



Market Conduct Guide

INSURER: Fidelity & Guaranty Life Insurance Company

Fidelity & Guaranty Life Insurance Company (Referred to herein as the “Company”)

INTRODUCTION

A reputation for fair dealing and integrity is essential to the long-term success of insurers and their agents (herein “Producers”) who sell products to help meet the needs of their customers. We achieve that goal by striving to comply with both the letter and the spirit of laws and regulations impacting our business. This is a shared commitment between the Company and our Producers. Producers shall, among other things, acknowledge receipt and agree to be bound to the terms of a Producer Agreement with the Company, this Market Conduct Guide and any applicable addenda thereto, and the Company’s Code of Ethical Conduct, all as may be amended from time to time. Failure of a Producer to meet the standards of this Market Conduct Guide and any applicable addenda thereto, or the Code of Ethical Conduct, or to abide by the terms of the Producer Agreement may, at the Company’s sole discretion, result in disciplinary or remedial action, including termination of the Producer’s appointment with the Company.

While this Market Conduct Guide is primarily addressed to individual Producers, it equally applies to agencies (herein “Insurance Agencies”) representing the Company and its products pursuant to the terms of an Agency Selling Agreement with the Company. Insurance Agencies include all Independent Marketing Organizations and any other intermediaries that are part of the hierarchy for any Producer selling Company products. For broker-dealers, banks, and any other entities operating in the Company’s financial institution channel (herein “Financial Institutions”) wherein such entities contract on behalf of and exercise supervisory responsibility over their respective employees and representatives (herein “Sub-producers”) pursuant to an agreement with the Company, this Market Conduct Guide applies both to the Financial Institution entity and its individual Sub-producers as explained more fully herein.

This Market Conduct Guide establishes standards of conduct for Producers and any other persons or entities involved in the marketing of Company products. The goal is to provide concise, understandable and usable information and guidance for our sales representatives. This Market Conduct Guide may not always reflect the full complexity of applicable laws and regulations, the latest changes thereto, or interpretations by regulatory agencies, so information in this Market Conduct Guide should be viewed as a summary rather than definitive guidelines. Whenever you have questions about a compliance issue and cannot find the answer in the Market Conduct Guide, you should call your designated representative at our Sales Support line at 1-800-445-6758 or talk with a responsible person in your distribution hierarchy. If you are unsure whom to call or do not receive clear answers, please call the Law and Compliance Department in the Home Office at 1-888-697-5433.



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I. Best Interest

General Requirements

The Company expects Producers to treat consumers fairly and honestly. Producers are expected to recommend Company's products based upon consumer needs and financial objectives. As used herein, consumers (who may also be referred to herein as customers or clients) include prospects, applicants, and policyholders who consider or purchase any Company product including life insurance or annuity policies. The terms "policy" and "policyholder" may be used in this Market Conduct Guide to reference both life insurance and annuities and consumers who purchase them.

To identify a consumer's needs and objectives in connection with sale of our products, we require Producers to assess insurance, financial and personal information obtained from the consumer at the time of sale. When a Producer makes a recommendation for one or more of the Company's products, our expectation is that the Producer has made a reasonable effort to gather information necessary to make an appropriate recommendation to the consumer, and there is a reasonable basis to believe the recommended product effectively is appropriate for the consumer based on such information and suitable to the extent required by state insurance law.

The Company has developed an annuity best interest compliance program designed specifically to assist Producers in gathering relevant information from consumers and making recommendations of annuity products that comply with the National Association of Insurance Commissioners (NAIC) Suitability in Annuity Transactions Model Regulation #275. Producers must abide by the NAIC model regulation and any other rules and regulations which may apply to sale of our products as each may be amended from time to time. This section describes our annuity best interest compliance program in greater detail.

The National Association of Insurance Commissioners (NAIC) adopted a revised Suitability in Annuity Transactions Model Regulation in 2020 to incorporate "best interest" requirements into existing suitability requirements. Producers who make recommendations of Company annuities to consumers must abide by the Company requirements and follow the best interest requirements as described herein.

Producers are responsible for knowing and complying with the full requirements of all laws, rules and regulations applicable to the offering or sale of Company products in each respective jurisdiction.

Best Interest Requirement

Producers are required, when making a recommendation of an annuity, to act in the best interest of the consumer under circumstances known at the time without placing the Producer's or Company's financial interest ahead of the consumer's interest. A Producer has acted in the best interest of the consumer if the Producer satisfies obligations of care, disclosure, conflict of interest, and documentation as specified in the NAIC model regulation.



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Applicability

Best interest requirements apply to any recommendation or sale of an annuity by a Producer to a consumer. "Recommendation" means advice provided by a Producer to an individual consumer that was intended to result or does result in a purchase, an exchange or a replacement of an annuity in accordance with that advice.

The requirements also apply to any Producer who exercises material control or influence in the making of the recommendation and receives direct compensation as a result of the recommendation or sale, regardless of whether the Producer has had any direct contact with the consumer. Activities such as providing or delivering marketing or educational materials, product wholesaling or other back office product support, and general supervision of a Producer do not, in and of themselves, constitute material control or influence.

Care Obligation

A Producer, in making a recommendation, shall exercise reasonable diligence, care, and skill to:

- Know the consumer's financial situation, insurance needs and financial objectives;
- Understand the available recommendation options after making a reasonable inquiry into options available to the Producer;
- Have a reasonable basis to believe the recommended option effectively addresses the consumer's financial situation, insurance needs and financial objectives over the life of the product, as evaluated in light of the consumer profile information; and
- Communicate the basis or bases of the recommendation.

Consumer profile information, as reflected in the Best Interest Acknowledgement Form, characteristics of the insurer, and product costs, rates, benefits, and features are those factors generally relevant in deciding whether an annuity effectively addresses the consumer's financial situation, insurance needs and financial objectives. The level of importance of each factor may vary depending on the facts and circumstances of a particular case but no factor should be considered in isolation. Under the care obligation a Producer is required to consider the types of products the Producer is authorized and licensed to recommend or sell that address the consumer's financial situation, insurance needs and financial objectives but does not require analysis or consideration of any products outside the Producer's authority and license.

The care obligation includes having a reasonable basis to believe the consumer would benefit from certain features of the annuity, such as annuitization, death or living benefit or other insurance-related features. The care obligation applies to the annuity as a whole and the underlying subaccounts to which funds are allocated at the time of purchase or exchange of an annuity, and riders and similar product enhancements.



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In the case of an exchange or replacement of an annuity, the Producer shall consider the whole transaction, taking into consideration: whether the consumer will incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits, such as death, living or other contractual benefits, or be subject to increased fees, investment advisory fees or charges for riders and similar product enhancements; whether the replacing product would substantially benefit the consumer in comparison to the replaced product over the life of the product; and whether the consumer has had another annuity exchange or replacement and, in particular, an exchange or replacement within the preceding 60 months.

Disclosure Obligation

Prior to recommendation or sale of an annuity, a Producer shall prominently disclose to the consumer certain information on a form substantially similar to the template prescribed by the NAIC. That information includes:

- A description of the scope and terms of the Producer's relationship with the consumer and the Producer's role in the transaction;
- Whether the Producer is licensed and authorized to sell the following products:
 - Fixed annuities
 - Fixed index annuities
 - Variable annuities
 - Life insurance
 - Mutual funds
 - Stocks and bonds
 - Certificates of deposit;
- A description of insurers that the Producer is authorized and appointed to sell insurance products for, using the following descriptions:
 - One insurer
 - From two or more insurers, or
 - From two or more insurers although primarily contracted with one insurer;
- A description of sources and types of cash compensation and non-cash compensation the Producer will be receiving, including whether the Producer will be compensated for the sale of a recommended annuity by commission as part of premium or other remuneration received from the insurer, intermediary or other producer or by fee as a result of a contract for advice or consulting services; and
- The right of the consumer to request additional information regarding cash compensation.

If a consumer requests additional information regarding cash compensation, the Producer shall disclose to the consumer a reasonable estimate of the amount of cash compensation that the Producer will receive which may be stated as a range of amounts or percentages; and whether the cash compensation is a one-time or multiple occurrence amount, and if a multiple occurrence



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amount, the frequency and amount of the occurrence, which may be stated as a range of amounts or percentages.

The Company may prescribe or recommend forms to be used by Producers for purposes of disclosing this information to consumers. This includes the Insurance Agent Disclosure For Annuities form (ADMIN 5841) and Supplemental Cash Compensation Disclosure form (ADMIN 5842). By doing so, the Company seeks to ensure the required information is disclosed prominently to consumers who consider or purchase Company annuities. Producers are responsible for ensuring all information provided on such disclosure forms is accurate and complete.

Conflict of Interest Obligation

The Producer shall identify and avoid or reasonably manage and disclose material conflicts of interest, including material conflicts of interest related to any ownership interest in an insurance company. For purposes of this obligation, “material conflict of interest” means a financial interest of the Producer in the sale of an annuity that a reasonable person would expect to influence the impartiality of a recommendation. Material conflict of interest does not include cash compensation or non-cash compensation.

Documentation Obligation

A Producer shall at the time of recommendation or sale make a written record of any recommendation and the basis for the recommendation.

Documentation includes any forms required by the Company including but not limited to the Best Interest Acknowledgement Form, Best Interest Supplement Form, Insurance Agent Disclosure for Annuities, and Supplemental Cash Compensation Disclosure. It also includes any records of information collected from consumers and disclosures made to consumers or summaries of oral disclosures. Producers are expected to make and keep their own written records to evidence discussions with consumers and decisions that are made which includes documenting the basis for recommendation and the reasons why the recommended annuity was selected over other product options.

Documentation pertaining to any recommendation should be retained at a minimum for the longer of whatever period is prescribed by the Producer’s agreement with the Company or whatever period is required by state law which can extend as much as ten years. Such records must be made available to the Company for review or audit upon request.

Best Interest Review and Process

The Company has established and maintains a system of supervision reasonably designed to achieve compliance with the updated NAIC model regulation for recommendations and annuity sales transactions. This includes supplementing home office procedures for reviewing the suitability of annuity sales transactions to include best interest considerations for recommendations and sales transactions.



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The Company will require that a Best Interest Acknowledgement Form (“BIA”) (ADMIN 5840) be completed for each annuity sale, which serves as the source of consumer profile information for best interest purposes. The BIA establishes that the applicant considered important information in the purchase of the annuity and that the Producer complied with specific requirements under the best interest regulations.

Among other things the completed BIA will be reviewed to determine that:

- The consumer acknowledges important information about the proposed transaction and annuity;
- The consumer acknowledges the annuity recommendation is in his or her best interest;
- Proper information is provided regarding any replacement occurring within the prior 60 months;
- A summary of the basis of recommendation is provided;
- The Producer acknowledges complying with best interest duties and obligations.

