



**Borsa Italiana**

<b>AVVISO n.924</b>	19 Gennaio 2016	SeDeX - INV. CERTIFICATES
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Mittente del comunicato : BORSA ITALIANA

Societa' oggetto dell'Avviso : EXANE FINANCE SA.

Oggetto : Inizio negoziazione 'Investment Certificates - Classe B' 'EXANE FINANCE SA.' emessi nell'ambito di un Programma

*Testo del comunicato*

Si veda allegato.

*Disposizioni della Borsa*

Strumenti finanziari:	<b>3 Yield Crescendo Rendimento Certificates su Basket di Azioni</b>		
Emittente:	EXANE FINANCE SA.		
Garante:	Exane Derivatives SNC		
Rating Garante:	Società di Rating	Long Term	Data Report
	Moody's	Baa2	02/07/2012
	Standard & Poor's	BBB+	20/06/2013
	Fitch Ratings		-
Oggetto:	<b>INIZIO NEGOZIAZIONI IN BORSA</b>		
Data di inizio negoziazioni:	<b>20/01/2016</b>		
Mercato di quotazione:	Borsa - Comparto SEDEX 'Investment Certificates - Classe B'		
Orari e modalità di negoziazione:	Negoziazione continua e l'orario stabilito dall'art. IA.7.3.1 delle Istruzioni		
Operatore incaricato ad assolvere l'impegno di quotazione:	Exane Derivatives Member ID Specialist: IT3945		

### **CARATTERISTICHE SALIENTI DEI TITOLI OGGETTO DI QUOTAZIONE**

#### **3 Yield Crescendo Rendimento Certificates su Basket di Azioni**

Tipo di liquidazione:	monetaria
Modalità di esercizio:	europeo
Modalità di negoziazione:	la data di negoziazione ex-diritto al pagamento dell'importo periodico decorre dal primo giorno di calendario TARGET aperto antecedente le rispettive record date. Qualora tale giorno risulti essere di Borsa chiusa, la data di negoziazione ex-diritto al pagamento dell'importo periodico decorre dalla relativa record date.

### **DISPOSIZIONI DELLA BORSA ITALIANA**

Dal giorno 20/01/2016, gli strumenti finanziari '3 Yield Crescendo Rendimento Certificates su Basket di Azioni' (vedasi scheda riepilogativa delle caratteristiche dei securitised derivatives) verranno inseriti nel Listino Ufficiale, sezione Securitised Derivatives.

Allegati:

- Scheda riepilogativa delle caratteristiche dei securitised derivatives;
- Estratto del prospetto di quotazione dei Securitised Derivatives

Num. Serie	Codice Isin	Trading Code	Instrument Id	Descrizione	Sottostante	Tipologia	Data Scadenza	Valore Nominale	Quantità	Lotto Negoziazione	EMS	Prima Barriera %	Bonus/Strike %	Rebate
1	FR0013090586	E90586	787086	EXNBKTPCICCPXPAB40%E180119	Peugeot SA, Carrefour SA, Intesa SanPaolo	Inv	18/01/19	1000	20000	1	2	40	100	5
2	FR0013090594	E90594	787087	EXNBKTRSUCCPXPAB40%E180119	Renault SA, STMicroelectronics NV, UniCredit SpA	Inv	18/01/19	1000	20000	1	3	40	100	5
3	FR0013092418	E92418	787088	EXNBKTAMMCCPXPAB50%E180119	A2A SpA, Mediaset SpA, Moncler SpA	Inv	18/01/19	1000	20000	1	3	50	100	5

**EXANE FINANCE**

Issue of 20,000 “Yield Crescendo Tempo” Certificates  
indexed to a Basket of three (3) Shares

pursuant to the Debt Securities Issue Programme of  
**EXANE FINANCE**

unconditionally and irrevocably guaranteed by  
**EXANE DERIVATIVES**

Series no.: 10435  
Tranche no.: 1

ISIN code: FR0013090586  
(the “**Certificates**”)

We refer to the applicable final terms dated 20 January 2016 (the “**Final Terms**”) pertaining to the Certificates.

This notice to the Final Terms (the “**Notice**”) dated 19 January 2016 must be read in conjunction with the Final Terms and the debt securities issue programme of Exane Finance (the “**Issuer**”), unconditionally and irrevocably guaranteed by Exane Derivatives dated 24 June 2015 (the “**Base Prospectus**”).

Unless otherwise required by the context, the terms and expressions used in the Notice shall have the same meaning when used or referred to in the Final Terms and in the securities conditions set forth in the Base Prospectus.

**1- Underlyings**

(i)	Company(i)	ISIN Code(i)	Bloomberg code(i)	Initial Price of the Share(i) [RV(i) <sub>Initial Observation Date</sub> ]	100% x Initial Price of the Share(i) [European Barrier(2)]	40% x Initial Price of the Share(i) [(European Barrier(1) and European Barrier(3))]
1	PEUGEOT S.A.	FR0000121501	UG FP	13.575	13.575	5.43
2	CARREFOUR SA	FR0000120172	CA FP	24.105	24.105	9.642
3	INTESA SANPAOLO	IT0000072618	ISP IM	2.662	2.662	1.065

**2- Expiry date**

For the purposes of listing on the SeDex Market organised and managed by Borsa Italiana S.p.A, the expiry dates (*data di scadenza*) of the Certificate is 18 January 2019.

### 3- Record date

As set out in the table below:

<b>(j)</b>	<b>Observation Date (j)</b>	<b>Record Date (j)</b>	<b>Interest Payment Date (j)</b>
1	18 February 2016	26 February 2016	03 March 2016
2	18 March 2016	29 March 2016	05 April 2016
3	18 April 2016	26 April 2016	02 May 2016
4	18 May 2016	26 May 2016	01 June 2016
5	20 June 2016	28 June 2016	04 July 2016
6	18 July 2016	26 July 2016	01 August 2016
7	18 August 2016	26 August 2016	01 September 2016
8	19 September 2016	27 September 2016	03 October 2016
9	18 October 2016	26 October 2016	01 November 2016
10	18 November 2016	28 November 2016	02 December 2016
11	19 December 2016	27 December 2016	03 January 2017
12	18 January 2017	26 January 2017	01 February 2017
13	20 February 2017	28 February 2017	06 March 2017
14	20 March 2017	28 March 2017	03 April 2017
15	18 April 2017	26 April 2017	03 May 2017
16	18 May 2017	26 May 2017	01 June 2017
17	19 June 2017	27 June 2017	03 July 2017
18	18 July 2017	26 July 2017	01 August 2017
19	18 August 2017	28 August 2017	01 September 2017
20	18 September 2017	26 September 2017	02 October 2017
21	18 October 2017	26 October 2017	01 November 2017
22	20 November 2017	28 November 2017	04 December 2017
23	18 December 2017	27 December 2017	04 January 2018
24	18 January 2018	26 January 2018	01 February 2018
25	19 February 2018	27 February 2018	05 March 2018
26	19 March 2018	27 March 2018	04 April 2018
27	18 April 2018	26 April 2018	03 May 2018
28	18 May 2018	28 May 2018	01 June 2018
29	18 June 2018	26 June 2018	02 July 2018
30	18 July 2018	26 July 2018	01 August 2018
31	20 August 2018	28 August 2018	03 September 2018
32	18 September 2018	26 September 2018	02 October 2018
33	18 October 2018	26 October 2018	01 November 2018
34	19 November 2018	27 November 2018	03 December 2018
35	18 December 2018	27 December 2018	04 January 2019
36	18 January 2019	28 January 2019	1 February 2019



**Final Terms dated 20 January 2016**

Issue of 20,000 “Yield Crescendo Tempo” Certificates  
indexed to a Basket of three (3) Shares

pursuant to the Debt Securities Issue Programme of  
**EXANE FINANCE**

unconditionally and irrevocably guaranteed by  
**EXANE DERIVATIVES**

Series n°: 10435

Tranche n°: 1

Issue Price: EUR 1,000 per Certificate

Scheduled Maturity Date: 1 February 2019

An application has been made for the Certificates to be admitted to trading and listed on the SeDex Market,  
organized and managed by Borsa Italiana S.p.A

**EXANE DERIVATIVES**  
as Dealer

## Part A – Contractual Terms

Unless otherwise required by the context, the terms and expressions used and not expressly defined in these Final Terms shall have the same meaning as in the Conditions of the Securities and the Technical Annex set forth in the Base Prospectus dated as of 24 June 2015, as supplemented by the First Supplement dated as of 25 August 2015, the Second Supplement dated as of 3 November 2015, the Third Supplement dated as of 11 January 2016 and the Fourth Supplement dated as of 18 January 2016 (together, the “Supplements”).

The Base Prospectus and the Supplements constitute together a base prospectus for the purposes of the Prospectus Directive and the relevant implementing measures in Luxembourg. The present document constitutes the Final Terms of the Certificates described herein for the purposes of article 5.4 of the Prospectus Directive and the relevant implementing measures in Luxembourg.

The Final Terms must be read in conjunction with the Base Prospectus, as supplemented. Full information on the Issuer, the Guarantor and the offer of the Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus, as supplemented.

The Base Prospectus and its Supplements are available on the website of Exane ([www.exane.com/exaneissues](http://www.exane.com/exaneissues)). A summary of the issue of the Securities is attached as a schedule to these Final Terms. The Base Prospectus, the Supplements and these Final Terms are available for inspection and copies may be obtained from the registered office of the Issuer and the registered office of the Principal Paying Agent.

### GENERAL PROVISIONS

<b>1.</b>	<b>Calculation Agent :</b>	Exane Derivatives
<b>2.</b>	<b>Settlement Confirmation Agent :</b>	Not applicable
<b>3.</b>	<b>Currency :</b>	Euro (“EUR”)
<b>4.</b>	<b>Settlement Currency(ies) :</b>	EUR
	(a) Conversion Rate:	Not applicable
<b>5.</b>	<b>Issue Size :</b>	
	(a) Series :	20,000 Certificates
	(b) Tranche :	20,000 Certificates
<b>6.</b>	<b>Nominal Value :</b>	Not applicable
<b>7.</b>	<b>Issue Price :</b>	EUR 1,000 per Certificate
<b>8.</b>	<b>Trade Date :</b>	7 January 2016
<b>9.</b>	<b>Issue Date :</b>	20 January 2016
<b>10.</b>	<b>Interest Commencement Date :</b>	Issue Date of the Securities
<b>11.</b>	<b>Scheduled Maturity Date :</b>	1 February 2019
<b>12.</b>	<b>Maturity Date:</b>	The Scheduled Maturity Date, unless the Certificates are early redeemed further to the occurrence of an Automatic Early Settlement Condition as described below in Part

A§(52)

13. **Minimum Trading Number :** One (1) Certificate minimum and multiples of one (1) Certificate thereafter
14. **Interest Basis :** Interest linked to Shares
15. **Settlement Basis :** Settlement linked to Shares
16. **Change of Interest Basis :** Not applicable
17. **Business Day Convention :** Following Business Day
18. **Multi Underlyings :** Applicable
19. **Basket of Multi Underlyings** Not applicable

20. **Type(s) of Underlying**

**Underlying(s): Share(s)** Applicable

- (a) **Share(s) :** The Certificates are linked to the performance of a Basket composed of three (3) shares of each Company(i) (each a “**Share(i)**”) as set out in the table below:

<b>Share(i)</b>						
<b>(i)</b>	<b>Company(i)</b>	<b>Exchange(i)</b>	<b>Related Exchange(i)</b>	<b>Bloomberg Code(i)</b>	<b>ISIN Code(i)</b>	<b>The Initial Price(i) of the Share(i) [RV(i)<sub>Initial Observation Date</sub>]</b>
1	PEUGEOT S.A.	Euronext Paris	EUREX	UG FP	FR0000121501	The official price of the Share(1) on the close on the Initial Observation Date
2	CARREFOUR SA	Euronext Paris	EUREX	CA FP	FR0000120172	The official price of the Share(2) on the close on the Initial Observation Date
3	INTESA SANPAOLO	Borsa Italiana	IDEM	ISP IM	IT0000072618	The official price of the Share(3) on the close on the Initial Observation Date

- (b) **Weighting /  $W_i$  :** Not applicable
- (c) **Initial Observation Date:** 18 January 2016
- (d) **Company:** As set out in the table §20 (a)



(e)	Quantity :	1
(f)	Exchange(s) :	As set out in the table §20 (a)
(g)	Related Exchange(s) :	As set out in the table §20 (a)
(h)	Valuation Time :	In accordance with Condition 5.7
(i)	Exchange Business Day :	Exchange Business Day (All Shares Basis)
(j)	Scheduled Trading Day :	Scheduled Trading Day (All Shares Basis)
(k)	Initial Price :	As set out in the table §20 (a)
(l)	Reuters Code(s):	Not applicable
(m)	Bloomberg Code(s):	As set out in the table §20 (a)
(n)	ISIN Code(s):	As set out in the table §20 (a)
(o)	ETF Administrator:	Not applicable
(p)	ETF Advisor:	Not applicable
(q)	ETF :	Not applicable
(r)	ETF Underlying Index:	Not applicable
(s)	Underlying Share:	Not applicable
(t)	DR Specified Currency:	Not applicable
(u)	DR Sponsor:	Not applicable
	<b>Underlying(s): Index(es)</b>	Not applicable
	<b>Underlying(s): Futures Contract(s)</b>	Not applicable
	<b>Underlying(s) : Fund Units</b>	Not applicable
	<b>Underlying(s): Exchange Rate</b>	Not applicable
	<b>Underlying(s): Debt Instrument(s)</b>	Not applicable
	<b>Underlying(s): Listed Option(s)</b>	Not applicable
	<b>Underlying(s) : Commodity(ies)</b>	Not applicable
21.	<b>Securities linked to Credit Events (Types of CLN or Types of Credit Linked Portion)</b>	Not applicable
22.	<b>Credit Linked Portion:</b>	Not applicable
23.	<b>Underlying-Linked Portion:</b>	Not applicable

## INTEREST PROVISIONS

### 24. Ex-Date (Condition 1.1):

(j)	Ex-Date (j)	(j)	Ex-Date (j)
1	25 February 2016	19	25 August 2017
2	29 March 2016	20	25 September 2017
3	25 April 2016	21	25 October 2017
4	25 May 2016	22	27 November 2017
5	27 June 2016	23	28 December 2017
6	25 July 2016	24	25 January 2018
7	25 August 2016	25	26 February 2018
8	26 September 2016	26	28 March 2018
9	25 October 2016	27	26 April 2018
10	25 November 2016	28	25 May 2018
11	27 December 2016	29	25 June 2018
12	25 January 2017	30	25 July 2018
13	27 February 2017	31	27 August 2018
14	27 March 2017	32	25 September 2018
15	26 April 2017	33	25 October 2018
16	25 May 2017	34	26 November 2018
17	26 June 2017	35	28 December 2018
18	25 July 2017	36	N. A.

25. **Fixed Rate Interest provisions (Condition 4.1):** Not applicable

26. **Floating Rate Interest provisions (Condition 4.2):** Not applicable

27. **Zero Coupon provisions (Conditions 4.4 and 5.6):** Not applicable

28. **Provisions relating to Securities linked to one or more Underlying(s) :** Interest payments on Securities linked to one or more Underlying(s) shall be calculated in accordance with the following calculation formula : Indexed Coupon -

Tempo Coupon (§6 a. v. of the Technical Annex to the Base Prospectus and as described in §4 of the Technical Annex to the hereto Final Terms)

29. **Late payment/delivery interest (Condition 13) :** EONIA Rate

#### PROVISIONS RELATING TO SETTLEMENT

30. **Final Settlement Amount of the Certificates (Condition 5.2):** Applicable

For the avoidance of doubt the exercise of the Certificates is automatic on the Settlement Date without any prior notice being delivered by the relevant Holder.

In accordance to the rules of the Italian Stock Exchange, each Holder has the right to renounce the automatic exercise by sending a duly completed renouncement notice (substantially in the form attached hereto) duly sent to the Principal Paying Agent prior to 10:00 am (Milan Time) on the Settlement Date. The Principal Paying Agent will, in its sole and absolute discretion, determine whether the above conditions are satisfied and its determination will be final, conclusive and binding on the Issuer and on the Holders. Neither the Principal Paying Agent nor the Issuer shall apply any charges for the automatic exercise of the Certificates. Any other taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or taxes or duties which may arise in connection with the automatic exercise are payable by the Holder.

- (a) Final Settlement Amount: Conditional Settlement Amount (§8 a. v. of the Technical Annex to the Base Prospectus and as described in §5. a. of the Technical Annex to the hereto Final Terms)
- (b) Cash Settlement and/or Physical Settlement: Cash Settlement

31. **Final Settlement Amount for CLN (Conditions 6 and 7)** Not applicable

32. **Final Settlement Amount for Hybrid Securities (Conditions 6 and 7)** Not applicable

#### SPECIFIC CREDIT LINKED NOTE OR CREDIT LINKED PORTION OF HYBRID SECURITIES PROVISIONS

33. **Tranched CLN** Not applicable

34.	<b>Credit Event(s) (Condition 1.2 or 1.3):</b>	Not applicable
35.	<b>Portion affected by a Credit Event (Condition 1.2 or 1.3):</b>	Not applicable
36.	<b>Notice Delivery Period</b>	Not applicable
37.	<b>Grace Period (Condition 1.2 or 1.3):</b>	Not applicable
38.	<b>Grace Period Extension (Condition 6.1(ii)):</b>	Not applicable
39.	<b>Obligation Category (Condition 1.2 or 1.3):</b>	Not applicable
40.	<b>Obligation Characteristics (Condition 1.2 or 1.3):</b>	Not applicable
41.	<b>Excluded Obligation (Condition 1.2 or 1.3):</b>	Not applicable
42.	<b>Deliverable Obligation</b>	Not applicable
43.	<b>Excluded Deliverable Obligations (Condition 1.2 or 1.3):</b>	Not applicable
44.	<b>Include Accrued Interest</b>	Not applicable
45.	<b>Reference Entity / Reference Entities (Condition 1.2 or 1.3):</b>	Not applicable
46.	<b>Additional provisions relating to certain specific Reference Entities</b>	Not applicable
47.	<b>Reference Obligation(s) (Condition 1.2 or 1.3):</b>	Not applicable
48.	<b>All Guarantees (Condition 1.2 or 1.3):</b>	Not applicable
49.	<b>Cash Settlement (Condition 6.4):</b>	Not applicable
50.	<b>Physical Settlement (Condition 6.5):</b>	Not applicable
51.	<b>Auction Settlement (Condition 6.3):</b>	Not applicable

#### **EARLY SETTLEMENT AND OPTIONAL SETTLEMENT PROVISIONS**

52.	<b>Automatic Early Settlement (Condition 5.16):</b>	Applicable
	(a) Automatic Early Settlement Condition :	European Barrier(2) Condition (§5 a. i. of the Technical Annex to the Base Prospectus and as described in §3. b. of the Technical Annex to the hereto Final Terms)
	(b) Automatic Early Valuation Date(s):	Each Observation Date(j), with (j) from 6 to 35, as set out in the table in §1. a. of the Technical Annex to the

hereto Final Terms.

(c) Automatic Early Settlement Amount:

Conditional Settlement Amount (§ 8. b. v. of the Technical Annex to the Base Prospectus and as described in §5. b. of the Technical Annex to the hereto Final Terms)

(d) Automatic Early Settlement Date(s) :

(j)	Automatic Early Settlement Date (j)	(j)	Automatic Early Settlement Date (j)
1	N/A	19	01 September 2017
2	N/A	20	02 October 2017
3	N/A	21	01 November 2017
4	N/A	22	04 December 2017
5	N/A	23	04 January 2018
6	01 August 2016	24	01 February 2018
7	01 September 2016	25	05 March 2018
8	03 October 2016	26	04 April 2018
9	01 November 2016	27	03 May 2018
10	02 December 2016	28	01 June 2018
11	03 January 2017	29	02 July 2018
12	01 February 2017	30	01 August 2018
13	06 March 2017	31	03 September 2018
14	03 April 2017	32	02 October 2018
15	03 May 2017	33	01 November 2018
16	01 June 2017	34	03 December 2018
17	03 July 2017	35	04 January 2019
18	01 August 2017		

(e) Cash Settlement and/or Physical

Cash Settlement

Settlement:

- |  |                |
|--|----------------|
| <b>53. Settlement Option at the Issuer's discretion (Condition 5.4):</b>                                 | Not applicable |
| <b>54. Settlement Option at the Holder's discretion (Condition 5.5):</b>                                 | Not applicable |
| <b>55. Information relating to Settlement by Instalments (Condition 5.3):</b>                            | Not applicable |
| <b>56. Information relating to Partly Paid Certificates / CLN or Hybrid Securities (Condition 5.17):</b> | Not applicable |

#### MARKET DISRUPTION AND ADJUSTMENTS

- |   |                |
|---|----------------|
| <b>57. Capitalised Fair Market Value Option (Conditions 5.7 to 5.14):</b> | Not applicable |
| <b>58. Adjustment Methods</b>   | Applicable     |

Share

Calculation Agent Method

For the avoidance of doubt, the Calculation Agent could adjust the Certificates or terminate the Certificates in accordance to Condition 5.7 of the Base Prospectus provided that Increased Cost of Hedging shall not apply.

For the purposes of this clause, the fair market value shall not include any unwind costs.

#### PLEDGING OF SECURITIES ACCOUNT

- |  |                |
|--|----------------|
| <b>59. Additional guarantee in the form of a pledging of securities account (Condition 3.3):</b> | Not applicable |
|--|----------------|

#### OTHER GENERAL PROVISIONS

- |   |                |
|---|----------------|
| <b>60. Form of the CLN/Hybrid Securities (Condition 2.2) :</b>                                      | Not applicable |
| <b>61. Form of the Certificates (Condition 2.2):</b>  |                |
| (a) Form of the Certificates :  | Bearer         |
| (b) Registrar:  | Not applicable |
| <b>62. Additional Financial Market(s) (Condition 13.4):</b>   | Not applicable |
| <b>63. Provisions governing redenomination, changes in Nominal Value and conventions (Condition</b> |                |

2.5):

Not applicable

## **PART B – OTHER INFORMATION**

### **1. Listing and Admission to Trading**

- (a) Listing application and admission to trading: Application has been made by the Issuer (or on his behalf) to be listed and admitted to trading on the SeDex Market, organized and managed by Borsa Italiana S.p.A.. No assurance can be given that the listing and admission to trading of the Securities will be authorised.
- (b) Estimate of total expenses related to admission to trading : Not applicable

### **2. Rating**

The Securities to be issued have not been rated.

### **3. Third Party Information**

Information contained in the Final Terms that is sourced from a third party has been accurately reproduced and, as far as the Issuer and the Guarantor are aware and are able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.

### **4. Conflicts of Interests of Natural and Legal Persons Involved in The Issue / Offer**

So far as the Issuer is aware, no person involved in the offer of the Certificates has an interest material to the offer.

### **5. Reasons for the Offer, Estimated Net Proceeds**

- (a) Reasons for the offer and use of proceeds: The net proceeds from each issue of Securities will be applied by the Issuer for its general corporate purposes. A substantial portion of the proceeds from each issue of Securities will be used to establish various hedging financial instruments in respect of such Securities.
- (b) Estimated total expenses: Not applicable
- (c) Estimated net proceeds: Not applicable

### **6. Fixed Rate Securities Only – Yield**

Not applicable

### **7. Floating Rate Securities Only – Historical Interest Rate**

Not applicable

### **8. Placement and Subscription**

As of the Issue Date, it is not expected that any placement fees will be payable to third parties in connection with these Certificates.



**9. Source of Information about the Past and the Future Performance of the Underlying(s) and its Volatility, Explanation of Effect on Value of Investment and Associated**

Information concerning each Share(i) can be found on Bloomberg and on the website of the relevant Company(i).

Information about the past and the future performance of each Share(i) and their volatility may be obtained in electronic format from the Calculation Agent.

**10. Practical Information**

Central depository:	Monte Titoli S.p.A. Express II, Euroclear France, Clearstream
ISIN Code:	FR0013090586
Common Code:	134482451
Telekurs Code and other code(s) :	Telekurs Code: 30782945
Paying Agent(s) details :	Not applicable
Fees:	Not applicable

**11. Placement**

Name of Dealer :	Exane Derivatives 16, avenue Matignon – 75008 Paris – France
Non-exempt Offer	Not applicable
Consent of the Issuer to use the Base Prospectus during the Offer Period:	Not applicable
Authorised Institution(s)	Not applicable
Additional conditions relating to consent of the Issuer to use the Base Prospectus:	Not applicable

**12. Non-exempt Offer** Not applicable

## INTRODUCTION TO THE FINAL TERMS TECHNICAL ANNEX

The present Technical Annex includes the necessary parameters to the use of the pay-off formulas (each, a Pay-Off Formula) used in Part A (Contractual Terms) of the Final Terms in order to determine an interest amount, an early settlement amount or a final settlement amount payable on a Security.

