

**KPMG LLP, as Administrator of the Tesco Compensation Scheme
(the “Tesco Scheme”)**

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If you are a Tesco PLC Bondholder – See Bondholder FAQs

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Background

1. Why has the FCA required the Tesco Scheme to be established?

On 29 August 2014 Tesco issued a trading update concerning its expected H1 2014/15 profit. That announcement was inaccurate and Tesco issued a corrective statement on 22 September 2014. As a result, the FCA has decided that Tesco should pay compensation to certain purchasers of Tesco shares and bonds in the period from 29 August to 19 September 2014 (the Relevant Period). The details of the Tesco Scheme are attached to the FCA's Final Notice dated 28 March 2017 which is on the FCA's website at www.fca.org.uk/publication/final-notices/tesco-2017.pdf. Certain details of the Tesco Scheme are also available on Tesco's website at www.tescopl.com and on KPMG's website at www.kpmg.co.uk/tesco-scheme. KPMG has been appointed to act as the Administrator of the Tesco Scheme.

The Tesco Scheme is voluntary and the rights against Tesco of claimants who decide not to file a claim under the Tesco Scheme remain unaffected. Your rights against Tesco in relation to the issues addressed by the Tesco Scheme will only be affected if you choose to accept an offer of compensation under it (see question 31 below).

2. Who is eligible to participate in the Tesco Scheme?

Broadly, those who submitted a claim before the claims submission deadline and were net purchasers of Tesco shares or certain listed Tesco bonds in the period from 29 August to 19 September 2014 (the Relevant Period). There are some exceptions and qualifications. Under the Tesco Scheme, the party who will be considered the net purchaser is the beneficial owner of the shares/bonds (i.e. the person or entity that is the ultimate owner, even if they are held in the name of someone else, such as a broker or custodian). For the exact terms of the Tesco Scheme please refer to the FCA's Final Notice.

3. Why am I no longer able to submit a claim?

Under the terms of the Tesco Scheme, to participate under the Tesco Scheme a claimant must have submitted any claim with the Scheme Administrator on or before 11.59pm GMT 22 February 2018, being the claim deadline.

4. What is the relevant date range for net purchases of shares and bonds?

The Tesco Scheme only relates to net purchases of the relevant shares or bonds between 29 August 2014 and 19 September 2014. If you did not purchase shares or bonds within this period you are not eligible to participate in the Tesco Scheme.

5. What does a "net purchaser" of shares or bonds mean?

If somebody purchased more shares than they sold during the period 29 August to 19 September 2014 they will be a net purchaser. For bonds it is the same test, but only for the purchases/sales of the specific bond issues that are being compensated. There are some exceptions and qualifications. For the exact terms of the Tesco Scheme please refer to the FCA's Final Notice.

6. If I am an eligible net purchaser, how much money will I be paid?

A net purchaser of shares will be entitled to compensation of 24.5p per net share purchased together with interest. Varying amounts are payable in respect of each relevant bond issue, again together with interest. There are some exceptions and qualifications which include Related Transactions e.g. futures, options or spread bets (as defined in the FCA's Final Notice). Interest is payable at 1.25% per annum if the net purchaser is an Institutional Investor, as defined in the FCA's Final Notice, or 4% per annum if the net purchaser is not an Institutional Investor. All individuals qualify for the higher interest rate. Interest is calculated from 19 September 2014 until 120 days after the opening of the Tesco Scheme. For the exact terms in relation to interest please refer to the FCA's Final Notice.

7. How was the amount of compensation determined?

The rates of compensation for both net share purchases and net bond purchases have been determined by the FCA. The approach to compensation has been derived by looking at the fall in the price of the relevant shares and bonds between close of trading on 19 September 2014 (the last trading date before the September Statement) and close of trading on 22 September 2014 (the day that the September Statement was made) and adjusting for economy-wide and industry-wide effects on price movements.

8. Why is interest limited to 120 days after the Commencement Date?

All claimants who put in an eligible claim will receive interest from 19 September 2014 to 120 days after the Tesco Scheme opens, even if their claim is determined earlier, or later, than this. This encourages claimants to submit their claims as early as possible. There is, therefore, a real benefit in claiming early.

9. I did not buy Tesco shares or bonds during the period 29 August to 19 September 2014 but I did own Tesco shares or bonds at the time. Why am I not getting compensation too?

The Tesco Scheme only compensates net purchasers of the relevant shares or bonds in the Relevant Period, being the period 29 August to 19 September 2014. The FCA Final Notice states that during the relevant period "*... a false market was created in the Relevant Securities*" and as such "*Purchasers of the Relevant Securities paid a higher price than they would have paid had there not been a false market and those who purchased more than they sold in the period of the false market suffered loss as a result*". It is these purchasers of relevant shares and bonds that the Tesco Scheme seeks to compensate.

