



## S.4.58A Notice (CP116)

This notice adds further detail to our Terms of Business and Schedule of Fees & Charges on this website to comply with the criteria set out in Article 53(1)(d) of Commission Delegated Regulation (EU) 2017/565 and Provision 1.4.5 of the Consumer Protection Code of the Central Bank of Ireland.

The objective of this extra provision is to display terms of engagement on an individual product producer level.

Please note that since inception in 1997 it has been the practice of Hobbs Financial Practice Limited (herein after 'the firm') to organise investment for clients on nil initial commission terms unless otherwise stated. This means that in most instances we can organise zero entry and exit costs for investments in investment products as defined by MIFID II and investment in Life & Pension products produced by domestic Life Offices.

Instead the firm openly receives a rebate of part of the annual fund management charges on investment products such as SICAVs under their retail pricing structure, which is openly transparent in Fact Sheets and KIIDs, in Prospectuses and in client reports. It is also subject to annual MIFID II notices to clients. In domestic Life Office products this is replicated but product structures here are more arcane. The effect of our Terms of Business typically means that we get enhanced allocations to investment on the way into some product structures to offset the back-end exit costs that many have over years one to five.

Typically, we receive a rebate of 0.5%pa of the fund management fee for investment products. In the case of one Luxembourg SICAV this is set at 45% of the annual fund management fee. For Life Office products it is typically 0.5%pa and often referred to as trailer commission, or 'trailer' for short.

For pure protection products, life insurance term cover, serious illness insurance and Permanent Health Insurance (PHI) we receive the normal rate of commission.

### **Conflicts of Interest Disclosures S.4.58A of Consumer Protection Code**

Please note that since 1997 we have never engaged with any product provider on indemnity commission terms. This is a form of financing agreement which we hold creates conflicts of interest by generating biases. Thus, the products that we use do not generate clawback provisions as product producers, namely Life Offices attempt recovery of upfront sales commissions paid in advance and that generate losses where products are cashed out early by investors.

Please further note that we do not have non-monetary arrangements with any product producer, nor any other agreed fees, administrative agreements or benefits other than those disclosed above and below. This is precisely what these provisions are designed to expose.

### **Disclosure**

Please note that the Managing Director of the firm attended the Irish Association of Pension Funds (IAPF) annual dinner at the old Burlington Hotel as a guest of Aberdeen Standard table on Feb 27<sup>th</sup> 2020, the event included listening to addresses and consuming a three course meal and two bottles of Heineken 00, travelling home immediately after the speeches finished at 10.45pm.



What you will now read is the terms we have with each Product Producer on our register as outlined in our Terms of Business. Note that these are routinely reported and disclosed to our clients both in advance of investment and during ongoing investment. Where these vary this is disclosed on an individual basis. Where, by March 30<sup>th</sup> 2020 we have received specific responses to this provision these are in the appendix. Where we do not currently have business placed or intend to place business this is noted below.

**Aberdeen Standard Investments;**

Rebate of Annual Fund Management Charge at 0.5%pa

**Aviva Life & Pensions;**

Trailer of 0.5%pa on Investment and Pension products. Normal Protection Commissions typically 9% for each year of the term, capped at 90% of first years premium and renewal commission of 2.5% of annual premium.

**Zurich Life Assurance plc**

Trailer of 0.5%pa on Investment and Pension products. Normal Protection Commissions typically 9% for each year of the term, capped at 90% of first years premium and renewal commission of 2.5% of annual premium.

**Cantor Fitzgerald Ireland Ltd**

Rebate of Annual Fund Management Charge at 0.5%pa

**Davy Stockbrokers**

Rebate of Annual Fund Management Charge at 0.5%pa

**First Life Assurance Company Limited**

Trailer of 0.5%pa on Investment and Pension products. Normal Protection Commissions typically 9% for each year of the term, capped at 90% of first years premium and renewal commission of 2.5% of annual premium.