A sale will be deemed not-in-good-order unless and until the BIA is completed in full and signed by both consumer and Producer. In situations where additional review or information is required, the Company may conduct an elevated review, which may include:

- Contacting the Producer by telephone with additional questions;
- Conducting telephone interviews with applicant; and/or
- Requesting written responses and/or documentation from Producers to support purchase, replacement, or exchange recommendations.

The Company does not accept opt-outs nor sales to a consumer contrary to the Producer’s recommendation.

Best Interest Acknowledgement Form

The BIA is an essential part of the Company’s best interest program and is required with every new annuity application. The BIA is designed to help Producers assess the consumer’s financial situation and determine whether an annuity is suitable by asking many of the questions to be considered prior to making an annuity recommendation including but not limited to:

- What are the consumer’s net worth and liquid assets?
- How much of the consumer’s liquid assets will remain after the purchase of the annuity? Will the consumer’s income after the purchase of the annuity sufficiently cover his or her living expenses?
- What is the consumer’s monthly disposable household income?
- What is the source of the funds being used to purchase the annuity?



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- What is the consumer's purpose for purchasing the annuity, i.e., what financial goals will this annuity help the consumer achieve?
- Does the long-term nature of an annuity product fit the consumer's time horizon? How long does the consumer intend to keep the annuity?
- What is the consumer's investment experience? What other products does the consumer currently own or has owned in the past?
- What is the consumer's federal tax bracket?
- How much risk is the consumer willing and able to sustain in exchange for potentially greater gain?

Specific Training and Continuing Education

Producers are responsible for being knowledgeable of all material features of Company products prior to soliciting sales of such products on behalf of the Company. Producers shall satisfy product-specific training requirements established by the Company and certify they have completed such training prior to solicitation. Producers shall also be responsible for complying with continuing education requirements established by individual states pertaining to the sale of annuity products including best interest and related compliance matters. The Company reserves the right to withhold or deny commission payments to Producers for failure to comply with product-specific training, continuing education requirements, or other Company or regulatory certifications or requirements.

The procedures and requirements set forth in this section of the Market Conduct Guide generally do not apply to Producers (i.e., Sub-Producers) who sell through the Company's Financial Institution channel where a broker-dealer, bank, or other Financial Institution under contract with the Company provides for supervision of the recommendation and sale of annuities by the Producer in a manner that satisfies applicable insurance laws including compliance with comparable standards under safe harbor provisions to the extent applicable.

Prohibition on Certain Forms of Compensation

In accordance with the revised NAIC model regulation, the Company has established reasonable procedures to identify and eliminate any sales contests, sales quotas, bonuses, and non-cash compensation that are based on the sales of specific annuities within a limited period of time. Producers and any affiliated insurance agencies or marketing organizations, to the extent within the distribution hierarchy for sale of Company annuities, shall neither pay nor receive any form of compensation contrary to this prohibition.



II. Replacements

General Requirements

When replacing a consumer's existing life insurance policy or annuity with a new product, the Producer must confirm and document that the replacement is appropriate for the consumer. The replacement analysis is frequently governed by specific state requirements, including collecting information about the product to be replaced, including surrender charges and other negative adjustments, and using state mandated replacement forms where required. In the case of annuity replacements, the Producer must complete a Replacement Comparison Form to help determine the proposed replacement is suitable for the consumer in accordance with the Company's replacement procedures and guidelines.

The guiding principle in replacement transactions is that the transaction should not be made unless there is reasonable basis to believe it is in the consumer's interest to do so. Replacements contrary to the consumer's interest and made for the sole purpose of generating sales commissions are inappropriate and unacceptable. Producers are required to refrain from initiating any replacement transaction unless the Producer believes, taking into account all relevant factors such as application of surrender and other charges on the replaced policy, that the consumer will benefit from the transaction.

Definition of Replacement

"Replacement" means a transaction in which a new annuity is to be purchased, and it is known or should be known to the proposing producer, or to the proposing insurer whether or not a producer is involved, that by reason of the transaction, an existing annuity or other insurance policy has been or is to be any of the following:

- Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated;
- Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;
- Amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid;
- Reissued with any reduction in cash value; or
- Used in a financed purchase

Replacement is presumed in the case of any financed purchase of a new insurance policy or annuity contract involving withdrawal, surrender, or borrowing of funds from an existing policy or contract where such withdrawal, surrender, or borrowing occurs within four months before or thirteen months after the effective date of the new policy or contract; however all facts and circumstances will be considered including the intentions of the parties in determining whether a replacement occurred in any given situation.

Most states define "replacement" to include internal replacements of policies or contracts issued by the same insurer. With the exception of a policy change or exercise of a conversion privilege under the



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terms of the existing insurance policy or contract, replacement laws and regulations apply to any transfer or exchange from any policy or contract to another.

Duties of Producers

All Producers must complete with the applicant the application for an insurance policy or annuity contract in its entirety, including the section regarding replacement of an existing policy or contract, which requires both the Producer and applicant to sign, verifying whether a replacement of an existing policy or contract is involved.

With respect to replacements involving the Company's products, the Producer shall:

- Provide the applicant with a "Notice Regarding Replacement," or any other form required by the state, to be signed by both the applicant and the Producer and left with the applicant. Producers are required to send a copy of the completed replacement form to the Home Office along with the application. Forms for each state are available from the Company.
- Record on the application and the Notice of Replacement form a list of all existing insurance policies or annuity contracts to be replaced and properly identified by name of insurer, the insured, and contract number.
- Leave with the applicant a copy of any and all sales materials including illustrations, if applicable and/or used at the time the application is taken.

III. Applications Taken in States Other Than State of Insured Residence

Applications for Company products must be taken and signed in the applicant's state of residence except in those limited circumstances set forth below. The crossing of state lines by a Producer or client for the purpose of selling or purchasing insurance or annuity products other than in those limited circumstances set forth below violates the Company's policy and may contravene state insurance law or regulation. Producers found to have engaged in this practice are subject to commission chargebacks and discipline up to and including termination of their contract and appointment with the Company.

The Company recognizes that out-of-state applications for Company products may be acceptable in certain limited circumstances. These are limited to the following circumstances:

- A sale to a client who maintains a secondary residential address in the state where the application was signed, and delivery of the insurance policy or annuity contract is taken in the same state where the application was signed;
- A sale to a client who maintains a business or works in a business located in the state where the application was signed, and delivery of the insurance policy or annuity contract is taken in the same state where the application was signed; or
- A sale to a client where solicitation of the insurance policy or annuity contract occurred in the state where the application was signed, and delivery of the insurance policy or annuity contract



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is taken in the same state where the application was signed, and further provided, that the Producer making the sale maintains a permanent office in the same state.

A Producer submitting an application for a Company product taken in a state other than the applicant's state of residence must be properly licensed in the other state and submit information on the Non-Resident Sales Acknowledgement Form to explain the circumstances and basis for purchase of the insurance policy or annuity contract issued in a state other than the applicant's state of residence.

IV. Producer Licensing, Appointment, Continuing Education Requirements

General Requirements

All 50 states, the District of Columbia, and Puerto Rico have laws requiring licensing of persons engaged in the business of selling insurance or annuities. In addition, most states require that even after a business or individual has obtained a producer's license, the Producer may not represent an insurance company unless the Producer is specifically designated, or "appointed," by the insurance company to sell its products. Accordingly, every Producer representing the Company and its products must be properly licensed and appointed by the Company in accordance with applicable state laws and Company procedures. When there is doubt concerning licensing and appointment requirements, Producers are encouraged to call Sales Support at the Home Office or a responsible person in the Producer's up-line hierarchy for guidance.

Producers are responsible for obtaining and maintaining licenses in every state, Puerto Rico, or the District of Columbia, where they are selling insurance or annuity products for either Fidelity & Guaranty Life Insurance Company or Fidelity & Guaranty Life Insurance Company of New York. This includes completing the continuing education required by the department(s) of insurance in the relevant jurisdiction(s), and notification of any relevant changes in licensing status.

Producers are responsible for obtaining and maintaining at least \$1 Million per act of Errors and Omissions ("E&O") coverage without interruption while contracted with the Company. This is a minimum level only and it is the Producer's responsibility to ensure that their E&O coverage needs are addressed appropriately and provide a copy of the E&O policy to the Company, if requested.

Producers are permitted by the Company to offer and sell products to themselves or family members in the same manner as they would offer and sell products to the general public, provided the Producer satisfies all applicable laws and regulations including "controlled business" requirements in any given state that may restrict the amount or percentage of such business that can be sold to the Producer, family members, and/or other affiliated persons.

Resident and Non-Resident Producer Licenses

Producers must be licensed in each state or jurisdiction where they do business. To be legally entitled to conduct insurance business in the Producer's state of residence, the Producer must apply for and obtain a license in that state. In addition, many states require that any non-resident maintain a license in their state of residence, even if the Producer does not engage in any sales activity in the state of residence.



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Producers must also observe the licensing requirements of any other jurisdiction in which they do business. It frequently happens that a Producer residing near the border of one or more other jurisdictions sells insurance products in both the Producer's state of residence and the adjoining states. It is generally understood that a Producer will be subject to licensing in all states where he or she solicits or negotiates insurance sales, delivers contracts, collects premiums, or has an office for the conduct of an insurance business. Where there is a doubt concerning the necessity of obtaining a nonresident license, Producers are urged to contact the relevant insurance regulator for that jurisdiction, or call Sales Support or a responsible person in the Producer's up-line hierarchy.

Producer Appointment with the Company

Producers must also be appointed with the Company to solicit business or take applications for the Company's products in accordance with applicable state laws. State laws may differ on the precise timing of appointments and actions that Producers are permitted to take prior to filing of appointments with the applicable state insurance department. Accordingly, Producers are encouraged to contact Sales Support with any questions.

As part of the appointment process, the Company performs criminal, civil, and professional background checks on all Producers. One of the reasons for performing a criminal background check is to satisfy the Company's obligations under the Federal Violent Crime Control Act ("FVCCA"). The FVCCA makes it a felony for a Company engaged in the business of insurance to willfully permit the participation of a person who has previously been convicted of a felony crime involving dishonesty or a breach of trust.

Producers should note that the FVCCA contains no "grandfather" provision for persons already working in the business of insurance. The FVCCA effectively makes it a crime for any insurance company or its subcontractors to continue to do business with an individual after the Company or subcontractor learns of a conviction. Thus, the Company reserves the right to terminate any Producer or other person involved in the marketing or sale of Company products in order to comply with the FVCCA. In addition, the Company reserves the right to terminate or decline a Producer's appointment for any other criminal record or history beyond that is covered under the FVCCA.

The Company in its sole discretion retains the right to appoint or decline any Producer application for appointment to represent and sell Company products.