### 1. Final Settlement Amount

Unless an Automatic Early Settlement Condition has occurred, the Holder shall receive on the Maturity Date, in respect of each Certificate, a Final Settlement Amount which is a Conditional Settlement Amount, depending on one (1) Applicable Condition (i.e. an European Barrier(1) Condition):

- (1) If the European Barrier(1) Condition is met (i.e. if on the Final Observation Date, for all Share(i), with (i) from 1 to 3,  $RV(i)_{Final\ Observation\ Date} \geq 40\% \times RV(i)_{Initial\ Observation\ Date}$ ), each Holder will receive the following Fixed Settlement Amount:

**EUR 1,000**

- (2) Otherwise, each Holder will receive a Delta One Settlement Amount determined as follows by the Calculation Agent :

$$EUR\ 1,000 \times \underset{i=1}{\overset{3}{Min}}(Yield(i)_{Final\ Observation\ Date})$$

Where:

$$Yield(i)_{Final\ Observation\ Date} = \frac{RV(i)_{Final\ Observation\ Date}}{RV(i)_{Initial\ Observation\ Date}}$$

### 2. Automatic Early Settlement Amount

If an Automatic Early Settlement Condition (i.e. an European Barrier(2) Condition) occurs on an Automatic Early Valuation Date(j) (i.e. if on an Observation Date(j), with (j) from 6 to 35, for all Share(i), with (i) from 1 to 3,  $RV(i)(j) \geq 100\% \times RV(i)_{Initial\ Observation\ Date}$ ), the Holder shall receive on the immediately following Automatic Early Settlement Date(j), a Conditional Settlement Amount which is the following Fixed Settlement Amount equal to:

**EUR 1,000**

### 3. Coupon

- (1) Furthermore, if the European Barrier(3) Condition is met on the Observation Date(j) (i.e. if on an Observation Date(j), with (j) from 1 to 36, for all Share(i) from 1 to 3,  $RV(i)_{Observation\ Date\ (j)} \geq 40\% \times RV(i)_{Initial\ Observation\ Date}$ ), each Holder will receive on the immediately following Interest Payment Date(j) the following Tempo Coupon equal to :

**EUR 1,000 × Rate(j)**

Where:

$$Rate\ (j) = [j] \times 0.50\% - RateSum\ (j-1)]$$

With:

$$RateSum\ (j-1) = \sum_{n=1}^{j-1} Rate\ (n)$$

$$RateSum(0)=0\%$$

(2) Otherwise,  $Rate(j)=0\%$ , the Holder will not receive any interest amount.

The concepts used to determine the Final Settlement Amount, the Automatic Early Settlement Amount and the coupon are detailed hereafter.

## 1. DEFINITIONS

### a. Observation Dates of the Applicable Values

Initial Observation Date: 18 January 2016

Final Observation Date: 18 January 2019

Observation Dates (j) means, when applicable, the dates set out in the table below:

(j)	Observation Date(j)	(j)	Observation Date(j)
1	18 February 2016	19	18 August 2017
2	18 March 2016	20	18 September 2017
3	18 April 2016	21	18 October 2017
4	18 May 2016	22	20 November 2017
5	20 June 2016	23	18 December 2017
6	18 July 2016	24	18 January 2018
7	18 August 2016	25	19 February 2018
8	19 September 2016	26	19 March 2018
9	18 October 2016	27	18 April 2018
10	18 November 2016	28	18 May 2018
11	19 December 2016	29	18 June 2018
12	18 January 2017	30	18 July 2018
13	20 February 2017	31	20 August 2018
14	20 March 2017	32	18 September 2018
15	18 April 2017	33	18 October 2018
16	18 May 2017	34	19 November 2018
17	19 June 2017	35	18 December 2018
18	18 July 2017	36	18 January 2019

**b. Dates relating to Coupons**

Interest Payment Dates(j) means the dates set out in the table below:

(j)	Interest Payment Date(j)	(j)	Interest Payment Date(j)
1	03 March 2016	19	01 September 2017
2	05 April 2016	20	02 October 2017
3	02 May 2016	21	01 November 2017
4	01 June 2016	22	04 December 2017
5	04 July 2016	23	04 January 2018
6	01 August 2016	24	01 February 2018
7	01 September 2016	25	05 March 2018
8	03 October 2016	26	04 April 2018
9	01 November 2016	27	03 May 2018
10	02 December 2016	28	01 June 2018
11	03 January 2017	29	02 July 2018
12	01 February 2017	30	01 August 2018
13	06 March 2017	31	03 September 2018
14	03 April 2017	32	02 October 2018
15	03 May 2017	33	01 November 2018
16	01 June 2017	34	03 December 2018
17	03 July 2017	35	04 January 2019
18	01 August 2017	36	1 February 2019

**c. Parameters for Calculation of determined variables**

- i. European Barrier(1): 40 % of the Initial Price of the Share(i)
- ii. European Barrier(2): 100% of the Initial Price of the Share(i)
- iii. European Barrier(3): 40 % of the Initial Price of the Share(i)

**2. DETERMINED APPLICABLE VALUES****General Definitions for Determined Applicable Values**

**Performance**[Yield(i)FinalObservationDate]

Applicable Value<sub>F</sub>: the official price of the relevant Share(i) on the close on the Final Observation Date

[RV(i)<sub>Final Observation Date</sub>]

Applicable Value<sub>P</sub>: the Initial Price(i) of the relevant Share(i) on the Initial Observation Date as detailed in the table under Part A §20(a) [RV(i)<sub>Initial Observation Date</sub>]

### 3. APPLICABLE CONDITIONS

a. **European Barrier(1) Condition used to determine the Final Settlement Amount (Part A §30(a) of the Final Terms): Applicable Value (1)  $\geq$  Applicable Value (2)**

Applicable Value (1): the official price of all Share(i), for (i) from 1 to 3, on the close on the Final Observation Date  $[RV_{(i) \text{ Final Observation Date}}]$

Applicable Value (2): European Barrier(1)

b. **European Barrier(2) Condition used to determine the Automatic Early Settlement Amount (Part A §52(c) of the Final Terms): Applicable Value (1)  $\geq$  Applicable Value (2)**

Applicable Value(1): the official price of all Share(i), for (i) from 1 to 3, on the close on the relevant Automatic Early Valuation Date(j) (i.e. the relevant Observation Date(j), with (j) from 6 to 35)  $[(RV(i)j)]$

Applicable Value(2): European Barrier(2)

c. **European Barrier(3) Condition used to determine used to determine the Conditional Coupon (Part A §28 of the Final Terms): Applicable Value (1)  $\geq$  Applicable Value (2)**

Applicable Value (1): the official price of all Share(i), for (i) from 1 to 3, on the close on the relevant Observation Date(j), with (j) from 1 to 36  $[RV_{(i) \text{ Observation Date}(j)}]$

Applicable Value (2): European Barrier(3)

### 4. COUPONS (PART A, §28 OF THE FINAL TERMS)

#### Indexed Coupon

#### Indexed Coupon – Tempo Coupon

#### Applicable Condition: European Barrier(3) Condition

If the Applicable Condition is met, the Tempo Coupon shall be equal to: EUR 1,000 x  $Coupon_t$

Where:  $Coupon_t = \text{Sum of Theoretical Coupons}_t - \text{Sum of Coupons paid}_{t-1}$

If the Applicable Condition is not met, the Tempo Coupon shall be equal to: EUR 1,000 x  $Coupon_t$

Where:  $Coupon_t = 0.00$  (zero). No Tempo Coupon will be paid by the Issuer to the Holders of the Certificates.

*With:*

“Sum of Theoretical Coupons,” is defined in the Technical Annex to the Base Prospectus  $[(j) \times 0.50 \%$ ]

“Sum of Coupons paid<sub>t-1</sub>” is defined in the Technical Annex to the Base Prospectus  $[\text{RateSum}(j-1) =$

$$\sum_{n=1}^{j-1} \text{Rate}(n) ]$$

For the avoidance of doubt, it is hereby specified that:

(i) The Tempo Coupon shall not be adjusted in the case of postponement of an Interest Payment Date(j) due to the Business Day Convention;

(ii) In the event the Certificates are early settled further to the occurrence of the Automatic Early Settlement Condition on the relevant Automatic Early Settlement Date(j), the Tempo Coupon(j) due on the Automatic Early Settlement Date(j) will be paid on such Automatic Early Settlement Date(j), no other Tempo Coupon(j) will be paid by the Issuer after that Automatic Early Settlement Date(j).

### 5. SETTLEMENT

a. **Final Settlement Amount (Part A, § 30(a) and 30(b) of the Final Terms)**

**Conditional Settlement Amount**

Applicable Condition: European Barrier(1) Condition

If the European Barrier(1) Condition is met, the Conditional Settlement Amount shall be a Fixed Settlement Amount equal to: EUR 1,000

Else, if the Applicable Condition is not met, the Conditional Settlement Amount shall be the Delta One Settlement Amount (as described below)

**Delta One Settlement Amount**

Applicable Values: the Product of two Applicable Values

- Applicable Value(1): EUR 1,000
- Applicable Value(2): the Worst of Performance of the Share(i) on the Final Observation Date  
$$\left[ \underset{i=1}{\overset{3}{\text{Min}}}(\text{Yield}(i)\text{FinalObservationDate}) \right]$$

**b. Early settlement and optional settlement provisions (Part A, § 52(c), 53(c) and 54(c) of the Final Terms)****Automatic Early Settlement Amount****Conditional Settlement Amount**

Applicable Condition: European Barrier(2) Condition

If the Applicable Condition is met, the Certificates will be redeemed on the Automatic Early Settlement Date(j), with (j) from 6 to 35, (as described in Part A, §52(d)) and the Conditional Settlement Amount due shall be the following Fixed Settlement Amount:

***EUR 1,000***

## SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as Element, the communication of which is required by Annex XXII of the Commission Regulation (EC) No 809/2004 as modified. These Elements are numbered in sections A - E (A.1 – E.7).

This summary contains all of the Elements to be included in a summary for this type of Securities, Issuer and Guarantor. The numbering of the Elements may be out of sequence due to the fact that certain Elements do not need to be included.

Although an Element may be required to be included in the summary for the particular type of security or issuer, it may be that no pertinent information is available on such Element. In such case, a brief description of the Element is included in the summary followed by the words "Not applicable".

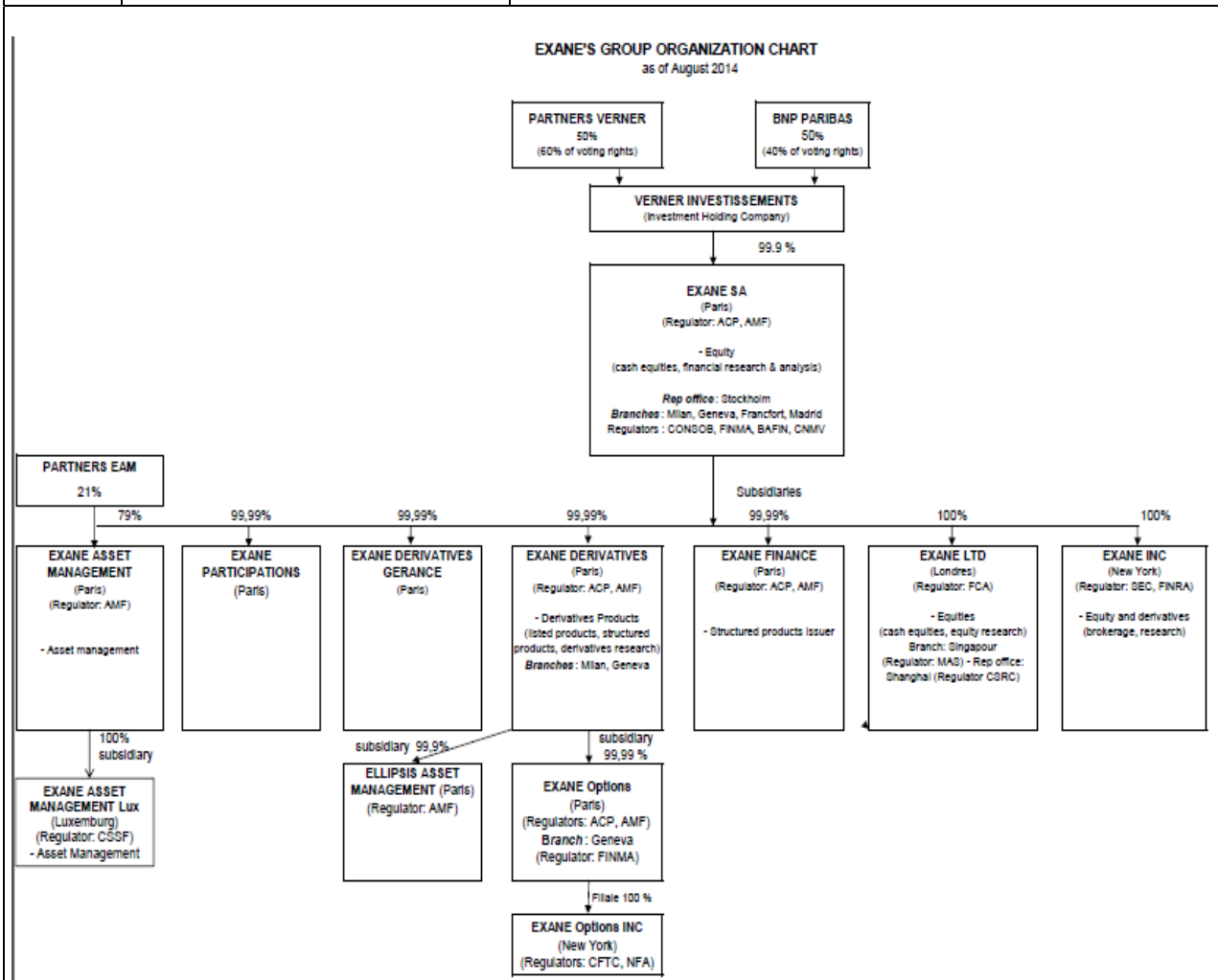
### Section A – Introduction and warnings

Element	
<b>A.1</b>  <b>Warning</b>	<p>This summary should be read as an introduction to the Base Prospectus as supplemented by any supplement relating thereto, if any (the <b>Base Prospectus</b>). Any decision to invest in securities should be based on a consideration of the Base Prospectus as a whole by the investors.</p> <p>Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff investor might, under the national legislation of the relevant Member State, have to bear the costs of translating the Base Prospectus before legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
<b>A.2</b>  <b>Consent to use of the Base Prospectus</b>	<p>Not applicable.</p>

### Section B – Issuer

Element	Title	
<b>B.1</b>	<b>Legal and commercial name of the Issuer</b>	Exane Finance SA (the <b>Issuer</b> ).
<b>B.2</b>	<b>Domicile, legal form of the Issuer/Legislation and country of incorporation of the Issuer</b>	<p>Domicile: 16, avenue Matignon - 75008 Paris</p> <p>Legal form: public limited company (<i>société anonyme</i>)</p>

Element	Title	
		<p>Legislation: French law</p> <p>Country of incorporation: France</p>
B.4b	A description of all known trend information affecting the Issuer and the markets in which it operates	Not applicable. There are no trends affecting the Issuer and the business sectors in which it operates.
B.5	Description of the Issuer's Group and its position within the Group	<p>The Issuer has no subsidiaries.</p> <p>Exane Finance is a subsidiary 99.9% owned by Exane SA and is a fully consolidated company.</p> <p>Exane Finance forms part of the Group: a simplified Group structure chart appears below.</p> <p><b>Group</b> means Exane SA and any direct or indirect subsidiary (as defined in article L.233-1 of the French commercial code) of Exane SA.</p>





Element	Title																															
B.9	Profit forecast or estimate	Not applicable. There are no profit forecasts or estimates.																														
B.10	Qualifications in the auditor's report	Not applicable. There are no qualifications in the statutory auditors' reports on the financial years ending 31 December 2013 and 31 December 2014.																														
B.12	Key historical financial information	<p><b>Exane Finance</b></p> <table border="1"> <thead> <tr> <th>In K€</th> <th>31 Dec. 2013</th> <th>30 June 2014 (unaudited)</th> <th>31 Dec. 2014</th> <th>30 June 2015 (unaudited)</th> </tr> </thead> <tbody> <tr> <td>Net banking income</td> <td>1 752</td> <td>1 275</td> <td>2 388</td> <td>1 306</td> </tr> <tr> <td>Operating profit</td> <td>1 680</td> <td>1 235</td> <td>2 300</td> <td>1 259</td> </tr> <tr> <td>Net profit</td> <td>1 120</td> <td>824</td> <td>1 534</td> <td>839</td> </tr> <tr> <td>Total Assets</td> <td>9 757 813</td> <td>12 135 689</td> <td>14 16 7 342</td> <td>16 169 350</td> </tr> <tr> <td>Total Shareholder's Equity</td> <td>3 762</td> <td>3 467</td> <td>7 169</td> <td>6 569</td> </tr> </tbody> </table> <p>There has been no material adverse change in the Issuer's prospects since 31 December 2014.</p> <p>Not applicable. There has been no significant change in the financial or trading position of the Issuer since 30 June 2015.</p>	In K€	31 Dec. 2013	30 June 2014 (unaudited)	31 Dec. 2014	30 June 2015 (unaudited)	Net banking income	1 752	1 275	2 388	1 306	Operating profit	1 680	1 235	2 300	1 259	Net profit	1 120	824	1 534	839	Total Assets	9 757 813	12 135 689	14 16 7 342	16 169 350	Total Shareholder's Equity	3 762	3 467	7 169	6 569
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Total Shareholder's Equity	3 762	3 467	7 169	6 569																												
B.13	Recent events particular to the Issuer which are to a material extent relevant to evaluating the Issuer's solvency.	Not applicable. There are no recent events affecting the Issuer that are materially relevant to evaluating its solvency.																														
B.14	Extent of dependency of the Issuer with regard to other entities in the Group.	Please also refer to Element B.5 above. The Issuer is 99.99% owned by Exane SA.																														
B.15	Issuer's principal activities	<p>Pursuant to article 2 of its by-laws, the Issuer's main activity, within the limits set forth by legal and regulatory provisions applicable to financial companies and "subject to the provisions of the last subparagraph of this article:</p> <ul style="list-style-type: none"> <li>– to provide, both in France and outside France, investment services, services related to investment services as defined by applicable regulations, and banking operations, including intermediation in banking transactions, the receipt of funds from the public, credit operations and the issue of securities, and activities related to banking operations, and all financial activities not prohibited by the applicable regulations;</li> <li>– to participate, both in France and outside France, in all commercial, financial, industrial, personal property and real</li> </ul>																														

Element	Title	
		<p>estate operations related in any manner to its corporate purpose, including the creation of new companies, contribution, subscription, purchase of securities or corporate rights, merger, partnership or any other mechanism ;</p> <p>The Company shall perform these activities which are subject, under the regulations in force, to authorisation in accordance with the stipulations of the authorisation granted to the Company or any approval that may be granted to the Company."</p> <p>The Issuer is therefore authorised to carry on credit and guarantee services complementary to these services as an investment services provider, in relation to dealing on own account, portfolio management, underwriting and (guaranteed and non-guaranteed) placement.</p> <p>The Issuer's main activity is issuing debt securities (including certificates and bonds) and warrants. Such issues are generally underwritten by Exane Derivatives SNC which is responsible for placement with investors and managing positions.</p> <p>It should be noted that investment services relating to underwriting and placement are authorised only in connection with the issuance of warrants and debt securities (bonds and certificates).</p> <p>The Issuer has also issued a declaration concerning freedom of services throughout the territories of the following countries: Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Spain, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, the Netherlands, Poland, Portugal, the Czech Republic, Romania, the United Kingdom, Slovakia, Slovenia and Sweden.</p>
<b>B.16</b>	<b>Entity(ies) or person(s) directly or indirectly holding or controlling the Issuer.</b>	<p>As at 31 December 2014, the Issuer's shares are distributed as follows:</p> <p>319.988 shares held by Exane SA</p> <p>1 share held by Nicolas Chanut</p> <p>1 share held by Exane Derivatives SNC</p> <p>1 share held by Bertrand Léonard</p> <p>1 share held by Exane Limited</p> <p>1 share held by Benoît Catherine</p> <p>1 share held by Exane Derivatives Gérance SA</p> <p>Exane Finance SA has no subsidiaries.</p> <p>Exane Finance SA is a subsidiary 99.9% owned directly by Exane</p>

Element	Title	
		SA and is a fully consolidated company.
B.17	Rating assigned to the Issuer or its debt securities	Not applicable. Exane Finance SA has not been rated.  Not applicable. The Securities have not been rated.
B.18	Nature and scope of the guarantee	<p>Each Security shall be guaranteed by Exane Derivatives SNC (the <b>Guarantor</b>). The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of any and all amounts due by the Issuer in respect of the Securities as and when the same shall become due and payable (the <b>Exane Guarantee</b>). The Exane Guarantee given by the Guarantor on the Securities shall constitute a direct, unsubordinated obligation of the Guarantor and shall rank equally (<i>pari passu</i>) with its other direct, unconditional and unsubordinated obligations, both present and future (with the exception of preferred obligations under the law).</p> <p>Certain issues may benefit from an additional guarantee in the form of a pledging of securities account in accordance with article L. 211-20 and articles D. 211-10 <i>et seq.</i> of the French monetary and financial code (the <b>Pledge</b>). This Pledge shall be granted by Exane Derivatives SNC (the <b>Pledgor</b>) for the benefit of the Holders. The relevant Final Terms shall specify whether the relevant Securities have the benefit of a Pledge. The statement of pledge shall indicate, in particular, the debt secured by the Pledge (the <b>Secured Debt</b>) as well as the nature and number of financial instruments recorded in the pledged account (the <b>Eligible Financial Instruments</b>) as of the date of delivery of such statement.</p>
B.19	Information concerning the Guarantor	
B.19/B.1	<i>The legal name and commercial name of the Guarantor</i>	The Guarantor's legal name is Exane Derivatives SNC.
B.19/B.2	<i>The registered office and legal form of the Guarantor/governing law and country of incorporation of the Guarantor</i>	<p>Domicile: 16, avenue Matignon - 75008 Paris</p> <p>Legal form: <i>société en nom collectif</i></p> <p>Legislation: French law</p> <p>Country of incorporation: France</p>
B.19/B.4 b	<i>A description of all known trend information affecting the Guarantor and the markets in which it operates</i>	Not applicable. There are no trends affecting the Guarantor and the business sectors in which it operates.