10. How much is Tesco likely to pay in total under the Tesco Scheme?

The FCA has estimated the total amount that Tesco may have to pay under the Tesco Scheme as approximately £85 million, plus interest. Both the FCA and Tesco believe that this is a reasonable estimate.

Making a Claim

11. Who is responsible for deciding whether I get any money and, if so, how much I get?

KPMG, which has been appointed as independent Administrator of the Tesco Scheme, will decide whether you have a Net Relevant Share Purchase or Net Relevant Bond Purchase and should be compensated under the Tesco Scheme. The rate of compensation is set out in the FCA's Final Notice.

If you are offered any compensation under the Tesco Scheme and decide to accept that compensation, you will be required to sign both an acceptance of the offer of compensation and a release. By signing the release you will give up any legal rights against Tesco in respect of the publication of the August Statement and against both Tesco and the Administrator in respect of the administration of the Tesco Scheme (see also question 35 below). All other rights against Tesco remain unaffected. If you decide not to file a claim under the Tesco Scheme or not to accept compensation offered, your rights against Tesco in respect of the publication of the August Statement will remain unaffected.

12. Is there any appeal against the Administrator's decision?

You may seek a reconsideration of the Administrator's original determination (the Determination Notice). However, you will not subsequently be able to obtain a reconsideration of the outcome of the Administrator's further determination (the Further Determination Notice).

The Administrator's decision in respect of claims will be final and there is no additional appeal mechanism. If you do not participate in the Tesco Scheme or, if, having claimed, you decide not to accept any compensation offered, your rights against Tesco will not be affected.

13. How long will I have to wait for payment?

The Administrator anticipates that payment shall be made approximately 35 days after a claimant returns their completed Notice of Acceptance and Release.

14. Can I claim for costs incurred in making my claim?

No. You will need to bear your own costs of claiming. However, the claims process has been designed with the intention that claimants should not need to incur any significant costs. Nor is it expected that there will be any benefit from seeking assistance from claim management companies.

15. I purchased a physical share certificate of Tesco shares. Are there any further considerations I need to be aware of?

You will need to provide copies of any trade confirmations from the broker(s) through whom you entered into any transactions in the Relevant Period. In addition, you will need to provide copies of the share certificates themselves showing the dates on which they were issued.

16. An entity which may have a claim has been dissolved. Can a former director/beneficial owner lodge the claim?

No, under the Scheme Terms the entity who performed the relevant transactions must make the claim and be the executing party for the Notice of Acceptance and Release. Should an entity have been dissolved, it will need to be restored before being able to participate in the Tesco Scheme.

17. The claimant is deceased. Can a claim still be made?

Yes, the executor of the deceased claimant's estate is able to make the claim. When submitting the claim they will need to provide a copy of the death certificate for the deceased claimant, the probate document under which they are appointed to be the executor and identification documents (driving licence, passport or national identity card) for themselves.

18. The trade was made in a jointly held account. Who should claim?

All parties in the jointly held account should be named in a single claim. One of the parties will need to be identified as the main contact for the purposes of the claim. Identification documents will need to be provided for each of the account holders when submitting the claim and they will all need to sign both the Notice of Acceptance and the Release. Payment can be made to a bank account in the name of either one of the account holders or to a bank account in the name of all the account holders.

19. I want to make multiple claims as I represent a number of parties. How should this be done?

A representative can register themselves on the online claims portal as a user. They can then make multiple claims by clicking the "Create new claim" button on the home page and filling out a claim form on behalf of each claimant.

20. The transactions which give rise to my claim were through a Stocks and Shares ISA. Who should submit the claim?

Under the terms of the FCA's Final Notice, the beneficial owner is the holder of the ISA and is the correct party to submit the claim.

21. What will be the tax treatment of a compensation payment made in relation to transactions undertaken through a Stocks and Shares ISA?

The Administrator will withhold tax at a rate of 20% on the interest portion of any Restitution Amount.

HMRC provides guidance in relation to compensation payments made to ISAs which can be found in "ISAs: guidance notes for managers", sections 6.57 to 6.62 (please find the guidance [here](#)).

Note that the Administrator does not give legal or tax advice to Claimants and will not be assuming any duty of any kind, including a duty of care, to Potential Claimants when

responding to any questions.

22. I hold a self-invested personal pension (SIPP) which undertook transactions in relation to which I believe I may have a claim. Can I submit a claim in the Tesco Scheme?