Commission Payments

It is Company policy to pay commission for a sale only if the Producer who made the sale has satisfied applicable licensing, appointment, and training requirements. Most states have adopted continuing education requirements that vary by jurisdiction. In order to maintain state licenses, Producers must stay informed and up to date on continuing education requirements in all states or jurisdictions where they do business.

V. Sales & Marketing Material Compliance Requirements

Communications to those that distribute our products and to the general public ("Sales and Marketing Material") must be accurate, informative, consistent with high standards of ethics and integrity, properly



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balanced, and in compliance with applicable disclosure and regulatory requirements. The Company's Sales & Marketing Material compliance policies & procedures ("Sales and Marketing Material Compliance Policies and Procedures") include among other things the Company's Ad Review Guidelines, Annual Advertising Bulletin, and Marketing Practices Compliance Bulletins, all of which are designed to encompass regulatory requirements and best practices governing sales and marketing material, most notably NAIC Model Advertising Rules adopted by most states.

Material subject to these requirements

Sales and Marketing Material subject to these requirements include any public or Producer-use-only material created or used by the Company or any Producer, regardless of the type of media, delivery medium or method of distribution, that is designed to:

- Create interest among the public or any insurance producer in the Company or its products;
- Induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace, or retain a Company insurance policy or annuity contract; or
- Train or solicit any insurance producer to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace or retain a Company insurance policy or annuity contract.

Sales and Marketing Material subject to these requirements includes, but is not limited to, these specific kinds of materials regardless of who prepares them, including materials prepared by or purchased from independent parties, and regardless of whether such materials are produced or used in a physical or electronic format:

- Printed and published material, audio/visual material, and descriptive literature used in direct mail, newspapers, magazines, telephone directories, radio and television scripts, web sites, social media, mobile apps, and other Internet and Intranet displays or communications, other forms of electronic communications, billboards, and similar displays.
- Descriptive literature and sales aids of all kinds, including but not limited to circulars, leaflets, booklets, depictions, illustrations, and form letters and lead-generating devices of all kinds.
- Material used for the recruitment, training, and education of an insurance producer and used or designed to be used to directly induce the public or to train insurance producers to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, or replace a Company insurance policy or annuity contract.
- Prepared sales talks, presentations, and related material, including training material.
- Solicitation material included with an insurance policy or annuity contract upon delivery and material used in the solicitation of renewals and reinstatements unless it is purely factual and administrative and contains no promotional language.

Such material not subject to these requirements includes:

- Communications with policyholders that do not urge or attempt to persuade policyholders to purchase, increase, modify, reinstate, surrender, replace, or retain a Company insurance policy

or annuity contract. However, if as a secondary purpose the piece mentions benefits or features of a Company policy or contract, the piece must be submitted for review and approval under the Sales and Marketing Material Compliance Policies and Procedures.

- Individualized correspondence from a Producer to a single prospect or single insurance policy or annuity contract owner, although a substantially similar letter being sent to more than one such prospect or policy or annuity owner will generally be considered to be a form letter that is subject to review and approval under the Sales and Marketing Material Compliance Policies and Procedures.

Producer-use-only material subject to this requirement is material designed to be used only with and to only be seen by, insurance-licensed producers and is not to be used for marketing purposes. If such material is likely to be seen by financial professionals without appropriate licensing to distribute Company products (such as Registered Investment Advisors or fee-based financial planners who do not have insurance licenses) or by the public (such as an advertisement in National Underwriter or other trade journal routinely left in customer waiting areas of a Producer's business), it is considered public use material.

Prior Approval Requirements

All sales and marketing communications that are subject to the Sales and Marketing Material Compliance Policies and Procedures must be submitted to and approved by the Company prior to use. Failure on the part of a Producer to obtain the Company's approval of all such material prior to its use may constitute grounds for discipline up to and including termination of the Producer's contract and appointment with the Company.

The process for obtaining Company approval of sales and marketing material subject to the Sales and Marketing Material Compliance Policies and Procedures is as follows:

- Materials must be submitted for approval by uploading to the Company intranet portal SalesLink.
- The following information must be included in the request for review:
 - Product
 - Type of material
 - Intended use of material
 - Distribution area/states where material is to be used
 - Estimated number of distributions
- The following types of ads should be submitted for review and approval:
 - Printed and published material – consumer brochures, magazine ads, newspaper ads, direct mailers, radio and television scripts, websites, billboards, etc.
 - Descriptive literature – circulars, pamphlets, booklets, form letters, etc.
 - Material used for recruitment, training and education – agent manuals, PowerPoint presentations, product highlights, flyers, speeches, etc.



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- The following disclosures should be included on every ad before being submitted for review and approval:
 - Product Type – i.e., Single Premium Deferred Annuity, Multi-Year Guaranteed Annuity, Fixed Indexed Annuity, Fixed Indexed Universal Life, etc.
 - Form Number(s)
 - Full legal name of the Company along with city and state of domicile – i.e., *Fidelity & Guaranty Life Insurance Company, Des Moines, IA.*
 - If a Producer piece - *“For Financial Professional Use Only – Not for Use with General Public.”*

Company review of field submitted material generally takes seven to ten business days.

General Content Standards

- General content standards require the following of Sales and Marketing Material:
 - If a product is named, the kind of product is conspicuously disclosed such as single premium deferred annuity, single premium immediate annuity, or universal indexed life insurance policy. Marketing name of the product does not suffice. In addition, the issuing insurer’s full name must be identified. Marketing names, parent or affiliate Company names, and Producer and insurance agency names may not be used in a way that confuses which Company is financially responsible for contract obligations.
 - When citing ratings, the basis for the rating and its ranking relative to all ratings available from the rating agency are disclosed. For example:

A rating (Excellent) from A.M. Best for financial strength and operating performance. (3rd highest out of 13 ratings.)

A.M. Best rating may be used in advertising by itself. Any other agency ratings must be accompanied by the A.M. Best rating.
 - Cites for any quoted material or statistics are provided and cited materials are not materially out of date.
 - Content is based upon principles of fair dealing and good faith.
 - Content is fair and balanced. When discussing features and benefits of a product, the limitations must be equally and prominently disclosed. For example, when advertising index crediting options for products that do not have a traditional cap rate, the piece must include additional disclosures about other limitations on the upside of the crediting methodology such as participation rates and spreads. If the underlying index is a volatility control index, additional disclosure may be required to help facilitate understanding about the potential limited upside of such indices. Another example is when a piece is submitted with hypothetical, non-guaranteed values, the guaranteed values must be displayed in close proximity with equal prominence.
 - A sound basis is provided for evaluating the facts about the product or options discussed.



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- Disclosure of the relationship to the Company to any unaffiliated person or entity identified in the advertisement, making clear the person or entity is unaffiliated with the Company if not otherwise clear.
- For Testimonials:
 - Disclosure if compensation was paid for an endorsement or testimonial.
 - If the testimonial is about product results or benefits or makes specific service statements or claims, state the testimonial may not be representative of another person's experience. Simple non-specific claims such as saying service was friendly or professional does not require such a disclaimer.
 - Cite knowledge and experience of any person presented as an expert if the testimonial appears to entail expertise needed to form a valid opinion.
 - "Institutional Sales Material" may not need as much detail for testimonial disclosure. For such material, consult a Company Advertising Reviewer.
- Have verifiable support of any claims made in advertising materials. Such support should be maintained in the advertising originator's files. For example, support is required and must be kept for claims that a product's costs are lower than industry averages.
- 'Puffery' is impermissible unless supported by verifiable fact. The Company Advertising Reviewer may be consulted for information on what adjectives are and are not acceptable.
- General content prohibitions provide Sales and Marketing Material cannot:
 - Imply a life insurance policy (other than a limited term life policy) or annuity is a short-term, liquid investment. Presentations regarding liquidity or ease of access to policy values must be balanced by clear language describing the negative impact of early redemptions (including unpaid policy loans). Such disclosure may include loss of policy value, death benefit protection, and tax penalties.
 - Omit any material fact or qualification if the omission, in light of the content of the material presented, would cause the communication to be misleading.
 - Relegate disclosure to a footnote if doing so inhibits a fair and balanced clear understanding of the content.
 - Include any false, exaggerated, unwarranted or misleading statement or claim taking into account the context in which any statement or claim is made.
 - Partially compare products and any related services (including features like performance or specific benefits) without disclosing that the products likely have other differences in features, costs and expenses that should be considered in evaluating both products.
 - Compare or invite comparison to other products or companies unless enough information is provided to fairly, completely and accurately evaluate the comparison or at least provide adequate notice of the limited or incomplete comparison being made.
 - Claim a product or feature is tax-free or exempt when the tax is merely deferred.



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- Use the existence of state guaranty funds/associations to promote the safety of assets invested in insurance or annuity products.
- Make any statement or represent in any way that premium payments will not be required (such as the policy will be “self-supporting” or “self-funding”) unless such representation is accompanied by an adequate explanation as to what benefits would be provided or discontinued at the time when payments will no longer be required, and the conditions under which this would occur.
- Use ‘puffery’ that is promissory or imply certainty about a product’s non-guaranteed risks and uncertainties.

VI. Sales Illustrations

General Rule

With regard to Company products, Producers may only use insurance and annuity illustration software approved and issued by the Company. Any use or altering of illustration software or an illustration produced with that software without prior approval of the Company is strictly prohibited. If any sales illustration is used to solicit Company products, the applicant must receive a copy of the illustration at time of solicitation.

Prohibitions

Producers may not in conjunction with insurance or annuity illustrations:

- Represent a product as anything other than life insurance or an annuity, as applicable;
- Make any representation regarding the past performance of the Company’s products other than the representations contained in the illustration, or represent that a product’s past performance is a reliable indicator of future performance;
- Provide an illustration without clearly indicating that the current interest rate illustrations are based on the Company’s current rate schedule, are shown for illustration purposes only, and are not guaranteed;
- Provide an applicant with an incomplete or altered insurance policy or annuity illustration;
- Display the current interest rate illustration with such prominence as to render the guaranteed interest rate illustration obscure; or
- Illustrate any of the Company’s products not clearly identified by its generic type of insurance or annuity name, and the Company’s product name, if different.

VII. Unfair Trade Practices

The purpose of this section is to identify certain acts or statements that constitute unfair or deceptive trade or business practices in the sale of the Company’s products. The Company will not tolerate unfair trade practices employed by any appointed Producer. When discovered, such acts may be grounds for termination for cause. Please note that the fact that a specific practice is not mentioned here does not imply the practice is acceptable if it is otherwise inappropriate or unlawful.



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The core philosophy of the Company is that Producers must always deal with policyholders and prospective policyholders in a fair, balanced, and truthful manner. Producers must strive to make full and accurate disclosure so policyholders and prospective policyholders can make informed decisions. Producers should consider each consumer's individual circumstances to ensure reasonable efforts are made to help that consumer make good decisions relative to our products and services.

