF Arch cru Funds](#) as a whole over the same period. The fall in value for the B Income share class represented approximately 10.7% of the overall fall in the value of the [CF Arch cru Funds](#) during this period.

(C) We then allocated the £54 million between the various share classes of the [CF Arch cru Funds](#) in proportion to their share of the overall fall in the value of [CF Arch cru Funds](#). 10.7% of the £54 million [Payment](#)

[Scheme](#), i.e. approximately £5.77 million, was therefore allocated to the B Income share class.

- (D) We then divided the £5.77 million amongst the investors in the B Income share class, in proportion to the number of shares each investor owns in that share class. The 10,000 shares you hold represent approximately 0.02747% of the shares in issue in the B Income share class. Accordingly, you will be eligible for a payment of approximately 0.02747% of £5.77 million, which is £1,586.
- (E) Your shares were worth approximately £10,342 at suspension, based on the last published price prior to suspension. The total of the interim capital distributions you have received up to 31 May 2011 is approximately £1,113, and the [NAV](#) of your shares at 31 May 2011 was approximately £4,519, giving a total of £5,632. The fall in the value of your shares between suspension and 31 May 2011 is £10,342 less £5,632, which is £4,710.
- (F) Your offer under the [Payment Scheme](#) of £1,586 represents approximately 34% of the fall in the value of your shares since suspension (£1,586 as a percentage of £4,710). The same percentage amount (i.e. 34%) was offered to all eligible investors in the [CF Arch cru Funds](#).
- (G) Another way of thinking about it is that, if you add (1) the interim capital distributions you have received up to 31 May 2011 of £1,113 to (2) the [NAV](#) of your shares at 31 May 2011 of £4,519 and (3) the amount offered under the [Payment Scheme](#) of £1,586, you will receive a total of £7,218. At the time the Payment Scheme was announced £7,218 represented approximately 70% of the value of your shares based on the last published price prior to suspension. It should be borne in mind that this figure was based on the [NAV](#) as at 31 May 2011 – this figure is not guaranteed and may go up or down (please see further questions [4.9.2](#) and [4.11](#) below).

## 4.2 What if I have already received a payment under the Hardship Scheme?

- 4.2.1 Your eligibility to participate in the [Payment Scheme](#) is not affected by the fact that you have made a successful application to the [Hardship Scheme](#). This is because, for the purposes of the offer made to you under the [Payment Scheme](#), you will be treated as still owning any shares which have been transferred by you to [CFM](#) or a member of its group as a result of a successful application to the [Hardship Scheme](#). (For all other purposes, such as future interim capital distributions, you will not be treated as owning the shares transferred to [CFM](#) or a member of its group as a result of a successful application under the [Hardship Scheme](#) as [CFM](#) has already paid you the full [NAV](#) of those shares at the time of the transfer.)

#### 4.3 Is the Hardship Scheme still open?

4.3.1 The [Hardship Scheme](#) remains open for applications – details can be found on [CFM's](#) website, [www.capitafinancial.com](http://www.capitafinancial.com) (enter the "Investor Services" section of the website, follow the link "Investor Communications" and then click on "CF Arch cru fund suspensions"), or by writing to [CFM](#) at the address set out in question [9.3](#).

#### 4.4 Will my rights to make claims in relation to my investment in the CF Arch cru Funds be affected by accepting an offer of payment under the Payment Scheme?

4.4.1 Acceptance of an offer of payment under the [Payment Scheme](#) is in full and final settlement of any claims against the [Contributing Parties](#) in relation to the shares to which that offer relates.

4.4.2 In exchange for accepting the offer and receiving a payment under the [Payment Scheme](#), you will be agreeing not to make any claims arising out of or related to your investment in the shares which are the subject of your application against the [Contributing Parties](#), their respective group companies and their directors, officers and employees regarding their acts or omissions prior to 31 August 2011. You will, therefore, not be able to claim additional amounts from them, whether through the courts or otherwise.

4.4.3 By accepting the offer, you will also be agreeing that you are not relying on any [Pre-Contractual Statements](#). Essentially, this means that any previous written or oral statements that are, or may have been, made to you prior to your acceptance of the offer of payment under the [Payment Scheme](#) cannot be relied on unless they appear in the 31 August 2011 letter, the covering letter in the [Application Pack](#) or the declaration in the [Application Pack](#). You will not be able to make claims based on any such [Pre-Contractual Statements](#) except where the person making them did so fraudulently, dishonestly or in order to deliberately conceal something from you. These Q&As do not form part of the legal terms of the offer under the [Payment Scheme](#).

4.4.4 Acceptance of the payment under the [Payment Scheme](#) and release of the [Contributing Parties](#) does not affect your ability to pursue any other party who you believe may have caused you loss or damage in respect of your investment in the [CF Arch cru Funds](#), whether via the courts or by any other means. If you bring a claim against parties other than the [Contributing Parties](#) and have at that time already accepted a payment under the [Payment Scheme](#), it is important that you make clear the fact and amount of the payment you have already received from the [Contributing Parties](#) under the [Payment Scheme](#).

#### 4.5 What if I have already made a claim against another party and received compensation?

4.5.1 Some investors may have already received payments in relation to their investments in the [CF Arch cru Funds](#) (whether by way of compensation or otherwise) from sources other than the [Contributing Parties](#). For example, if you have received money from your [IFA](#) in relation to the way in which your investment was sold to you, or if you are paid money by the [FSCS](#) in relation to

an [IFA](#) which is no longer trading. Where this is the case, you may have an obligation to pass on some or all of the amount you receive under the [Payment Scheme](#) to those other sources. For example:

- (A) in the event that you are paid compensation by the [FSCS](#), the [FSCS](#) will take an assignment of your rights against the firm in "default" (see question [8.8](#)) and relevant third parties. Accordingly, you would no longer be able to make an application to the [Payment Scheme](#);
- (B) you may have come to an agreement, as part of a settlement with another party, to pay over any sum you later receive from any of the [Contributing Parties](#) to that other party.

4.5.2 By completing and returning the application to accept the offer under the [Payment Scheme](#), you will therefore be:

- (A) confirming that you have not received any payments (whether by way of redress or compensation or otherwise) in relation to the [CF Arch cru Funds](#) from sources other than the [Contributing Parties](#), including but not limited to your [IFA](#) or the [FSCS](#); or
- (B) agreeing that, if you have received any such payments from sources other than the [Contributing Parties](#), that you will pass on to those sources such part of the amount you receive under the [Payment Scheme](#) to which the other source is legally entitled.

#### 4.6 What if I am unwilling to accept all of the terms of the Payment Scheme?

4.6.1 Payment under the [Payment Scheme](#) is conditional on acceptance of all the terms and conditions of the [Payment Scheme](#) as set out in the 31 August 2011 letter, the covering letter in the [Application Pack](#) and the declaration in the [Application Pack](#). If you do not accept all of the terms of the [Payment Scheme](#), you will not be entitled to payment.

4.6.2 If you do not accept the offer under the [Payment Scheme](#), you may make a complaint about the [Contributing Parties](#) to the [FOS](#) in relation to your investment in the share class of the [CF Arch cru Funds](#) to which that offer relates. You may also be able to bring a claim in the courts. If you wish to make a complaint to the [FOS](#) against any of the [Contributing Parties](#) in relation to your investment in the [CF Arch cru Funds](#), you must have done so **within six months of the date of the covering letter in the [Application Pack](#)** – further details about this are set out in question [8.2](#) below.