Element	Title																															
B.19/B.5	<i>Description of the Guarantor's Group and its position within the Group</i>	<p>Exane Derivatives SNC has two subsidiaries, each 99.9% owned : Ellipsis Asset Management and Exane Options.</p> <p>Exane Derivatives SNC is a 99.9% owned subsidiary of Exane SA and is a fully consolidated company.</p> <p>Exane Derivatives SNC forms part of the Group: a simplified Group structure chart appears in Element B.5 above.</p> <p><b>Group</b> means Exane SA and any direct or indirect subsidiary (as defined in article L.233-1 of the Commercial Code) of Exane SA.</p>																														
B.19/B.9	<i>Profit forecast or estimate</i>	Not applicable. There are no profit forecasts or estimates.																														
B.19/B.10	<i>Qualifications in the auditor's report</i>	Not applicable. There are no qualifications in the Statutory Auditors' reports on the financial years ending 31 December 2013 and 31 December 2014.																														
B.19/B.12	<i>Key historical financial information</i>	<p><b>Exane Derivatives SNC</b></p> <table border="1"> <thead> <tr> <th>In K€</th> <th>31 Dec. 2013</th> <th>30 June 2014 (unaudited)</th> <th>31 Dec. 2014</th> <th>30 June 2015 (unaudited)</th> </tr> </thead> <tbody> <tr> <td><b>Net banking income</b></td> <td>125 645</td> <td>81 415</td> <td>145 231</td> <td>101 535</td> </tr> <tr> <td><b>Operating profit</b></td> <td>36 119</td> <td>29 786</td> <td>43 441</td> <td>44 220</td> </tr> <tr> <td><b>Net profit</b></td> <td>26 616</td> <td>22 957</td> <td>33 536</td> <td>33 093</td> </tr> <tr> <td><b>Total Assets</b></td> <td>13 770 175</td> <td>16 643 898</td> <td>18 676 613</td> <td>21 083 234</td> </tr> <tr> <td><b>Total Shareholder's Equity</b></td> <td>45 667</td> <td>68 624</td> <td>79 203</td> <td>79 525</td> </tr> </tbody> </table> <p>There has been no material adverse change in the Guarantor's prospects since 31 December 2014.</p> <p>Not applicable. There has been no significant change in the financial or trading position of the Guarantor since 30 June 2015.</p>	In K€	31 Dec. 2013	30 June 2014 (unaudited)	31 Dec. 2014	30 June 2015 (unaudited)	<b>Net banking income</b>	125 645	81 415	145 231	101 535	<b>Operating profit</b>	36 119	29 786	43 441	44 220	<b>Net profit</b>	26 616	22 957	33 536	33 093	<b>Total Assets</b>	13 770 175	16 643 898	18 676 613	21 083 234	<b>Total Shareholder's Equity</b>	45 667	68 624	79 203	79 525
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B.19/B.13	<i>Recent events particular to the Guarantor which are to a material extent relevant to evaluating the Guarantor's solvency.</i>	Not applicable. There are no recent events affecting the Guarantor that are materially relevant to evaluating its solvency.																														
B.19/B.14	<i>Extent of dependency of the Guarantor with regard to other entities in the Group.</i>	<p>Please also refer to Element B.19/B.5 above.</p> <p>The Guarantor is 99.99% owned by Exane SA.</p>																														
B.19/B.15	<i>Principal activities of the Guarantor</i>	Pursuant to article 2 of its by-laws, the Guarantor's corporate objects are, "within the limits set forth by legal and regulatory provisions applicable to financial companies and subject to the provisions of the last sub-paragraph of this article:																														

Element	Title	
		<ul style="list-style-type: none"> <li>– <i>to provide, both in France and outside France, investment services, services related to investment services as defined by applicable regulations, and for the purpose of its derivative products business, certain banking operations ancillary to the provision of investment services, such as in particular:</i></li> <li>– <i>granting of associated loans and guarantees,</i></li> <li>– <i>receipt of term deposits;</i></li> <li>– <i>to participate, both in France and outside France, in all commercial, financial, personal property and real estate operations related in any manner to its corporate purpose, including the creation of new companies, contribution, subscription, purchase of securities or corporate rights, merger, partnership or any other mechanism.</i></li> <li>– <i>The Company shall perform these activities which are subject, under the regulations in force, to authorisation in accordance with the stipulations of the authorisation granted to the Company or any approval that may be granted to the Company."</i></li> </ul> <p>The Guarantor is authorised to provide certain investment services as defined in article L.321-1 of the French monetary and financial code as explained above, as well as, for the purpose of its derivative products business, certain banking services complementary to the provision of investment services, such as granting associated loans and guarantees and receiving term deposits.</p> <p>The Guarantor distributes debt instruments (bonds and certificates) and warrants both in France and abroad.</p> <p>Under the current scheme of issues of warrants and debt instruments (bonds and certificates), a first demand guarantee for these issues is provided for the investors by the Guarantor in favour of Exane Finance SA (the Issuer).</p> <p>The Guarantor carries out brokering activities on listed derivatives products on behalf of institutional customers and carries out proprietary transactions of securities and derivatives.</p> <p>The Guarantor has also issued a declaration concerning the freedom of services throughout the territories in the following countries: Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Spain, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, the Netherlands, Poland, Portugal, the Republic of Czechoslovakia, Romania, the United Kingdom, Slovakia, Slovenia and Sweden.</p> <p>The Guarantor is not subject to any specific confidentiality requirements, other than those commonly accepted in the exercise of its business as an investment services provider.</p>

Element	Title	
<b>B.19/B.1 6</b>	<b>Entity(ies) or person(s) directly or indirectly holding or controlling the Guarantor</b>	<p>As at 31 December 2014, the Guarantor's shares are distributed as follows:</p> <p>1,724,831 shares held by Exane SA</p> <p>1 share held by Exane Finance SA</p> <p>Exane Derivatives SNC has two subsidiaries, each 99.9% owned: Ellipsis Asset Management SAS and Exane Options SA.</p> <p>Exane Derivatives SNC is a 99.9% directly owned subsidiary of Exane SA and is a fully consolidated company.</p>
<b>B.19/B.1 7</b>	<b>Rating assigned to the Guarantor or its debt securities</b>	<p>Guarantor's long term credit rating is for Moody's: Baa2 with a stable outlook. Guarantor's long term credit rating is for Standard &amp; Poor's: BBB+ (BBB which means, as per the definition appearing on the website of Standard &amp; Poor's, "adequate capacity to meet financial commitments, but more subject to adverse economic conditions – Note: ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories") with a stable outlook and Guarantor's short term credit rating is for Standard &amp; Poor's: A-2 with a stable outlook.</p>

## Section C – Securities

Element	Title	
C.1	<b>Nature, class and identification of the Securities</b>	<p>The Securities do not constitute "<i>obligations</i>" within the meaning of article L.228-38 of the French commercial code.</p> <p>Although issued in series, each Security shall constitute a separate and distinct debt instrument. However, the Securities may be consolidated and form a single series with earlier Tranches.</p> <p>Series n°: 10435 Tranche n°: 1</p> <p>Type of Securities:           The Securities are Certificates</p> <p>ISIN Code:                   FR0013090586 Common Code:               134482451 Central Depository:       Monte Titoli S.p.A. Express II, Euroclear France, Clearstream</p>
C.2	<b>Currencies</b>	The currency of the Securities is Euro (“ <b>EUR</b> ”) and the settlement currency is EUR
C.5	<b>Description of any restriction on the free transferability of the Securities</b>	Not applicable. There are no restrictions on the free transferability of the Securities subject to any selling and transfer restrictions which may apply in certain jurisdictions.
C.8	<b>Description of the rights attached to the Securities including ranking and limitation to those rights and procedure for the exercise of those rights</b>	<p><b><i>Rights attached to the Securities</i></b></p> <p>The Securities will give right to each holder of Securities (a <b>Holder</b>) to receive a Final Settlement Amount or an Automatic Early Settlement Amount as specified in Element C.18 hereafter and, if applicable, to interest amounts described in this Element C.18.</p> <p><b><i>Status and ranking of the Securities and the Exane Guarantee</i></b></p> <p>The Securities constitute direct, unconditional and unsubordinated obligations of the Issuer that shall rank equally (<i>pari passu</i>) with each other and with all other direct, unconditional and unsubordinated obligations of the Issuer, both present and future, (subject to contrary mandatory provisions in force at the relevant time).</p> <p>The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of any and all amounts due by the Issuer in respect of the Securities as and when</p>

Element	Title	
		<p>the same shall become due and payable. The Exane Guarantee given by the Guarantor in respect of the Securities shall constitute a direct, unsubordinated obligation of the Guarantor and shall rank equally (<i>pari passu</i>) with its other direct, unconditional and unsubordinated obligations, both present and future (with the exception of preferred obligations under the law).</p> <p>Pledge : Not applicable</p>
		<p><b><i>Early Termination Event</i></b></p> <p>(i) Any Holder may trigger the settlement (in the case of Certificates) or the settlement (in the case of CLN or Hybrid Securities) of each of the Securities that it holds if any of the following events or circumstances occurs:</p> <p>(ii) failure by the Issuer to pay (x) the principal or (y) the interest within fifteen (15) days of the date on which such payment became due and payable; or</p> <p>(iii) failure by the Issuer to perform any of its obligations in respect of the Securities, failure by the Guarantor to perform any of its obligations in respect of the Exane Guarantee, failure by the Pledgor to perform any of its obligations with respect to the Pledge (under certain conditions), if such failure is not remedied within 45 days from the date the Financial Agent receives notice of such failure given by the Holder of the relevant Securities; or</p> <p>(iv) a liquidator, a provisional liquidator, an official receiver or an ad hoc agent, acting pursuant to the company law governing the Issuer or a significant portion of its assets, liabilities or holdings is appointed, or any person benefiting from a security interest takes possession of all or part of the assets or holdings of the Issuer, or the Issuer takes measures to obtain protection or obtains protection from its creditors pursuant to the governing legislation, or the Issuer generally ceases to make its payments, or ceases or threatens to cease operating its business, but excluding a merger or reorganisation operation under which all of the Issuer's assets are transferred and in which all liabilities and debt (including the Securities) of the Issuer are assumed by another entity which may continue the activity of the Issuer ; or</p> <p>(v) the Guarantor requests the appointment of a mediator, reaches an amicable settlement with its creditors, has ceased to make payments, or a court ruling has ordered the liquidation of the Guarantor or approved a plan for full assignment of the Guarantor's business pursuant to court-ordered receivership proceeding, or the Guarantor is the subject of similar proceedings or, in the absence of legal proceedings, the Guarantor reaches a composition with its creditors, or a resolution is approved by the Guarantor to liquidate or dissolve the Guarantor, but excluding a merger or reorganisation operation under which all the Guarantor's assets are transferred, and all or the majority of the Guarantor's liabilities and debt (including the Securities) are assumed by another entity that continues the Guarantor's business; or</p> <p>(vi) the Exane Guarantee (or the Pledge, under certain conditions) is declared null and void, or claimed as such by the Guarantor.</p> <p><b><i>Taxation – no gross-up</i></b></p>



Element	Title																						
		<p>All payments of principal, interest and other revenues in respect of the Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or charges of whatever nature, present or future, imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any authority therein or thereof having the power to tax, unless such withholding or deduction is required by law. If any applicable law should require that payments of principal or interest or other income in respect of the Securities, be subject to any such withholding or deduction, neither the Issuer, nor the Guarantor nor the Pledgor will be required to pay additional amounts in respect of any such withholding or deduction.</p> <p><b>Governing law</b></p> <p>The Securities, the Exane Guarantee and the Pledge are governed by French law.</p> <p><b>Limitation of the rights attached to the Securities</b></p> <p>The right to bring action against the Issuer in relation to the Securities or interest expires after a period of five years (for principal) or 5 years (for interest) from the specified due date.</p>																					
C.11	<b>Admission to trading</b>	<p>Application will be made by the Issuer (or on his behalf) to be admitted to trading and listed on the SeDex Market organised and managed by Borsa Italiana Spa.</p> <p>No assurance can be given that the admission to trading of the Securities will be authorised.</p>																					
C.15	<b>Description of the impact of the value of the underlying on the value of the investment</b>	<p>The settlement amounts, interest and deliverables on Securities linked to several Underlyings depend on the value of the Underlyings which is likely to affect the value of the investment in the Securities.</p> <p>The value of Securities linked to several Underlyings may be affected by the performance of a basket of three (3) shares (each, a “Share(i)”) as described in the table below :</p> <table border="1" data-bbox="488 1473 1463 1883"> <thead> <tr> <th colspan="7" data-bbox="488 1473 1463 1509">Share(i)</th> </tr> <tr> <th data-bbox="488 1509 544 1666">(i)</th> <th data-bbox="544 1509 703 1666">Company(i)</th> <th data-bbox="703 1509 836 1666">Exchange(i)</th> <th data-bbox="836 1509 1002 1666">Related Exchange(i)</th> <th data-bbox="1002 1509 1155 1666">Bloomberg Code(i)</th> <th data-bbox="1155 1509 1289 1666">ISIN Code(i)</th> <th data-bbox="1289 1509 1463 1666">The Initial Price(i) of the Share(i) [RV(i)<sub>Initial Observation Date</sub>]</th> </tr> </thead> <tbody> <tr> <td data-bbox="488 1666 544 1883">1</td> <td data-bbox="544 1666 703 1883">PEUGEOT S.A.</td> <td data-bbox="703 1666 836 1883">Euronext Paris</td> <td data-bbox="836 1666 1002 1883">EUREX</td> <td data-bbox="1002 1666 1155 1883">UG FP</td> <td data-bbox="1155 1666 1289 1883">FR0000121501</td> <td data-bbox="1289 1666 1463 1883">The official price of the Share(1) on the close on the Initial Observation Date</td> </tr> </tbody> </table>	Share(i)							(i)	Company(i)	Exchange(i)	Related Exchange(i)	Bloomberg Code(i)	ISIN Code(i)	The Initial Price(i) of the Share(i) [RV(i) <sub>Initial Observation Date</sub> ]	1	PEUGEOT S.A.	Euronext Paris	EUREX	UG FP	FR0000121501	The official price of the Share(1) on the close on the Initial Observation Date
Share(i)																							
(i)	Company(i)	Exchange(i)	Related Exchange(i)	Bloomberg Code(i)	ISIN Code(i)	The Initial Price(i) of the Share(i) [RV(i) <sub>Initial Observation Date</sub> ]																	
1	PEUGEOT S.A.	Euronext Paris	EUREX	UG FP	FR0000121501	The official price of the Share(1) on the close on the Initial Observation Date																	

Element	Title							
		2	CARREFOUR SA	Euronext Paris	EUREX	CA FP	FR0000120172	The official price of the Share(2) on the close on the Initial Observation Date
		3	INTESA SANPAOLO	Borsa Italiana	IDEM	ISP IM	IT0000072618	The official price of the Share(3) on the close on the Initial Observation Date
		Indeed these Underlyings have an impact on the Final Settlement Amount or the Automatic Early Settlement Amount which is calculated in accordance with the formula specified in Element C.18 below and on the amount of interests, if any, which is calculated in accordance with the formula specified in Element C.18 below.						
C.16	<b>Securities linked to one or more Underlying(s) –Maturity Date</b>	The Maturity Date of Securities linked to several Underlyings is 1 February 2019.						
C.17	<b>Securities linked to one or more Underlying(s) – Settlement-delivery</b>	Securities linked to several Underlyings shall be settled in cash.						
C.18	<b>Return on Securities linked to one or more Underlying(s)</b>	The return on Securities linked to several Underlyings shall be take place as follows :						
		Nominal Value: Not applicable						
		<b>INTEREST</b>						
		Coupon payment						Interest payments on Securities linked to one or more Underlying(s) shall be calculated in accordance with the following calculation formula : Indexed Coupon – Tempo

Element	Title										
			Coupon								
		<b>Indexed Coupon</b>									
	Indexed Coupon	<p><b>Tempo Coupon</b></p> <p>If the European Barrier(3) Condition is met on the Observation Date(j) (i.e. if on an Observation Date(j), with (j) from 1 to 36, for all Share(i) from 1 to 3, <math>RV(i)_{\text{ObservationDate}(i)} \geq 40\% \times RV(i)_{\text{InitialObservationDate}}</math>), each Holder will receive on the immediately following Interest Payment Date(j) the following Tempo Coupon equal to :</p> <p style="text-align: center;"><i>EUR 1,000 × Rate(j)</i></p> <p>Where:</p> <p>Rate (j) = [(j) x 0.50% - RateSum (j-1)]</p> <p>With:</p> $RateSum (j-1) = \sum_{n=1}^{j-1} Rate (n)$ <p><i>RateSum (0) = 0%</i></p> <p>Otherwise, Rate (j) = 0 %, the Holder will not receive any interest amount.</p> <p>For these purposes:</p> <p><b>Share(i)</b> means each share as set out in the table under Element C.15 above.</p> <p><b>RV(i)<sub>InitialObservationDate</sub></b> means the official price of the relevant Share(i) on the close on the Initial Observation Date as detailed in the table in Element C.15 above.</p> <p><b>RV(i)<sub>ObservationDate(j)</sub></b> means the official price of the relevant Share(i) on the close on the Observation Date(j)</p> <p><b>Initial Observation Date</b> means 18 January 2016.</p> <p><b>Observation Date(j)</b> means each date as specified in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #cccccc;">(j)</th> <th style="background-color: #cccccc;">Observation Date(j)</th> <th style="background-color: #cccccc;">(j)</th> <th style="background-color: #cccccc;">Observation Date(j)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">18 February 2016</td> <td style="text-align: center;">19</td> <td style="text-align: center;">18 August 2017</td> </tr> </tbody> </table>		(j)	Observation Date(j)	(j)	Observation Date(j)	1	18 February 2016	19	18 August 2017
(j)	Observation Date(j)	(j)	Observation Date(j)								
1	18 February 2016	19	18 August 2017								

Element	Title					
			2	18 March 2016	20	18 September 2017
			3	18 April 2016	21	18 October 2017
			4	18 May 2016	22	20 November 2017
			5	20 June 2016	23	18 December 2017
			6	18 July 2016	24	18 January 2018
			7	18 August 2016	25	19 February 2018
			8	19 September 2016	26	19 March 2018
			9	18 October 2016	27	18 April 2018
			10	18 November 2016	28	18 May 2018
			11	19 December 2016	29	18 June 2018
			12	18 January 2017	30	18 July 2018
			13	20 February 2017	31	20 August 2018
			14	20 March 2017	32	18 September 2018
			15	18 April 2017	33	18 October 2018
			16	18 May 2017	34	19 November 2018
			17	19 June 2017	35	18 December 2018
			18	18 July 2017	36	18 January 2019
			<p><b>Interest Payment Date(j)</b> shall mean each date as specified in the table below:</p>			
			(j)	Interest Payment Date(j)	(j)	Interest Payment Date(j)
			1	03 March 2016	19	01 September 2017
			2	05 April 2016	20	02 October 2017
			3	02 May 2016	21	01 November 2017
			4	01 June 2016	22	04 December 2017
			5	04 July 2016	23	04 January 2018

Element	Title					
			6	01 August 2016	24	01 February 2018
			7	01 September 2016	25	05 March 2018
			8	03 October 2016	26	04 April 2018
			9	01 November 2016	27	03 May 2018
			10	02 December 2016	28	01 June 2018
			11	03 January 2017	29	02 July 2018
			12	01 February 2017	30	01 August 2018
			13	06 March 2017	31	03 September 2018
			14	03 April 2017	32	02 October 2018
			15	03 May 2017	33	01 November 2018
			16	01 June 2017	34	03 December 2018
			17	03 July 2017	35	04 January 2019
			18	01 August 2017	36	1 February 2019
<b>SETTLEMENT AMOUNT</b>						
<b>Final Settlement Amount:</b>						
		Final Settlement Amount:	<p><b>Conditional Settlement Amount :</b></p> <p>Unless an Automatic Early Settlement has occurred, the Holder shall receive on the Maturity Date, in respect of each Certificate, a Final Settlement Amount which is a Conditional Settlement Amount:</p> <p>If the European Barrier(1) Condition is met (i.e. if on the Final Observation Date, for all Share(i), with (i) from 1 to 3, <math>RV(i)_{Final\ Observation\ Date} \geq 40\% \times RV(i)_{Initial\ Observation\ Date}</math>), the Holder will receive the following amount:</p> <p style="text-align: center;"><b>EUR 1,000</b></p> <p>Otherwise, if the European Barrier(1) Condition is not met, the Holder will receive an amount determined as follows by the Calculation Agent:</p> <p style="text-align: center;"><b>EUR 1,000</b> <math>\times \prod_{i=1}^3 Min(Yield(i)_{Final\ Observation\ Date})</math></p>			

Element	Title					
			<p><u>Where:</u></p> $\text{Yield}(i)\text{FinalObservationDate} = \frac{\text{RV}(i)\text{Final Observation Date}}{\text{RV}(i)\text{Initial Observation Date}}$ <p>For these purposes:</p> <p><b>Share(i)</b> means each share as set out in the table above under Element C.15.</p> <p><b>RV(i)Final Observation Date</b> means the official price of the Share(i), with (i) from 1 to 3, on the close on the Final Observation Date.</p> <p><b>RV(i)Initial Observation Date</b> means the official price of the Share(i) on the close on the Initial Observation Date as set out in the table in the Element C.15 above.</p> <p><b>Initial Observation Date</b> means 18 January 2016.</p> <p><b>Final Observation Date</b> means 18 January 2019.</p> <p><b>Maturity Date</b> means 1 February 2019.</p>			
		<b>Automatic Early Settlement</b>				
		Automatic Early Settlement Amount	<p><b>Conditional Settlement Amount</b></p> <p>If the European Barrier(2) Condition occurs on an Automatic Early Valuation Date(j) (i.e. if on an Observation Date(j), with (j) from 6 to 35, for all Share(i), with (i) from 1 to 3, <math>\text{RV}(i)(j) \geq 100\% \times \text{RV}(i)\text{Initial Observation Date}</math>), the Holder shall receive a Conditional Settlement Amount on the immediately following Automatic Early Settlement Date(j), with (j) from 6 to 35, which is equal to :</p> <p style="text-align: center;"><b>EUR 1,000</b></p> <p><b>Share(i)</b> means each share as set out in the table above under Element C.15.</p> <p><b>RV(i)(j)</b> means the official price of the Share(i), with (i) from 1 to 3, on the close on the relevant Observation Date(j).</p> <p><b>RV(i)Initial Observation Date</b> means the official price of the relevant Share(i) on the close on the Initial Observation Date as set out in the table in the Element C.15 above.</p> <p><b>Initial Observation Date</b> means 18 January 2016.</p> <p><b>Observation Date(j)</b> means each date as specified in the table above.</p>			
		Automatic Early Settlement Date	(j)	<b>Automatic Early Settlement Date(j)</b>	(j)	<b>Automatic Early Settlement Date(j)</b>

Element	Title					
			1	N/A	19	01 September 2017
			2	N/A	20	02 October 2017
			3	N/A	21	01 November 2017
			4	N/A	22	04 December 2017
			5	N/A	23	04 January 2018
			6	01 August 2016	24	01 February 2018
			7	01 September 2016	25	05 March 2018
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			13	06 March 2017	31	03 September 2018
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			15	03 May 2017	33	01 November 2018
			16	01 June 2017	34	03 December 2018
			17	03 July 2017	35	04 January 2019
			18	01 August 2017		
<b>C.19</b>	<b>Securities linked to one or more Underlying(s) – Exercise Price or Final Reference Price</b>	The exercise price or reference price of several Underlyings: the value of the relevant Underlyings at the final determination date as determined by the Calculation Agent (which is Exane Derivatives SNC), subject to any adjustments or any extraordinary events which may affect the Underlyings.				
<b>C.20</b>	<b>Securities linked to one or more Underlying(s) – Description</b>	The underlyings of Securities linked to several Underlyings are the basket of three (3) shares (each a “Share(i)”) of the Company(i), as described in the Element C.15 above and the information on such Underlyings may be found on Bloomberg and on the website of each Company(i).				