The following unfair trade practices are prohibited, and the Company reserves the right to discipline any Producer found to have engaged in any of these unacceptable practices. This prohibition applies whether the Producer engages in such inappropriate practices in representation of our Company products and services or in the course of any other activities unrelated to our Company products and services.

Misrepresentation

“Misrepresentation” means any statement which contains false or misleading information, including misleading information because of omission or incompleteness. Specifically, a Producer may not:

- Make or cause to be made any misrepresentation concerning the benefits, advantages, conditions, or terms of an insurance policy or annuity contract;
- Provide false information or fail to provide full disclosure of all requested information on an application for the Company's products;
- Use false or misleading information to induce the lapse, forfeiture, exchange, conversion, or surrender of an insurance policy or annuity contract;
- Obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statement made (in light of the circumstances under which it was made) not misleading; or
- Employ any device, scheme, or artifice to defraud.

Among other things, this means the dissemination of false information or advertising is impermissible. Company rules relating to advertising materials are described in detail above. Additionally, Producers must ensure any other oral or written statements are true and appropriate disclosures are made to ensure any statements are not misleading by omission of related important information. This includes statements regarding product features, interest rates, agent compensation, length of sales presentations, Company financial ratings, and any other matters pertinent to the sales process.

Examples of specific statements Producers should not make without appropriate explanations are the following:

- “No one has lost money on an annuity” or “annuities are 100% safe” (such generalizations are not true for consumers who could incur surrender charges or lose cash value resulting from insolvency).
- “Annuities always pay higher interest rates than banks” (such generalizations are not true though it is permissible to say specific annuities pay higher interest rates than specific bank products if demonstrably accurate).



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- “Annuities are as safe as deposits insured by the FDIC” or “annuities are insured by the government” (references should never be made to FDIC other than to say annuities are not protected by the FDIC).
- “No commission is paid on the sale of an annuity” or “my salary is fixed” or any other statement implying you are paid other than by commission (though it is permissible to say there are no fees paid by the consumer if the annuity and any applicable riders in fact have no fees).
- “The sales presentation takes only a few minutes” or “the sales presentation will take less than” a certain amount of time if the sales presentation typically takes longer.
- “Annuities are safer than other investments” or “annuities pay a higher return than stocks, bonds, or CDs” (such generalizations are impermissible without supportable details relative to specific comparisons of products with full and balanced disclosure).
- “Fidelity & Guaranty Life is one of the safest companies” or “one of the highest rated companies” (though it is permissible to explain the Company’s rating in accordance with the advertising guidelines above).
- “Annuities protect assets from Medicaid” (generalizations of this kind are untrue and any specific information about the relationship between an annuity and government assistance programs should only be made by qualified attorneys or other professionals).
- “You can always terminate the annuity” (without explaining that there could be surrender charges, tax implications, and other relevant adverse considerations).
- “The interest rate under the annuity will never go below X%” or “the rate of X% is guaranteed” unless factually accurate (whenever discussing annuity interest rates a Producer must disclose any minimum guaranteed interest rates, the duration of such guarantees, the discretion of the Company to change future rates or variables affecting future rates as applicable, and any other information necessary to ensure the consumer is not misled about interest rate guarantees or how interest rates are set for the annuity).
- “My primary loyalty is to you” or “I am a fiduciary” or similar words or phrases that would tend to mislead the consumer to believe that you put the interests of the client above the interests of the Company or yourself unless that is the case based on your professional relationship to the client or based on applicable regulatory requirements (whenever discussing the Producer’s relationship to the client or relevant standard of care, the Producer should be familiar with applicable standard of care requirements and should be careful not to overrepresent duties owed to the client or minimize interests of the Producer and Company).

The foregoing statements are just examples and by no means exhaustive; other examples are provided below in the section on Disclosures. The goal of each Producer should be to provide fair and balanced information to consumers so they can make informed decisions about the Company, our products, and you as their insurance agent. You must use good judgment to assess each interaction with consumers and ensure that they are given truthful, accurate, and relevant information befitting their needs and objectives.

Misuse of Professional Designations

The Company supports and encourages continuing education and supports use of professional credentials reflecting the pursuit of professional education. However, the use of any designation in promotion of our products in a misleading manner to create the impression that an agent has special expertise in advising or servicing senior consumers is prohibited. In addition, the following use of designations, whether senior-specific or not, is prohibited:

- Use of a certification or professional designation not actually earned by the agent;
- Use of a non-existent or self-conferred certification or professional designation;
- Use of a certification or professional designation implying a greater level of expertise through training or experience that an agent does not possess; and
- Use of a certification or professional designation from an organization that is: primarily engaged in sales and marketing training; does not have reasonable standards relating to monitoring competency and disciplining designees for improper or unethical conduct; or does not have reasonable continuing education requirements to maintain the certificate or designation.

The Company maintains a list of certifications and designations approved for use in connection with the advertising and marketing of our products. The use of the following designations is permitted: CAS[®] Certified Annuity Specialist; FLMI Fellow, Life Management Institute; CPA[®] Certified Public Accountant; CFP[®] Certified Financial Planner; CASL[®] Chartered Advisor for Senior Living; LUTCF[®] Life Underwriting Training Counsel Fellow; CPC Certified Pension Consultant; ChFC[®] Chartered Financial Consultant; CEBS Certified Employee Benefit Specialist; MSFS Master of Science in Financial Services; CPCU[®] Chartered Property Casualty Underwriter; CIC Certified Insurance Counselor; CEP[®] Certified Estate Planner; REBC[®] Registered Employee Benefits Consultant[®]; CRPC[®] Chartered Retirement Planning Counselor; CLTC[®] Certified in Long-Term Care; CFA[®] Chartered Financial Analyst; RFC[®] Registered Financial Consultant[®]; CRSP Certified Retirement Services Professional; CLU[®] Chartered Life Underwriter; CFEd[®] Certified Financial Educator.

This list may be revised by the Company at any time and is continually reviewed and updated as necessary. Advertisements using designations other than those listed above are not permitted unless we advise you otherwise including at time of reviewing a proposed advertisement.

The Company will upon request review any designation that is not currently approved for use, provided the following minimum conditions are generally met and the Company reserves final judgment on whether any proposed designation satisfies our requirements:

- Entails appropriate online or classroom learning; i.e., content that increases knowledge about insurance products as opposed to focusing on sales methods;
- Requires completion of a final examination;
- Entails on-going continuing education; and
- Is conferred by a recognized or reputable industry organization such as:



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- The American College
- Life Office Management Association (LOMA)
- LIMRA International, Inc.
- Certified Financial Planner Board of Standards, Inc.
- The International Society of Certified Employee Benefit Specialists
- The College for Financial Planning
- American Institute of Certified Public Accountants
- CFA Institute

Please note job titles may be used in advertising and generally are not considered a certification or professional designation unless used in a manner that could potentially be confusing or misleading; for example, a job title that connotes seniority or implies specialization within an organization that is exaggerated or untrue. Titles used in advertising will be reviewed by the Company on a case-by-case basis. Finally, the Company does not permit the use of post-graduate degrees in advertising unless the degree relates directly to accounting, finance, tax or insurance and the use does not obscure the fact that the agent is engaged in the business of selling insurance products.

Rebating

“Rebating” means any offer to pay or return premiums or commissions to induce the sale of insurance or annuities. For example, an agreement to pay the customer a portion of the commission on a sale would constitute rebating. Producers may not offer to rebate premiums or commissions or offer any other benefit, except those benefits specified in the policy or contract, to induce the sale of the Company’s products. This also means among other things that Producers may not provide financing or loan funds or in any way guarantee or facilitate payment of premiums to purchase insurance policies or fund annuity contracts for or on behalf of their clients.

Sales Inducements

“Sales inducements” means any gift, prize, goods, wares, merchandise or other item of valuable consideration given as an inducement to enter into any insurance policy or annuity contract, or as an inducement to receive a quote, submit an application or in connection with any other solicitation for the sale of insurance or annuities. Sales inducements may also include an agreement of any form or nature promising payment to another for referral of future business. For example, in some states a Producer may not pay a mortgage banker for referral of a new homebuyer who purchases life insurance. Unless permitted by state law, the Company treats “sales inducements” as an unfair trade practice.

Twisting

“Twisting” describes the practice of using written or oral statements that misrepresent or inaccurately compare the terms, conditions, or benefits contained in an insurance policy or annuity contract for the purpose of inducing or attempting to induce the policyholder to lapse, forfeit, surrender, retain, exchange or convert an insurance policy or annuity contract. For example, falsely describing the features of a competitor’s policy to induce the replacement of that policy with the Company’s policy – or vice versa -- would constitute “twisting.”

Churning

“Churning” describes the practice whereby policy values in an existing life insurance policy or annuity contract, including, but not limited to, cash, loan values, or dividend values, and in any riders to that policy or contract, are directly or indirectly used to purchase another insurance policy or annuity contract with that same insurer for the purpose of earning additional premiums, fees, commissions, or other compensation:

- Without an objectively reasonable basis for believing that the replacement or extraction will result in an actual and demonstrable benefit to the policyholder;
- In a fashion that is fraudulent, deceptive, or otherwise misleading or that involves a deceptive omission;
- When the applicant is not informed that the policy values, including cash values, dividends, and other assets of the existing policy or contract will be reduced, forfeited, or used in the purchase of the replacing or additional policy or contract, if this is the case; or
- Without informing the applicant that the replacing or additional policy or contract will not be a paid-up policy or that additional premiums will be due or that a new contestable period will apply and explaining the impact of these differences, if this is the case.

Unfair Discrimination

“Discrimination” means refusing to accept applications, refusing to insure, refusing to continue to insure, limiting the amount, extent or kind of coverage available to an individual, or charging a higher rate for the same coverage solely because of the sex, marital status, age, race, religion, national origin or physical or mental impairment of the individual (except where such refusal, limitation, or rate differential is based upon sound actuarial principles or reasonably anticipated loss experience), or refusing to insure solely because another insurer has refused to write a policy or has canceled or has refused to renew an existing policy in which that person was the named insured.

Defamation

“Defamation” means making, publishing, disseminating, circulating or placing before the public, an advertisement, announcement or statement containing any untrue, deceptive or misleading statement with respect to the business of insurance or any insurer in the conduct of its insurance business.

Tie-in Sales

“Tie-in sales” or “tying arrangement” means an agreement by a party to sell one product but only on the condition that the buyer also purchases a different (or tied) product. For example, the sale of a life insurance policy cannot be conditioned upon the sale of an annuity contract or purchase of any goods or services.