4.6.3 It is important for you to know that the [FSA](#) exercised its powers to bind the [FOS](#) to the [Payment Scheme](#). This means that:

- (A) the [FOS](#) cannot consider complaints against any of the [Contributing Parties](#) regarding your investment in the [CF Arch cru Funds](#) which are referred to the [FOS](#) in the period from 31 August 2011 to the date of the covering letter in the [Application Pack](#); and

(B) the [FOS](#) is required to consider complaints which are referred to it after this time on the basis of what your proper entitlement under the [Payment Scheme](#) would be. Accordingly, the [Payment Scheme](#) rules will govern the timeframes for applying for payment and how much investors may receive, whether they apply to the [Payment Scheme](#) or complain to the [FOS](#) – investors cannot be awarded more than the amount they would receive under the [Payment Scheme](#) from the [Contributing Parties](#). Nor can the [FOS](#) alter the terms on which payments are made. Indeed, if you were sent an [Application Pack](#) and neither made an application to the [Payment Scheme](#) before 31 December 2013 nor made a complaint to the [FOS](#) within six months of the date of the covering letter in the [Application Pack](#), the [FOS](#) may not make any award to you (unless the [FOS](#) considers that exceptional circumstances apply).

The [FSA](#) agreed to bind the [FOS](#) in this way on the application of the [Contributing Parties](#) because the [FSA](#) believed that the [Payment Scheme](#) secured an appropriate outcome for consumers.

#### 4.7 **What is the Contracts (Rights of Third Parties) Act 1999 and how does it apply to the offer made under the Payment Scheme?**

4.7.1 The Contracts (Rights of Third Parties) Act 1999 provides that, in certain circumstances, a person who is not named as a party to a contract can nevertheless benefit from rights granted in that contract. The terms of payment under the [Payment Scheme](#) include a release granted to the [Contributing Parties](#) and their respective group companies, including the current and former directors, officers and employees of such companies. The effect of the release is that you will not be able to bring any claims arising out of or related to your investment in the [CF Arch cru Funds](#) against those released parties. By accepting the offer under the [Payment Scheme](#), you will be agreeing that, despite only the [Contributing Parties](#) being party to the [Payment Scheme](#) documentation, all of the released parties will have the right to enforce the release. Aside from this, the Contracts (Rights of Third Parties) Act 1999 has been excluded, and no other parties will have the right to enforce the terms of the offer under the [Payment Scheme](#) being accepted by you.

#### 4.8 **Does accepting the offer under the Payment Scheme affect the value of my shares in the CF Arch cru Funds?**

4.8.1 No. The value of your shares in the [CF Arch cru Funds](#) will not change as a result of accepting your offer under the [Payment Scheme](#). The total amount you will eventually receive by way of capital distributions in respect of your shares in the [CF Arch cru Funds](#) will depend on the value achieved in the orderly realisation, and may therefore go up or down. The [Contributing Parties](#) cannot guarantee what this value will be or by when it will be returned.

**4.9 I understand that an application for judicial review has been made regarding the Payment Scheme. How does this affect my offer under the Payment Scheme?**

4.9.1 In September and November 2011 respectively, two separate applications were made in the High Court for judicial review of the [FSA's](#) decision to vary the [Contributing Parties'](#) regulatory permissions in connection with the [Payment Scheme](#). Both claims argued that the [FSA](#) should not have required the [FOS](#) to follow the rules of the Payment Scheme in considering complaints against the [Contributing Parties](#) regarding the [CF Arch cru Funds](#).

4.9.2 In February and June 2012, the applications for judicial review were dismissed by the High Court. The [FOS](#) therefore remains bound to consider complaints referred to it on the basis of what investors' entitlement under the rules of the [Payment Scheme](#) would be. Further details of the judicial review are described in question [8.3](#) below.

**4.10 Is 70% return on investment the maximum return any investor will receive under the Payment Scheme?**

4.10.1 The 70% figure was the average amount to be returned to each investor based on the May 2011 [NAVs](#). The actual return to each investor varies for each share class and sub-fund because each share class/sub-fund's performance since suspension has been different. The table set out in the [Appendix](#) to these Q&As sets out the estimated return for each share class/sub-fund at the time the [Payment Scheme](#) was announced in June 2011, taking account of the [NAV](#) of each share class/sub-fund as at 31 May 2011, interim capital distributions made prior to 31 May 2011 and the amounts being offered under the [Payment Scheme](#).

4.10.2 Investors in the [CF Arch cru Funds](#) to whom an offer under the [Payment Scheme](#) has been made are being treated equally, as the amount being offered to each investor under the [Payment Scheme](#) gives them approximately 34% of the difference between (a) the [NAV](#) of the shares they hold at 31 May 2011 based on the last published share prices prior to suspension of dealings on 13 March 2009; and (b) the sum of the [NAV](#) of those shares on 31 May 2011 plus the interim capital distributions paid in respect of those shares prior to 31 May 2011.

4.10.3 Please note that the remaining value of the shares based on the [NAV](#) at 31 May 2011 has been and will continue to be released through the orderly realisation of the [CF Arch cru Funds](#) – for example, as investors will be aware, interim capital distributions totalling £51.83 million have been made between July 2011 to December 2012, returning part of the [NAV](#) as at 31 May 2011 to investors. Further distribution payments will be made as and when suitable amounts of cash have been raised from the assets of the Fund. The exact timing and amount of this distribution is dependent upon assets being realised within the Guernsey incorporated cell companies in which the Arch Funds are invested (the "[Guernsey Cells](#)") and the proceeds being returned to the Arch Funds. The total amount you will eventually receive in respect of your investment in the [CF Arch cru Funds](#) will depend on the value achieved in the orderly realisation, and may therefore go up or down. The [Contributing Parties](#)

cannot guarantee what this value will be or by when it will be returned. See also question [4.11](#) below.

- 4.10.4 When the net asset value of the funds at 31 March 2013 is combined with the interim capital distributions already made, it is estimated the total return to investors will be an average of 61% of the value of the funds as at 13 March 2009 rather than 70% estimated at the time the Payment Scheme was announced. See also question [4.11](#) below.

**4.11 Has the estimated return per share changed since May 2011?**

- 4.11.1 In the [Application Packs](#) sent to investors, [CFM](#) set out (in section 13 of the application form) the estimated total return per share for investors, based on the [NAVs](#) of the [CF Arch cru Funds](#) at 31 May 2011. These [NAVs](#) were the most recently published [NAVs](#) available at the time [CFM's](#) letter dated 31 August 2011 setting out details of the [Payment Scheme](#) was sent to you.
- 4.11.2 The total amount that you will eventually receive in respect of your investment in the [CF Arch cru Funds](#) will depend on the value achieved in the orderly realisation. This may go up or down. The [Contributing Parties](#) cannot guarantee what this value will be or by when it will be returned.
- 4.11.3 [CFM](#) is not able to continuously update the estimated return figure over the course of the orderly realisation but has periodically updated investors in its letters. The position as at 31 March 2013 is set out in the table below:

	Estimated total return per share as set out in the <a href="#">Application Packs</a> (i.e. sum total of <a href="#">NAV</a> of shares at 31 May 2011, interim capital distributions to 31 May 2011 and amount allocated under <a href="#">Payment Scheme</a> , as a % of <a href="#">NAV</a> of shares in issue based on last published share price prior to suspension of dealings on 13 March 2009)	Estimated total return based on 31 March 2013 NAVs (%)
<a href="#">CF Arch cru Investment Funds</a>		
Investment Portfolio	70	58