Element	Title	
	<b>of the underlying and where information on it may be obtained</b>	

### Section D – Risks

Element	Heading	
<b>D.2</b>	<b>Key information on the principal risks that are specific to the Issuer or its operations and activity</b>	<p>As far as the Issuer and the Guarantor are concerned, several risk factors may affect their ability to perform their obligations under the Securities:</p> <ul style="list-style-type: none"> <li>– Group’s Risk : the Exane group is exposed to risks inherent in its core businesses ;</li> <li>– Risk management: the risk management strategies and techniques put in place by the Issuer and the Guarantor may fail; notably with risks that not identified or anticipated that may cause unexpected losses ;</li> <li>– Credit risk; risk of loss due to default by the Issuer or the Guarantor ;</li> <li>– Solvency of the Issuer and of the Guarantor: investors are only relying on the solvency of the Issuer and of the Guarantor and on no other person. The Securities and the Exane Guarantee rank equally with all other unsubordinated and unsecured contractual obligations of the Issuer and the Guarantor, and after preferred obligations, including those preferred by operation of law ;</li> <li>– Monoline business: the Issuer’s and the Guarantor’s business activities are dependent on the behaviour of equities markets and are impacted by both domestic and international economic and political events;</li> <li>– Capital adequacy: the implementation of various regulations on capital adequacy may have an impact on the profitability of the activities of the Issuer and/or the Guarantor;</li> <li>– European Union Crisis Management Directive: the impacts of this directive are difficult to assess and its transposition into national law could adversely affect the rights of the Holders, the price or value of their investment in the Securities and/or the ability of the Issuer and/or the Guarantor to fulfill its obligations under the Securities;</li> <li>– Operational risk: risk of loss or sanctions arising from the inadequacies or failures in internal procedures, human error or external events;</li> <li>– Fair market value risk: the new rules relating to financial instruments recognition and measurement may lead to fluctuations in the shareholders equity and more generally in the financial statements of the Issuer or the Guarantor;</li> <li>– Impact of regulatory changes: changes in regulations could materially affect the business of the Issuer and of the Guarantor;</li> </ul>



Element	Heading	
		<ul style="list-style-type: none"> <li>– Reputational risk: mismanagement of potential conflicts of interest, legal and regulatory requirements, ethical issues, money-laundering laws, information security policy and sales and transaction practices may harm the reputation of the Issuer and/or of the Guarantor; and</li> <li>– Service of process on or enforcement of judgements against the Issuer and/or the Guarantor in the United States of America: it may not be possible to effect service of process on or enforce judgements against the Issuer and/or the Guarantor in the United States of America.</li> </ul>
D.6	<p><b>Basic information on material factors to enable risks associated with Securities linked to one or more Underlying(s) to be assessed</b></p>	<p>Several risk factors are material for the purpose of assessing the market risks associated with Securities issued under the Programme:</p> <p><b>General, market and other risks</b></p> <ul style="list-style-type: none"> <li>– Suitability of the investment: Securities may not be an appropriate investment for all investors;</li> <li>– Potential Costs of dealing and holding Securities: incidental cost linked to dealing and holding Securities may reduce or cancel out any potential benefit on the Securities;</li> <li>– Hedging considerations: the value of the Securities during their life may not exactly offset the loss realised on the hedged underlying;</li> <li>– Rights in respect of the Underlying(s): the Securities do not confer any rights against the Underlying(s);</li> <li>– Possible lack of liquidity for the Securities on the secondary market: Securities may not have a secondary market established when issued. There can be no assurance that an active market for the Securities will develop on the market where the Securities are listed or that liquidity will exist at any time on this market, if it develops. Consequently, investors may not be able to sell their Securities before their maturity date;</li> <li>– Volatility affecting the secondary market for Securities: the occurrence of events may have a negative impact of the price of Securities;</li> <li>– Legal constraints possibly restricting certain investments: each investor has to review himself or with its legal counsel the appropriate treatment of the Securities in a legal point of view;</li> <li>– Leverage : Securities with a leverage factor involve a high level of risk implying a greater losses compared to similar Securities, in the event of loss;</li> <li>– Taxation: potential purchasers and sellers of the Securities should be aware that they may be required to pay taxes or other charges or documentary duties in accordance with the laws and practices of the country where the Securities are transferred or in other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as Securities;</li> <li>– Change in law: no assurance can be given as to the impact of any possible</li> </ul>

Element	Heading	
		<p>judicial decision or change to such laws, or the official application or interpretation of such laws or administrative practices after the date of this Base Prospectus.</p> <ul style="list-style-type: none"> <li>– French Insolvency Law: under French insolvency law, some creditors are grouped into a committee. The decision of this committee may lead to an increase of Holders' liabilities, an unequal treatment between the creditors, or a conversion of the debt into securities.</li> <li>– Savings Directive: paying agents based in a Member State have to report to their tax authorities certain information with respect to interest payment (or similar income) made to beneficial owners domiciled in another Member State;</li> <li>– U.S Foreign Account Tax Compliance Act (FATCA): withholding at source imposed by FATCA rules in the United States may impact the Securities;</li> <li>– Hiring Incentives to Restore Employment Act (HIRE Act): US legislation on payments equivalent to dividends may impact on the Securities;</li> <li>– Financial Transaction Tax (FTT): A common FTT may be progressively implemented in some Member States of the European Union and could, if introduced, apply to Securities;</li> <li>– European Market Infrastructure Regulation and Markets in Financial Instruments Directive (EMIR) : the regulatory changes arising from EMIR and MiFID II may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Hedging Party's ability to engage in transactions in OTC derivatives;</li> <li>– The Bank Recovery and Resolution Directive (BRRD): once implemented, Holders may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in such Holders losing some or all of their investment.</li> <li>– Risks relating to Physical Settlement: the Issuer shall not be liable under any circumstances if it is not able to deliver, or procure delivery, to the relevant holder by reason of applicable laws, regulations and practices;</li> </ul> <p><b>Risks linked to Underlying</b></p> <ul style="list-style-type: none"> <li>– Risks relating to the Underlying(s): these risks encompass among others any risk linked to fluctuations in the price, level or rate, as the case may be, of the share, the index, the commodity, a unit of the fund, the futures contract, the listed option, the exchange rate, the debt instrument as well as the management policies by an index sponsor for the index. In addition, as the investor will not be the beneficial owner of the underlyings, it will not be entitled to any dividends or similar amounts or to exercise any rights granted to beneficial owners of the underlying(s), if the underlying(s) permits it;</li> <li>– Potential conflicts of interest: the Issuer, the Guarantor or their subsidiaries may enter into transactions linked to the underlying(s) for their own account or for third party pursuant to their activity;</li> </ul>

Element	Heading	
		<ul style="list-style-type: none"> <li data-bbox="603 277 1471 450">– Potential conflicts of interests in connection with proprietary indices: the Issuer, the Guarantor or any of their affiliates may be involved in proprietary indices and accordingly may face to a potential conflict of interests between its function under the Securities and the function under the proprietary indices;</li> <li data-bbox="603 465 1471 600">– Emerging market risk: additional risks may be associated to Underlying which are located in, or subject to regulation in emerging or developing countries, securities which are denominated or traded in such countries or currencies of such countries;</li> <li data-bbox="603 616 1471 788">– Calculation Agent: the Calculation Agent may have to make choices that may influence the amount receivable by the holders upon final settlement of the Securities and has wide discretionary powers to make such adjustments as it considers appropriate. Nevertheless, the Calculation Agent will act in the interest of the holders;</li> <li data-bbox="603 804 1471 938">– Foreign exchange risk: the value of the Securities may be affected by fluctuations in exchange rates between any currency in which a payment must be made under the Securities and any currency in which an underlying is traded;</li> <li data-bbox="603 954 1471 1066">– Issuer Settlement Option: exercise of its early settlement option by the Issuer may cause the return anticipated by holders to be considerably less than anticipated ;</li> <li data-bbox="603 1081 1471 1171">– Credit rating to Securities: credit rating agency may assign credit ratings to certain Securities, however those credit ratings do not constitute a guarantee of the quality of the Securities</li> <li data-bbox="603 1187 1471 1299">– Downgrading or withdrawal of the Guarantor’s credit rating: downgrading or withdrawal of the Guarantor’s credit rating may affect adversely the market value of the Securities.</li> <li data-bbox="603 1314 1471 1865">– Risk linked to the underlying share or basket of shares: The market price of the Securities may be volatile and may be affected by the residual term to maturity, the volatility of the relevant share or shares, the dividend rate (if any) and the financial results and prospects of the Issuer or issuers of the relevant share or shares. The market price of these Securities may also be affected by the actions or decisions taken by the issuer of the share, economic, financial and political events occurring in any one or more countries, including factors affecting stock exchanges or quotation systems on which the shares may be traded. An investment in Securities linked to share or shares may involve market risks similar to those of investing directly in the share or shares. As the investor will not be the beneficial owner of the shares, it will not be entitled to any dividends or similar amounts paid on the shares or to exercise any rights granted to beneficial owners. In addition the issuers of the shares are not involved in the offer of the Securities in any way and have no obligation to consider the interests of the Holders.</li> <li data-bbox="603 1881 1471 2016">– Risks relating to Certificates: Any investment in Certificates involves significant risks which are not normally associated with a similar investment in traditional fixed or floating rate securities. In the opinion of the Issuer, acquiring Certificates should be restricted to investors who are</li> </ul>

Element	Heading	
		well able to understand the particular risks of an investment in this type of instrument or who acquire them following the advice of a financial institution or other professional investors.

### Section E – Offer

Element	Title	
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds of the offer</b>	The net proceeds of the issue of Securities shall be used by the Issuer for its general financing purposes.
<b>E.3</b>	<b>Terms and conditions of the offer</b>	Not applicable, the Securities are not being offered to the public.
<b>E.4</b>	<b>Interests, including conflicting interests, that may materially impact the issue/offer</b>	Not applicable, as far as the Issuer is aware, no person involved in the issue has any material interest to the offer.
<b>E.7</b>	<b>Estimate of expenses placed on the subscriber by the Issuer or the offeror</b>	Not applicable, no costs are to be borne by the subscriber.

Form of Renouncement Notice  
(to be completed by the Holder of the Certificates)

**To the Principal Paying Agent**

EXANE DERIVATIVES  
16 Avenue Matignon  
75008 Paris  
Fax number 33 1 56 69 01 38

**Copy sent to the Issuer**

EXANE FINANCE  
16 Avenue Matignon  
75008 Paris

“Yield Crescendo Tempo” Certificates  
indexed to a Basket of Shares

pursuant to the Debt Securities Issuance Programme of  
**EXANE FINANCE**

unconditionally and irrevocably guaranteed by  
**EXANE DERIVATIVES**

Series no.: 10435  
Tranche no.: 1

ISIN code: FR0013090586  
(the "**Certificates**")

We/I, the undersigned

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hereby inform that acting as a Holder of the Certificates, we/I renouncing the automatic exercise of the certificates duly held for a number of Certificates equal to [●] on the Settlement Date in accordance with the Terms and Conditions of the Certificates, as amended and/or supplemented by the applicable Final Terms.

This notice is irrevocable and the undersigned understands that if this notice is not completed and delivered as provided in the Final Terms or is determined to be incomplete or not in proper form (in the determination of the Principal Paying Agent), it will be treated as null and void.

If this notice is subsequently corrected to the satisfaction of the Principal Paying Agent, it will be deemed to be a new notice submitted at the time such correction was delivered to the Principal paying Agent.

Place and date:

Signature of the Holder



**EXANE FINANCE**

Issue of 20,000 “Yield Crescendo Tempo” Certificates  
indexed to a Basket of three (3) Shares

pursuant to the Debt Securities Issue Programme of  
**EXANE FINANCE**

unconditionally and irrevocably guaranteed by  
**EXANE DERIVATIVES**

Series no.: 10434  
Tranche no.: 1

ISIN code: FR0013090594  
(the “**Certificates**”)

We refer to the applicable final terms dated 20 January 2016 (the “**Final Terms**”) pertaining to the Certificates.

This notice to the Final Terms (the “**Notice**”) dated 19 January 2016 must be read in conjunction with the Final Terms and the debt securities issue programme of Exane Finance (the “**Issuer**”), unconditionally and irrevocably guaranteed by Exane Derivatives dated 24 June 2015 (the “**Base Prospectus**”).

Unless otherwise required by the context, the terms and expressions used in the Notice shall have the same meaning when used or referred to in the Final Terms and in the securities conditions set forth in the Base Prospectus.

**1- Underlyings**

(i)	Company(i)	ISIN Code(i)	Bloomberg code(i)	Initial Price of the Share(i) [RV(i) <sub>Initial Observation Date</sub> ]	100% x Initial Price of the Share(i) [European Barrier(2)]	40% x Initial Price of the Share(i) [(European Barrier(1) and European Barrier(3))]
1	RENAULT SA	FR0000131906	RNO FP	74.17	74.17	29.668
2	STMICROELECTRONICS N.V.	NL0000226223	STM FP	5.343	5.343	2.137
3	UNICREDIT SPA	IT0004781412	UCG IM	4.162	4.162	1.665

**2- Expiry date**

For the purposes of listing on the SeDex Market organised and managed by Borsa Italiana S.p.A, the expiry dates (*data di scadenza*) of the Certificate is 18 January 2019.

### 3- Record date

As set out in the table below:

<b>(j)</b>	<b>Observation Date (j)</b>	<b>Record Date (j)</b>	<b>Interest Payment Date (j)</b>
1	18 February 2016	26 February 2016	03 March 2016
2	18 March 2016	29 March 2016	05 April 2016
3	18 April 2016	26 April 2016	02 May 2016
4	18 May 2016	26 May 2016	01 June 2016
5	20 June 2016	28 June 2016	04 July 2016
6	18 July 2016	26 July 2016	01 August 2016
7	18 August 2016	26 August 2016	01 September 2016
8	19 September 2016	27 September 2016	03 October 2016
9	18 October 2016	26 October 2016	01 November 2016
10	18 November 2016	28 November 2016	02 December 2016
11	19 December 2016	27 December 2016	03 January 2017
12	18 January 2017	26 January 2017	01 February 2017
13	20 February 2017	28 February 2017	06 March 2017
14	20 March 2017	28 March 2017	03 April 2017
15	18 April 2017	26 April 2017	03 May 2017
16	18 May 2017	26 May 2017	01 June 2017
17	19 June 2017	27 June 2017	03 July 2017
18	18 July 2017	26 July 2017	01 August 2017
19	18 August 2017	28 August 2017	01 September 2017
20	18 September 2017	26 September 2017	02 October 2017
21	18 October 2017	26 October 2017	01 November 2017
22	20 November 2017	28 November 2017	04 December 2017
23	18 December 2017	27 December 2017	04 January 2018
24	18 January 2018	26 January 2018	01 February 2018
25	19 February 2018	27 February 2018	05 March 2018
26	19 March 2018	27 March 2018	04 April 2018
27	18 April 2018	26 April 2018	03 May 2018
28	18 May 2018	28 May 2018	01 June 2018
29	18 June 2018	26 June 2018	02 July 2018
30	18 July 2018	26 July 2018	01 August 2018
31	20 August 2018	28 August 2018	03 September 2018
32	18 September 2018	26 September 2018	02 October 2018
33	18 October 2018	26 October 2018	01 November 2018
34	19 November 2018	27 November 2018	03 December 2018
35	18 December 2018	27 December 2018	04 January 2019
36	18 January 2019	28 January 2019	1 February 2019



**Final Terms dated 20 January 2016**

Issue of 20,000 “Yield Crescendo Tempo” Certificates  
indexed to a Basket of three (3) Shares

pursuant to the Debt Securities Issue Programme of  
**EXANE FINANCE**

unconditionally and irrevocably guaranteed by  
**EXANE DERIVATIVES**

Series n°: 10434

Tranche n°: 1

Issue Price: EUR 1,000 per Certificate

Scheduled Maturity Date: 1 February 2019

An application has been made for the Certificates to be admitted to trading and listed on the SeDex Market,  
organized and managed by Borsa Italiana S.p.A

**EXANE DERIVATIVES**  
as Dealer



## Part A – Contractual Terms

Unless otherwise required by the context, the terms and expressions used and not expressly defined in these Final Terms shall have the same meaning as in the Conditions of the Securities and the Technical Annex set forth in the Base Prospectus dated as of 24 June 2015, as supplemented by the First Supplement dated as of 25 August 2015, the Second Supplement dated as of 3 November 2015, the Third Supplement dated as of 11 January 2016 and the Fourth Supplement dated as of 18 January 2016 (together, the “Supplements”).

The Base Prospectus and the Supplements constitute together a base prospectus for the purposes of the Prospectus Directive and the relevant implementing measures in Luxembourg. The present document constitutes the Final Terms of the Certificates described herein for the purposes of article 5.4 of the Prospectus Directive and the relevant implementing measures in Luxembourg.

The Final Terms must be read in conjunction with the Base Prospectus, as supplemented. Full information on the Issuer, the Guarantor and the offer of the Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus, as supplemented.

The Base Prospectus and its Supplements are available on the website of Exane ([www.exane.com/exaneissues](http://www.exane.com/exaneissues)). A summary of the issue of the Securities is attached as a schedule to these Final Terms. The Base Prospectus, the Supplements and these Final Terms are available for inspection and copies may be obtained from the registered office of the Issuer and the registered office of the Principal Paying Agent.

### GENERAL PROVISIONS

<b>1.</b>	<b>Calculation Agent :</b>	Exane Derivatives
<b>2.</b>	<b>Settlement Confirmation Agent :</b>	Not applicable
<b>3.</b>	<b>Currency :</b>	Euro (“EUR”)
<b>4.</b>	<b>Settlement Currency(ies) :</b>	EUR
	(a) Conversion Rate:	Not applicable
<b>5.</b>	<b>Issue Size :</b>	
	(a) Series :	20,000 Certificates
	(b) Tranche :	20,000 Certificates
<b>6.</b>	<b>Nominal Value :</b>	Not applicable
<b>7.</b>	<b>Issue Price :</b>	EUR 1,000 per Certificate
<b>8.</b>	<b>Trade Date :</b>	7 January 2016
<b>9.</b>	<b>Issue Date :</b>	20 January 2016
<b>10.</b>	<b>Interest Commencement Date :</b>	Issue Date of the Securities
<b>11.</b>	<b>Scheduled Maturity Date :</b>	1 February 2019
<b>12.</b>	<b>Maturity Date:</b>	The Scheduled Maturity Date, unless the Certificates are early redeemed further to the occurrence of an Automatic Early Settlement Condition as described below in Part

A§(52)

13. **Minimum Trading Number :** One (1) Certificate minimum and multiples of one (1) Certificate thereafter
14. **Interest Basis :** Interest linked to Shares
15. **Settlement Basis :** Settlement linked to Shares
16. **Change of Interest Basis :** Not applicable
17. **Business Day Convention :** Following Business Day
18. **Multi Underlyings :** Applicable
19. **Basket of Multi Underlyings** Not applicable

20. **Type(s) of Underlying**

**Underlying(s): Share(s)** Applicable

- (a) **Share(s) :** The Certificates are linked to the performance of a Basket composed of three (3) shares of each Company(i) (each a “**Share(i)**”) as set out in the table below:

<b>Share(i)</b>						
<b>(i)</b>	<b>Company(i)</b>	<b>Exchange(i)</b>	<b>Related Exchange(i)</b>	<b>Bloomberg Code(i)</b>	<b>ISIN Code(i)</b>	<b>The Initial Price(i) of the Share(i) [RV(i)<sub>Initial Observation Date</sub>]</b>
1	RENAULT SA	Euronext Paris	EUREX	RNO FP	FR0000131906	The official price of the Share(1) on the close on the Initial Observation Date
2	STMICROELECTRONICS N.V.	Euronext Paris	EUREX	STM FP	NL0000226223	The official price of the Share(2) on the close on the Initial Observation Date
3	UNICREDIT SPA	Borsa Italiana	IDEM	UCG IM	IT0004781412	The official price of the Share(3) on the close on the Initial Observation Date

- (b) **Weighting /  $W_i$  :** Not applicable
- (c) **Initial Observation Date:** 18 January 2016
- (d) **Company:** As set out in the table §20 (a)

(e)	Quantity :	1
(f)	Exchange(s) :	As set out in the table §20 (a)
(g)	Related Exchange(s) :	As set out in the table §20 (a)
(h)	Valuation Time :	In accordance with Condition 5.7
(i)	Exchange Business Day :	Exchange Business Day (All Shares Basis)
(j)	Scheduled Trading Day :	Scheduled Trading Day (All Shares Basis)
(k)	Initial Price :	As set out in the table §20 (a)
(l)	Reuters Code(s):	Not applicable
(m)	Bloomberg Code(s):	As set out in the table §20 (a)
(n)	ISIN Code(s):	As set out in the table §20 (a)
(o)	ETF Administrator:	Not applicable
(p)	ETF Advisor:	Not applicable
(q)	ETF :	Not applicable
(r)	ETF Underlying Index:	Not applicable
(s)	Underlying Share:	Not applicable
(t)	DR Specified Currency:	Not applicable
(u)	DR Sponsor:	Not applicable
	<b>Underlying(s): Index(es)</b>	Not applicable
	<b>Underlying(s): Futures Contract(s)</b>	Not applicable
	<b>Underlying(s) : Fund Units</b>	Not applicable
	<b>Underlying(s): Exchange Rate</b>	Not applicable
	<b>Underlying(s): Debt Instrument(s)</b>	Not applicable
	<b>Underlying(s): Listed Option(s)</b>	Not applicable
	<b>Underlying(s) : Commodity(ies)</b>	Not applicable
21.	<b>Securities linked to Credit Events (Types of CLN or Types of Credit Linked Portion)</b>	Not applicable
22.	<b>Credit Linked Portion:</b>	Not applicable
23.	<b>Underlying-Linked Portion:</b>	Not applicable

## INTEREST PROVISIONS

### 24. Ex-Date (Condition 1.1):

(j)	Ex-Date (j)	(j)	Ex-Date (j)
1	25 February 2016	19	25 August 2017
2	29 March 2016	20	25 September 2017
3	25 April 2016	21	25 October 2017
4	25 May 2016	22	27 November 2017
5	27 June 2016	23	28 December 2017
6	25 July 2016	24	25 January 2018
7	25 August 2016	25	26 February 2018
8	26 September 2016	26	28 March 2018
9	25 October 2016	27	26 April 2018
10	25 November 2016	28	25 May 2018
11	27 December 2016	29	25 June 2018
12	25 January 2017	30	25 July 2018
13	27 February 2017	31	27 August 2018
14	27 March 2017	32	25 September 2018
15	26 April 2017	33	25 October 2018
16	25 May 2017	34	26 November 2018
17	26 June 2017	35	28 December 2018
18	25 July 2017	36	N. A.

25. **Fixed Rate Interest provisions (Condition 4.1):** Not applicable
26. **Floating Rate Interest provisions (Condition 4.2):** Not applicable
27. **Zero Coupon provisions (Conditions 4.4 and 5.6):** Not applicable
28. **Provisions relating to Securities linked to one or more Underlying(s) :** Interest payments on Securities linked to one or more Underlying(s) shall be calculated in accordance with the following calculation formula : Indexed Coupon -

Tempo Coupon (§6 a. v. of the Technical Annex to the Base Prospectus and as described in §4 of the Technical Annex to the hereto Final Terms)

29. **Late payment/delivery interest (Condition 13) :** EONIA Rate

#### PROVISIONS RELATING TO SETTLEMENT

30. **Final Settlement Amount of the Certificates (Condition 5.2):** Applicable

For the avoidance of doubt the exercise of the Certificates is automatic on the Settlement Date without any prior notice being delivered by the relevant Holder.

In accordance to the rules of the Italian Stock Exchange, each Holder has the right to renounce the automatic exercise by sending a duly completed renouncement notice (substantially in the form attached hereto) duly sent to the Principal Paying Agent prior to 10:00 am (Milan Time) on the Settlement Date. The Principal Paying Agent will, in its sole and absolute discretion, determine whether the above conditions are satisfied and its determination will be final, conclusive and binding on the Issuer and on the Holders. Neither the Principal Paying Agent nor the Issuer shall apply any charges for the automatic exercise of the Certificates. Any other taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or taxes or duties which may arise in connection with the automatic exercise are payable by the Holder.

- (a) Final Settlement Amount: Conditional Settlement Amount (§8 a. v. of the Technical Annex to the Base Prospectus and as described in §5. a. of the Technical Annex to the hereto Final Terms)
- (b) Cash Settlement and/or Physical Settlement: Cash Settlement

31. **Final Settlement Amount for CLN (Conditions 6 and 7)** Not applicable
32. **Final Settlement Amount for Hybrid Securities (Conditions 6 and 7)** Not applicable

#### SPECIFIC CREDIT LINKED NOTE OR CREDIT LINKED PORTION OF HYBRID SECURITIES PROVISIONS

33. **Tranched CLN** Not applicable

34.	<b>Credit Event(s) (Condition 1.2 or 1.3):</b>	Not applicable
35.	<b>Portion affected by a Credit Event (Condition 1.2 or 1.3):</b>	Not applicable
36.	<b>Notice Delivery Period</b>	Not applicable
37.	<b>Grace Period (Condition 1.2 or 1.3):</b>	Not applicable
38.	<b>Grace Period Extension (Condition 6.1(ii)):</b>	Not applicable
39.	<b>Obligation Category (Condition 1.2 or 1.3):</b>	Not applicable
40.	<b>Obligation Characteristics (Condition 1.2 or 1.3):</b>	Not applicable
41.	<b>Excluded Obligation (Condition 1.2 or 1.3):</b>	Not applicable
42.	<b>Deliverable Obligation</b>	Not applicable
43.	<b>Excluded Deliverable Obligations (Condition 1.2 or 1.3):</b>	Not applicable
44.	<b>Include Accrued Interest</b>	Not applicable
45.	<b>Reference Entity / Reference Entities (Condition 1.2 or 1.3):</b>	Not applicable
46.	<b>Additional provisions relating to certain specific Reference Entities</b>	Not applicable
47.	<b>Reference Obligation(s) (Condition 1.2 or 1.3):</b>	Not applicable
48.	<b>All Guarantees (Condition 1.2 or 1.3):</b>	Not applicable
49.	<b>Cash Settlement (Condition 6.4):</b>	Not applicable
50.	<b>Physical Settlement (Condition 6.5):</b>	Not applicable
51.	<b>Auction Settlement (Condition 6.3):</b>	Not applicable

#### **EARLY SETTLEMENT AND OPTIONAL SETTLEMENT PROVISIONS**

52.	<b>Automatic Early Settlement (Condition 5.16):</b>	Applicable
	(a) Automatic Early Settlement Condition :	European Barrier(2) Condition (§5 a. i. of the Technical Annex to the Base Prospectus and as described in §3. b. of the Technical Annex to the hereto Final Terms)
	(b) Automatic Early Valuation Date(s):	Each Observation Date(j), with (j) from 6 to 35, as set out in the table in §1. a. of the Technical Annex to the

hereto Final Terms.