**Henderson Global Investors**

Rebate of Annual Fund Management Charge at 0.5%pa

**Invesco Management S.A.**

Rebate of Annual Fund Management Charge at 0.5%pa

**Irish Life Health**

No business

**KBC Bank**

No business

**Mount Street Group**

Referrals for Pension Administration support and Pension Trustee Services. No remuneration, arm's length referral.



**New Ireland Group**

Trailer of 0.5%pa on Investment and Pension products. Normal Protection Commissions typically 9% for each year of the term, capped at 90% of first years premium and renewal commission of 2.5% of annual premium.

**Quilter**

No business

**Acorn Life**

Trailer of 0.5%pa on Investment and Pension products. Normal Protection Commissions typically 9% for each year of the term, capped at 90% of first years premium and renewal commission of 2.5% of annual premium

**BCP Asset Management Limited**

No business

**Conexim Advisors Limited**

Specific fee typically 0.5%pa collected by its fund platform applied to institutional fund pricing.

**Dentists & General Mutual Benefit Society Limited**

No business

**Goldman Sachs International**

Specific fee less than 0.5%pa collected from Discretionary account under client instruction.

**HSBC Investment Funds Luxembourg**

Rebate of Annual Fund Management Charge at 0.5%pa

**Irish Life Assurance Plc**

Trailer of 0.5%pa on Investment and Pension products. Normal Protection Commissions typically 9% for each year of the term, capped at 90% of first years premium and renewal commission of 2.5% of annual premium.

**JP Morgan Asset Management Ltd**

Rebate of 45% of its Annual Management Charge on its Retail fund range

**Merrion Capital Investment Managers**

No business

**Newcourt Retirement Fund Managers**

Rebate of 0.25% of annual admin fees



**Phoenix Ireland**

Trailer of 0.5%pa on Investment and Pension products. Normal Protection Commissions typically 9% for each year of the term, capped at 90% of first years premium and renewal commission of 2.5% of annual premium

**Royal London**

Trailer of 0.5%pa on Investment and Pension products. Normal Protection Commissions typically 9% for each year of the term, capped at 90% of first years premium and renewal commission of 2.5% of annual premium



**Appendix**

**Zurich Life Assurance plc specific response:**

**Subject:** RE: DD on S.4.58A CPC PRIORITY HIGH

Hi Eddie,

Thanks for your email. We are getting many such requests and have not been made aware of the full detailed requirements by CBI yet. I can however confirm as follows in relation to your queries:

1. Regular and single contribution pension and investment is processed on nil initial commission with 0.5% trail commission payable. Hobbs Financial Practice technically qualifies - on certain product structures - for payment of 'enhanced commission' based on quality/persistency ratios. This would equate to 0.5% on some single premium products and 5% on some regular contribution pension/savings products. In relation to Life Assurance Products & Serious Illness (we do not provide an individual PHI product) not submitted online the following terms would apply: 10% x term (max 100%) initial commission, 3% renewal, no other payments apply.
2. Hobbs FP business does not avail of indemnified commission with claw back. Any early surrender penalties are at least partly offset by additional allocation. Any recent new business has been written on the basis that at Hobbs FP terms of nil initial commission, the allocation is 100% and no early surrender penalties apply (pension and investment business).
3. Correct no other fee's payments excluding those outlined below apply.

Kind regards,  
Pat,

Dear Pat,

We wish to get a clear and customised statement from you specific to Hobbs Financial Practice Limited, which will confirm how our client terms of business integrates with your product range. We require this before St. Patrick's Day holiday.

No doubt you are getting in such requests, but as you know in our case we do not as a general rule take upfront sales commission, but add 0.50% p.a. typically to the fund costs for clients and we negotiate as tight a deal as we can for clients. The extra allocation on nil initial commission terms we use to offset any exit penalties where these apply for clients. We do not take indemnity commissions thus borrow from you so our clients ought not to experience clawback provisions.

So refer directly to our terms of business, to your current product range and specifically to Section 4.58A of the CPC per Central Bank and please reply to the following:

1. 4.58A (a) confirm agreed percentage of commission (nil upfront + 0.50% p.a. trail). No fee. No other reward. No other remuneration. In connection with non-investment type products, i.e. Term Assurance, PHI and Serious Illness confirm the commission terms, initial and renewal. No fee. No other reward. No other remuneration.