Specialist Portfolio	79	68
<u>CF Arch cru Diversified Funds</u>		
Balanced Fund	76	65
Finance Fund	70	64
Global Growth Fund	84	74
Income Fund	69	66

- 4.11.4 The estimated overall return figure will continue to go up or down as the orderly realisation process continues, depending on movements in the value of the assets now held by the [Guernsey Cells](#).
- 4.12 **If I have accepted an offer of payment under the Payment Scheme and the value of my investment in the CF Arch cru Funds subsequently falls from the NAV as at 31 May 2011, can I make another complaint?**
- 4.12.1 No, unless the fall in value is due to acts or omissions of the [Contributing Parties](#) after 31 August 2011. (If you have accepted an offer under the [Payment Scheme](#), you will have agreed not to make claims against the [Contributing Parties](#) in relation to their acts or omissions before 31 August 2011.)
- 4.13 **Why have the sub-funds performed differently since suspension?**
- 4.13.1 Each sub-fund's assets are invested differently – for example, they have differing levels of exposure to each of the [Guernsey Cells](#). Because some of the [Guernsey Cells](#) have not fallen in value as much as others, the performance of each sub-fund has also varied.
- 4.14 **When will I get the rest of my money from the CF Arch cru Funds?**
- 4.14.1 A total of £105.93 million has been returned by way of interim capital distributions up to 21 December 2012. Further interim capital distributions will be made during the process of "orderly realisation" (as explained in question [4.15](#) below). Further distribution payments will be made as and when suitable amounts of cash have been raised from the assets of the Fund. The exact timing and amount of this distribution is dependent upon assets being realised within the Guernsey incorporated cell companies in which the Arch Funds are invested (the "[Guernsey Cells](#)") and the proceeds being returned to the Arch Funds.. [CFM](#) expects the orderly realisation process to take a further two to three years to complete. The [Contributing Parties](#) cannot provide any guarantees, however, as to the value and timing of further interim capital distributions in the orderly realisation process.

**4.15 What is "orderly realisation" and why is this method being used?**

- 4.15.1 [CFM](#) announced on 7 December 2009 that the [CF Arch cru Funds](#) would be wound up on an orderly realisation basis. The winding up commenced on 1 February 2010.
- 4.15.2 The orderly realisation process is being achieved by the [Guernsey Cells](#) selling their underlying assets in an orderly manner, and then passing the proceeds of those sales up to the shareholders in the [Guernsey Cells](#), including the [CF Arch cru Funds](#). This is happening in an orderly manner over a reasonable period of time, balancing the need to return value to shareholders with the need to generate liquidity by realising the assets rather than by the [CF Arch cru Funds](#) trying to sell the shares they own in the [Guernsey Cells](#) as quickly as possible for whatever value can be achieved (sometimes called a "fire sale").
- 4.15.3 [CFM](#) had returned £54.1 million in interim capital distributions to investors in the [CF Arch cru Funds](#) up to 31 May 2011. Since then, further interim capital distributions totalling £51.83 million have been paid, so the total paid as at 21 December 2012 is £105.93 million. Further distribution payments will be made as and when suitable amounts of cash have been raised from the assets of the Fund. The exact timing and amount of this distribution is dependent upon assets being realised within the Guernsey incorporated cell companies in which the Arch Funds are invested (the "[Guernsey Cells](#)") and the proceeds being returned to the Arch Funds.

**4.16 When will the winding up of the CF Arch cru Funds be complete?**

- 4.16.1 [CFM](#) is working with the board of directors of the [Guernsey Cells](#) and expects the orderly realisation process, which commenced on 1 February 2010, to take a further two to three years to complete. This is dependent on the progress made by the [Guernsey Cells](#) in selling their underlying assets.
- 4.16.2 The sale of assets is taking place over time in order to balance the need to achieve a reasonable price for the assets and the desire to sell them quickly to return value to shareholders. The sales process is taking time to complete because the underlying assets of the [Guernsey Cells](#) are invested principally in alternative asset classes (such as private equity, hedge funds, asset backed loans linked to ships, real estate linked investments, direct investments in various entities, including investments in a fine wine investment company, and other investments) rather than equities and other more readily realisable investments.

**4.17 Where can I find up to date NAV and share price information for the CF Arch cru Funds?**

- 4.17.1 The [NAV](#) and share price information can be found on [CFM's](#) website, [www.capitafinancial.com](http://www.capitafinancial.com) (enter the "Investor Services" section of the website, follow the link "Investor Communications", click on "CF Arch cru fund suspensions" and then click on "Publication of funds' net asset values").

## 5. HOW WILL CFM PROCESS APPLICATIONS UNDER THE PAYMENT SCHEME?

### 5.1 When will I be paid if I accept my offer under the Payment Scheme?

5.1.1 [CFM](#) would encourage all investors to apply as early as possible after receiving their applications, if they wish to accept the offer under the [Payment Scheme](#). The sooner [CFM](#) receives your correctly completed application the sooner you will receive payment. [CFM](#) will make payments within six weeks of receipt of your correctly completed application.

### 5.2 How will I be paid?

5.2.1 Where [CFM](#) holds bank account details for you we will make payment to that bank account by automatic transfer (BACS). This will be the account to which interim capital distributions have been paid.

5.2.2 If your bank account details have changed, please contact [CFM](#) using the contact details set out in question [9.3](#) below.

5.2.3 If [CFM](#) does not hold bank account details for you, we have enclosed a bank mandate form with the [Application Pack](#). You will need to provide us with details of the bank account to which payment should be made, by returning a completed mandate form with your correctly completed application. The bank account must be held in the same name as the first named holder of the investment in the [CF Arch cru Funds](#).

5.2.4 If we do not hold bank account details and you do not provide us with bank account details by providing a completed bank account mandate form with your application, we will make payment by sending a cheque to the first named holder of the investment in the [CF Arch cru Funds](#).

### 5.3 Can I accept payment under the Payment Scheme for only part of my investment in the CF Arch cru Funds?

5.3.1 Each [Application Pack](#) that you have been sent relates to your entire holding in the relevant share class of a sub-fund. Unless you are a [Nominee](#) or [Linked Product Provider](#) (as to which see question [3.7.3](#) above) if you wish to accept the offer, you must do so in full. Receipt of a correctly completed application will be treated as acceptance of the offer in full for your holding in that share class.

5.3.2 If you have investments in more than one share class within a sub-fund and/or investments in more than one sub-fund, you will need to complete a separate application for each share class in respect of which you wish to accept the offer under the [Payment Scheme](#). You can decide to accept the offer for each holding independently. This means that you can decide to accept an offer in relation to one share class/sub-fund and decide not to accept it in relation to another.

5.3.3 If you are a [Nominee](#) or a [Linked Product Provider](#), please also see question [3.14](#).

**5.4 What if I do not accept the offer in respect of a particular share class or sub-fund under the Payment Scheme?**

5.4.1 If you do not wish to accept an offer made in respect of a particular share class or sub-fund, you do not need to do anything. You do not need to formally "reject" the offer. Sums will only be paid to you under the [Payment Scheme](#) if you actually accept the offer by completing and returning the [Application Pack](#) to us within the required timeframe (see questions [5.7-5.8](#) below). [CFM](#) will continue to issue periodic reminders in relation to the [Payment Scheme](#) to eligible investors up to the 31 December 2013 deadline in case investors change their minds about wanting to accept the offer.