(c) Automatic Early Settlement Amount:

Conditional Settlement Amount (§ 8. b. v. of the Technical Annex to the Base Prospectus and as described in §5. b. of the Technical Annex to the hereto Final Terms)

(d) Automatic Early Settlement Date(s) :

(j)	Automatic Early Settlement Date (j)	(j)	Automatic Early Settlement Date (j)
1	N/A	19	01 September 2017
2	N/A	20	02 October 2017
3	N/A	21	01 November 2017
4	N/A	22	04 December 2017
5	N/A	23	04 January 2018
6	01 August 2016	24	01 February 2018
7	01 September 2016	25	05 March 2018
8	03 October 2016	26	04 April 2018
9	01 November 2016	27	03 May 2018
10	02 December 2016	28	01 June 2018
11	03 January 2017	29	02 July 2018
12	01 February 2017	30	01 August 2018
13	06 March 2017	31	03 September 2018
14	03 April 2017	32	02 October 2018
15	03 May 2017	33	01 November 2018
16	01 June 2017	34	03 December 2018
17	03 July 2017	35	04 January 2019
18	01 August 2017		

(e) Cash Settlement and/or Physical

Cash Settlement

Settlement:

- |  |                |
|--|----------------|
| <b>53. Settlement Option at the Issuer's discretion (Condition 5.4):</b>                                 | Not applicable |
| <b>54. Settlement Option at the Holder's discretion (Condition 5.5):</b>                                 | Not applicable |
| <b>55. Information relating to Settlement by Instalments (Condition 5.3):</b>                            | Not applicable |
| <b>56. Information relating to Partly Paid Certificates / CLN or Hybrid Securities (Condition 5.17):</b> | Not applicable |

#### MARKET DISRUPTION AND ADJUSTMENTS

- |   |                |
|---|----------------|
| <b>57. Capitalised Fair Market Value Option (Conditions 5.7 to 5.14):</b> | Not applicable |
| <b>58. Adjustment Methods</b>   | Applicable     |

Share

Calculation Agent Method

For the avoidance of doubt, the Calculation Agent could adjust the Certificates or terminate the Certificates in accordance to Condition 5.7 of the Base Prospectus provided that Increased Cost of Hedging shall not apply.

For the purposes of this clause, the fair market value shall not include any unwind costs.

#### PLEDGING OF SECURITIES ACCOUNT

- |  |                |
|--|----------------|
| <b>59. Additional guarantee in the form of a pledging of securities account (Condition 3.3):</b> | Not applicable |
|--|----------------|

#### OTHER GENERAL PROVISIONS

- |   |                |
|---|----------------|
| <b>60. Form of the CLN/Hybrid Securities (Condition 2.2) :</b>                                      | Not applicable |
| <b>61. Form of the Certificates (Condition 2.2):</b>  |                |
| (a) Form of the Certificates :  | Bearer         |
| (b) Registrar:  | Not applicable |
| <b>62. Additional Financial Market(s) (Condition 13.4):</b>   | Not applicable |
| <b>63. Provisions governing redenomination, changes in Nominal Value and conventions (Condition</b> |                |



2.5):

Not applicable

## **PART B – OTHER INFORMATION**

### **1. Listing and Admission to Trading**

- (a) Listing application and admission to trading: Application has been made by the Issuer (or on his behalf) to be listed and admitted to trading on the SeDex Market, organized and managed by Borsa Italiana S.p.A.. No assurance can be given that the listing and admission to trading of the Securities will be authorised.
- (b) Estimate of total expenses related to admission to trading : Not applicable

### **2. Rating**

The Securities to be issued have not been rated.

### **3. Third Party Information**

Information contained in the Final Terms that is sourced from a third party has been accurately reproduced and, as far as the Issuer and the Guarantor are aware and are able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.

### **4. Conflicts of Interests of Natural and Legal Persons Involved in The Issue / Offer**

So far as the Issuer is aware, no person involved in the offer of the Certificates has an interest material to the offer.

### **5. Reasons for the Offer, Estimated Net Proceeds**

- (a) Reasons for the offer and use of proceeds: The net proceeds from each issue of Securities will be applied by the Issuer for its general corporate purposes. A substantial portion of the proceeds from each issue of Securities will be used to establish various hedging financial instruments in respect of such Securities.
- (b) Estimated total expenses: Not applicable
- (c) Estimated net proceeds: Not applicable

### **6. Fixed Rate Securities Only – Yield**

Not applicable

### **7. Floating Rate Securities Only – Historical Interest Rate**

Not applicable

### **8. Placement and Subscription**

As of the Issue Date, it is not expected that any placement fees will be payable to third parties in connection with these Certificates.

**9. Source of Information about the Past and the Future Performance of the Underlying(s) and its Volatility, Explanation of Effect on Value of Investment and Associated**

Information concerning each Share(i) can be found on Bloomberg and on the website of the relevant Company(i).

Information about the past and the future performance of each Share(i) and their volatility may be obtained in electronic format from the Calculation Agent.

**10. Practical Information**

Central depository:	Monte Titoli S.p.A. Express II, Euroclear France, Clearstream
ISIN Code:	FR0013090594
Common Code:	134482648
Telekurs Code and other code(s) :	Telekurs Code: 30782944
Paying Agent(s) details :	Not applicable
Fees:	Not applicable

**11. Placement**

Name of Dealer :	Exane Derivatives 16, avenue Matignon – 75008 Paris – France
Non-exempt Offer	Not applicable
Consent of the Issuer to use the Base Prospectus during the Offer Period:	Not applicable
Authorised Institution(s)	Not applicable
Additional conditions relating to consent of the Issuer to use the Base Prospectus:	Not applicable

**12. Non-exempt Offer** Not applicable

## INTRODUCTION TO THE FINAL TERMS TECHNICAL ANNEX

The present Technical Annex includes the necessary parameters to the use of the pay-off formulas (each, a Pay-Off Formula) used in Part A (Contractual Terms) of the Final Terms in order to determine an interest amount, an early settlement amount or a final settlement amount payable on a Security.

### 1. Final Settlement Amount

Unless an Automatic Early Settlement Condition has occurred, the Holder shall receive on the Maturity Date, in respect of each Certificate, a Final Settlement Amount which is a Conditional Settlement Amount, depending on one (1) Applicable Condition (i.e. an European Barrier(1) Condition):

- (1) If the European Barrier(1) Condition is met (i.e. if on the Final Observation Date, for all Share(i), with (i) from 1 to 3,  $RV(i)_{Final\ Observation\ Date} \geq 40\% \times RV(i)_{Initial\ Observation\ Date}$ ), each Holder will receive the following Fixed Settlement Amount:

**EUR 1,000**

- (2) Otherwise, each Holder will receive a Delta One Settlement Amount determined as follows by the Calculation Agent :

$$EUR\ 1,000 \times \underset{i=1}{\overset{3}{Min}}(Yield(i)_{Final\ Observation\ Date})$$

Where:

$$Yield(i)_{Final\ Observation\ Date} = \frac{RV(i)_{Final\ Observation\ Date}}{RV(i)_{Initial\ Observation\ Date}}$$

### 2. Automatic Early Settlement Amount

If an Automatic Early Settlement Condition (i.e. an European Barrier(2) Condition) occurs on an Automatic Early Valuation Date(j) (i.e. if on an Observation Date(j), with (j) from 6 to 35, for all Share(i), with (i) from 1 to 3,  $RV(i)(j) \geq 100\% \times RV(i)_{Initial\ Observation\ Date}$ ), the Holder shall receive on the immediately following Automatic Early Settlement Date(j), a Conditional Settlement Amount which is the following Fixed Settlement Amount equal to:

**EUR 1,000**

### 3. Coupon

- (1) Furthermore, if the European Barrier(3) Condition is met on the Observation Date(j) (i.e. if on an Observation Date(j), with (j) from 1 to 36, for all Share(i) from 1 to 3,  $RV(i)_{Observation\ Date\ (j)} \geq 40\% \times RV(i)_{Initial\ Observation\ Date}$ ), each Holder will receive on the immediately following Interest Payment Date(j) the following Tempo Coupon equal to :

**EUR 1,000 × Rate(j)**

Where:

$$Rate\ (j) = [j] \times 0.50\% - RateSum\ (j-1)$$

With:

$$RateSum\ (j-1) = \sum_{n=1}^{j-1} Rate\ (n)$$

$$RateSum(0)=0\%$$

(2) Otherwise,  $Rate(j)=0\%$ , the Holder will not receive any interest amount.

The concepts used to determine the Final Settlement Amount, the Automatic Early Settlement Amount and the coupon are detailed hereafter.

## 1. DEFINITIONS

### a. Observation Dates of the Applicable Values

Initial Observation Date: 18 January 2016

Final Observation Date: 18 January 2019

Observation Dates (j) means, when applicable, the dates set out in the table below:

(j)	Observation Date(j)	(j)	Observation Date(j)
1	18 February 2016	19	18 August 2017
2	18 March 2016	20	18 September 2017
3	18 April 2016	21	18 October 2017
4	18 May 2016	22	20 November 2017
5	20 June 2016	23	18 December 2017
6	18 July 2016	24	18 January 2018
7	18 August 2016	25	19 February 2018
8	19 September 2016	26	19 March 2018
9	18 October 2016	27	18 April 2018
10	18 November 2016	28	18 May 2018
11	19 December 2016	29	18 June 2018
12	18 January 2017	30	18 July 2018
13	20 February 2017	31	20 August 2018
14	20 March 2017	32	18 September 2018
15	18 April 2017	33	18 October 2018
16	18 May 2017	34	19 November 2018
17	19 June 2017	35	18 December 2018
18	18 July 2017	36	18 January 2019

**b. Dates relating to Coupons**

Interest Payment Dates(j) means the dates set out in the table below:

(j)	Interest Payment Date(j)	(j)	Interest Payment Date(j)
1	03 March 2016	19	01 September 2017
2	05 April 2016	20	02 October 2017
3	02 May 2016	21	01 November 2017
4	01 June 2016	22	04 December 2017
5	04 July 2016	23	04 January 2018
6	01 August 2016	24	01 February 2018
7	01 September 2016	25	05 March 2018
8	03 October 2016	26	04 April 2018
9	01 November 2016	27	03 May 2018
10	02 December 2016	28	01 June 2018
11	03 January 2017	29	02 July 2018
12	01 February 2017	30	01 August 2018
13	06 March 2017	31	03 September 2018
14	03 April 2017	32	02 October 2018
15	03 May 2017	33	01 November 2018
16	01 June 2017	34	03 December 2018
17	03 July 2017	35	04 January 2019
18	01 August 2017	36	1 February 2019

**c. Parameters for Calculation of determined variables**

- i. European Barrier(1): 40 % of the Initial Price of the Share(i)
- ii. European Barrier(2): 100% of the Initial Price of the Share(i)
- iii. European Barrier(3): 40 % of the Initial Price of the Share(i)

**2. DETERMINED APPLICABLE VALUES****General Definitions for Determined Applicable Values**

**Performance**[Yield(i)FinalObservationDate]

Applicable Value<sub>t</sub>: the official price of the relevant Share(i) on the close on the Final Observation Date

[RV(i)<sub>Final Observation Date</sub>]

Applicable Value<sub>t</sub>: the Initial Price(i) of the relevant Share(i) on the Initial Observation Date as detailed in the table under Part A §20(a) [RV(i)<sub>Initial Observation Date</sub>]

### 3. APPLICABLE CONDITIONS

a. **European Barrier(1) Condition used to determine the Final Settlement Amount (Part A §30(a) of the Final Terms): Applicable Value (1)  $\geq$  Applicable Value (2)**

Applicable Value (1): the official price of all Share(i), for (i) from 1 to 3, on the close on the Final Observation Date  $[RV_{(i) \text{ Final Observation Date}}]$

Applicable Value (2): European Barrier(1)

b. **European Barrier(2) Condition used to determine the Automatic Early Settlement Amount (Part A §52(c) of the Final Terms): Applicable Value (1)  $\geq$  Applicable Value (2)**

Applicable Value(1): the official price of all Share(i), for (i) from 1 to 3, on the close on the relevant Automatic Early Valuation Date(j) (i.e. the relevant Observation Date(j), with (j) from 6 to 35)  $[(RV(i)j)]$

Applicable Value(2): European Barrier(2)

c. **European Barrier(3) Condition used to determine used to determine the Conditional Coupon (Part A §28 of the Final Terms): Applicable Value (1)  $\geq$  Applicable Value (2)**

Applicable Value (1): the official price of all Share(i), for (i) from 1 to 3, on the close on the relevant Observation Date(j), with (j) from 1 to 36  $[RV_{(i) \text{ Observation Date}(j)}]$

Applicable Value (2): European Barrier(3)

### 4. COUPONS (PART A, §28 OF THE FINAL TERMS)

#### Indexed Coupon

#### Indexed Coupon – Tempo Coupon

#### Applicable Condition: European Barrier(3) Condition

If the Applicable Condition is met, the Tempo Coupon shall be equal to: EUR 1,000 x  $Coupon_t$

Where:  $Coupon_t = \text{Sum of Theoretical Coupons}_t - \text{Sum of Coupons paid}_{t-1}$

If the Applicable Condition is not met, the Tempo Coupon shall be equal to: EUR 1,000 x  $Coupon_t$

Where:  $Coupon_t = 0.00$  (zero). No Tempo Coupon will be paid by the Issuer to the Holders of the Certificates.

*With:*

“Sum of Theoretical Coupons,” is defined in the Technical Annex to the Base Prospectus  $[(j) \times 0.50 \%$ ]

“Sum of Coupons paid<sub>t-1</sub>” is defined in the Technical Annex to the Base Prospectus  $[\text{RateSum}(j-1) =$

$$\sum_{n=1}^{j-1} \text{Rate}(n) ]$$

For the avoidance of doubt, it is hereby specified that:

(i) The Tempo Coupon shall not be adjusted in the case of postponement of an Interest Payment Date(j) due to the Business Day Convention;

(ii) In the event the Certificates are early settled further to the occurrence of the Automatic Early Settlement Condition on the relevant Automatic Early Settlement Date(j), the Tempo Coupon(j) due on the Automatic Early Settlement Date(j) will be paid on such Automatic Early Settlement Date(j), no other Tempo Coupon(j) will be paid by the Issuer after that Automatic Early Settlement Date(j).

### 5. SETTLEMENT

a. **Final Settlement Amount (Part A, § 30(a) and 30(b) of the Final Terms)**

**Conditional Settlement Amount**

Applicable Condition: European Barrier(1) Condition

If the European Barrier(1) Condition is met, the Conditional Settlement Amount shall be a Fixed Settlement Amount equal to: EUR 1,000

Else, if the Applicable Condition is not met, the Conditional Settlement Amount shall be the Delta One Settlement Amount (as described below)

**Delta One Settlement Amount**

Applicable Values: the Product of two Applicable Values

- Applicable Value(1): EUR 1,000
- Applicable Value(2): the Worst of Performance of the Share(i) on the Final Observation Date  
$$\left[ \underset{i=1}{\overset{3}{\text{Min}}}(\text{Yield}(i)\text{FinalObservationDate}) \right]$$

**b. Early settlement and optional settlement provisions (Part A, § 52(c), 53(c) and 54(c) of the Final Terms)****Automatic Early Settlement Amount****Conditional Settlement Amount**

Applicable Condition: European Barrier(2) Condition

If the Applicable Condition is met, the Certificates will be redeemed on the Automatic Early Settlement Date(j), with (j) from 6 to 35, (as described in Part A, §52(d)) and the Conditional Settlement Amount due shall be the following Fixed Settlement Amount:

***EUR 1,000***



## SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as Element, the communication of which is required by Annex XXII of the Commission Regulation (EC) No 809/2004 as modified. These Elements are numbered in sections A - E (A.1 – E.7).

This summary contains all of the Elements to be included in a summary for this type of Securities, Issuer and Guarantor. The numbering of the Elements may be out of sequence due to the fact that certain Elements do not need to be included.

Although an Element may be required to be included in the summary for the particular type of security or issuer, it may be that no pertinent information is available on such Element. In such case, a brief description of the Element is included in the summary followed by the words "Not applicable".

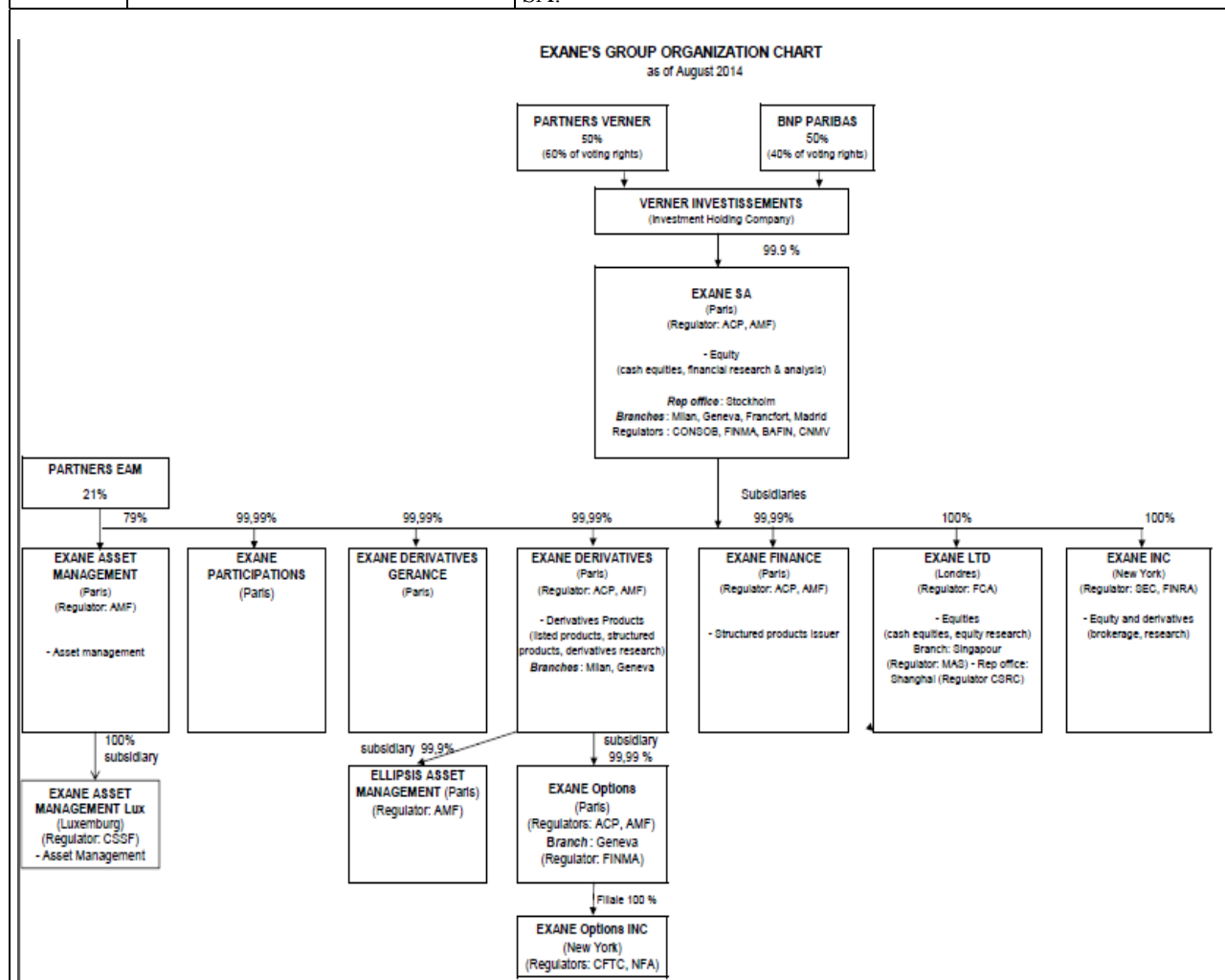
### Section A – Introduction and warnings

Element	
<b>A.1</b>  <b>Warning</b>	<p>This summary should be read as an introduction to the Base Prospectus as supplemented by any supplement relating thereto, if any (the <b>Base Prospectus</b>). Any decision to invest in securities should be based on a consideration of the Base Prospectus as a whole by the investors.</p> <p>Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff investor might, under the national legislation of the relevant Member State, have to bear the costs of translating the Base Prospectus before legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
<b>A.2</b>  <b>Consent to use of the Base Prospectus</b>	Not applicable.

### Section B – Issuer

Element	Title	
<b>B.1</b>	<b>Legal and commercial name of the Issuer</b>	Exane Finance SA (the <b>Issuer</b> ).
<b>B.2</b>	<b>Domicile, legal form of the Issuer/Legislation and country of incorporation of the Issuer</b>	Domicile: 16, avenue Matignon - 75008 Paris  Legal form: public limited company ( <i>société anonyme</i> )

Element	Title	
		<p>Legislation: French law</p> <p>Country of incorporation: France</p>
B.4b	A description of all known trend information affecting the Issuer and the markets in which it operates	Not applicable. There are no trends affecting the Issuer and the business sectors in which it operates.
B.5	Description of the Issuer's Group and its position within the Group	<p>The Issuer has no subsidiaries.</p> <p>Exane Finance is a subsidiary 99.9% owned by Exane SA and is a fully consolidated company.</p> <p>Exane Finance forms part of the Group: a simplified Group structure chart appears below.</p> <p><b>Group</b> means Exane SA and any direct or indirect subsidiary (as defined in article L.233-1 of the French commercial code) of Exane SA.</p>



Element	Title																															
B.9	Profit forecast or estimate	Not applicable. There are no profit forecasts or estimates.																														
B.10	Qualifications in the auditor's report	Not applicable. There are no qualifications in the statutory auditors' reports on the financial years ending 31 December 2013 and 31 December 2014.																														
B.12	Key historical financial information	<p><b>Exane Finance</b></p> <table border="1"> <thead> <tr> <th>In K€</th> <th>31 Dec. 2013</th> <th>30 June 2014 (unaudited)</th> <th>31 Dec. 2014</th> <th>30 June 2015 (unaudited)</th> </tr> </thead> <tbody> <tr> <td>Net banking income</td> <td>1 752</td> <td>1 275</td> <td>2 388</td> <td>1 306</td> </tr> <tr> <td>Operating profit</td> <td>1 680</td> <td>1 235</td> <td>2 300</td> <td>1 259</td> </tr> <tr> <td>Net profit</td> <td>1 120</td> <td>824</td> <td>1 534</td> <td>839</td> </tr> <tr> <td>Total Assets</td> <td>9 757 813</td> <td>12 135 689</td> <td>14 16 7 342</td> <td>16 169 350</td> </tr> <tr> <td>Total Shareholder's Equity</td> <td>3 762</td> <td>3 467</td> <td>7 169</td> <td>6 569</td> </tr> </tbody> </table> <p>There has been no material adverse change in the Issuer's prospects since 31 December 2014.</p> <p>Not applicable. There has been no significant change in the financial or trading position of the Issuer since 30 June 2015.</p>	In K€	31 Dec. 2013	30 June 2014 (unaudited)	31 Dec. 2014	30 June 2015 (unaudited)	Net banking income	1 752	1 275	2 388	1 306	Operating profit	1 680	1 235	2 300	1 259	Net profit	1 120	824	1 534	839	Total Assets	9 757 813	12 135 689	14 16 7 342	16 169 350	Total Shareholder's Equity	3 762	3 467	7 169	6 569
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Total Shareholder's Equity	3 762	3 467	7 169	6 569																												
B.13	Recent events particular to the Issuer which are to a material extent relevant to evaluating the Issuer's solvency.	Not applicable. There are no recent events affecting the Issuer that are materially relevant to evaluating its solvency.																														
B.14	Extent of dependency of the Issuer with regard to other entities in the Group.	Please also refer to Element B.5 above. The Issuer is 99.99% owned by Exane SA.																														
B.15	Issuer's principal activities	<p>Pursuant to article 2 of its by-laws, the Issuer's main activity, within the limits set forth by legal and regulatory provisions applicable to financial companies and "subject to the provisions of the last subparagraph of this article:</p> <ul style="list-style-type: none"> <li>– to provide, both in France and outside France, investment services, services related to investment services as defined by applicable regulations, and banking operations, including intermediation in banking transactions, the receipt of funds from the public, credit operations and the issue of securities, and activities related to banking operations, and all financial activities not prohibited by the applicable regulations;</li> <li>– to participate, both in France and outside France, in all commercial, financial, industrial, personal property and real</li> </ul>																														

Element	Title	
		<p>estate operations related in any manner to its corporate purpose, including the creation of new companies, contribution, subscription, purchase of securities or corporate rights, merger, partnership or any other mechanism ;</p> <p>The Company shall perform these activities which are subject, under the regulations in force, to authorisation in accordance with the stipulations of the authorisation granted to the Company or any approval that may be granted to the Company."</p> <p>The Issuer is therefore authorised to carry on credit and guarantee services complementary to these services as an investment services provider, in relation to dealing on own account, portfolio management, underwriting and (guaranteed and non-guaranteed) placement.</p> <p>The Issuer's main activity is issuing debt securities (including certificates and bonds) and warrants. Such issues are generally underwritten by Exane Derivatives SNC which is responsible for placement with investors and managing positions.</p> <p>It should be noted that investment services relating to underwriting and placement are authorised only in connection with the issuance of warrants and debt securities (bonds and certificates).</p> <p>The Issuer has also issued a declaration concerning freedom of services throughout the territories of the following countries: Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Spain, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, the Netherlands, Poland, Portugal, the Czech Republic, Romania, the United Kingdom, Slovakia, Slovenia and Sweden.</p>
B.16	Entity(ies) or person(s) directly or indirectly holding or controlling the Issuer.	<p>As at 31 December 2014, the Issuer's shares are distributed as follows:</p> <p>319.988 shares held by Exane SA</p> <p>1 share held by Nicolas Chanut</p> <p>1 share held by Exane Derivatives SNC</p> <p>1 share held by Bertrand Léonard</p> <p>1 share held by Exane Limited</p> <p>1 share held by Benoît Catherine</p> <p>1 share held by Exane Derivatives Gérance SA</p> <p>Exane Finance SA has no subsidiaries.</p> <p>Exane Finance SA is a subsidiary 99.9% owned directly by Exane</p>

Element	Title	
		SA and is a fully consolidated company.
B.17	Rating assigned to the Issuer or its debt securities	Not applicable. Exane Finance SA has not been rated.  Not applicable. The Securities have not been rated.
B.18	Nature and scope of the guarantee	<p>Each Security shall be guaranteed by Exane Derivatives SNC (the <b>Guarantor</b>). The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of any and all amounts due by the Issuer in respect of the Securities as and when the same shall become due and payable (the <b>Exane Guarantee</b>). The Exane Guarantee given by the Guarantor on the Securities shall constitute a direct, unsubordinated obligation of the Guarantor and shall rank equally (<i>pari passu</i>) with its other direct, unconditional and unsubordinated obligations, both present and future (with the exception of preferred obligations under the law).</p> <p>Certain issues may benefit from an additional guarantee in the form of a pledging of securities account in accordance with article L. 211-20 and articles D. 211-10 <i>et seq.</i> of the French monetary and financial code (the <b>Pledge</b>). This Pledge shall be granted by Exane Derivatives SNC (the <b>Pledgor</b>) for the benefit of the Holders. The relevant Final Terms shall specify whether the relevant Securities have the benefit of a Pledge. The statement of pledge shall indicate, in particular, the debt secured by the Pledge (the <b>Secured Debt</b>) as well as the nature and number of financial instruments recorded in the pledged account (the <b>Eligible Financial Instruments</b>) as of the date of delivery of such statement.</p>
B.19	Information concerning the Guarantor	
B.19/B.1	<i>The legal name and commercial name of the Guarantor</i>	The Guarantor's legal name is Exane Derivatives SNC.
B.19/B.2	<i>The registered office and legal form of the Guarantor/governing law and country of incorporation of the Guarantor</i>	<p>Domicile: 16, avenue Matignon - 75008 Paris</p> <p>Legal form: <i>société en nom collectif</i></p> <p>Legislation: French law</p> <p>Country of incorporation: France</p>
B.19/B.4 b	<i>A description of all known trend information affecting the Guarantor and the markets in which it operates</i>	Not applicable. There are no trends affecting the Guarantor and the business sectors in which it operates.