VIII. Written and Oral Disclosures

Required Disclosure Forms

Rules regarding required disclosure forms in connection with the sale of insurance and annuity products and the timing of delivery of such disclosure forms may vary from state to state. Generally, most states require delivery of certain disclosure forms at the time of policy delivery; however, some states require delivery of such disclosure forms upon the applicant's request or upon acceptance of the applicant's initial premium. Many states require a Producer to provide all or some of the following disclosure items:

- Buyers Guide.
- Policy Summary.
- Statement of Policy Cost and Benefit Information.
- Notice to Applicants Age 60 or over.
- State Guaranty Association Notice.

Producers are required to review and understand the disclosure rules of all jurisdictions in which they hold insurance licenses.

Producers are not permitted to modify or omit any disclaimers or notices issued by the Company for use with its products. Such disclaimers or notices are required by the Company and may not be removed under any circumstances.

In addition to disclosure forms required by state law, the Company may develop additional disclosure forms to confirm that the consumer understands the product purchased and the features of that product. The Company will supply Producers with these forms.

Other Disclosure Requirements and Prohibitions

In addition to the disclosure from requirements discussed above, the Company requires certain disclosures be made by Producers in the sale of our products, and refrain from using other terms that tend to mislead consumers without proper supplemental disclosure.

- A Producer shall inform the prospective purchaser, prior to commencing an insurance or annuity sales presentation that he or she is acting as an independent life insurance producer representing the Company. No Producer shall offer to sell any insurance policy or annuity contract in any capacity other than that of a duly licensed insurance Producer. Disclosure required here may be made orally in the course of interacting with consumers or may be made in writing as applicable.
- No Producer shall use terms such as "financial planner," "investment advisor," "financial consultant," or "financial counselor," in such a way as to imply that the Producer is primarily engaged in an advisory business in which compensation is unrelated to sales, unless that is actually the case. Among other things, this means a Producer may not refer to himself or herself as a "financial planner" unless any offers for financial planning services are unrelated to the



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commissions received from the sale of insurance or annuity products. To the extent a Producer provides services for which he or she is paid fees, compensation must be disclosed separately; the Producer must obtain the client's written consent in a manner compliant with state insurance laws relating to fee disclosure. If a Producer only provides insurance and/or annuity products, then the foregoing terms such as "financial planner" should be avoided. Producers must also be aware of and comply with any other state or federal laws that may apply to Producers who hold out using the aforementioned terms (for example, Minnesota disclosure document requirements under administrative code 2790.0550.)

- No Producer shall advise about, sell, or offer to sell, estate planning documents or services such as wills, trusts and powers of attorney unless the Producer is authorized to practice law and unless all conflicts are disclosed and knowingly waived in writing by the consumer in the manner required by law and applicable rules of professional responsibility for the lawyers. Note that this does not prohibit Producers from referring a consumer to an independent attorney with whom the Producer has no financial relationship. This is not intended to prohibit the Producer's recommendation of appropriate insurance or annuity products for which authorization to practice law is not required.

Description of the Product as "Life Insurance" or "Annuity"

No Producer shall solicit on behalf of the Company the sale of any insurance policy or annuity contract without the use of the words "life insurance" or "annuity" (as applicable) unless such solicitation is accompanied by other language or documents clearly indicating that the product is a life insurance policy or an annuity policy.

When presenting the Company's products, no Producer shall use any of the following terms or phrases to describe the features, conditions or benefits of an insurance policy or annuity contract:

- "savings"
- "savings plan"
- "savings account"
- "investment"
- "investment plan"
- "units"
- "units of participation"
- "founder's plan"
- "profits"
- "profit sharing"
- "special benefits"
- "deposit"
- "interest plan"

Use of these terms or phrases or other similar terms or phrases in connection with the Company's products has the capacity or tendency to mislead a purchaser or prospective purchaser to believe that he or she will receive something other than an insurance policy or annuity contract. For example, the term "premium" should always be used instead of "deposit" to describe a contribution to an insurance policy or annuity contract.

Compensation Disclosures

Producers may never mislead consumers on how they are compensated for the sale of our products. To the extent necessary to avoid creating misimpressions, Producers should disclose to potential



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customers that they receive compensation tied to the sale of insurance products. For example, if a Producer is holding out as an advisor or sponsoring a seminar, it is best practice to disclose that the Producer is an insurance agent paid commission for the sale of insurance policies and annuities. In addition, Producers must never make statements regarding their compensation that are not true. Producers must not claim they are paid a fixed salary or do not receive a commission from the sale of the Company's products unless that is a true statement. Producers are also required to comply with all compensation disclosure requirements under applicable state insurance laws or any other laws and regulations relating to the sale of Company products.

Statements Regarding Financial Guarantees and Potential Returns

Producers must be careful when discussing any potential financial gains that could result from the purchase of the Company's products. Producers must provide clear, balanced, and accurate information when discussing the relative guarantees of the Company's products, including both annuities and life insurance policies, compared to stocks, bonds, IRAs, certificates of deposits or other kinds of saving instruments or investments.

As discussed above in the section on Misrepresentation, statements to be avoided include, but are not limited to: *"annuities are 100% safe"*; *"no one has lost money on an annuity"*; *"annuities always pay higher interest rates than banks"*; *"annuities are safer than deposits insured by the FDIC"*; and *"annuities are insured by the government."* These are examples and not intended to be an exhaustive list of statements that have the capacity to mislead a purchaser or prospective purchaser. Producers are expected to use good judgment to avoid misleading purchasers or prospective purchasers by making these or any similar statements when discussing guarantees on annuities or any other products offered by the Company.

Statements Regarding Tax Benefits & Consequences

- A Producer shall not state or imply that an insurance policy's or annuity contract's benefits are "tax-free" unless such is the case. Producers shall describe the inside buildup of deferred annuities as "tax-deferred" and not as "tax-free."
- Producers should refrain from providing legal or accounting advice and should encourage consumers to seek independent tax or legal advice as appropriate.
- When applicable, Producers should caution consumers there may be tax consequences or early withdrawal penalties associated with selling or cashing in assets to be used to purchase Company products. Such assets could include stocks, bonds, IRAs, certificates of deposits, or existing annuities. If not otherwise disclosed (for example on replacement paperwork), Producers must make a reasonable effort to alert consumers of the potential for such consequences regardless of whether the product being relinquished was originally purchased from the Producer or the Company or from any other third-party provider. In all cases the consumer should be encouraged to seek the advice of a tax professional or other appropriate advisor to determine specific tax or cost consequences associated with any such transaction.

Product Rates

- Any discussion of current rates on Company products (including but not limited to interest rates, participation rates, and cap rates), shall be accompanied by a statement that such rates are (1)



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based on the Company's current rate schedules, (2) periodically subject to change at the Company's sole discretion, and (3) not guaranteed for any period of time unless specifically so stated in the relevant policy or contract.

- Any discussion of rates that include a bonus rate shall clearly identify the amount of the bonus rate and shall identify any limitations of the bonus (such as limited duration or that it is a vesting bonus).

Free look Provisions

A Producer should make applicants aware of the "free look" provision of the Company's products which vary (usually from 10 to 60 days) dependent upon state requirements. Free look provisions allow insurance policyholders or annuity contract owners to cancel the purchase and receive a full refund without penalty during the free look period. Producers should be cognizant that certain states may provide for an extended free look period for older applicants over a specified age.

Cost Disclosure

A Producer must ensure in the course of any purchase transaction that proper disclosure has been provided to the consumer concerning material fees, costs, and charges related to the insurance policy or annuity contract, and any riders thereto, issued by the Company. Material fees, costs, or other charges which are incurred or may be incurred by the consumer are disclosed in applicable product materials. Producers shall respond to any inquiries concerning the same by providing complete and accurate information.

IX. Special Rules for Fixed Indexed Products

The Company offers a variety of fixed indexed products that provide crediting options under which interest may accrue based upon a formula linked to an external index such as the S&P 500[®]. All Producers must abide by the following guidelines for the marketing of fixed indexed products:

- fixed indexed products should not be marketed as a substitute for mutual funds or other equity investments;
- fixed indexed products should be positioned as possible alternatives to traditional annuities or life insurance policies, as applicable;
- marketing of fixed indexed products should not characterize the product as an investment;
- it should be made clear that the product pays a fixed interest rate and does not provide any direct participation in the index used as part of the product's interest crediting formula; and
- the overall focus of the marketing, including any sales presentations, should be the long-term retirement aspects of the fixed index products such as minimum guaranteed surrender values and annuity payout options.

X. Applicants Who Are Elderly and Other Vulnerable Adults

The Company endeavors to prevent, detect, and where appropriate report to law enforcement and regulatory agencies, all forms of actual or suspected fraud including financial exploitation or abuse of



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elderly persons and vulnerable adults. Generally, an elderly person is an adult who is 65 years of age though some state elder abuse laws define an elderly person to be as young as 60 or 62. Vulnerable adults can include individuals who are 18 years of age or older who are mentally or physically incapacitated such as adults suffering from dementia or Alzheimer's.

With an increasing number of people reaching retirement age and having longer life spans, there has been increased concern that senior consumers may become targets of financial fraud and exploitation. This has resulted in legislative and regulatory activity including enactment of state elder abuse laws that criminalize elder exploitation and in some cases require reporting of suspected abuse to state governmental agencies, and the federal "Senior Safe Act" which provides immunity from liability for reporting suspected elder abuse to specific regulatory agencies including state insurance departments in certain circumstances.

While the general business practices and procedures of the Company often serve to prevent and detect financial irregularities for the protection of consumers regardless of age or capacity, the Company requires Producers to familiarize themselves with various "red flags" which are factors and considerations to help identify situations involving potential financial exploitation or abuse of elder and vulnerable adults.

Who is an Elder or Vulnerable Adult?

Elderly persons and vulnerable adults (hereinafter referred to as an "Elder or Vulnerable Adult") include:

- Depending on applicable state law, a person who is age 60, 62, or 65 or older and under the Senior Safe Act a person 65 years of age or older;
- A person 18 years of age or older who lacks the functional, physical, or mental ability to care for him or herself;
- An adult with a developmental disability;
- An adult with a legal guardian;
- An adult living in a long-term care facility (i.e., adult family home, boarding home, nursing home or other assisted living facility) or receiving home health care; or
- An adult living in his or her own home or family's home receiving services from an agency or contracted provider.

When an Elder or Vulnerable Adult has diminished capacity, the ability to make decisions may be impaired including an ability to understand the consequences of financial decisions and make sound decisions on purchase of financial products.

What is Elder or Vulnerable Adult Fraud?

"Elder or Vulnerable Adult Fraud" is defined as (i) the taking, secreting, appropriating, obtaining, or retaining property of an Elder or Vulnerable Adult for a wrongful use or with intent to defraud, or both; (ii) assisting in taking, secreting, appropriating, obtaining, or retaining property of an Elder or Vulnerable Adult for a wrongful use or with intent to defraud, or both; or (iii) taking, secreting,

appropriating, obtaining, or retaining, or assisting in taking, secreting, appropriating, obtaining, or retaining, property of an Elder or Vulnerable Adult by undue influence.