5.4.2 If you do not accept the offer under the [Payment Scheme](#), you may make a complaint to the [FOS](#) about the [Contributing Parties](#) in relation to your investment in the share class of the [CF Arch cru Funds](#) to which that offer relates. You may also be able to bring a claim in the courts. If you wish to make a complaint to the [FOS](#) against any of the [Contributing Parties](#) in relation to your investment in the [CF Arch cru Funds](#), you must have done so **within six months of the date of the covering letter in the [Application Pack](#)**. For investors who received their Application Packs in October 2011, this six month period for referring a complaint to the [FOS](#) has now expired. As a result, unless the [FOS](#) considers there to be exceptional circumstances, the [FOS](#) will not assess any complaint referred to it against any of the Contributing Parties regarding their conduct in relation to the [CF Arch cru Funds](#) prior to 31 August 2011. Further details about this are set out in question [8.2](#) below.

It is also important to note that the [FSA](#) exercised its powers to bind the [FOS](#) to the [Payment Scheme](#). The effect of this is explained further at question [4.6.3](#) above.

**5.5 If some investors decide not to accept their share of the £54 million under the Payment Scheme, will I get another payment?**

5.5.1 No. The maximum payment you will be entitled to receive under the [Payment Scheme](#) in relation to any particular holding which you have in the [CF Arch cru Funds](#) is set out in the [Application Pack](#) which you have been sent in relation to that holding.

**5.6 Do a minimum number of people need to accept the Payment Scheme before payments are made?**

5.6.1 No. Payment will be made to you if you submit a correctly completed application to the [Payment Scheme](#), regardless of how many other people accept their offer.

**5.7 What is the deadline for applying under the Payment Scheme?**

5.7.1 Following the extension of the acceptance deadline by the [Contributing Parties](#), [CFM](#) must receive your correctly completed application by no later than 31 December 2013. Applications received after this date will only be allowed in exceptional circumstances.

5.7.2 If you miss the 31 December 2013 deadline, you should send your correctly completed application to [CFM](#) together with an explanation of why you did not apply before 31 December 2013, including the circumstances justifying why the application should be accepted out of time. [CFM](#) will consider each such application on its own merits, and will decide whether the explanation provided constitutes exceptional circumstances justifying acceptance of the application after 31 December 2013. After 31 December 2014, no further applications will be accepted under the [Payment Scheme](#) from investors who were sent an [Application Pack](#), regardless of the reasons for the delay in submitting the application.

## 5.8 What do you mean by ‘exceptional circumstances’?

5.8.1 [CFM](#) will exercise its discretion when determining whether applications should be permitted after 31 December 2013 because of exceptional circumstances. However, [CFM](#) envisages most exceptional cases falling within one of the categories listed below:

- (A) where the investor (or the [UBO](#) or [Underlying Customer](#), where applicable) has died and the claim is being handled by their personal representatives;
- (B) where the investor (or the [UBO](#) or [Underlying Customer](#), where applicable) can demonstrate that they did not receive the communications regarding the [Payment Scheme](#) in sufficient time to enable them to make their application before 31 December 2013;
- (C) where medical conditions (such as physical or mental incapacity) prevented the investor (or the [UBO](#) or [Underlying Customer](#), where applicable) from responding before 31 December 2013;
- (D) where investments are held jointly under the names of multiple parties and it has not been possible to obtain instructions from all relevant investors (or the [UBOs](#) or [Underlying Customers](#), where applicable) before 31 December 2013 (for example in situations where there are ongoing matrimonial proceedings);
- (E) where the application to the [Payment Scheme](#) was received by [CFM](#) before 31 December 2013 but was not correctly completed and there was insufficient time for the investor to submit a correctly completed application before 31 December 2013;
- (F) where an application to the [Payment Scheme](#) was not received by [CFM](#) before 31 December 2013, but the investor can demonstrate that his application was in fact submitted to [CFM](#) before 31 December 2013; and
- (G) where an investor has not made an application to the [Payment Scheme](#) before 31 December 2013 and has made a complaint to the [FOS](#) within six months of the date on which the [Application Pack](#) was sent to them, but the [FOS](#) has not determined the complaint before 31 December

2013, thereby preventing the investor from applying to the [Payment Scheme](#) after their complaint has been determined by the [FOS](#) and before 31 December 2013.

- 5.8.2 Please note that after 31 December 2014, no further applications will be accepted under the [Payment Scheme](#) from investors who were sent an [Application Pack](#), regardless of the reasons for the delay in submitting the application.

## 5.9 What if I make an error when completing my application?

- 5.9.1 Where [CFM](#) receives an application that contains an error, [CFM](#) will write to you identifying the error and provide you with a new [Application Pack](#) for completion. Where [CFM](#) receives an application which has not been fully completed, [CFM](#) will return the partially completed documentation to you for completion. For the avoidance of doubt, the application can only be processed if [CFM](#) receives a correctly completed application by 31 December 2013 (save if exceptional circumstances apply – see question [5.8](#) above).

## 6. TAX CONSEQUENCES OF ACCEPTING AN OFFER OF PAYMENT UNDER THE PAYMENT SCHEME

[CFM](#) cannot provide investment, financial or tax advice in relation to any payment made under the [Payment Scheme](#). However, we have set out below some information based on general guidance obtained from [HMRC](#) on the U.K. tax consequences for United Kingdom resident investors of accepting payments under the [Payment Scheme](#). The guidance was correct as at October 2011, but has not been updated since then. If you are in any doubt about the consequences of accepting such a payment, including if you are subject to tax other than in the U.K., you should seek independent professional advice.

### 6.1 What are the general tax consequences of receiving a payment under the Payment Scheme?

- 6.1.1 A payment made under the [Payment Scheme](#) may give rise to a chargeable gain or an allowable loss for the purposes of [CGT](#). This will depend on your individual circumstances and whether any exemptions or reliefs are available. For general [CGT](#) purposes, a payment received under the [Payment Scheme](#) should be treated as a capital sum arising from the shares you hold to which the payment relates. For the avoidance of doubt, receipt of a payment under the [Payment Scheme](#) will not be treated as involving any actual sale of any shares in the [CF Arch cru Funds](#).
- 6.1.2 Treating the payment in this way should enable you to use a part of your original base cost in the underlying shares to offset any gain arising on the payment under the [Payment Scheme](#). The applicable base cost and gain arising should be calculated in accordance with normal [CGT](#) rules. You should obtain professional advice if you are uncertain about how to make these calculations in relation to your own investment in the [CF Arch cru Funds](#).
- 6.1.3 **Please note the limitations set out at the beginning of this section 6. Please seek independent professional advice if you require further**

assistance on the tax implications of accepting a payment under the [Payment Scheme](#).

6.2 **I have invested in the CF Arch cru Funds through an ISA - what is the tax treatment of the payment under the Payment Scheme?**

6.2.1 Payments made under the [Payment Scheme](#) can be made free of tax into an [ISA](#) where the shares in the [CF Arch cru Funds](#) to which the payment relates are held through an [ISA](#). The payment will not count towards your [ISA](#) allowance for the current tax year. This tax treatment only applies if the shares to which the payment under the [Payment Scheme](#) relates are still held within an [ISA](#) at the time the payment is made.

6.2.2 Please note that if the payment under the [Payment Scheme](#) is taken outside of the [ISA](#) wrapper, it cannot be paid back into an [ISA](#) without using the current year's [ISA](#) allowance.

6.2.3 Please see question [6.5](#) below in relation to shares which have been transferred under the [Hardship Scheme](#).