Element	Title																															
B.19/B.5	<i>Description of the Guarantor's Group and its position within the Group</i>	<p>Exane Derivatives SNC has two subsidiaries, each 99.9% owned : Ellipsis Asset Management and Exane Options.</p> <p>Exane Derivatives SNC is a 99.9% owned subsidiary of Exane SA and is a fully consolidated company.</p> <p>Exane Derivatives SNC forms part of the Group: a simplified Group structure chart appears in Element B.5 above.</p> <p><b>Group</b> means Exane SA and any direct or indirect subsidiary (as defined in article L.233-1 of the Commercial Code) of Exane SA.</p>																														
B.19/B.9	<i>Profit forecast or estimate</i>	Not applicable. There are no profit forecasts or estimates.																														
B.19/B.10	<i>Qualifications in the auditor's report</i>	Not applicable. There are no qualifications in the Statutory Auditors' reports on the financial years ending 31 December 2013 and 31 December 2014.																														
B.19/B.12	<i>Key historical financial information</i>	<p><b>Exane Derivatives SNC</b></p> <table border="1"> <thead> <tr> <th>In K€</th> <th>31 Dec. 2013</th> <th>30 June 2014 (unaudited)</th> <th>31 Dec. 2014</th> <th>30 June 2015 (unaudited)</th> </tr> </thead> <tbody> <tr> <td><b>Net banking income</b></td> <td>125 645</td> <td>81 415</td> <td>145 231</td> <td>101 535</td> </tr> <tr> <td><b>Operating profit</b></td> <td>36 119</td> <td>29 786</td> <td>43 441</td> <td>44 220</td> </tr> <tr> <td><b>Net profit</b></td> <td>26 616</td> <td>22 957</td> <td>33 536</td> <td>33 093</td> </tr> <tr> <td><b>Total Assets</b></td> <td>13 770 175</td> <td>16 643 898</td> <td>18 676 613</td> <td>21 083 234</td> </tr> <tr> <td><b>Total Shareholder's Equity</b></td> <td>45 667</td> <td>68 624</td> <td>79 203</td> <td>79 525</td> </tr> </tbody> </table> <p>There has been no material adverse change in the Guarantor's prospects since 31 December 2014.</p> <p>Not applicable. There has been no significant change in the financial or trading position of the Guarantor since 30 June 2015.</p>	In K€	31 Dec. 2013	30 June 2014 (unaudited)	31 Dec. 2014	30 June 2015 (unaudited)	<b>Net banking income</b>	125 645	81 415	145 231	101 535	<b>Operating profit</b>	36 119	29 786	43 441	44 220	<b>Net profit</b>	26 616	22 957	33 536	33 093	<b>Total Assets</b>	13 770 175	16 643 898	18 676 613	21 083 234	<b>Total Shareholder's Equity</b>	45 667	68 624	79 203	79 525
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B.19/B.13	<i>Recent events particular to the Guarantor which are to a material extent relevant to evaluating the Guarantor's solvency.</i>	Not applicable. There are no recent events affecting the Guarantor that are materially relevant to evaluating its solvency.																														
B.19/B.14	<i>Extent of dependency of the Guarantor with regard to other entities in the Group.</i>	<p>Please also refer to Element B.19/B.5 above.</p> <p>The Guarantor is 99.99% owned by Exane SA.</p>																														
B.19/B.15	<i>Principal activities of the Guarantor</i>	Pursuant to article 2 of its by-laws, the Guarantor's corporate objects are, "within the limits set forth by legal and regulatory provisions applicable to financial companies and subject to the provisions of the last sub-paragraph of this article:																														

Element	Title	
		<ul style="list-style-type: none"> <li>– <i>to provide, both in France and outside France, investment services, services related to investment services as defined by applicable regulations, and for the purpose of its derivative products business, certain banking operations ancillary to the provision of investment services, such as in particular:</i></li> <li>– <i>granting of associated loans and guarantees,</i></li> <li>– <i>receipt of term deposits;</i></li> <li>– <i>to participate, both in France and outside France, in all commercial, financial, personal property and real estate operations related in any manner to its corporate purpose, including the creation of new companies, contribution, subscription, purchase of securities or corporate rights, merger, partnership or any other mechanism.</i></li> <li>– <i>The Company shall perform these activities which are subject, under the regulations in force, to authorisation in accordance with the stipulations of the authorisation granted to the Company or any approval that may be granted to the Company."</i></li> </ul> <p>The Guarantor is authorised to provide certain investment services as defined in article L.321-1 of the French monetary and financial code as explained above, as well as, for the purpose of its derivative products business, certain banking services complementary to the provision of investment services, such as granting associated loans and guarantees and receiving term deposits.</p> <p>The Guarantor distributes debt instruments (bonds and certificates) and warrants both in France and abroad.</p> <p>Under the current scheme of issues of warrants and debt instruments (bonds and certificates), a first demand guarantee for these issues is provided for the investors by the Guarantor in favour of Exane Finance SA (the Issuer).</p> <p>The Guarantor carries out brokering activities on listed derivatives products on behalf of institutional customers and carries out proprietary transactions of securities and derivatives.</p> <p>The Guarantor has also issued a declaration concerning the freedom of services throughout the territories in the following countries: Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Spain, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, the Netherlands, Poland, Portugal, the Republic of Czechoslovakia, Romania, the United Kingdom, Slovakia, Slovenia and Sweden.</p> <p>The Guarantor is not subject to any specific confidentiality requirements, other than those commonly accepted in the exercise of its business as an investment services provider.</p>

Element	Title	
<b>B.19/B.1 6</b>	<b>Entity(ies) or person(s) directly or indirectly holding or controlling the Guarantor</b>	<p>As at 31 December 2014, the Guarantor's shares are distributed as follows:</p> <p>1,724,831 shares held by Exane SA</p> <p>1 share held by Exane Finance SA</p> <p>Exane Derivatives SNC has two subsidiaries, each 99.9% owned: Ellipsis Asset Management SAS and Exane Options SA.</p> <p>Exane Derivatives SNC is a 99.9% directly owned subsidiary of Exane SA and is a fully consolidated company.</p>
<b>B.19/B.1 7</b>	<b>Rating assigned to the Guarantor or its debt securities</b>	<p>Guarantor's long term credit rating is for Moody's: Baa2 with a stable outlook. Guarantor's long term credit rating is for Standard &amp; Poor's: BBB+ (BBB which means, as per the definition appearing on the website of Standard &amp; Poor's, "adequate capacity to meet financial commitments, but more subject to adverse economic conditions – Note: ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories") with a stable outlook and Guarantor's short term credit rating is for Standard &amp; Poor's: A-2 with a stable outlook.</p>



## Section C – Securities

Element	Title	
C.1	<b>Nature, class and identification of the Securities</b>	<p>The Securities do not constitute "<i>obligations</i>" within the meaning of article L.228-38 of the French commercial code.</p> <p>Although issued in series, each Security shall constitute a separate and distinct debt instrument. However, the Securities may be consolidated and form a single series with earlier Tranches.</p> <p>Series n°: 10434 Tranche n°: 1</p> <p>Type of Securities:           The Securities are Certificates</p> <p>ISIN Code:                   FR0013090594 Common Code:               134482648 Central Depository:       Monte Titoli S.p.A. Express II, Euroclear France, Clearstream</p>
C.2	<b>Currencies</b>	The currency of the Securities is Euro (“ <b>EUR</b> ”) and the settlement currency is EUR
C.5	<b>Description of any restriction on the free transferability of the Securities</b>	Not applicable. There are no restrictions on the free transferability of the Securities subject to any selling and transfer restrictions which may apply in certain jurisdictions.
C.8	<b>Description of the rights attached to the Securities including ranking and limitation to those rights and procedure for the exercise of those rights</b>	<p><b><i>Rights attached to the Securities</i></b></p> <p>The Securities will give right to each holder of Securities (a <b>Holder</b>) to receive a Final Settlement Amount or an Automatic Early Settlement Amount as specified in Element C.18 hereafter and, if applicable, to interest amounts described in this Element C.18.</p> <p><b><i>Status and ranking of the Securities and the Exane Guarantee</i></b></p> <p>The Securities constitute direct, unconditional and unsubordinated obligations of the Issuer that shall rank equally (<i>pari passu</i>) with each other and with all other direct, unconditional and unsubordinated obligations of the Issuer, both present and future, (subject to contrary mandatory provisions in force at the relevant time).</p> <p>The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of any and all amounts due by the Issuer in respect of the Securities as and when</p>

Element	Title	
		<p>the same shall become due and payable. The Exane Guarantee given by the Guarantor in respect of the Securities shall constitute a direct, unsubordinated obligation of the Guarantor and shall rank equally (<i>pari passu</i>) with its other direct, unconditional and unsubordinated obligations, both present and future (with the exception of preferred obligations under the law).</p> <p>Pledge : Not applicable</p>
		<p><b><i>Early Termination Event</i></b></p> <p>(i) Any Holder may trigger the settlement (in the case of Certificates) or the settlement (in the case of CLN or Hybrid Securities) of each of the Securities that it holds if any of the following events or circumstances occurs:</p> <p>(ii) failure by the Issuer to pay (x) the principal or (y) the interest within fifteen (15) days of the date on which such payment became due and payable; or</p> <p>(iii) failure by the Issuer to perform any of its obligations in respect of the Securities, failure by the Guarantor to perform any of its obligations in respect of the Exane Guarantee, failure by the Pledgor to perform any of its obligations with respect to the Pledge (under certain conditions), if such failure is not remedied within 45 days from the date the Financial Agent receives notice of such failure given by the Holder of the relevant Securities; or</p> <p>(iv) a liquidator, a provisional liquidator, an official receiver or an ad hoc agent, acting pursuant to the company law governing the Issuer or a significant portion of its assets, liabilities or holdings is appointed, or any person benefiting from a security interest takes possession of all or part of the assets or holdings of the Issuer, or the Issuer takes measures to obtain protection or obtains protection from its creditors pursuant to the governing legislation, or the Issuer generally ceases to make its payments, or ceases or threatens to cease operating its business, but excluding a merger or reorganisation operation under which all of the Issuer's assets are transferred and in which all liabilities and debt (including the Securities) of the Issuer are assumed by another entity which may continue the activity of the Issuer ; or</p> <p>(v) the Guarantor requests the appointment of a mediator, reaches an amicable settlement with its creditors, has ceased to make payments, or a court ruling has ordered the liquidation of the Guarantor or approved a plan for full assignment of the Guarantor's business pursuant to court-ordered receivership proceeding, or the Guarantor is the subject of similar proceedings or, in the absence of legal proceedings, the Guarantor reaches a composition with its creditors, or a resolution is approved by the Guarantor to liquidate or dissolve the Guarantor, but excluding a merger or reorganisation operation under which all the Guarantor's assets are transferred, and all or the majority of the Guarantor's liabilities and debt (including the Securities) are assumed by another entity that continues the Guarantor's business; or</p> <p>(vi) the Exane Guarantee (or the Pledge, under certain conditions) is declared null and void, or claimed as such by the Guarantor.</p> <p><b><i>Taxation – no gross-up</i></b></p>

Element	Title																						
		<p>All payments of principal, interest and other revenues in respect of the Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or charges of whatever nature, present or future, imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any authority therein or thereof having the power to tax, unless such withholding or deduction is required by law. If any applicable law should require that payments of principal or interest or other income in respect of the Securities, be subject to any such withholding or deduction, neither the Issuer, nor the Guarantor nor the Pledgor will be required to pay additional amounts in respect of any such withholding or deduction.</p> <p><b>Governing law</b></p> <p>The Securities, the Exane Guarantee and the Pledge are governed by French law.</p> <p><b>Limitation of the rights attached to the Securities</b></p> <p>The right to bring action against the Issuer in relation to the Securities or interest expires after a period of five years (for principal) or 5 years (for interest) from the specified due date.</p>																					
C.11	<b>Admission to trading</b>	<p>Application will be made by the Issuer (or on his behalf) to be admitted to trading and listed on the SeDex Market organised and managed by Borsa Italiana Spa.</p> <p>No assurance can be given that the admission to trading of the Securities will be authorised.</p>																					
C.15	<b>Description of the impact of the value of the underlying on the value of the investment</b>	<p>The settlement amounts, interest and deliverables on Securities linked to several Underlyings depend on the value of the Underlyings which is likely to affect the value of the investment in the Securities.</p> <p>The value of Securities linked to several Underlyings may be affected by the performance of a basket of three (3) shares (each, a “Share(i)”) as described in the table below :</p> <table border="1" data-bbox="488 1473 1465 1883"> <thead> <tr> <th colspan="7" data-bbox="488 1473 1465 1507">Share(i)</th> </tr> <tr> <th data-bbox="488 1507 544 1666">(i)</th> <th data-bbox="544 1507 703 1666">Company(i)</th> <th data-bbox="703 1507 836 1666">Exchange(i)</th> <th data-bbox="836 1507 1002 1666">Related Exchange(i)</th> <th data-bbox="1002 1507 1155 1666">Bloomberg Code(i)</th> <th data-bbox="1155 1507 1294 1666">ISIN Code(i)</th> <th data-bbox="1294 1507 1465 1666">The Initial Price(i) of the Share(i) [RV(i)<sub>Initial Observation Date</sub>]</th> </tr> </thead> <tbody> <tr> <td data-bbox="488 1666 544 1883">1</td> <td data-bbox="544 1666 703 1883">RENAULT SA</td> <td data-bbox="703 1666 836 1883">Euronext Paris</td> <td data-bbox="836 1666 1002 1883">EUREX</td> <td data-bbox="1002 1666 1155 1883">RNO FP</td> <td data-bbox="1155 1666 1294 1883">FR0000131906</td> <td data-bbox="1294 1666 1465 1883">The official price of the Share(1) on the close on the Initial Observation Date</td> </tr> </tbody> </table>	Share(i)							(i)	Company(i)	Exchange(i)	Related Exchange(i)	Bloomberg Code(i)	ISIN Code(i)	The Initial Price(i) of the Share(i) [RV(i) <sub>Initial Observation Date</sub> ]	1	RENAULT SA	Euronext Paris	EUREX	RNO FP	FR0000131906	The official price of the Share(1) on the close on the Initial Observation Date
Share(i)																							
(i)	Company(i)	Exchange(i)	Related Exchange(i)	Bloomberg Code(i)	ISIN Code(i)	The Initial Price(i) of the Share(i) [RV(i) <sub>Initial Observation Date</sub> ]																	
1	RENAULT SA	Euronext Paris	EUREX	RNO FP	FR0000131906	The official price of the Share(1) on the close on the Initial Observation Date																	

Element	Title							
		2	STMICRO ELECTRONICS N.V.	Euronext Paris	EUREX	STM FP	NL00002 26223	The official price of the Share(2) on the close on the Initial Observation Date
		3	UNICREDIT SPA	Borsa Italiana	IDEM	UCG IM	IT00047 81412	The official price of the Share(3) on the close on the Initial Observation Date
		Indeed these Underlyings have an impact on the Final Settlement Amount or the Automatic Early Settlement Amount which is calculated in accordance with the formula specified in Element C.18 below and on the amount of interests, if any, which is calculated in accordance with the formula specified in Element C.18 below.						
<b>C.16</b>	<b>Securities linked to one or more Underlying(s) –Maturity Date</b>	The Maturity Date of Securities linked to several Underlyings is 1 February 2019.						
<b>C.17</b>	<b>Securities linked to one or more Underlying(s) – Settlement-delivery</b>	Securities linked to several Underlyings shall be settled in cash.						
<b>C.18</b>	<b>Return on Securities linked to one or more Underlying(s)</b>	The return on Securities linked to several Underlyings shall be take place as follows :						
		Nominal Value: Not applicable						
		<b>INTEREST</b>						
	Coupon payment	Interest payments on Securities linked to one or more Underlying(s) shall be calculated in accordance with the following calculation formula : Indexed Coupon – Tempo Coupon						
		<b>Indexed Coupon</b>						
	Indexed Coupon	<b>Tempo Coupon</b>						

Element	Title																		
			<p>If the European Barrier(3) Condition is met on the Observation Date(j) (i.e. if on an Observation Date(j), with (j) from 1 to 36, for all Share(i) from 1 to 3, <math>RV(i)_{\text{ObservationDate}(j)} \geq 40\% \times RV(i)_{\text{InitialObservationDate}}</math>), each Holder will receive on the immediately following Interest Payment Date(j) the following Tempo Coupon equal to :</p> <p style="text-align: center;"><b><i>EUR 1,000 × Rate(j)</i></b></p> <p>Where:</p> <p>Rate (j) = [(j) x 0.50% - RateSum (j-1)]</p> <p>With:</p> $RateSum (j-1) = \sum_{n=1}^{j-1} Rate (n)$ <p><i>RateSum (0) = 0%</i></p> <p>Otherwise, Rate (j) = 0 %, the Holder will not receive any interest amount.</p> <p>For these purposes:</p> <p><b>Share(i)</b> means each share as set out in the table under Element C.15 above.</p> <p><b>RV(i)<sub>InitialObservationDate</sub></b> means the official price of the relevant Share(i) on the close on the Initial Observation Date as detailed in the table in Element C.15 above.</p> <p><b>RV(i)<sub>ObservationDate(j)</sub></b> means the official price of the relevant Share(i) on the close on the Observation Date(j)</p> <p><b>Initial Observation Date</b> means 18 January 2016.</p> <p><b>Observation Date(j)</b> means each date as specified in the table below:</p> <table border="1" data-bbox="774 1724 1468 1982"> <thead> <tr> <th>(j)</th> <th>Observation Date(j)</th> <th>(j)</th> <th>Observation Date(j)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>18 February 2016</td> <td>19</td> <td>18 August 2017</td> </tr> <tr> <td>2</td> <td>18 March 2016</td> <td>20</td> <td>18 September 2017</td> </tr> <tr> <td>3</td> <td>18 April 2016</td> <td>21</td> <td>18 October 2017</td> </tr> </tbody> </table>	(j)	Observation Date(j)	(j)	Observation Date(j)	1	18 February 2016	19	18 August 2017	2	18 March 2016	20	18 September 2017	3	18 April 2016	21	18 October 2017
(j)	Observation Date(j)	(j)	Observation Date(j)																
1	18 February 2016	19	18 August 2017																
2	18 March 2016	20	18 September 2017																
3	18 April 2016	21	18 October 2017																

Element	Title					
			4	18 May 2016	22	20 November 2017
			5	20 June 2016	23	18 December 2017
			6	18 July 2016	24	18 January 2018
			7	18 August 2016	25	19 February 2018
			8	19 September 2016	26	19 March 2018
			9	18 October 2016	27	18 April 2018
			10	18 November 2016	28	18 May 2018
			11	19 December 2016	29	18 June 2018
			12	18 January 2017	30	18 July 2018
			13	20 February 2017	31	20 August 2018
			14	20 March 2017	32	18 September 2018
			15	18 April 2017	33	18 October 2018
			16	18 May 2017	34	19 November 2018
			17	19 June 2017	35	18 December 2018
			18	18 July 2017	36	18 January 2019
		<p><b>Interest Payment Date(j)</b> shall mean each date as specified in the table below:</p>				
			(j)	Interest Payment Date(j)	(j)	Interest Payment Date(j)
			1	03 March 2016	19	01 September 2017
			2	05 April 2016	20	02 October 2017
			3	02 May 2016	21	01 November 2017
			4	01 June 2016	22	04 December 2017
			5	04 July 2016	23	04 January 2018
			6	01 August 2016	24	01 February 2018

Element	Title					
			7	01 September 2016	25	05 March 2018
			8	03 October 2016	26	04 April 2018
			9	01 November 2016	27	03 May 2018
			10	02 December 2016	28	01 June 2018
			11	03 January 2017	29	02 July 2018
			12	01 February 2017	30	01 August 2018
			13	06 March 2017	31	03 September 2018
			14	03 April 2017	32	02 October 2018
			15	03 May 2017	33	01 November 2018
			16	01 June 2017	34	03 December 2018
			17	03 July 2017	35	04 January 2019
			18	01 August 2017	36	1 February 2019
<b>SETTLEMENT AMOUNT</b>						
<b>Final Settlement Amount:</b>						
	Final Settlement Amount:	<p><b>Conditional Settlement Amount :</b></p> <p>Unless an Automatic Early Settlement has occurred, the Holder shall receive on the Maturity Date, in respect of each Certificate, a Final Settlement Amount which is a Conditional Settlement Amount:</p> <p>If the European Barrier(1) Condition is met (i.e. if on the Final Observation Date, for all Share(i), with (i) from 1 to 3, <math>RV(i)_{Final\ Observation\ Date} \geq 40\% \times RV(i)_{Initial\ Observation\ Date}</math>), the Holder will receive the following amount:</p> <p style="text-align: center;"><b>EUR 1,000</b></p> <p>Otherwise, if the European Barrier(1) Condition is not met, the Holder will receive an amount determined as follows by the Calculation Agent:</p> <p style="text-align: center;"><b>EUR 1,000</b> <math>\times \min_{i=1}^3 (Yield(i)_{Final\ Observation\ Date})</math></p>				

Element	Title					
			<p><u>Where:</u></p> $\text{Yield}(i)\text{FinalObservationDate} = \frac{\text{RV}(i)\text{Final Observation Date}}{\text{RV}(i)\text{Initial Observation Date}}$ <p>For these purposes:</p> <p><b>Share(i)</b> means each share as set out in the table above under Element C.15.</p> <p><b>RV(i)Final Observation Date</b> means the official price of the Share(i), with (i) from 1 to 3, on the close on the Final Observation Date.</p> <p><b>RV(i)Initial Observation Date</b> means the official price of the Share(i) on the close on the Initial Observation Date as set out in the table in the Element C.15 above.</p> <p><b>Initial Observation Date</b> means 18 January 2016.</p> <p><b>Final Observation Date</b> means 18 January 2019.</p> <p><b>Maturity Date</b> means 1 February 2019.</p>			
		<b>Automatic Early Settlement</b>				
	Automatic Early Settlement Amount		<p><b>Conditional Settlement Amount</b></p> <p>If the European Barrier(2) Condition occurs on an Automatic Early Valuation Date(j) (i.e. if on an Observation Date(j), with (j) from 6 to 35, for all Share(i), with (i) from 1 to 3, <math>\text{RV}(i)(j) \geq 100\% \times \text{RV}(i)\text{Initial Observation Date}</math>), the Holder shall receive a Conditional Settlement Amount on the immediately following Automatic Early Settlement Date(j), with (j) from 6 to 35, which is equal to :</p> <p style="text-align: center;"><b>EUR 1,000</b></p> <p><b>Share(i)</b> means each share as set out in the table above under Element C.15.</p> <p><b>RV(i)(j)</b> means the official price of the Share(i), with (i) from 1 to 3, on the close on the relevant Observation Date(j).</p> <p><b>RV(i)Initial Observation Date</b> means the official price of the relevant Share(i) on the close on the Initial Observation Date as set out in the table in the Element C.15 above.</p> <p><b>Initial Observation Date</b> means 18 January 2016.</p> <p><b>Observation Date(j)</b> means each date as specified in the table above.</p>			
	Automatic Early Settlement Date		<b>(j)</b>	<b>Automatic Early Settlement Date(j)</b>	<b>(j)</b>	<b>Automatic Early Settlement Date(j)</b>
			1	N/A	19	01 September 2017



Element	Title					
			2	N/A	20	02 October 2017
			3	N/A	21	01 November 2017
			4	N/A	22	04 December 2017
			5	N/A	23	04 January 2018
			6	01 August 2016	24	01 February 2018
			7	01 September 2016	25	05 March 2018
			8	03 October 2016	26	04 April 2018
			9	01 November 2016	27	03 May 2018
			10	02 December 2016	28	01 June 2018
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			12	01 February 2017	30	01 August 2018
			13	06 March 2017	31	03 September 2018
			14	03 April 2017	32	02 October 2018
			15	03 May 2017	33	01 November 2018
			16	01 June 2017	34	03 December 2018
			17	03 July 2017	35	04 January 2019
			18	01 August 2017		
<b>C.19</b>	<b>Securities linked to one or more Underlying(s) – Exercise Price or Final Reference Price</b>	The exercise price or reference price of several Underlyings: the value of the relevant Underlyings at the final determination date as determined by the Calculation Agent (which is Exane Derivatives SNC), subject to any adjustments or any extraordinary events which may affect the Underlyings.				
<b>C.20</b>	<b>Securities linked to one or more Underlying(s) – Description of the underlying</b>	The underlyings of Securities linked to several Underlyings are the basket of three (3) shares (each a “Share(i)”) of the Company(i), as described in the Element C.15 above and the information on such Underlyings may be found on Bloomberg and on the website of each Company(i).				