Potential Red Flags of Diminished Capacity in Elder or Vulnerable Adults

The Company has identified the following non-exclusive list of indicators of possible Elder or Vulnerable Adult Fraud. It is important to emphasize these indicators are not proof of Elder or Vulnerable Adult Fraud, but rather facts or circumstances which may be relevant and should be considered when evaluating the existence of potential Elder or Vulnerable Adult Fraud.

- The customer gives confusing or conflicting instructions when discussing a particular investment or transaction;
- The customer frequently repeats orders or questions;
- The customer shows signs of fearfulness, extreme anxiety, or other emotions that make it harder to establish or maintain trust;
- The customer has trouble understanding basic financial terms and math that he or she was previously able to grasp;
- The customer exhibits memory loss, inability to process information, or erratic behavior;
- The customer has difficulty giving essential information needed to provide or carry out his or her requests;
- The customer makes unusual or unexplained withdrawals or transactions;
- The customer is hard to reach after repeated attempts to reach at a phone number or address known to be otherwise accurate;
- The customer appears to be manipulated by another agent related to the customer (e.g., in situations where an agent refers a relative to the Producer);
- The customer has unpaid bills, eviction notices, or notices to discontinue utilities;
- There are withdrawals from bank accounts or transfers between accounts that the customer cannot explain;
- Bank statements and canceled checks no longer come to the customer's home;
- There are legal documents, such as powers of attorney, which the customer did not understand at the time he or she signed them;
- There is unusual activity in the customer's bank accounts such as large unexplained withdrawals, frequent transfers between accounts, or ATM withdrawals;
- The care of the customer is not commensurate with the size of his or her estate;
- A caregiver expresses excessive interest in the amount of money being spent on the customer;
- There are forged or suspicious signatures on financial transactions, titles of possessions, checks or other documents;
- There is an absence of documentation about financial arrangements;

- There are implausible explanations given about the customer's finances by the customer or caregiver;
- There are sudden appearances of previously uninvolved relatives claiming rights to a customer's assets or possessions;
- There are unexplained sudden transfers of assets to a family member or someone outside the family of the customer;
- The customer receives services that are not necessary; or
- The customer expresses his or her own concern about abuse or exploitation.

Examples of Elder or Vulnerable Adult Fraud:

Elder or Vulnerable Adult Fraud spans a broad spectrum of conduct including but not limited to:

- Taking money or property from an Elder or Vulnerable Adult;
- Forging an Elder or Vulnerable Adult's signature or having an Elder or Vulnerable Adult sign documents in blank without data completion;
- Getting an Elder or Vulnerable Adult to sign a deed, will, or power of attorney through deception, coercion, or undue influence;
- Using the Elder or Vulnerable Adult's property or possessions without permission;
- Promising lifelong care to an Elder or Vulnerable Adult in exchange for money or property and not following through on the promise;
- Using deception to gain an Elder or Vulnerable Adult's confidence;
- Engaging in telemarketing scams to deceive an Elder or Vulnerable Adult.

Who are Perpetrators of Elder or Vulnerable Adult Fraud?

Perpetrators can be almost anybody but often are family members, including children, grandchildren, or spouses, especially spouses that are significantly younger than the Elder or Vulnerable Adult. Situations to watch for include but are not limited to instances where the suspected perpetrator:

- Has substance abuse, gambling, or financial problems;
- Stands to inherit and may feel justified in taking what he or she believes is "almost" or "rightfully" his or hers;
- Exhibits fear the Elder or Vulnerable Adult will fall sick and use up savings, thus depriving the abuser of an inheritance;
- Has a negative relationship with the Elder or Vulnerable Adult and feels a sense of entitlement;
- Has negative feelings toward siblings or other family members whom the perpetrator wants to prevent from acquiring or inheriting an Elder or Vulnerable Adult's assets.
- Is a predator who sought out the Elder or Vulnerable Adult with intent to exploit the Elder or Vulnerable Adult for personal gain, including but not limited to persons who:



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- Profess to love the Elder or Vulnerable Adult sometimes referred to as “sweetheart scams”;
- Seek employment as personal attendants, counselors, or similar jobs based on trust to gain access to the Elder or Vulnerable Adult;
- Identify the Elder or Vulnerable Adult by driving through neighborhoods to find persons who are alone or isolated such as recently widowed persons found in newspaper death announcements;
- Are transients who move from community to community to avoid being apprehended; or
- Are unscrupulous professionals or businesspersons, or pose as a professionals or businesspersons, who overcharge for services or products, use deceptive or unfair business practices, or use a position of respect to gain compliance of the Elder or Vulnerable Adult for wrongful purposes.

What Are My Obligations Regarding Elder or Vulnerable Adult Fraud?

You should familiarize yourself with applicable laws and regulations concerning fraud against Elder or Vulnerable Adults including reporting obligations based on the red flags identified above. You should also familiarize yourself with state requirements allowing elderly or vulnerable adults to identify a trusted contact person to receive insurance policy or annuity related notices. The Company requires its Producers and Insurance Agencies that know or reasonably suspect that Elder or Vulnerable Adult Fraud may be occurring or has occurred in connection with Company business and/or the Producer or Insurance Agency’s performance of services on behalf of the Company, to promptly report such fraud or suspected fraudulent activity to the Company at compliance@fglife.com. The Company will submit reports of such fraud or suspected fraud to law enforcement and regulatory authorities where appropriate. Where appropriate and permitted by law, the Company may place a temporary hold on disbursements from a customer account where suspected fraud is being investigated in accordance with the federal Senior Safe Act or other applicable federal and state laws and regulations.

XI. Fraudulent Insurance Acts

State laws broadly define certain acts and practices as fraudulent. Under these laws, Producers may not, either individually or in concert with customers or other persons, engage in fraudulent acts. Fraudulent acts include the following without limitation:

- Knowingly fail to return any monies or premiums paid for an insurance policy or annuity contract to the applicant or policyholder, the designee of the insured, or other persons entitled to the monies or premiums if the policy or contract applied for is not ultimately provided;
- Present to an insurer, or cause to be presented to an insurer, documentation or a written or oral statement that is made in support of a claim with knowledge that the documentation or statement contains false or misleading information concerning a matter material to the claim;
- Except for prepayment of periodic payments or excess contributions permitted under the terms of the policy, willfully collect excess premium beyond amounts approved or, in cases not subject to approval, beyond charges specified in the policy and fixed by an insurer;
- Misappropriate or unreasonably withhold funds received or held where the funds represent premiums or returned premiums;



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- Misappropriate benefits under an insurance policy or annuity contract;
- Act as or hold oneself out to be an insurance producer if the person has not complied with the applicable licensing and appointment laws of the applicable state;
- Knowingly or willfully make any false or fraudulent statement in or with reference to any application for an insurance policy or annuity contract;
- Place any insurance or annuity product with an unauthorized insurer not regulated by the state insurance department and/or refuse to obey an order by the state insurance commissioner to produce for examination any insurance policy or annuity contract or any other document evidencing coverage and the amount of premiums paid or agreed to be paid for the insurance policy or annuity contract;
- With intent to deceive, knowingly exhibit a false account, document, or advertisement, relative to the affairs of an insurer;
- Solicit or take application for, procure, or place for others any insurance policy or annuity contract for which the Producer has not received a license or certificate of qualification;
- Knowingly violate the licensing and appointment requirements of the state in which the proposed insurance or annuity transaction will take place; or
- Intentionally fail to report to an insurer the exact amount of consideration charged as premium for an insurance policy or annuity contract, if different from the policy or contract premium, and/or fail to maintain records reflecting that information.

Commission of any fraudulent insurance act constitutes grounds for immediate termination for cause by the Company. Such acts also subject the Producer to other potential sanctions including disciplinary action by state insurance departments, criminal prosecution, and civil liability.

XII. Limitations on Role of the Producer

No Producer shall act as a notary public for signatures of any policyholder or other party in connection with documents relating to Company products sold by the Producer nor act as a notary public on any other documents relating to Company business.

No Producer shall take on a conflicting role with respect to any client of the Producer such as acting as trustee, executor, guardian, conservator or attorney-in-fact under a power of attorney. This prohibition applies to employees and partners of any agency or other business entity owned or managed by the Producer and extends also to family members of the Producer.

No Producer shall be named as a beneficiary on a client's life insurance policy nor be named as a beneficiary or annuitant on a client's annuity policy. Nor shall any Producer allow for a family member or any business or charity in which the Producer has a financial interest to be named as beneficiary on a client's life insurance policy or beneficiary or annuitant on a client's annuity. These prohibitions do not apply where the client is a member of the Producer's immediate family (e.g., spouse, child, parent, sibling).



XIII. Anti-Money Laundering and Related Requirements

Anti-Money Laundering Program

The Bank Secrecy Act and related statutes including the USA PATRIOT Act require financial service firms, including insurance companies, to implement appropriate controls and procedures to detect money laundering activities and to confirm customer identification known as Know Your Customer requirements. The Company has established an anti-money laundering program (“Anti-Money Laundering Program”) under which certain controls and procedures extend and apply to Producers engaged in selling Company products.

Under the Anti-Money Laundering Program, the Company endeavors to prevent unscrupulous customers from attempting to fund terrorist or criminal activities or launder the proceeds of illegal activities through the Company. The Company’s Anti-Money Laundering Program has been reasonably designed to (i) protect the Company against the risks of money laundering activities, and (ii) monitor the Company’s service providers and their policies and procedures designed to combat money-laundering activities in their performance of services for the Company.

If there are any questions about the Company’s Anti-Money Laundering Program, you should contact the Company’s Anti-Money Laundering Officer through the Company compliance department.

Money Laundering Defined

“Money Laundering” is defined as changing the identity of illegally obtained money so that it appears to have originated from a legitimate source. The Bank Secrecy Act and USA PATRIOT Act contain harsh penalties for those who assist criminals in laundering ill-gotten gains. As these offenses can also be committed negligently, it is important that all of the Company’s personnel and representatives, particularly the following, know about the detection of Money Laundering:

- All Producers;
- All employees who have customer or account contact (directly or through transactions);
- All employees who keep account/transaction records;
- All employees that exercise supervisory control over such person(s) or area(s).

The Company will monitor anti-money laundering rules and regulations and periodically update its Anti-Money Laundering Program to maintain compliance with applicable requirements.

Applicant Identity Verification

It is the responsibility of the Producer when working with an applicant applying for any Company product to use reasonable judgment and precautions to verify the identity of the person. The Producer shall review the applicant’s valid state or federal government issued picture identification card such as a driver’s license or passport to validate the true identity of the person. Federal regulations permit using other forms of non-documentary verification (such as reference to public databases or checking



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references with financial institutions), but the Company requires the Producer to use documentary evidence which means validation through proper government issued picture identification cards.