6.2.4 Where you have invested in the [CF Arch cru Funds](#) through an [ISA](#), the shares are held by an [ISA](#) plan manager as [Nominee](#) for your benefit as [UBO](#). Offers and payments under the [Payment Scheme](#) are being made to the person holding a [Legal Interest](#) in the [CF Arch cru Funds](#) based on the register of shareholders, i.e. to the [Nominee/ISA](#) plan manager.

(A) If [CFM](#) is your [ISA](#) plan manager, [CFM](#) has included a form within the [Application Pack](#) which enables you to give instructions to [CFM](#) about how you would like the payment under the [Payment Scheme](#) to be allocated.

(B) If your [ISA](#) plan manager is someone other than [CFM](#), [CFM](#) has written to the [Nominee/ISA](#) plan manager named on the share register. We expect that the [Nominee/ISA](#) plan manager will, either before or after accepting the offer on your behalf, seek instructions from you about how the payment is to be allocated or invested.

6.2.5 **Please note the limitations set out at the beginning of this section 6. Please seek independent professional advice if you require further assistance on the tax implications of accepting a payment under the [Payment Scheme](#).**

6.3 **I hold my investment in the CF Arch cru Funds through an ISA and CFM is my plan manager, what payment options are available to me?**

6.3.1 If [CFM](#) is your [ISA](#) plan manager, [CFM](#) included a form within the [Application Pack](#) which enables you to give instructions to [CFM](#) about how you would like the payment under the [Payment Scheme](#) to be allocated. The two options available are:

(A) Option 1: to transfer the payment to another [ISA](#) plan manager; or

- (B) Option 2: to receive the payment as cash.
- 6.3.2 In order to ensure that your payment under the [Payment Scheme](#) is taken into your [ISA](#) wrapper, you must select Option 1 on the [CFM ISA](#) Payment Instruction Form.
- 6.3.3 There are a small number of [ISA](#) investors for whom both (a) [CFM](#) is their [ISA](#) plan manager and (b) the [ISA](#) investor has made a successful application under the [Hardship Scheme](#). Because shares transferred to [CFM](#) or a member of its group under the [Hardship Scheme](#) are no longer held within an [ISA](#), any payment made in respect of those shares will not be eligible to be paid tax-free into an [ISA](#). To deal with this situation, the small number of [ISA](#) investors for whom [CFM](#) is their [ISA](#) plan manager and who have made a successful application under the [Hardship Scheme](#) have been sent separate [Application Packs](#) in respect of (a) the holdings which are still held within an [ISA](#) and (b) the shares transferred under the [Hardship Scheme](#).
- 6.3.4 **Please note the limitations set out at the beginning of this section 6. Please seek independent professional advice if you require further assistance on the tax implications of accepting a payment under the [Payment Scheme](#).**
- 6.4 **I hold my shares through a SIPP or SSAS and a Nominee holds the shares on my behalf as my SIPP/SSAS trustees/scheme administrator, what is the tax treatment of the payment under the Payment Scheme?**
- 6.4.1 Payments made under the [Payment Scheme](#) can be made free of tax into a [SIPP](#) or [SSAS](#) where the shares in the [CF Arch cru Funds](#) to which the payment relates are held through a [SIPP](#) or [SSAS](#). The payment will not count towards your annual allowance for the current tax year. This tax treatment only applies if the shares to which the payment under the [Payment Scheme](#) relates are still held within a [SIPP](#) or [SSAS](#) at the time the payment is made.
- 6.4.2 Please note that if the payment under the [Payment Scheme](#) is taken outside of the [SIPP](#) or [SSAS](#) wrapper, it cannot be paid back into a [SIPP](#) or [SSAS](#) without using the current year's annual allowance.
- 6.4.3 Please see question 6.5 below in relation to shares which have been transferred under the [Hardship Scheme](#).
- 6.4.4 Where you have invested in the [CF Arch cru Funds](#) through a [SIPP](#) or [SSAS](#), the shares are held by the [SIPP](#) or [SSAS](#) trustees/scheme administrator as [Nominee](#) for your benefit as [UBO](#). Offers and payments under the [Payment Scheme](#) will be made to the person holding a [Legal Interest](#) in the [CF Arch cru Funds](#) based on the register of shareholders, i.e. to the [SIPP](#) or [SSAS](#) trustees/scheme administrator. [CFM](#) will write to the [SIPP](#) or [SSAS](#) trustees/scheme administrator named on the share register. We expect that the [SIPP](#) or [SSAS](#) trustees/scheme administrator will, either before or after accepting the offer on your behalf, seek instructions from you about how the payment is to be allocated or invested.

- 6.4.5 **Please note the limitations set out at the beginning of this section 6. Please seek independent professional advice if you require further assistance on the tax implications of accepting a payment under the [Payment Scheme](#).**
- 6.5 **What happens if I made a successful application to the Hardship Scheme in respect of shares in the CF Arch cru Funds which were previously held within an ISA, SIPP or SSAS?**
- 6.5.1 As explained in the 31 August 2011 letter, shares transferred to [CFM](#) (or a member of its group) under the [Hardship Scheme](#) will still count towards an eligible investor's total holding of shares for the purposes of calculating their offer of payment under the [Payment Scheme](#).
- 6.5.2 However, these shares will no longer be held within an [ISA](#), [SIPP](#) or [SSAS](#) (as they are no longer held by the investor). Therefore, a payment made under the [Payment Scheme](#) in respect of these shares cannot be paid tax-free into the [ISA](#), [SIPP](#) or [SSAS](#) unless it is made as part of the investor's annual [ISA](#), [SIPP](#) or [SSAS](#) allowance for the current tax year.
- 6.5.3 [ISA](#) investors for whom [CFM](#) is their [ISA](#) plan manager and who have made a successful application under the [Hardship Scheme](#) have been sent separate [Application Packs](#) in respect of (a) the shares which are still held within an [ISA](#) and (b) the shares transferred under the [Hardship Scheme](#).
- 6.6 **I am a Nominee/Linked Product Provider, what tax information should I provide to my UBOs/Underlying Customers?**
- 6.6.1 [CFM](#) has made available on its website, [www.capitafinancial.com](http://www.capitafinancial.com) (enter the "Investor Services" section of the website, follow the link "Investor Communications" and then click on "CF Arch cru Payment Scheme") a pro forma letter that [Nominees](#) or [Linked Product Providers](#) may wish to adapt for the purposes of sending information about the [Payment Scheme](#) to their [UBOs](#) or [Underlying Customers](#). This pro forma letter includes some suggested text which [Nominees](#) or [Linked Product Providers](#) may wish to use in order to provide general tax information to their [UBOs](#) or [Underlying Customers](#).
- 6.6.2 [Nominees](#) whose [UBOs](#) hold the shares in the [CF Arch cru Funds](#) through an [ISA](#), [SIPP](#) or [SSAS](#) will need to think about the payment options they will make available to their [UBOs](#). The pro forma letter on [CFM's](#) website includes some of the potential options you may wish to consider making available to your [UBOs](#).
- 6.6.3 **Please note the limitations set out at the beginning of this section 6. Please encourage your [UBOs](#) and [Underlying Customers](#) to seek independent professional advice if they require further assistance on the tax implications of accepting a payment under the [Payment Scheme](#).**