Element	Title	
	and where information on it may be obtained	

### Section D – Risks

Element	Heading	
D.2	<b>Key information on the principal risks that are specific to the Issuer or its operations and activity</b>	<p>As far as the Issuer and the Guarantor are concerned, several risk factors may affect their ability to perform their obligations under the Securities:</p> <ul style="list-style-type: none"> <li>– Group’s Risk : the Exane group is exposed to risks inherent in its core businesses ;</li> <li>– Risk management: the risk management strategies and techniques put in place by the Issuer and the Guarantor may fail; notably with risks that not identified or anticipated that may cause unexpected losses ;</li> <li>– Credit risk; risk of loss due to default by the Issuer or the Guarantor ;</li> <li>– Solvency of the Issuer and of the Guarantor: investors are only relying on the solvency of the Issuer and of the Guarantor and on no other person. The Securities and the Exane Guarantee rank equally with all other unsubordinated and unsecured contractual obligations of the Issuer and the Guarantor, and after preferred obligations, including those preferred by operation of law ;</li> <li>– Monoline business: the Issuer’s and the Guarantor’s business activities are dependent on the behaviour of equities markets and are impacted by both domestic and international economic and political events;</li> <li>– Capital adequacy: the implementation of various regulations on capital adequacy may have an impact on the profitability of the activities of the Issuer and/or the Guarantor;</li> <li>– European Union Crisis Management Directive: the impacts of this directive are difficult to assess and its transposition into national law could adversely affect the rights of the Holders, the price or value of their investment in the Securities and/or the ability of the Issuer and/or the Guarantor to fulfill its obligations under the Securities;</li> <li>– Operational risk: risk of loss or sanctions arising from the inadequacies or failures in internal procedures, human error or external events;</li> <li>– Fair market value risk: the new rules relating to financial instruments recognition and measurement may lead to fluctuations in the shareholders equity and more generally in the financial statements of the Issuer or the Guarantor;</li> <li>– Impact of regulatory changes: changes in regulations could materially affect the business of the Issuer and of the Guarantor;</li> <li>– Reputational risk: mismanagement of potential conflicts of interest, legal</li> </ul>

Element	Heading	
		<p>and regulatory requirements, ethical issues, money-laundering laws, information security policy and sales and transaction practices may harm the reputation of the Issuer and/or of the Guarantor; and</p> <ul style="list-style-type: none"> <li>– Service of process on or enforcement of judgements against the Issuer and/or the Guarantor in the United States of America: it may not be possible to effect service of process on or enforce judgements against the Issuer and/or the Guarantor in the United States of America.</li> </ul>
D.6	<p><b>Basic information on material factors to enable risks associated with Securities linked to one or more Underlying(s) to be assessed</b></p>	<p>Several risk factors are material for the purpose of assessing the market risks associated with Securities issued under the Programme:</p> <p><b>General, market and other risks</b></p> <ul style="list-style-type: none"> <li>– Suitability of the investment: Securities may not be an appropriate investment for all investors;</li> <li>– Potential Costs of dealing and holding Securities: incidental cost linked to dealing and holding Securities may reduce or cancel out any potential benefit on the Securities;</li> <li>– Hedging considerations: the value of the Securities during their life may not exactly offset the loss realised on the hedged underlying;</li> <li>– Rights in respect of the Underlying(s): the Securities do not confer any rights against the Underlying(s);</li> <li>– Possible lack of liquidity for the Securities on the secondary market: Securities may not have a secondary market established when issued. There can be no assurance that an active market for the Securities will develop on the market where the Securities are listed or that liquidity will exist at any time on this market, if it develops. Consequently, investors may not be able to sell their Securities before their maturity date;</li> <li>– Volatility affecting the secondary market for Securities: the occurrence of events may have a negative impact of the price of Securities;</li> <li>– Legal constraints possibly restricting certain investments: each investor has to review himself or with its legal counsel the appropriate treatment of the Securities in a legal point of view;</li> <li>– Leverage : Securities with a leverage factor involve a high level of risk implying a greater losses compared to similar Securities, in the event of loss;</li> <li>– Taxation: potential purchasers and sellers of the Securities should be aware that they may be required to pay taxes or other charges or documentary duties in accordance with the laws and practices of the country where the Securities are transferred or in other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as Securities;</li> <li>– Change in law: no assurance can be given as to the impact of any possible judicial decision or change to such laws, or the official application or interpretation of such laws or administrative practices after the date of this</li> </ul>

Element	Heading	
		<p>Base Prospectus.</p> <ul style="list-style-type: none"> <li>– French Insolvency Law: under French insolvency law, some creditors are grouped into a committee. The decision of this committee may lead to an increase of Holders’ liabilities, an unequal treatment between the creditors, or a conversion of the debt into securities.</li> <li>– Savings Directive: paying agents based in a Member State have to report to their tax authorities certain information with respect to interest payment (or similar income) made to beneficial owners domiciled in another Member State;</li> <li>– U.S Foreign Account Tax Compliance Act (FATCA): withholding at source imposed by FATCA rules in the United States may impact the Securities;</li> <li>– Hiring Incentives to Restore Employment Act (HIRE Act): US legislation on payments equivalent to dividends may impact on the Securities;</li> <li>– Financial Transaction Tax (FTT): A common FTT may be progressively implemented in some Member States of the European Union and could, if introduced, apply to Securities;</li> <li>– European Market Infrastructure Regulation and Markets in Financial Instruments Directive (EMIR) : the regulatory changes arising from EMIR and MiFID II may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Hedging Party’s ability to engage in transactions in OTC derivatives;</li> <li>– The Bank Recovery and Resolution Directive (BRRD): once implemented, Holders may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in such Holders losing some or all of their investment.</li> <li>– Risks relating to Physical Settlement: the Issuer shall not be liable under any circumstances if it is not able to deliver, or procure delivery, to the relevant holder by reason of applicable laws, regulations and practices;</li> </ul> <p><b>Risks linked to Underlying</b></p> <ul style="list-style-type: none"> <li>– Risks relating to the Underlying(s): these risks encompass among others any risk linked to fluctuations in the price, level or rate, as the case may be, of the share, the index, the commodity, a unit of the fund, the futures contract, the listed option, the exchange rate, the debt instrument as well as the management policies by an index sponsor for the index. In addition, as the investor will not be the beneficial owner of the underlyings, it will not be entitled to any dividends or similar amounts or to exercise any rights granted to beneficial owners of the underlying(s), if the underlying(s) permits it;</li> <li>– Potential conflicts of interest: the Issuer, the Guarantor or their subsidiaries may enter into transactions linked to the underlying(s) for their own account or for third party pursuant to their activity;</li> <li>– Potential conflicts of interests in connection with proprietary indices: the Issuer, the Guarantor or any of their affiliates may be involved in</li> </ul>

Element	Heading	
		<p>proprietary indices and accordingly may face to a potential conflict of interests between its function under the Securities and the function under the proprietary indices;</p> <ul style="list-style-type: none"> <li>- Emerging market risk: additional risks may be associated to Underlying which are located in, or subject to regulation in emerging or developing countries, securities which are denominated or traded in such countries or currencies of such countries;</li> <li>- Calculation Agent: the Calculation Agent may have to make choices that may influence the amount receivable by the holders upon final settlement of the Securities and has wide discretionary powers to make such adjustments as it considers appropriate. Nevertheless, the Calculation Agent will act in the interest of the holders;</li> <li>- Foreign exchange risk: the value of the Securities may be affected by fluctuations in exchange rates between any currency in which a payment must be made under the Securities and any currency in which an underlying is traded;</li> <li>- Issuer Settlement Option: exercise of its early settlement option by the Issuer may cause the return anticipated by holders to be considerably less than anticipated ;</li> <li>- Credit rating to Securities: credit rating agency may assign credit ratings to certain Securities, however those credit ratings do not constitute a guarantee of the quality of the Securities</li> <li>- Downgrading or withdrawal of the Guarantor's credit rating: downgrading or withdrawal of the Guarantor's credit rating may affect adversely the market value of the Securities.</li> <li>- Risk linked to the underlying share or basket of shares: The market price of the Securities may be volatile and may be affected by the residual term to maturity, the volatility of the relevant share or shares, the dividend rate (if any) and the financial results and prospects of the Issuer or issuers of the relevant share or shares. The market price of these Securities may also be affected by the actions or decisions taken by the issuer of the share, economic, financial and political events occurring in any one or more countries, including factors affecting stock exchanges or quotation systems on which the shares may be traded. An investment in Securities linked to share or shares may involve market risks similar to those of investing directly in the share or shares. As the investor will not be the beneficial owner of the shares, it will not be entitled to any dividends or similar amounts paid on the shares or to exercise any rights granted to beneficial owners. In addition the issuers of the shares are not involved in the offer of the Securities in any way and have no obligation to consider the interests of the Holders.</li> <li>- Risks relating to Certificates: Any investment in Certificates involves significant risks which are not normally associated with a similar investment in traditional fixed or floating rate securities. In the opinion of the Issuer, acquiring Certificates should be restricted to investors who are well able to understand the particular risks of an investment in this type of instrument or who acquire them following the advice of a financial institution or other professional investors.</li> </ul>

### Section E – Offer

Element	Title	
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds of the offer</b>	The net proceeds of the issue of Securities shall be used by the Issuer for its general financing purposes.
<b>E.3</b>	<b>Terms and conditions of the offer</b>	Not applicable, the Securities are not being offered to the public.
<b>E.4</b>	<b>Interests, including conflicting interests, that may materially impact the issue/offer</b>	Not applicable, as far as the Issuer is aware, no person involved in the issue has any material interest to the offer.
<b>E.7</b>	<b>Estimate of expenses placed on the subscriber by the Issuer or the offeror</b>	Not applicable, no costs are to be borne by the subscriber.

Form of Renouncement Notice  
(to be completed by the Holder of the Certificates)

**To the Principal Paying Agent**

EXANE DERIVATIVES  
16 Avenue Matignon  
75008 Paris  
Fax number 33 1 56 69 01 38

**Copy sent to the Issuer**

EXANE FINANCE  
16 Avenue Matignon  
75008 Paris

“Yield Crescendo Tempo” Certificates  
indexed to a Basket of Shares

pursuant to the Debt Securities Issuance Programme of  
**EXANE FINANCE**

unconditionally and irrevocably guaranteed by  
**EXANE DERIVATIVES**

Series no.: 10434  
Tranche no.: 1

ISIN code: FR0013090594  
(the "**Certificates**")

We/I, the undersigned

---

hereby inform that acting as a Holder of the Certificates, we/I renouncing the automatic exercise of the certificates duly held for a number of Certificates equal to [●] on the Settlement Date in accordance with the Terms and Conditions of the Certificates, as amended and/or supplemented by the applicable Final Terms.

This notice is irrevocable and the undersigned understands that if this notice is not completed and delivered as provided in the Final Terms or is determined to be incomplete or not in proper form (in the determination of the Principal Paying Agent), it will be treated as null and void.

If this notice is subsequently corrected to the satisfaction of the Principal Paying Agent, it will be deemed to be a new notice submitted at the time such correction was delivered to the Principal paying Agent.

Place and date:

Signature of the Holder

**EXANE FINANCE**

Issue of 20,000 “Yield Crescendo Tempo ” Certificates  
indexed to a Basket of three (3) Shares

pursuant to the Debt Securities Issue Programme of  
**EXANE FINANCE**

unconditionally and irrevocably guaranteed by  
**EXANE DERIVATIVES**

Series no.: 10444  
Tranche no.: 1

ISIN code: FR0013092418  
(the “**Certificates**”)

We refer to the applicable final terms dated 20 January 2016 (the “**Final Terms**”) pertaining to the Certificates.

This notice to the Final Terms (the “**Notice**”) dated 19 January 2016 must be read in conjunction with the Final Terms and the debt securities issue programme of Exane Finance (the “**Issuer**”), unconditionally and irrevocably guaranteed by Exane Derivatives dated 24 June 2015 (the “**Base Prospectus**”).

Unless otherwise required by the context, the terms and expressions used in the Notice shall have the same meaning when used or referred to in the Final Terms and in the securities conditions set forth in the Base Prospectus.

**1- Underlyings**

(i)	Company(i)	ISIN Code(i)	Bloomberg code(i)	Initial Price of the Share(i) [RV(i) <sub>Initial</sub> Observation Date]	100% x Initial Price of the Share(i) [European Barrier(2)]	50% x Initial Price of the Share(i) [(European Barrier(1) and European Barrier (3))]
1	A2A S.p.A.	IT0001233417	A2A IM	1.085	1.085	0.5425
2	Mediaset S.p.A.	IT0001063210	MS IM	3.096	3.096	1.548
3	Moncler S.p.A.	IT0004965148	MONC IM	12.98	12.98	6.49

**2- Expiry date**

For the purposes of listing on the SeDex Market organised and managed by Borsa Italiana S.p.A, the expiry dates (*data di scadenza*) of the Certificate is 18 January 2019.

**3- Record date**

As set out in the table below:



<b>(j)</b>	<b>Observation Date (j)</b>	<b>Record Date (j)</b>	<b>Interest Payment Date (j)</b>
1	18 February 2016	26 February 2016	03 March 2016
2	18 March 2016	29 March 2016	05 April 2016
3	18 April 2016	26 April 2016	02 May 2016
4	18 May 2016	26 May 2016	01 June 2016
5	20 June 2016	28 June 2016	04 July 2016
6	18 July 2016	26 July 2016	01 August 2016
7	18 August 2016	26 August 2016	01 September 2016
8	19 September 2016	27 September 2016	03 October 2016
9	18 October 2016	26 October 2016	01 November 2016
10	18 November 2016	28 November 2016	02 December 2016
11	19 December 2016	27 December 2016	03 January 2017
12	18 January 2017	26 January 2017	01 February 2017
13	20 February 2017	28 February 2017	06 March 2017
14	20 March 2017	28 March 2017	03 April 2017
15	18 April 2017	26 April 2017	03 May 2017
16	18 May 2017	26 May 2017	01 June 2017
17	19 June 2017	27 June 2017	03 July 2017
18	18 July 2017	26 July 2017	01 August 2017
19	18 August 2017	28 August 2017	01 September 2017
20	18 September 2017	26 September 2017	02 October 2017
21	18 October 2017	26 October 2017	01 November 2017
22	20 November 2017	28 November 2017	04 December 2017
23	18 December 2017	27 December 2017	04 January 2018
24	18 January 2018	26 January 2018	01 February 2018
25	19 February 2018	27 February 2018	05 March 2018
26	19 March 2018	27 March 2018	04 April 2018
27	18 April 2018	26 April 2018	03 May 2018
28	18 May 2018	28 May 2018	01 June 2018
29	18 June 2018	26 June 2018	02 July 2018
30	18 July 2018	26 July 2018	01 August 2018
31	20 August 2018	28 August 2018	03 September 2018
32	18 September 2018	26 September 2018	02 October 2018
33	18 October 2018	26 October 2018	01 November 2018
34	19 November 2018	27 November 2018	03 December 2018
35	18 December 2018	27 December 2018	04 January 2019
36	18 January 2019	28 January 2019	1 February 2019



**Final Terms dated 20 January 2016**

Issue of 20,000 “Yield Crescendo Tempo” Certificates  
indexed to a Basket of three (3) Shares

pursuant to the Debt Securities Issue Programme of  
**EXANE FINANCE**

unconditionally and irrevocably guaranteed by  
**EXANE DERIVATIVES**

Series n°: 10444

Tranche n°: 1

Issue Price: EUR 1,000 per Certificate

Scheduled Maturity Date: 1 February 2019

An application has been made for the Certificates to be admitted to trading and listed on the SeDex Market,  
organized and managed by Borsa Italiana S.p.A

**EXANE DERIVATIVES**

as Dealer

## Part A – Contractual Terms

Unless otherwise required by the context, the terms and expressions used and not expressly defined in these Final Terms shall have the same meaning as in the Conditions of the Securities and the Technical Annex set forth in the Base Prospectus dated as of 24 June 2015, as supplemented by the First Supplement dated as of 25 August 2015, the Second Supplement dated as of 3 November 2015, the Third Supplement dated as of 11 January 2016 and the Fourth Supplement dated as of 18 January 2016 (together, the “Supplements”).

The Base Prospectus and the Supplements constitute together a base prospectus for the purposes of the Prospectus Directive and the relevant implementing measures in Luxembourg. The present document constitutes the Final Terms of the Certificates described herein for the purposes of article 5.4 of the Prospectus Directive and the relevant implementing measures in Luxembourg.

The Final Terms must be read in conjunction with the Base Prospectus, as supplemented. Full information on the Issuer, the Guarantor and the offer of the Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus, as supplemented.

The Base Prospectus and its Supplements are available on the website of Exane ([www.exane.com/exaneissues](http://www.exane.com/exaneissues)). A summary of the issue of the Securities is attached as a schedule to these Final Terms. The Base Prospectus, the Supplements and these Final Terms are available for inspection and copies may be obtained from the registered office of the Issuer and the registered office of the Principal Paying Agent.

### GENERAL PROVISIONS

<b>1.</b>	<b>Calculation Agent :</b>	Exane Derivatives
<b>2.</b>	<b>Settlement Confirmation Agent :</b>	Not applicable
<b>3.</b>	<b>Currency :</b>	Euro (“EUR”)
<b>4.</b>	<b>Settlement Currency(ies) :</b>	EUR
	(a) Conversion Rate:	Not applicable
<b>5.</b>	<b>Issue Size :</b>	
	(a) Series :	20,000 Certificates
	(b) Tranche :	20,000 Certificates
<b>6.</b>	<b>Nominal Value :</b>	Not applicable
<b>7.</b>	<b>Issue Price :</b>	EUR 1,000 per Certificate
<b>8.</b>	<b>Trade Date :</b>	7 January 2016
<b>9.</b>	<b>Issue Date :</b>	20 January 2016
<b>10.</b>	<b>Interest Commencement Date :</b>	Issue Date of the Securities
<b>11.</b>	<b>Scheduled Maturity Date :</b>	1 February 2019
<b>12.</b>	<b>Maturity Date:</b>	The Scheduled Maturity Date, unless the Certificates are early redeemed further to the occurrence of an Automatic Early Settlement Condition as described below in Part

A§(52)

13. **Minimum Trading Number :** One (1) Certificate minimum and multiples of one (1) Certificate thereafter
14. **Interest Basis :** Interest linked to Shares
15. **Settlement Basis :** Settlement linked to Shares
16. **Change of Interest Basis :** Not applicable
17. **Business Day Convention :** Following Business Day
18. **Multi Underlyings :** Applicable
19. **Basket of Multi Underlyings** Not applicable

20. **Type(s) of Underlying**

**Underlying(s): Share(s)** Applicable

- (a) **Share(s) :** The Certificates are linked to the performance of a Basket composed of three (3) shares of each Company(i) (each a “**Share(i)**”) as set out in the table below:

<b>Share(i)</b>						
<b>(i)</b>	<b>Company(i)</b>	<b>Exchange(i)</b>	<b>Related Exchange(i)</b>	<b>Bloomberg Code(i)</b>	<b>ISIN Code(i)</b>	<b>The Initial Price(i) of the Share(i) [RV(i)<sub>Initial Observation Date</sub>]</b>
1	A2A S.p.A.	Borsa Italiana	IDEM	A2A IM	IT0001233417	The official price of the Share(1) on the close on the Initial Observation Date
2	Mediaset S.p.A.	Borsa Italiana	IDEM	MS IM	IT0001063210	The official price of the Share(2) on the close on the Initial Observation Date
3	Moncler S.p.A.	Borsa Italiana	IDEM	MONC IM	IT0004965148	The official price of the Share(3) on the close on the Initial Observation Date

- (b) **Weighting / W<sub>i</sub> :** Not applicable
- (c) **Initial Observation Date:** 18 January 2016
- (d) **Company:** As set out in the table §20 (a)

(e)	Quantity :	1
(f)	Exchange(s) :	As set out in the table §20 (a)
(g)	Related Exchange(s) :	As set out in the table §20 (a)
(h)	Valuation Time :	In accordance with Condition 5.7
(i)	Exchange Business Day :	Exchange Business Day (All Shares Basis)
(j)	Scheduled Trading Day :	Scheduled Trading Day (All Shares Basis)
(k)	Initial Price :	As set out in the table §20 (a)
(l)	Reuters Code(s):	Not applicable
(m)	Bloomberg Code(s):	As set out in the table §20 (a)
(n)	ISIN Code(s):	As set out in the table §20 (a)
(o)	ETF Administrator:	Not applicable
(p)	ETF Advisor:	Not applicable
(q)	ETF :	Not applicable
(r)	ETF Underlying Index:	Not applicable
(s)	Underlying Share:	Not applicable
(t)	DR Specified Currency:	Not applicable
(u)	DR Sponsor:	Not applicable
	<b>Underlying(s): Index(es)</b>	Not applicable
	<b>Underlying(s): Futures Contract(s)</b>	Not applicable
	<b>Underlying(s) : Fund Units</b>	Not applicable
	<b>Underlying(s): Exchange Rate</b>	Not applicable
	<b>Underlying(s): Debt Instrument(s)</b>	Not applicable
	<b>Underlying(s): Listed Option(s)</b>	Not applicable
	<b>Underlying(s) : Commodity(ies)</b>	Not applicable
21.	<b>Securities linked to Credit Events (Types of CLN or Types of Credit Linked Portion)</b>	Not applicable
22.	<b>Credit Linked Portion:</b>	Not applicable
23.	<b>Underlying-Linked Portion:</b>	Not applicable

## INTEREST PROVISIONS

### 24. Ex-Date (Condition 1.1):

(j)	Ex-Date (j)	(j)	Ex-Date (j)
1	25 February 2016	19	25 August 2017
2	29 March 2016	20	25 September 2017
3	25 April 2016	21	25 October 2017
4	25 May 2016	22	27 November 2017
5	27 June 2016	23	28 December 2017
6	25 July 2016	24	25 January 2018
7	25 August 2016	25	26 February 2018
8	26 September 2016	26	28 March 2018
9	25 October 2016	27	26 April 2018
10	25 November 2016	28	25 May 2018
11	27 December 2016	29	25 June 2018
12	25 January 2017	30	25 July 2018
13	27 February 2017	31	27 August 2018
14	27 March 2017	32	25 September 2018
15	26 April 2017	33	25 October 2018
16	25 May 2017	34	26 November 2018
17	26 June 2017	35	28 December 2018
18	25 July 2017	36	N/A