No, the SIPP trustee is the only party with the authority to submit a claim. If you submit a claim yourself it will be rejected.

Please note that if a compensation amount was paid out to the beneficiary of a SIPP (i.e. to you, rather than to the SIPP trustee), it may result in you having to pay penalties to HMRC for making a withdrawal from your SIPP.

23. What will be the tax treatment of a compensation payment made in relation to transactions undertaken through a SIPP?

As a SIPP is a UK registered pension scheme, the Administrator will not withhold tax against any portion of the compensation payment.

HMRC provides guidance in relation to compensation payments made to SIPPs in its Pensions Tax Manual [here](#), under the heading 'Compensation that qualifies as a pension contribution'.

Note that the Administrator does not give legal or tax advice to claimants and will not be assuming any duty of any kind, including a duty of care, to Potential Claimants when responding to any questions.

24. I have transferred my SIPP provider since the relevant period in 2014. Which SIPP trustee should make the claim?

Under the FCA's Final Notice, the claimant is the party who performed the relevant transactions, being the SIPP Trustee during the Relevant Period and not the current SIPP Trustee. Therefore, you will need to arrange for your previous SIPP Trustee to make the claim and to transfer any payments to your current SIPP on receipt.

25. How do I get an update on the status of my claim?

Should you have lodged a claim through the online claims portal, you can log in to view the status of your claim. Alternatively, or should you have lodged a postal claim, please call our helpline. However, please note that whilst the Administrator will process claims as quickly as possible, the time required to process claims will vary based on a number of factors such as the volume of claims submitted and the complexity of those claims.

26. Can I amend my claim once I have submitted it?

No, as you will have agreed to the Claim Form Confirmations which require you to declare that the claim form was true and correct. However, if you have noticed an error or omission in your submitted claim, then please contact our helpline to discuss this.

27. When should I expect payment?

Following the receipt of the properly executed Notice of Acceptance and Release documents, we expect to make payment after approximately 35 days. This assumes that all the required identification documentation and bank statements have been made available to the Administrator.

28. In what currency will payments be made?

Compensation will be paid in the currency that the shares or bonds are/were denominated in. For Tesco PLC shares this is British pounds sterling (GBP), whilst for bonds this may be GBP, United States dollars (USD) or euros (EUR). The Administrator is unable to perform foreign exchange services and the claimant should ensure they provide bank account details which are able to accept a payment in the relevant currency.

29. I purchased Tesco American Depository Receipts (ADRs) in the period 29 August 2014 to 19 September 2014 inclusive, do I have a claim?

No, the Tesco Scheme only covers Tesco PLC ordinary shares listed on the London Stock Exchange and the Tesco Relevant Bonds listed in Annex 2 of the FCA's Final Notice. Therefore, the purchase of ADRs in the period will not give rise to a claim under the Tesco Scheme.

Legal Rights

30. Will I give up any legal rights against Tesco by submitting a claim?

No, you do not give up any rights against Tesco by submitting a claim in the Tesco Scheme. However, if you subsequently decide to accept an offer of compensation made by the Administrator, you will then be required to sign a release of any claims against Tesco connected with the publication of the August Statement (the Release) (see question 35 below). All other rights against Tesco remain unaffected.

31. Will I be required to give up any legal rights against Tesco if I wish to accept an offer of compensation under the Tesco Scheme?

Yes, if you wish to accept any offer of compensation under the Tesco Scheme you will be required to sign a release (the Release). In broad terms, this will release the Tesco Group from claims connected with the publication of the August Statement or the administration of the Tesco Scheme. It also releases the Administrator from claims connected with the administration of the Tesco Scheme. It is important that you read the terms of the Release, which is attached to the FCA's Final Notice, carefully before signing it. If you have any doubts about its meaning you should take legal advice as to its effect. All other rights against Tesco will remain unaffected.

32. I am under 18 with a Junior Stocks and Shares ISA or Child Trust Fund (CTF). Who should make the claim and sign the Notice of Acceptance and Release?

Only the registered contact for the Junior Stocks and Shares ISA or CTF has the authority to make the claim and sign the Notice of Acceptance and the Release. If the child is under 16,

this will be a person who has parental responsibility for the child. If the child is over 16, then it may be the child if they have applied to be the registered contact, or otherwise it will be a person who has parental responsibility for the child. Appropriate documentation should be provided to confirm the authority of the person who executes the Notice of Acceptance and Release.

Documentary Evidence

33. Do I need to provide original copies of my supporting documents i.e. cherished documents?

No, copies of documents are sufficient. Please do not provide cherished documents as we cannot guarantee their safe return and any risk is borne by the claimant.