## 7. CONFIDENTIALITY AND DATA PROTECTION

### 7.1 If I accept the offer, will I have to provide further information at a later stage?

- 7.1.1 In order to accept the offer of payment under the [Payment Scheme](#), you must agree to provide to the [Contributing Parties](#) such additional information or documents as they may in their reasonable discretion request from you for the purposes of the [Payment Scheme](#). You will also need to consent to the [Contributing Parties](#) (a) using the information provided by you for the purposes of the [Payment Scheme](#), including for the purposes of assessing and processing your application; and (b) sharing that information with each other and with the [FCA](#), [FOS](#) and [FSCS](#) in connection with the [Payment Scheme](#).
- 7.1.2 In most cases, however, the only information which [CFM](#) will require to process the application is the correctly completed application (and, where required, signed bank mandate) but please see questions [3.12](#) and [3.13](#) above.
- 7.1.3 In addition to this, a [Nominee](#) or [Linked Product Provider](#) accepting an offer of payment under the [Payment Scheme](#) on behalf of their [UBO](#) or [Underlying Customer](#) must consent to provide such details regarding their [UBO](#) or [Underlying Customer](#) as the [Contributing Parties](#) may reasonably request for the purposes of identifying whether or not a payment has been made in relation to a particular [UBO's](#) or [Underlying Customer's](#) interest. We may need to do this because it will not be apparent from the records that [CFM](#) holds which of a [Nominee's UBOs](#) have instructed it to make an application to the [Payment Scheme](#), and therefore which of the [UBOs](#) have accepted the offer under the [Payment Scheme](#).

### 7.2 What use will be made of my personal details?

- 7.2.1 [CFM](#) will handle all data regarding you and your investment in accordance with its obligations under the Data Protection Act 1998. [CFM](#) will keep the information it receives from you in relation to the [Payment Scheme](#) confidential, except that [CFM](#) can share such information with [BNYM T&D](#) and [HSBC](#), the group companies of the [Contributing Parties](#), their advisers, the [FCA](#), the [FOS](#) and the [FSCS](#) for the purposes of the [Payment Scheme](#). When applying to the [Payment Scheme](#), you will be required to confirm that you consent to [CFM](#) using the information in this way.

### 7.3 What is the Data Protection Act 1998 and how does it apply to me?

- 7.3.1 The Data Protection Act 1998 imposes obligations on people who process data (such as [CFM](#) in this case) and gives certain rights to the individuals whose data is processed (such as you). By completing an application and accepting an offer of payment under the [Payment Scheme](#), you will be providing information about yourself and, if applicable, your [UBO](#) or [Underlying Customer](#) to [CFM](#). [CFM](#) will process the information you provide in accordance with the Data Protection Act 1998 and, in addition, you will have certain rights in relation to the information you provide.

## 8. COMPLAINTS TO THE FOS AND CLAIMS TO THE FSCS

### 8.1 Can I complain about the offer under the Payment Scheme?

8.1.1 If you accept the offer under the [Payment Scheme](#) you will be agreeing not to make any other claims in relation to your investment in the [CF Arch cru Funds](#) against any of the [Contributing Parties](#) in respect of acts and omissions by them which occurred prior to 31 August 2011. However, you may still complain to [CFM](#) if you are dissatisfied with the way in which the [Payment Scheme](#) has been operated or administered – for example if your correctly completed application has not been processed within six weeks, or if you believe that the wrong payment has been made. Complaints about these administrative matters can be made to [CFM](#) using the contact details set out at question [9.3](#) below.

8.1.2 If you do not accept the offer under the [Payment Scheme](#), you may make a complaint to the [FOS](#) about the [Contributing Parties](#) in relation to your investment in the share class of the [CF Arch cru Funds](#) to which that offer relates. You may also be able to bring a claim in the courts. If you wish to make a complaint to the [FOS](#) against any of the [Contributing Parties](#) in relation to your investment in the [CF Arch cru Funds](#), you must have done so **within six months of the date of the covering letter in the [Application Pack](#)**. For investors who received their Application Packs in October 2011, this six month period for referring a complaint to the FOS has now expired. As a result, unless the FOS considers there to be exceptional circumstances, the FOS will not assess any complaint referred to it against any of the Contributing Parties regarding their conduct in relation to the CF Arch cru Funds prior to 31 August 2011. Further details about this are set out in question [8.2](#) below.

8.1.3 It is important for you to know that the [FSA](#) exercised its powers to bind the [FOS](#) to the [Payment Scheme](#). This means that:

(A) the [FOS](#) cannot consider complaints against any of the [Contributing Parties](#) regarding your investment in the [CF Arch cru Funds](#) which are referred to the [FOS](#) in the period from 31 August 2011 to the date of the covering letter in the [Application Pack](#)); and

(B) the [FOS](#) is required to consider complaints which are referred to it after this time on the basis of what your proper entitlement under the [Payment Scheme](#) would be. Accordingly, the [Payment Scheme](#) rules will govern the timeframes for applying for payment and how much investors may receive, whether they apply to the [Payment Scheme](#) or complain to the [FOS](#) - investors cannot be awarded more than the amount they would receive under the [Payment Scheme](#) from the [Contributing Parties](#). Nor can the [FOS](#) alter the terms on which payments are made. Indeed, if you were sent an [Application Pack](#) and neither made an application to the [Payment Scheme](#) before 31 December 2013 nor made a complaint to the [FOS](#) within six months of the date of the covering letter in the [Application Pack](#), the [FOS](#) may not make any award to you (unless the [FOS](#) considers that exceptional circumstances apply).

The treatment of the [Application Pack](#) as a "redress determination", and the binding of the [FOS](#) to the rules of the [Payment Scheme](#), have been implemented by a variation of the [Contributing Parties'](#) regulatory permissions. The [FSA](#) agreed to bind the [FOS](#) in this way on the application of the [Contributing Parties](#) because the [FSA](#) believed that the [Payment Scheme](#) secured an appropriate outcome for consumers.

## 8.2 What is a "redress determination" and what does it mean for me?

8.2.1 The [Application Pack](#) that has been sent to you is a redress determination for the purposes of the [FCA's](#) rules on complaint handling. The redress determination affects how and when any complaint you may wish to make to the [FOS](#) against any of the [Contributing Parties](#) regarding your investment in the [CF Arch cru Funds](#) will be dealt with.

8.2.2 There are two main consequences:

(A) first, the [FOS](#) cannot consider complaints against any of the [Contributing Parties](#) regarding your investment in the [CF Arch cru Funds](#) which are referred to the [FOS](#) in the period from 31 August 2011 to the date of the covering letter in the [Application Pack](#); and

(B) secondly, once [CFM](#) has sent you the [Application Pack](#), if you are dissatisfied with the offer, you may make a complaint about the [Contributing Parties](#) to the [FOS](#) in relation to your investment in the [CF Arch cru Funds](#) but must have done so **within six months of the date of the covering letter in the [Application Pack](#)**. (The [Application Pack](#) includes a copy of the [FOS's](#) standard explanatory leaflet (a web version of which can be found at [www.financial-ombudsman.org.uk/publications/consumer-leaflet.htm](http://www.financial-ombudsman.org.uk/publications/consumer-leaflet.htm)), which contains information about the [FOS](#) and how it deals with complaints.) For investors who received their Application Packs in October 2011, this six month period for referring a complaint to the [FOS](#) has now expired. As a result, unless the [FOS](#) considers there to be exceptional circumstances, the [FOS](#) will not assess any complaint referred to it against any of the [Contributing Parties](#) regarding their conduct in relation to the CF Arch cru Funds prior to 31 August 2011.

8.2.3 In addition, it is important for you to know that the [FSA](#) exercised its powers to bind the [FOS](#) to the [Payment Scheme](#) – see question [8.1.3](#) above for further details about what this means.