Every product sale must be made using the appropriate Company application form. All responses on the application shall be completed accurately by the Producer and reflect the applicant's responses to those questions as conveyed to the Producer. Any and all information possessed by the Producer relating to the applicant's responses shall be included on the application.

The application shall be reviewed by the Producer before it is signed by the applicant, and then signed by the applicant in the Producer's presence. After the applicant has signed the application, the Producer shall sign as witness to its execution. A Producer may never sign an application or any other document on behalf of a customer. Any changes, alterations, amendments or corrections on the application shall be made and initialed by the applicant. These same signature and witness procedures, including any corrections, apply to the insured or annuitant if that person is not the same as the applicant when the insured or annuitant is required to sign the application.

Under no circumstance should a Producer ever act as a surrogate for any other agent or person. That means if a Producer signs the application as writing agent, that Producer must have personally met with the customer, solicited the application, and witnessed any required signatures. Deliberately circumventing any of the rules and procedures described in this section will jeopardize the Producer's appointment with the Company and likely subject the Producer to fines, penalties and possibly the loss of the Producer's insurance license.

XIV. Customer Monies

Any initial premium, entire or partial, collected by the Producer shall be immediately forwarded to the Company, in the exact form in which it was paid to the Producer. Unless specified in writing by the Company, the Producer shall have no authority to collect any premiums or monies from policyholders or annuity owners other than the initial premium.

Commingling Prohibition

All monies, negotiable instruments, or securities received by a Producer for or on behalf of the Company shall be held by the Producer as trustee for the Company, and shall not be used by such Producer for any personal or other purposes whatsoever, but shall be immediately forwarded to the Company. Customer monies shall not be commingled with monies in a Producer's personal account or an insurance agency's general account.

Cash and Cash Equivalents

Due to anti-money laundering regulations, financial services companies in the United States are required to give notice to the U.S. Treasury Department whenever a person pays for a financial product using cash or "cash equivalents" exceeding certain thresholds. Cash is U.S. coin or currency. Cash equivalents are assets readily convertible into cash including but not limited to cashier's checks, traveler's checks, and money orders.



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Pursuant to federal law, if the Company receives cash or cash equivalents in excess of \$10,000 in one transaction, or in a series of two or more related transactions, during a twelve-month period, the Company must report receipt of such funds by filing Form 8300 with a bureau of the U.S. Treasury Department known as “FinCen” or the Financial Crimes Enforcement Network. The Company’s Anti-Money Laundering Program policy on accepting cash or cash equivalents is available on Saleslink.

Highlights of Company policy relating to acceptance of cash or cash equivalents are:

- Cash and cash equivalents (other than cashier’s checks as explained below) are not accepted for payment of annuity contract premiums.
- Cash and cash equivalents (other than cashier’s checks as explained below) are accepted up to \$500 for payment of life insurance policy premiums. The Company will file Form 8300 for such cash or cash equivalent payments that in aggregate exceed \$10,000 over any twelve-month period.
- The Company accepts cashier’s checks for payment of annuity and life insurance policy premiums. The Company will file Form 8300 for such payments that singularly or cumulatively exceed \$10,000 over any twelve-month period.
- The Company accepts personal checks paid out of a personal bank account with the policyholder’s name imprinted on the check along with address and phone number. Third party personal checks are not accepted by the Company. Personal checks are not usually subject to Form 8300 reporting.
- The Company does not accept foreign bank checks except for checks drawn on accounts held in banks in Canada provided the checks are drafted in U.S. dollars. The Company also accepts checks drawn on banks in Puerto Rico provided the checks are drafted in U.S. dollars.
- The Company accepts wire transfers for payment of annuity and life insurance premiums.
- The Company does not accept cryptocurrency or virtual or digital currency of any kind.

XV. Consumer Complaints

The Company treats all consumer complaints seriously. Consistent with its customer service focus, the Company strives to resolve all complaints in a fair and timely manner.

“Complaint” is defined to mean any communication made by or with respect to an actual or potential customer primarily intended to express a grievance. Reasonable judgment must be used to distinguish complaints from mere service issues based on context including whether the customer has expressed a desire for the matter to receive another level of review. “State Insurance Department Complaint” refers to a Complaint transmitted by or originating with a state insurance department or any other governmental agency.

All Complaints, including all State Insurance Department Complaints, regardless of source, shall be reported immediately to the Company and processed as follows:

- A Producer shall forward any Complaint, to the Company Compliance Department at Complaints@fglife.com.
- The Company will investigate the Complaint as appropriate.



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- A Producer must respond in a timely manner to any request by the Company for documents and/or other information concerning a Complaint, including any request for a written summary of the facts related to a Complaint.
- Under no circumstances should a Producer offer cash or any other valuable consideration to settle a Complaint relating to the Company or its products without providing prior written notice to the Company and obtaining the Company's prior written approval.

XVI. Privacy and Data Protection

Producers and Insurance Agencies representing the Company are required to protect Company and consumer "Nonpublic Personal Information" and "Nonpublic Information," and other information protected by Privacy Laws (collectively "Private Information") in accordance with their Producer Agreement and/or Agency Selling Agreement, this Market Conduct Guide, and any and all applicable federal and state laws. Any and all Private Information obtained by you on behalf of or from the Company in the performance of your duties and obligations pursuant to your Producer Agreement and/or Agency Selling Agreement, or otherwise, shall be used by you only as necessary to fulfill your obligations under those agreements and shall not be disclosed to any other person unless specifically authorized in writing by the Company or the person who is the subject of the Private Information or as otherwise permitted by law.

"Nonpublic Personal Information" has the meaning set forth in Section 509 of the Gramm-Leach-Bliley Act (P.L. 106-102) and any federal and state law(s) and regulation(s) that implement that Act and includes but is not limited to the name, address, and financial or health information of an applicant, insured, policyholder, or prospect. You agree to establish physical, electronic and administrative procedures to protect the security and confidentiality of "Nonpublic Personal Information" in compliance with the Act and any and all federal and state laws and regulations that implement the Act.

"Nonpublic Information" has the meaning set forth in Part 500 of Title 23 of the Official Compilation of Codes, Rules and Regulations of the State of New York which generally includes nonpublic electronic information that is:

(1) business related information of the Company, the tampering with which, or unauthorized disclosure, access or use of which, would cause a material adverse impact to the business, operations or security of the Company;

(2) any information concerning an individual which because of name, number, personal mark, or other identifier can be used to identify such individual, in combination with any one or more of the following data elements: (i) social security number, (ii) drivers' license number or non-driver identification card number, (iii) account number, credit or debit card number, (iv) any security code, access code or password that would permit access to an individual's financial account, or (v) biometric records;

(3) any information or data, except age or gender, in any form or medium created by or derived from a health care provider or an individual and that relates to (i) the past, present or future physical, mental or behavioral health or condition of any individual or a member of the individual's



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family, (ii) the provision of health care to any individual, or (iii) payment for the provision of health care to any individual.

Because you possess Private Information for the Company, you must adopt a written information security program to protect all Private Information you process in connection with your appointment by the Company.

Because you possess Private Information for the Company, you must adopt reasonable administrative, technical and physical safeguards that meet the requirements of any applicable Privacy Laws and are appropriate to the size and complexity of your business and the nature and scope of your activities that are designed to protect the confidentiality, security, integrity and availability of all such Private Information. You must use Private Information accessed in connection with your services to the Company only for the purpose of providing such services.

Because you possess Private Information for the Company, you must require all employees, agents, representatives, and contractual third parties you may engage in connection with the performance of your duties and obligations under your Producer/Agency Selling Agreement, or otherwise in connection with your appointment by the Company, (i) to safeguard the confidentiality, security, integrity and availability of all such Private Information; and (ii) to use Private Information accessed in connection with your services to the Company only for the purpose of providing such services.

At all times during the term of your Producer/Agency Selling Agreement and your appointment by the Company, you will comply with all applicable Privacy Laws. For purposes of this section, "Privacy Laws" mean all applicable rules, regulations, codes, orders, decrees, guidelines, and rulings thereunder of any federal, state, regional, county, city, municipal or local government of the U.S. or any department, agency, bureau or other administrative or regulatory body obtaining authority from any of the foregoing, that relate to privacy, data protection or data transfer issues, or that otherwise related to the processing of Private Information, including (to the extent applicable) all implementing laws, ordinances, regulations, or guidelines including, without limitation, the Gramm-Leach-Bliley Act of 1999, as amended; the Identity Theft Red Flag Rules under the Fair and Accurate Credit Transactions Act of 2003; the Privacy Act of 1974, as amended; the Telephone Consumer Protection Act of 1991, as amended; the Children's Online Privacy Protection Act (COPPA) of 1998, as amended; and all applicable state privacy, security, data protection and destruction, and data breach notification statutes and regulations, including without limitation, M.G.L. c. 93H and I, and the Standards for the Protection of Personal Information of Residents of the Commonwealth of Massachusetts, 201 CMR 17.00 (the "MA Security Regs."), the California Consumer Privacy Act to the extent it applies, any applicable implemented version of the NAIC Insurance Data Security law, and the New York Department of Financial Services Cybersecurity Regulation, 23 NYCRR 500.

You will notify the Company of any event or condition that would reasonably be expected to compromise the confidentiality, security, integrity or availability of any Private Information as soon as possible and no later than two days after you discover any reasonable basis on which to believe any such event or condition exists, has occurred or is reasonably likely to occur. The notification must include all relevant facts, and must be updated as relevant facts are developed. You must cooperate with the Company in the investigation and remediation of any such event or condition.

XVII. Financial Institution Channel Producers

Producers operating in the Company's Financial Institution channel, also referred to here as Sub-producers, are subject to guidance described in this Market Conduct Guide. Financial Institutions must ensure their respective Sub-producers are made aware of and abide by this Market Conduct Guide.

Producers are considered to be operating in the Company's Financial Institution channel if a broker-dealer, investment advisor, bank or other Financial Institution has agreed by contract with the Company to sell through and supervise the Producer in accordance with the Financial Institution's own established compliance procedures and requirements. The term Producer, as used in this Market Conduct Guide, includes all Sub-producers selling through or acting on behalf of a Financial Institution even if the Sub-producer has not entered into a direct Producer Agreement with the Company.