You will be required to make certain confirmations that any documents provided are genuine. If the Administrator so requests, you may be required to obtain certified copies of documents.

34. Why am I required to provide a copy of my bank statement?

A bank statement is required so that we can verify the bank account into which payment of any compensation is being requested. The Administrator may also use a third party supplier to verify bank account details provided by a claimant.

35. My document has personal information not related to my claim. May I redact this personal information?

Yes, information which is not relevant to your claim can be redacted. However, sufficient information is required to allow the Administrator to confirm the completeness of any transaction history provided and the name and contact details of the holder of the account.

For example, in relation to a broker statement showing a transaction history, the value and number of shares transacted in a non-Tesco share transaction can be redacted. However the name of the stock should not be redacted in order to allow the Administrator to confirm that it is not a relevant trade. In relation to a bank statement, transactions may be redacted; however, the bank account and personal details should not be redacted.

36. What information do I need to provide?

You will be required to provide:

- i. Proof of identification, being passport, driving licence or national identity card, (for individuals) or an authorised signatory list on letterhead (for entities);
- ii. Proof of transactions during the Relevant Period, e.g. broker statements showing your transaction history for the period or exchange reports (you may also provide information specific to certain trades such as trade confirmations, particularly in relation to any related transactions); and
- iii. A copy of a bank account statement for the bank account into which payment of any compensation is to be paid.

Additional information may be requested depending on your circumstances.

For bondholder claims, please see the Bondholder FAQs in relation to the unique codes that will be required.

37. Which formats of document can be upload to the claims portal?

Documents in the following formats can be uploaded to the online claims portal: PDF, Doc, Docx, JPEG.

The maximum file size is 25MB.

Further Information

38. I have further queries. Who can I contact?

The details of the Tesco Scheme process and Frequently Asked Questions (“FAQs”) are provided on KPMG’s website at www.kpmg.co.uk/tesco-scheme.

Should further assistance be required, you can contact our helpline or write to us at KPMG LLP, PO Box 74451, LONDON, E1W 9PB.

Helpline:

UK freefone - 0808 1646 031

US freefone - 1 833 253 5674

International - +44 (0) 203 554 0555

Our helpline is available 9am to 5pm (UK time), Monday to Friday (excluding UK public holidays).

39. What can I do if I am not happy with the Tesco Scheme or the handling of my claim?

The Tesco Scheme is voluntary, therefore there is no obligation to participate. Unless you accept an offer of compensation by signing the Notice of Acceptance and the Release, you will retain any rights you have against Tesco.

If you are unhappy with the handling of your claim and feel the Administrator has not acted in accordance with the Tesco Scheme, please lodge a complaint by calling our helpline or writing to us (see question 42 above for contact details) . We will endeavor to respond to your complaint as soon as reasonably possible.

40. What happens if I am subject to an insolvency procedure, or was subject to one after purchasing the shares/bonds?

If you are currently in a formal insolvency process (e.g. IVA, bankruptcy, debt relief orders, sequestration, CVA, liquidation, administration) or entered into one after you purchased the shares/bonds, you must consider the conditions of the specific insolvency process.

If you are or have been subject to a bankruptcy or sequestration, or the entity which has a claim is, or has been subject to an administration or liquidation, then only the appointed

Insolvency Practitioner/Official Receiver will have the right to make the claim and accept any offer made. If you are subject to such an insolvency process and sign and return the Notice of Acceptance and the Release, it will be deemed invalid. Please advise the appointed Insolvency Practitioner/Official Receiver should you believe you were (or an insolvent company which you have an interest in was) a net purchaser of Tesco shares or bonds during the relevant period.

If you are or have been subject to an individual voluntary arrangement (IVA), or the entity is or has been subject to a Company Voluntary Arrangement (CVA), then you should consider whether any compensation payment will need to be declared to the supervisor of the voluntary arrangement per the terms of the arrangement. Similarly, if you are or have been subject to a debt relief order (DRO) and the offer is in excess of £1,000 you should consider whether you need to contact the Insolvency Service.

41. Mymobile phone number has changed. How can I update my user details to be able to log in to the online claims portal?

Please call our helpline who will be able to assist. Please have your claim details available to allow your identity to be verified.

42. Can I receive communications / a claim pack in a language other than English?

No, the documents are only available in English. Claimants will need to arrange their own translations should they be required.

If you are a Tesco PLC Bondholder – See Bondholder FAQs

If your Broker is facilitating your claim – See Broker facilitated FAQs