8.2.4 If you think that your offer of payment under the [Payment Scheme](#) has not been correctly calculated in accordance with the rules of the [Payment Scheme](#), you should write to [CFM](#) using the contact details at question [9.3](#) below. Where we agree that the offer of payment needs to be revised, [CFM](#) will issue a revised [Application Pack](#). If [CFM](#) considers that the original amount was correctly calculated, [CFM](#) will write to you to confirm this. In either case, [CFM's](#) written response to your query will be in the form of a new "redress determination" under the [FCA's](#) complaint handling rules, and the six month time period for referring complaints to the [FOS](#) will start to run again from that date.

**8.3 I have heard that an application for judicial review has been made regarding the Payment Scheme. How does this affect my ability to complain to the FOS if I am dissatisfied with the offer under the Payment Scheme?**

8.3.1 In September and November 2011 respectively, two separate applications to bring a judicial review claim were filed in the High Court in relation to the [FSA's](#) decision to vary the [Contributing Parties'](#) regulatory permissions in connection with the [Payment Scheme](#). Both claims argued that the FSA should not have required the [FOS](#) to follow the rules of the [Payment Scheme](#) in considering complaints against the [Contributing Parties](#) regarding the [CF Arch cru Funds](#).

8.3.2 Both applications for judicial review have been dismissed by the High Court. The [FOS](#) therefore remains bound to consider complaints referred to it on the basis of what investors' entitlement under the rules of the [Payment Scheme](#) would be. The [Payment Scheme](#) remains open for applications received by 31 December 2013.

**8.4 Can I still complain to the FOS about mis-selling by my IFA?**

8.4.1 Yes. As explained in the response to question [4.4.4](#), if you believe you have claims against parties other than the [Contributing Parties](#), you may still make claims against those other parties. Acceptance of the payment under the [Payment Scheme](#) and release of the [Contributing Parties](#) does not affect your ability to pursue any other party who you believe may have caused you loss or damage (in excess of the amount received by you under the [Payment Scheme](#)) in respect of your investment in the [CF Arch cru Funds](#), whether via the courts, the [FOS](#) or by any other means.

8.4.2 The fact that the [Application Pack](#) is a "redress determination" from the [Contributing Parties](#) for the purposes of the [FCA's](#) rules in relation to complaint handling does not change or impact on the time limits for making complaints against parties other than the [Contributing Parties](#).

8.4.3 In December 2012 the [FSA](#) published details of a redress scheme in respect of unsuitable advice to invest in Arch cru funds. Details of this redress scheme can be viewed on the [FCA](#) website: <http://www.fca.org.uk/static/pubs/policy/ps12-24.pdf> .

**8.5 Can I complain to the FOS if I disagree with the way in which my offer of payment under the Payment Scheme has been calculated?**

8.5.1 If you think that your offer of payment under the [Payment Scheme](#) has not been correctly calculated in accordance with the rules of the [Payment Scheme](#), you should write to [CFM](#) using the contact details at question [9.3](#) below. Where we agree that the offer of payment needs to be revised, [CFM](#) will issue a revised [Application Pack](#). If [CFM](#) considers that the original amount was correctly calculated, [CFM](#) will write to you to confirm this. In either case, [CFM's](#) written response to your query will be in the form of a new "redress determination" under the [FCA's](#) complaint handling rules, and the six month time period for referring complaints to the [FOS](#) will start to run again from that date.

**8.6 I made a complaint to the FOS before 31 August 2011 in respect of the CF Arch cru Funds against the Contributing Parties – what should I do?**

8.6.1 We understand that the [FOS](#) will process complaints which were referred to it before 31 August 2011 in accordance with their usual procedures. If you referred a complaint to the [FOS](#) before 31 August 2011 and have queries about it, you should contact the [FOS](#) using the contact and reference details shown on the most recent letter you received from the [FOS](#) regarding your complaint.

**8.7 Can anyone else complain to the FOS on my behalf?**

8.7.1 You can authorise someone else to complain to the [FOS](#) on your behalf, but there is no requirement to do so. You should bear in mind that investors do not have to pay a fee in order to complain to the [FOS](#). Complaints handling companies or law firms will likely charge you a fee which will reduce the amount of money you may ultimately receive in the event the [FOS](#) finds in your favour.

**8.8 I have read that the FSCS is considering this matter – should I be applying to them?**

8.8.1 The [FSCS](#) is the UK's compensation fund of last resort for customers of authorised financial services firms. The [FSCS](#) may pay compensation if the [FSCS](#) is satisfied that the firm is in "default" – i.e. that it is unable, or likely to be unable, to pay claims against it – for example because the firm has stopped trading. This is not the case for the [Contributing Parties](#). The [FSCS](#) announced on 20 July 2011 that it had been considering claims in relation to the [CF Arch cru Funds](#) that it has received from investors regarding [IFAs](#) who have been declared in default. In particular, the [FSCS](#) said it was considering the duties and obligations of [IFAs](#) at the time that they advised their clients to invest in the [CF Arch cru Funds](#), with a view to determining whether the advice given by those [IFAs](#) might result in liabilities to investors. Following that work, the [FSCS](#) announced on 3 April 2012 that it had decided how it would compensate consumers with eligible claims against [IFAs](#) that are no longer trading in relation to the [CF Arch cru Funds](#). The detailed announcement is on the [FSCS](#) website: <http://www.fscs.org.uk>.

8.8.2 In relation to investments such as shares in the [CF Arch cru Funds](#), the [FSCS](#) has the power to award up to £50,000 per investor per firm, where the investor has a valid claim against the firm – for example, a claim for mis-selling or for bad investment advice or mismanagement.

8.8.3 If your [IFA](#) is no longer trading and you wish to check whether he/she/it has been declared in default, you can search the [FSCS's](#) database at <http://www.fscs.org.uk/what-we-cover/search-for-companies-in-default/>. If you wish to make a claim against the [FSCS](#), please read the information on the [FSCS's](#) website, at <http://www.fscs.org.uk/what-we-cover/publications/how-do-i-apply-for-compensation/>.

**8.9 What happens if the IFA who recommended this investment to me has gone into liquidation?**

8.9.1 If you consider that you need independent professional advice about the offer under the [Payment Scheme](#), this does not need to come from the [IFA](#) who recommended the investment to you originally. You may wish to seek advice from another [IFA](#) or other suitably qualified professional.

8.9.2 If you are considering making a claim against your [IFA](#) in relation to the way in which the investment was recommended to you, but that [IFA](#) is no longer trading, please see question [8.8](#) in relation to the possibility of making claims against the [FSCS](#).

**9. QUERIES AND FURTHER HELP**

**9.1 Who do I speak to for advice about the offer?**

9.1.1 [CFM](#) cannot provide you with advice about what you should do in relation to the offer under the [Payment Scheme](#) or about the tax implications of accepting the offer. You may therefore wish to seek independent professional advice (for example from an investment, financial or tax adviser) about the offer under the [Payment Scheme](#) and the consequences of accepting the offer.

9.1.2 **Please seek independent professional advice if you require further assistance on the tax implications of accepting a payment under the [Payment Scheme](#).**

**9.2 Where can I get extra copies of the Application Pack?**

9.2.1 You must complete the application that has been sent to you because it contains personalised details about you, your investment and the offer being made to you under the [Payment Scheme](#).

9.2.2 [Nominees](#) and [Linked Product Providers](#) may make multiple partial acceptances by photocopying the relevant parts of the [Application Pack](#).