2. 4.58A (b) confirm no Claw Back provisions. Where Exit Penalties apply confirm these, but side by side with statement of extra allocation provided for nil initial commission terms.
3. 4.58A (c) confirm no agreed fees, administration costs or other monetary benefits whether related to sales or not.

Regards,

**Eddie Hobbs**  
**Managing Director**  
**Hobbs Financial Practice Limited**

**Unit W9A1**  
**Ladytown Business Park**  
**Newhall, Naas**  
**Co. Kildare**  
**W91 T211**

**Tel: +353 45 409364**  
**Mob: +353 87 2665000**  
**Fax: +353 45 409196**  
**Web: [www.hobbsfinancial.ie](http://www.hobbsfinancial.ie)**

**Hobbs Financial Practice Limited is regulated by the Central Bank of Ireland. VAT No. IE 82672691.**





Hobbs Financial Practice Ltd  
Unit W9 A1,  
Ladytown Business Park,  
Newhall, Naas,  
County Kildare

27 March 2020

Dear Hobbs Financial Practice Ltd,

Your Royal London commission details for the full year of 2019 are included below, displayed as % rates in Years 1 to 9 inclusive. We hope these help you to comply with the new requirements for financial intermediaries to disclose commission arrangements to consumers.

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9+
<b>Max Comm % Available</b>	225.00	0.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00
<b>Max Comm % Chosen*</b>	125.00	20.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
<b>Avg Comm % Chosen*</b>	125.00	20.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

These details include the maximum commission rate available to you. This is the highest rate of commission that you can choose and includes indexation policies as well as any special offers currently available. We know that this may not necessarily accurately reflect your business processes as you may choose a lower amount and/or sacrifice your commission to reduce the price for your clients.

To allow for this, we've also included the maximum commission rate chosen, and the average commission rate taken, by you in 2019. These maximum and average figures may help to provide an indication of the rates of commission you typically expect to receive.

This information will be also available on our Broker Centre within your 'Commission Centre' shortly.

We're committed to support you and your business during these challenging times. All our operational teams are ready and able to answer your calls and respond to your emails. And of course, your Broker Consultant and Case Managers remain contactable and happy to support you as best they can.

Yours sincerely and stay safe,

Daragh Feely  
Head of Sales

Royal London, 47-49 St. Stephen's Green, Dublin 2, Ireland  
T: 01 429 3333 F: 01 662 5095 E: [service@royallondon.ie](mailto:service@royallondon.ie) W: [royallondon.ie](http://royallondon.ie)

Royal London Insurance DAC is regulated by the Central Bank of Ireland. Royal London Insurance DAC is registered in Ireland, number 630146, at 47-49 St Stephen's Green, Dublin 2. Royal London Insurance DAC is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited which is registered in England, number 99064, at 55 Gracechurch Street, London, EC3V 0RL.



**Aviva Life & Pensions Ireland DAC**

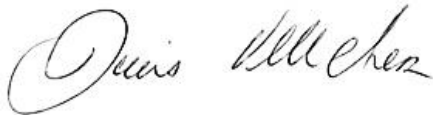
Dear Lorraine,

A requirement of the recent addendum to the CPC (provision 4.58A), is that each broker must now make available to their customers a summary of the details of all arrangements for any fee, commission, other reward or remuneration that they can receive from each life company. This needs to be displayed on your website, or if you do not have a website, in your office.

We have prepared a Commission Summary page on our website which will help you fulfil this obligation. You can [link to this page](#) or use the information to share it with your clients as you see fit. It breaks down all our products along with the applicable Standard rate ranges. We appreciate every broker does not avail of each rate, however the Commission Summary should disclose to the customer the max rate available from each life company.

If you have any questions, please contact your Account Manager by phone or email.

Kind regards,

A handwritten signature in black ink that reads "Denis Kelleher". The signature is written in a cursive style with a large initial 'D'.

Denis Kelleher  
Chief Commercial Officer  
Aviva Life & Pensions Ireland DAC