Producers operating in the Financial Institution channel are required to abide by this Market Conduct Guide which in some cases may be satisfied by following substantially comparable procedures and requirements established and maintained by a supervising Financial Institution in lieu of Company procedures and requirements. Some examples which may vary by Financial Institution include:

- The Financial Institution has its own process for determining sales recommendations satisfy best interest requirements, as applicable.
- The Financial Institution submits appointment paperwork to the Company on behalf of Sub-producers and/or conducts its own background checks on Sub-producers.
- The Financial Institution maintains its own procedures for reviewing advertising materials used by Sub-producers including submission to the Company for approval.
- The Financial Institution conducts its own anti-money laundering program and training.
- The Financial Institution has its own procedures for handling customer monies.
- The Financial Institution establishes and maintains its own procedures for reporting complaints to the Company involving Company products.
- The Financial Institution has its own privacy and data protection notices and procedures.

Producers operating in the Financial Institution channel should be cognizant in all cases that their supervising Financial Institution will have its own rules and requirements that also apply to the Producer's conduct. Producers in the Financial Institution channel are subject to discipline for any violations of requirements under this Market Conduct Guide or requirements under the comparable compliance guides established and maintained by their supervising Financial Institutions. If there are any questions in this regard, Producers should contact either the Company's Compliance Department or their own Financial Institution's compliance department.

XVIII. Acknowledgment and Acceptance

Every Producer and Insurance Agency is bound by this Market Conduct Guide in accordance with the terms of the Producer Agreement or Agency Selling Agreement, as applicable, entered into with the



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Company. This applies also to every Sub-producer operating under the supervision of a Financial Institution that has contracted with the Company.

Producers and Insurance Agencies may also be required to execute an acknowledgement of acceptance of this Market Conduct Guide electronically when accessing the Company's intranet site SalesLink. By affixing an electronic signature to the Market Conduct Guide, the Producer or Insurance Agency acknowledges that acceptance of the Market Conduct Guide applies to all identification numbers assigned by the Company to the Producer or Insurance Agency.

Regardless of whether such acceptance is executed electronically, every Producer and Insurance Agency, including every Sub-producer operating under the supervision of a Financial Institution, is deemed to have been supplied a copy of this Market Conduct Guide and considered on notice of Company requirements as set forth herein. It is incumbent upon Producers and Insurance Agencies to access and familiarize themselves with any and all Company compliance requirements.

Producers may access this Market Conduct Guide and other Company compliance policies, information and procedures via SalesLink at any time. The Company retains the right unilaterally to amend or supplement the terms of this Market Conduct Guide and any other compliance policies, information, and procedures at any time which, unless indicated otherwise, immediately become binding upon Producers and Insurance Agencies upon publication of the same.



Tax-Qualified Annuities Addendum

Producers who sell Individual Retirement Annuities or any tax-qualified annuity for the Company should be aware of the U.S. Department of Labor (“DOL”) position on who is considered a fiduciary for Employee Retirement Income Security Act (“ERISA”) and U.S. Tax Code (“Tax Code”) purposes. If a Producer is deemed a fiduciary under ERISA or parallel provisions of the Tax Code, the Producer may receive commission in connection with an IRA or any other tax-qualified annuity sales transaction only if covered by a prohibited transaction exemption. The Company has instituted certain procedures to help Producers satisfy one of those exemptions, PTE 84-24, in case applicable.

While the information in this Addendum summarizes certain relevant ERISA and Tax Code requirements relating to IRA sales, Producers are responsible for fully understanding and complying with all their duties and obligations under applicable laws and regulations. This includes but is not limited to the Producer’s responsibility to refrain from engaging in any non-exempt prohibited transaction under ERISA or the Tax Code and abiding by any applicable fiduciary duties or obligations. References herein to IRAs include all tax-qualified annuities.

It should be noted that DOL has created another newer class exemption referred to as PTE 2020-02 which requires another party to serve as a supervising “financial institution.” However, the Company does not act as a “financial institution” under PTE 2020-02 and therefore that exemption is generally not available to Producers for purposes of satisfying PTE requirements in connection with sale of Company products except as otherwise provided below.

The DOL takes the position that insurance agents may be considered fiduciaries under ERISA or the Tax Code when selling tax-qualified products based on a five-part test. 29 CFR 2510.3-21. In general, the five-part test makes a Producer a fiduciary if advice provided by the Producer:

1. Relates to buying or selling investments in a retirement plan or IRA,
2. Is provided on a regular basis,
3. Is made pursuant to mutual understanding between the Producer and client or IRA,
4. Serves as a primary basis for decisions, and
5. Is individualized based on needs of the client or IRA.

Recent pronouncements by DOL indicate any ongoing or expected advice relationship between a Producer and a client could constitute a fiduciary relationship for ERISA and Tax Code purposes if all five parts of the test are otherwise met. 85 Fed. Reg. 82798 (December 18, 2020). Sales made on a one-time or sporadic basis may not trigger fiduciary status according to DOL guidance. The determination of whether a Producer is a fiduciary in any given situation is complex and dependent on facts and circumstances. Producers are strongly encouraged to obtain professional legal advice if they have questions or concerns about whether they are acting as a fiduciary and what requirements apply.



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If a Producer is considered a fiduciary, it means among other things that under applicable ERISA and/or Tax Code requirements the Producer can receive commission compensation provided that the Producer satisfies what is called a Prohibited Transaction Exemption (PTE). In view of these requirements, the Company has implemented procedures requiring any Producer selling an IRA or other tax-qualified product to provide disclosures and satisfy other conditions in accordance with PTE 84-24. This action is taken by the Company as a precaution with the understanding that a Producer may or may not be acting as a fiduciary in any given situation. These procedures may be supplemented or modified by the Company at any time as circumstances warrant.

Towards that end, the Company may require Producers to acknowledge and affirm they have satisfied the conditions of PTE 84-24 for each sale of an IRA. Such acknowledgement includes that the Producer:

- Understands he or she may be considered a fiduciary for ERISA and/or Tax Code purposes,
- Provided certain disclosures to the applicant as set forth in PTE 84-24,
- Included in such disclosures the Producer's commission compensation stated as a percentage of gross annual premium,
- Obtained the applicant's signed acceptance of the disclosures and approval of the transaction, and
- Satisfied other conditions of PTE 84-24 such as ensuring the transaction is on arms-length terms and conducted in the ordinary course of business.

The Company may also furnish the Producer with a sample PTE 84-24 disclosure form. The sample PTE 84-24 disclosure form furnished by the Company is designed to disclose compensation paid to the Producer for sale of an IRA or other tax-qualified product and provide other relevant information to annuity applicants. Producers may use the sample form or any other form containing the required information for purposes of satisfying the PTE 84-24 disclosure conditions.

Regardless of what form is used by a Producer to comply with disclosure requirements of PTE 84-24, Producers are advised of the following:

- It is incumbent upon the Producer to ensure all information disclosed on the form is complete, accurate and truthful.
- If using a standardized form such as the sample PTE 84-24 disclosure form furnished by the Company, the Producer must be careful to review its content and make any necessary changes to conform its disclosures to the Producer's own situation and practices. The Producer should review and follow any accompanying instructions.
- When disclosing commission, the Producer must account for any commission amounts paid by the Company and any additional commission paid by an IMO or up-line agency such that total commission received by the Producer for sale of the annuity is properly reflected. Agents are encouraged also to disclose any potential bonus commission based on sales performance.
- Documentation to demonstrate the Producer satisfied the conditions of PTE 84-24 must be retained in the Producer's files for the life of the product plus six years or as required by the applicable Producer or Agency agreement with the Company, whichever is longer.



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- Documentation that the Producer satisfied all of the conditions of PTE 84-24, if applicable, must be provided to the Company or any appropriate regulators upon request.

Producers should observe that fiduciary status, if applicable, may subject them to higher standards of care in dealing with clients than otherwise required by state insurance regulations. It could, for example, give rise to statutory duties of loyalty and prudence under ERISA in connection with rollovers out of employer retirement plans if the Producer is deemed a fiduciary and advises participants to roll assets out of the employer retirement plan to an IRA or other individual annuity. If a transaction is covered by ERISA, then the Producer and the transaction may be subject to DOL jurisdiction.

Producers are obligated under their Insurance Producer Agreement to comply with all laws, rules, and regulations applicable to the offer and sale of annuities including compliance with any applicable fiduciary requirements. Producers should exercise caution in this regard and may wish to consider structuring their business practices where possible to avoid acting as a fiduciary or subjecting themselves to ERISA fiduciary duties with respect to rollovers out of employer retirement plans. It is important to emphasize that the Company does not supervise nor assume any liability with respect to fiduciary responsibilities borne by Producers including but not limited to the satisfaction of conditions of PTE 84-24.

IMOs and other up-line agencies (“IMOs”) also have important responsibilities relative to compliance with prohibited transaction exemptions under applicable ERISA and Tax Code provisions.

- IMOs must ensure the amount of commission paid by the IMO to a Producer for IRA sales is available to the Producer for purposes of commission disclosure which should be stated as a percentage of gross annual premium.
- IMOs must ensure any compensation paid on IRA sales (including noncash compensation and bonuses) is customary and consistent with prevailing industry standards.
- IMOs should be mindful that non-commission compensation may need to be treated as commission if the compensation is based on or tied to particular IRA sales transactions in which case the compensation should be converted to a percentage of gross annual premium for commission disclosure purposes.
- IMOs must ensure any compensation paid by the IMO to a Producer for IRA sales, taking into account what is paid by the Company, in total is reasonable relative to market standards.
- IMOs should avoid acting as fiduciaries unless done in compliance with a prohibited transaction exemption.

Regulation in this area is evolving and accordingly the Company will continue to assess its policies and procedures relating to the sale of IRAs and tax-qualified products. The Company may revise and/or supplement these requirements or provide additional guidance to Producers as more information becomes available from regulators or as circumstances may warrant based on factors such as emerging industry standards and practices.



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The procedures and requirements set forth in this Addendum generally do not apply to Producers who sell through the Company's Financial Institution channel where a broker-dealer, bank, or other Financial Institution under contract with the Company separately ensures that tax-qualified annuity sales transactions made by it or its Sub-producers are covered as necessary by an applicable prohibited transaction exemption with the understanding a Producer may or may not be acting as a fiduciary in any given situation. In those circumstances, such broker-dealer, bank, or other Financial Institution bears responsibility for compliance of the Producer with standards and conditions of the applicable prohibited transaction exemption, and to the extent necessary serves as "financial institution" responsible for Producer compliance under terms of the prohibited transaction exemption such as PTE 2020-02, it being understood the Company shall not act as a "financial Institution."

Important Disclaimer: *The laws on who is a fiduciary and how to satisfy prohibited transaction exemptions under ERISA and the Tax Code are complex and often judged based on facts and circumstances. The Company is making its own good faith effort to promote compliance with applicable requirements. However, Producers cannot and should not in any way rely on the Company for legal or compliance advice and are strongly encouraged to seek their own professional legal counsel in these matters. This disclaimer is addressed also to IMOs and any up-line agencies which likewise should not rely on the Company for legal or compliance advice and are strongly encouraged to seek their own professional legal counsel on these matters.*