9.2.3 If you lose your [Application Pack](#), or make a mistake which means that the documents we have sent to you are unusable, please contact us using the details set out in question [9.3](#) below for a replacement documents.

**9.3 Who do I contact if I have a question?**

9.3.1 If you think the [Application Pack](#) you have received contains an error, or you think your personalised calculation is wrong, or if you have any other queries about the [Payment Scheme](#), please contact [CFM](#) by any of the following means:

(A) Telephone: 0845 6080958 (CFML Technical Services) for investors in the UK and +44 203 367 8275 for investors overseas

(B) Email: [cfarchcru@capitafinancial.com](mailto:cfarchcru@capitafinancial.com)

(C) Post: Capita Financial Managers Limited, Technical Services, 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT

Note: This table shows the estimated return based on the most recently available data as at 31 August 2011, when details of the Payment Scheme were published. Updated estimated return information is available on CFM's website, in the October 2012 investor letter and in questions 4.10 and 4.11 of this Q&A

## Appendix

### CF Arch cru Funds Payment Scheme

Table showing return by share class/sub-fund, taking account of 31/05/2011 NAV, interim capital distributions to 31/05/2011 and Payment Scheme amount

Fund Name	NAV (£) of shares in issue as at suspension of dealings on 13/03/2009	NAV (£) of shares in issue as at 31/05/2011	Total value (£) of interim capital distributions from commencement of winding up to 31/05/2011	Allocation (£) of total Payment Scheme amount by share class / sub-fund	Sum total (£) of NAV of shares in issue at 31/05/2011, interim capital distributions to 31/05/2011 and amount allocated under Payment Scheme, by share class / sub-fund	Sum total (£) of NAV of shares in issue at 31/05/2011, interim capital distributions to 31/05/2011 and amount allocated under Payment Scheme, as % of NAV of shares in issue based on last published price prior to suspension of dealings on 13/03/2009	Allocation of Payment Scheme amount to share class, as % of difference between NAV of shares in issue at suspension of dealings and NAV of shares in issue at 31/05/2011 plus interim capital distributions to 31/05/2011
<b>CF Arch cru Investment Funds</b>							
<i>Investment Portfolio</i>							
A Income	5,526,937.24	2,444,809.90	602,102.64	835,070.12	3,881,982.67	70%	34%
A Accumulation	89,538,462.78	39,608,076.94	9,753,396.06	13,528,334.57	62,889,807.58	70%	34%
B Income	37,643,307.60	16,449,348.54	4,051,183.99	5,772,289.01	26,272,821.54	70%	34%
B Accumulation	94,562,778.69	41,367,835.55	10,187,788.63	14,481,303.32	66,036,927.49	70%	34%
C US\$ Income	3,955.50	1,740.74	428.23	601.56	2,770.53	70%	34%
C US\$ Accumulation	294,420.70	130,284.05	32,049.35	44,476.23	206,809.64	70%	34%
D Income	375,575.00	164,524.92	40,517.61	57,421.43	262,463.96	70%	34%
D Accumulation	14,545,942.21	6,364,834.12	1,565,232.42	2,227,687.54	10,157,754.08	70%	34%
<b>TOTAL</b>	<b>242,491,379.72</b>	<b>106,531,454.76</b>	<b>26,232,698.93</b>	<b>36,947,183.79</b>	<b>169,711,337.48</b>	<b>70%</b>	<b>34%</b>
<i>Specialist Portfolio</i>							
A Income	131,673.63	60,457.42	28,931.36	14,238.09	103,626.87	79%	34%
A Accumulation	4,688,986.48	2,151,444.95	1,030,210.82	507,546.09	3,689,201.86	79%	34%
B Income	1,719,211.07	783,873.24	375,076.27	188,650.42	1,347,599.93	78%	34%
B Accumulation	5,566,647.63	2,539,958.72	1,215,668.33	609,804.08	4,365,431.13	78%	34%
C US\$ Income	988.03	454.92	217.65	106.22	778.79	79%	34%
C US\$ Accumulation	28,338.50	13,135.33	6,286.23	3,002.50	22,424.06	79%	34%
D Income	95,734.67	43,812.49	20,972.01	10,421.49	75,206.00	79%	34%
D Accumulation	396,257.76	180,601.97	86,426.53	43,513.88	310,542.38	78%	34%
<b>TOTAL</b>	<b>12,627,837.77</b>	<b>5,773,739.04</b>	<b>2,763,789.20</b>	<b>1,377,282.77</b>	<b>9,914,811.01</b>	<b>79%</b>	<b>34%</b>
<b>CF Arch cru Diversified Funds</b>							
<i>Global Growth</i>							
A Accumulation	2,674,137.63	1,197,444.78	848,427.58	211,548.52	2,257,420.88	84%	34%
<b>TOTAL</b>	<b>2,674,137.63</b>	<b>1,197,444.78</b>	<b>848,427.58</b>	<b>211,548.52</b>	<b>2,257,420.88</b>	<b>84%</b>	<b>34%</b>
<i>Balanced Fund</i>							
A Accumulation	21,080,056.02	9,330,309.96	4,018,262.46	2,603,333.34	15,951,905.76	76%	34%
<b>TOTAL</b>	<b>21,080,056.02</b>	<b>9,330,309.96</b>	<b>4,018,262.46</b>	<b>2,603,333.34</b>	<b>15,951,905.76</b>	<b>76%</b>	<b>34%</b>
<i>Income Fund</i>							
A Accumulation	26,218,061.02	8,779,600.86	5,176,875.30	4,128,702.11	18,085,178.27	69%	34%
B Income	873,517.30	292,076.32	172,204.76	137,797.39	602,078.47	69%	34%
<b>TOTAL</b>	<b>27,091,578.32</b>	<b>9,071,677.18</b>	<b>5,349,080.06</b>	<b>4,266,499.50</b>	<b>18,687,256.74</b>	<b>69%</b>	<b>34%</b>
<i>Finance Fund</i>							
A Accumulation	18,224,888.76	5,235,692.79	4,792,771.02	2,759,887.68	12,788,351.49	70%	34%
B Accumulation	29,079,310.14	8,336,582.79	7,654,006.95	4,407,213.92	20,397,803.66	70%	34%
C Accumulation	9,420,000.93	2,703,350.39	2,478,538.90	1,427,050.47	6,608,939.76	70%	34%
<b>TOTAL</b>	<b>56,724,199.83</b>	<b>16,275,625.97</b>	<b>14,925,316.87</b>	<b>8,594,152.07</b>	<b>39,795,094.91</b>	<b>70%</b>	<b>34%</b>
<b>SUMMARY</b>	<b>362,689,189.29</b>	<b>148,180,251.69</b>	<b>54,137,575.10</b>	<b>54,000,000.00</b>	<b>256,317,826.79</b>	<b>71%</b>	<b>34%</b>

#### Notes

- Last published share price as at suspension of dealings on 13/03/2009 was 12/03/2009 for Investment Funds and 13/03/2009 for Diversified Funds.
- Share prices are published in pence/cents to two decimal places; the figures quoted above are based on actual NAVs and distributions
- Percentages shown above are shown to the nearest percent.
- Please note that the NAVs as at the suspension of dealings on 13/03/2009 set out in the above table are the NAVs of the shares in issue, and therefore take account of creations and redemptions of units on the last day of dealings in the Funds
- Please note that value of the interim capital distribution of £10.01 million paid on 25 July 2011 is included within the NAVs as at 31 May 2011 set out in the above table