25. **Fixed Rate Interest provisions (Condition 4.1):** Not applicable

26. **Floating Rate Interest provisions (Condition 4.2):** Not applicable

27. **Zero Coupon provisions (Conditions 4.4 and 4.5):** Not applicable

**5.6):**

- 28. Provisions relating to Securities linked to one or more Underlying(s) :** Interest payments on Securities linked to one or more Underlying(s) shall be calculated in accordance with the following calculation formula : Indexed Coupon - Tempo Coupon (§6 a. v. of the Technical Annex to the Base Prospectus and as described in §4 of the Technical Annex to the hereto Final Terms)
- 29. Late payment/delivery interest (Condition 13) :** EONIA Rate

**PROVISIONS RELATING TO SETTLEMENT**

- 30. Final Settlement Amount of the Certificates (Condition 5.2):** Applicable
- For the avoidance of doubt the exercise of the Certificates is automatic on the Settlement Date without any prior notice being delivered by the relevant Holder.
- In accordance to the rules of the Italian Stock Exchange, each Holder has the right to renounce the automatic exercise by sending a duly completed renouncement notice (substantially in the form attached hereto) duly sent to the Principal Paying Agent prior to 10:00 am (Milan Time) on the Settlement Date. The Principal Paying Agent will, in its sole and absolute discretion, determine whether the above conditions are satisfied and its determination will be final, conclusive and binding on the Issuer and on the Holders. Neither the Principal Paying Agent nor the Issuer shall apply any charges for the automatic exercise of the Certificates. Any other taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or taxes or duties which may arise in connection with the automatic exercise are payable by the Holder.
- (a) Final Settlement Amount: Conditional Settlement Amount (§8 a. v. of the Technical Annex to the Base Prospectus and as described in §5. a. of the Technical Annex to the hereto Final Terms)
- (b) Cash Settlement and/or Physical Settlement: Cash Settlement
- 31. Final Settlement Amount for CLN (Conditions 6 and 7)** Not applicable
- 32. Final Settlement Amount for Hybrid Securities (Conditions 6 and 7)** Not applicable

## **SPECIFIC CREDIT LINKED NOTE OR CREDIT LINKED PORTION OF HYBRID SECURITIES PROVISIONS**

33.	<b>Tranched CLN</b>	Not applicable
34.	<b>Credit Event(s) (Condition 1.2 or 1.3):</b>	Not applicable
35.	<b>Portion affected by a Credit Event (Condition 1.2 or 1.3):</b>	Not applicable
36.	<b>Notice Delivery Period</b>	Not applicable
37.	<b>Grace Period (Condition 1.2 or 1.3):</b>	Not applicable
38.	<b>Grace Period Extension (Condition 6.1(ii)):</b>	Not applicable
39.	<b>Obligation Category (Condition 1.2 or 1.3):</b>	Not applicable
40.	<b>Obligation Characteristics (Condition 1.2 or 1.3):</b>	Not applicable
41.	<b>Excluded Obligation (Condition 1.2 or 1.3):</b>	Not applicable
42.	<b>Deliverable Obligation</b>	Not applicable
43.	<b>Excluded Deliverable Obligations (Condition 1.2 or 1.3):</b>	Not applicable
44.	<b>Include Accrued Interest</b>	Not applicable
45.	<b>Reference Entity / Reference Entities (Condition 1.2 or 1.3):</b>	Not applicable
46.	<b>Additional provisions relating to certain specific Reference Entities</b>	Not applicable
47.	<b>Reference Obligation(s) (Condition 1.2 or 1.3):</b>	Not applicable
48.	<b>All Guarantees (Condition 1.2 or 1.3):</b>	Not applicable
49.	<b>Cash Settlement (Condition 6.4):</b>	Not applicable
50.	<b>Physical Settlement (Condition 6.5):</b>	Not applicable
51.	<b>Auction Settlement (Condition 6.3):</b>	Not applicable

## **EARLY SETTLEMENT AND OPTIONAL SETTLEMENT PROVISIONS**

52.	<b>Automatic Early Settlement (Condition 5.16):</b>	Applicable
	(a) Automatic Early Settlement Condition :	European Barrier(2) Condition (§5 a. i. of the Technical Annex to the Base Prospectus and as



described in §3. b. of the Technical Annex to the hereto Final Terms)

(b) Automatic Early Valuation Date(s): Each Observation Date(j), with (j) from 6 to 35, as set out in the table in §1. a. of the Technical Annex to the hereto Final Terms.

(c) Automatic Early Settlement Amount: Conditional Settlement Amount (§ 8. b. v. of the Technical Annex to the Base Prospectus and as described in §5. b. of the Technical Annex to the hereto Final Terms)

(d) Automatic Early Settlement Date(s) :

(j)	Automatic Early Settlement Date (j)	(j)	Automatic Early Settlement Date (j)
1	N/A	19	01 September 2017
2	N/A	20	02 October 2017
3	N/A	21	01 November 2017
4	N/A	22	04 December 2017
5	N/A	23	04 January 2018
6	01 August 2016	24	01 February 2018
7	01 September 2016	25	05 March 2018
8	03 October 2016	26	04 April 2018
9	01 November 2016	27	03 May 2018
10	02 December 2016	28	01 June 2018
11	03 January 2017	29	02 July 2018
12	01 February 2017	30	01 August 2018
13	06 March 2017	31	03 September 2018
14	03 April 2017	32	02 October 2018
15	03 May 2017	33	01 November 2018
16	01 June 2017	34	03 December 2018

17	03 July 2017	35	04 January 2019
18	01 August 2017		

- (e) Cash Settlement and/or Physical Settlement: Cash Settlement
53. **Settlement Option at the Issuer's discretion (Condition 5.4):** Not applicable
54. **Settlement Option at the Holder's discretion (Condition 5.5):** Not applicable
55. **Information relating to Settlement by Instalments (Condition 5.3):** Not applicable
56. **Information relating to Partly Paid Certificates / CLN or Hybrid Securities (Condition 5.17):** Not applicable

#### MARKET DISRUPTION AND ADJUSTMENTS

57. **Capitalised Fair Market Value Option (Conditions 5.7 to 5.14):** Not applicable
58. **Adjustment Methods** Applicable

Share

Calculation Agent Method

For the avoidance of doubt, the Calculation Agent could adjust the Certificates or terminate the Certificates in accordance to Condition 5.7 of the Base Prospectus provided that Increased Cost of Hedging shall not apply.

For the purposes of this clause, the fair market value shall not include any unwind costs.

#### PLEDGING OF SECURITIES ACCOUNT

59. **Additional guarantee in the form of a pledging of securities account (Condition 3.3):** Not applicable

#### OTHER GENERAL PROVISIONS

60. **Form of the CLN/Hybrid Securities (Condition 2.2) :** Not applicable
61. **Form of the Certificates (Condition 2.2):**
- (a) Form of the Certificates : Bearer

- (b) Registrar: Not applicable
- 62. Additional Financial Market(s) (Condition 13.4):** Not applicable
- 63. Provisions governing redenomination, changes in Nominal Value and conventions (Condition 2.5):** Not applicable

## **PART B – OTHER INFORMATION**

### **1. Listing and Admission to Trading**

- (a) Listing application and admission to trading: Application has been made by the Issuer (or on his behalf) to be listed and admitted to trading on the SeDex Market, organized and managed by Borsa Italiana S.p.A.. No assurance can be given that the listing and admission to trading of the Securities will be authorised.
- (b) Estimate of total expenses related to admission to trading : Not applicable

### **2. Rating**

The Securities to be issued have not been rated.

### **3. Third Party Information**

Information contained in the Final Terms that is sourced from a third party has been accurately reproduced and, as far as the Issuer and the Guarantor are aware and are able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.

### **4. Conflicts of Interests of Natural and Legal Persons Involved in The Issue / Offer**

So far as the Issuer is aware, no person involved in the offer of the Certificates has an interest material to the offer.

### **5. Reasons for the Offer, Estimated Net Proceeds**

- (a) Reasons for the offer and use of proceeds: The net proceeds from each issue of Securities will be applied by the Issuer for its general corporate purposes. A substantial portion of the proceeds from each issue of Securities will be used to establish various hedging financial instruments in respect of such Securities.
- (b) Estimated total expenses: Not applicable
- (c) Estimated net proceeds: Not applicable

### **6. Fixed Rate Securities Only – Yield**

Not applicable

### **7. Floating Rate Securities Only – Historical Interest Rate**

Not applicable

### **8. Placement and Subscription**

As of the Issue Date, it is not expected that any placement fees will be payable to third parties in connection with these Certificates.

**9. Source of Information about the Past and the Future Performance of the Underlying(s) and its Volatility, Explanation of Effect on Value of Investment and Associated**

Information concerning each Share(i) can be found on Bloomberg and on the website of the relevant Company(i).

Information about the past and the future performance of each Share(i) and their volatility may be obtained in electronic format from the Calculation Agent.

**10. Practical Information**

Central depository:	Monte Titoli S.p.A. Express II, Euroclear France, Clearstream
ISIN Code:	FR0013092418
Common Code:	134552441
Telekurs Code and other code(s) :	Telekurs Code: 30782949
Paying Agent(s) details :	Not applicable
Fees:	Not applicable

**11. Placement**

Name of Dealer :	Exane Derivatives 16, avenue Matignon – 75008 Paris – France
Non-exempt Offer	Not applicable
Consent of the Issuer to use the Base Prospectus during the Offer Period:	Not applicable
Authorised Institution(s)	Not applicable
Additional conditions relating to consent of the Issuer to use the Base Prospectus:	Not applicable

**12. Non-exempt Offer** Not applicable

## INTRODUCTION TO THE FINAL TERMS TECHNICAL ANNEX

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The present Technical Annex includes the necessary parameters to the use of the pay-off formulas (each, a Pay-Off Formula) used in Part A (Contractual Terms) of the Final Terms in order to determine an interest amount, an early settlement amount or a final settlement amount payable on a Security.

### 1. Final Settlement Amount

Unless an Automatic Early Settlement Condition has occurred, the Holder shall receive on the Maturity Date, in respect of each Certificate, a Final Settlement Amount which is a Conditional Settlement Amount, depending on one (1) Applicable Condition (i.e. an European Barrier(1) Condition):

- (1) If the European Barrier(1) Condition is met (i.e. if on the Final Observation Date, for all Share(i), with (i) from 1 to 3,  $RV(i)_{Final\ Observation\ Date} \geq 50\% \times RV(i)_{Initial\ Observation\ Date}$ ), each Holder will receive the following Fixed Settlement Amount:

**EUR 1,000**

- (2) Otherwise, each Holder will receive a Delta One Settlement Amount determined as follows by the Calculation Agent :

$$EUR\ 1,000 \times \underset{i=1}{\overset{3}{\text{Min}}}(\text{Yield}(i)_{Final\ Observation\ Date})$$

Where:

$$\text{Yield}(i)_{Final\ Observation\ Date} = \frac{RV(i)_{Final\ Observation\ Date}}{RV(i)_{Initial\ Observation\ Date}}$$

### 2. Automatic Early Settlement Amount

If an Automatic Early Settlement Condition (i.e. an European Barrier(2) Condition) occurs on an Automatic Early Valuation Date(j) (i.e. if on an Observation Date(j), with(j) from 6 to 35, for all Share(i), with (i) from 1 to 3,  $RV(i)(j) \geq 100\% \times RV(i)_{Initial\ Observation\ Date}$ ), the Holder shall receive on the immediately following Automatic Early Settlement Date(j), a Conditional Settlement Amount which is the following Fixed Settlement Amount equal to:

**EUR 1,000**

### 3. Coupon

- (1) Furthermore, if the European Barrier(3) Condition is met on the Observation Date(j) (i.e. if on an Observation Date(j), with (j) from 1 to 36, for all Share(i) from 1 to 3,  $RV(i)_{Observation\ Date\ (j)} \geq 50\% \times RV(i)_{Initial\ Observation\ Date}$ ), each Holder will receive on the immediately following Interest Payment Date(j) the following Tempo Coupon equal to :

**EUR 1,000 × Rate(j)**

Where:

$$\text{Rate}(j) = [(j) \times 0.50\% - \text{RateSum}(j-1)]$$

With:

$$\text{RateSum}(j-1) = \sum_{n=1}^{j-1} \text{Rate}(n)$$

$$RateSum(0)=0\%$$

(2) Otherwise,  $Rate(j)=0\%$ , the Holder will not receive any interest amount.

The concepts used to determine the Final Settlement Amount, the Automatic Early Settlement Amount and the coupon are detailed hereafter.

## 1. DEFINITIONS

### a. Observation Dates of the Applicable Values

Initial Observation Date: 18 January 2016

Final Observation Date: 18 January 2019

Observation Dates (j) means, when applicable, the dates set out in the table below:

(j)	Observation Date(j)	(j)	Observation Date(j)
1	18 February 2016	19	18 August 2017
2	18 March 2016	20	18 September 2017
3	18 April 2016	21	18 October 2017
4	18 May 2016	22	20 November 2017
5	20 June 2016	23	18 December 2017
6	18 July 2016	24	18 January 2018
7	18 August 2016	25	19 February 2018
8	19 September 2016	26	19 March 2018
9	18 October 2016	27	18 April 2018
10	18 November 2016	28	18 May 2018
11	19 December 2016	29	18 June 2018
12	18 January 2017	30	18 July 2018
13	20 February 2017	31	20 August 2018
14	20 March 2017	32	18 September 2018
15	18 April 2017	33	18 October 2018
16	18 May 2017	34	19 November 2018
17	19 June 2017	35	18 December 2018
18	18 July 2017	36	18 January 2019

### b. Dates relating to Coupons

Interest Payment Dates(j) means the dates set out in the table below:

(j)	Interest Payment Date(j)	(j)	Interest Payment Date(j)
1	03 March 2016	19	01 September 2017
2	05 April 2016	20	02 October 2017
3	02 May 2016	21	01 November 2017
4	01 June 2016	22	04 December 2017
5	04 July 2016	23	04 January 2018
6	01 August 2016	24	01 February 2018
7	01 September 2016	25	05 March 2018
8	03 October 2016	26	04 April 2018
9	01 November 2016	27	03 May 2018
10	02 December 2016	28	01 June 2018
11	03 January 2017	29	02 July 2018
12	01 February 2017	30	01 August 2018
13	06 March 2017	31	03 September 2018
14	03 April 2017	32	02 October 2018
15	03 May 2017	33	01 November 2018
16	01 June 2017	34	03 December 2018
17	03 July 2017	35	04 January 2019
18	01 August 2017	36	1 February 2019

**c. Parameters for Calculation of determined variables**

- i. European Barrier(1): 50 % of the Initial Price of the Share(i)
- ii. European Barrier(2): 100% of the Initial Price of the Share(i)
- iii. European Barrier(3): 50 % of the Initial Price of the Share(i)

**2. DETERMINED APPLICABLE VALUES**

**General Definitions for Determined Applicable Values**

**Performance**[Yield(i)FinalObservationDate]

Applicable Value<sub>F</sub>: the official price of the relevant Share(i) on the close on the Final Observation Date

[RV(i)<sub>Final Observation Date</sub>]

Applicable Value<sub>I</sub>: the Initial Price(i) of the relevant Share(i) on the Initial Observation Date as detailed in the table under Part A §20(a) [RV(i)<sub>Initial Observation Date</sub>]

**3. APPLICABLE CONDITIONS**



- a. **European Barrier(1) Condition used to determine the Final Settlement Amount (Part A §30(a) of the Final Terms): Applicable Value (1)  $\geq$  Applicable Value (2)**  
 Applicable Value (1): the official price of all Share(i), for (i) from 1 to 3, on the close on the Final Observation Date [RV<sub>(i) Final Observation Date</sub>]  
 Applicable Value (2): European Barrier(1)
- b. **European Barrier(2) Condition used to determine the Automatic Early Settlement Amount (Part A §52(c) of the Final Terms): Applicable Value (1)  $\geq$  Applicable Value (2)**  
 Applicable Value(1): the official price of all Share(i), for (i) from 1 to 3, on the close on the relevant Automatic Early Valuation Date(j) (i.e. the relevant Observation Date(j), with (j) from 6 to 35) [(RV(i)j)]  
 Applicable Value(2): European Barrier(2)
- c. **European Barrier(3) Condition used to determine used to determine the Conditional Coupon (Part A §28 of the Final Terms): Applicable Value (1)  $\geq$  Applicable Value (2)**  
 Applicable Value (1): the official price of all Share(i), for (i) from 1 to 3, on the close on the relevant Observation Date(j), with (j) from 1 to 36 [RV<sub>(i) Observation Date(j)</sub>]  
 Applicable Value (2): European Barrier(3)

#### 4. COUPONS (PART A, §28 OF THE FINAL TERMS)

##### Indexed Coupon

##### Indexed Coupon – Tempo Coupon

##### Applicable Condition: European Barrier(3) Condition

If the Applicable Condition is met, the Tempo Coupon shall be equal to: EUR 1,000 x Coupon<sub>t</sub>

Where: Coupon<sub>t</sub> = Sum of Theoretical Coupons<sub>t</sub> – Sum of Coupons paid<sub>t-1</sub>

If the Applicable Condition is not met, the Tempo Coupon shall be equal to: EUR 1,000 x Coupon<sub>t</sub>

Where: Coupon<sub>t</sub> = 0.00 (zero). No Tempo Coupon will be paid by the Issuer to the Holders of the Certificates.

With:

“Sum of Theoretical Coupons<sub>t</sub>” is defined in the Technical Annex to the Base Prospectus [(j) x 0.50 %]

“Sum of Coupons paid<sub>t-1</sub>” is defined in the Technical Annex to the Base Prospectus [RateSum(j-1) =

$$\sum_{n=1}^{j-1} \text{Rate}(n) ]$$

For the avoidance of doubt, it is hereby specified that:

- (i) The Tempo Coupon shall not be adjusted in the case of postponement of an Interest Payment Date(j) due to the Business Day Convention;
- (ii) In the event the Certificates are early settled further to the occurrence of the Automatic Early Settlement Condition on the relevant Automatic Early Settlement Date(j), the Tempo Coupon(j) due on the Automatic Early Settlement Date(j) will be paid on such Automatic Early Settlement Date(j), no other Tempo Coupon(j) will be paid by the Issuer after that Automatic Early Settlement Date(j).

#### 5. SETTLEMENT

##### a. Final Settlement Amount (Part A, § 30(a) and 30(b) of the Final Terms)

##### Conditional Settlement Amount

Applicable Condition: European Barrier(1) Condition

If the European Barrier(1) Condition is met, the Conditional Settlement Amount shall be a Fixed Settlement Amount equal to: EUR 1,000

Else, if the Applicable Condition is not met, the Conditional Settlement Amount shall be the Delta One Settlement Amount (as described below)

**Delta One Settlement Amount**

Applicable Values: the Product of two Applicable Values

- Applicable Value(1): EUR 1,000
- Applicable Value(2): the Worst of Performance of the Share(i) on the Final Observation Date  
$$\left[ \underset{i=1}{\overset{3}{\text{Min}}}(\text{Yield}(i)\text{FinalObservationDate}) \right]$$

**b. Early settlement and optional settlement provisions (Part A, § 52(c), 53(c) and 54(c) of the Final Terms)**

**Automatic Early Settlement Amount**

**Conditional Settlement Amount**

Applicable Condition: European Barrier(2) Condition

If the Applicable Condition is met, the Certificates will be redeemed on the Automatic Early Settlement Date(j), with (j) from 6 to 35, (as described in Part A, §52(d)) and the Conditional Settlement Amount due shall be the following Fixed Settlement Amount:

***EUR 1,000***

## SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as Element, the communication of which is required by Annex XXII of the Commission Regulation (EC) No 809/2004 as modified. These Elements are numbered in sections A - E (A.1 – E.7).

This summary contains all of the Elements to be included in a summary for this type of Securities, Issuer and Guarantor. The numbering of the Elements may be out of sequence due to the fact that certain Elements do not need to be included.

Although an Element may be required to be included in the summary for the particular type of security or issuer, it may be that no pertinent information is available on such Element. In such case, a brief description of the Element is included in the summary followed by the words "Not applicable".

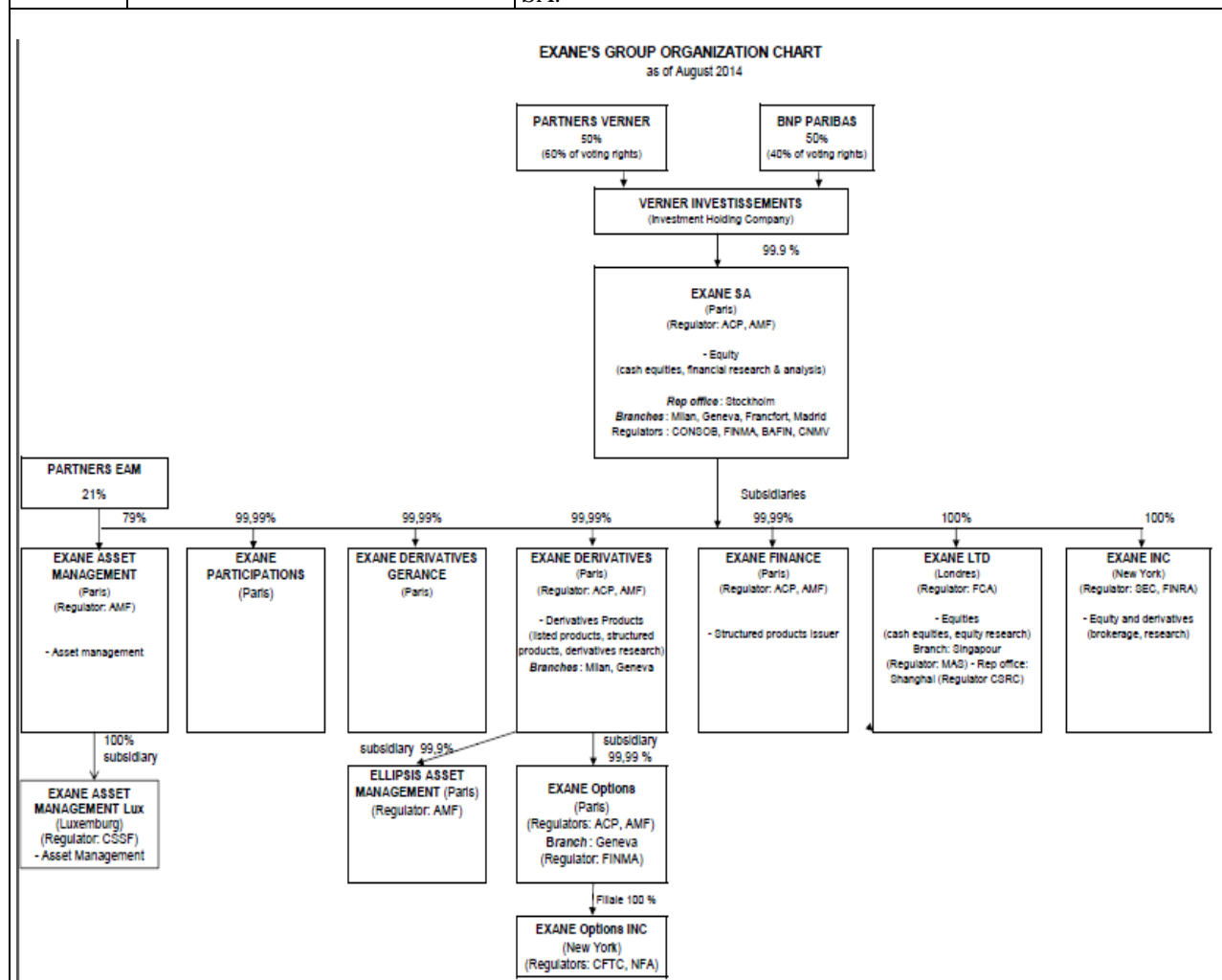
### Section A – Introduction and warnings

Element	
<b>A.1</b>  <b>Warning</b>	<p>This summary should be read as an introduction to the Base Prospectus as supplemented by any supplement relating thereto, if any (the <b>Base Prospectus</b>). Any decision to invest in securities should be based on a consideration of the Base Prospectus as a whole by the investors.</p> <p>Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff investor might, under the national legislation of the relevant Member State, have to bear the costs of translating the Base Prospectus before legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
<b>A.2</b>  <b>Consent to use of the Base Prospectus</b>	Not applicable.

### Section B – Issuer

Element	Title	
<b>B.1</b>	<b>Legal and commercial name of the Issuer</b>	Exane Finance SA (the <b>Issuer</b> ).
<b>B.2</b>	<b>Domicile, legal form of the Issuer/Legislation and country of incorporation of the Issuer</b>	<p>Domicile: 16, avenue Matignon - 75008 Paris</p> <p>Legal form: public limited company (<i>société anonyme</i>)</p>

Element	Title	
		<p>Legislation: French law</p> <p>Country of incorporation: France</p>
B.4b	A description of all known trend information affecting the Issuer and the markets in which it operates	Not applicable. There are no trends affecting the Issuer and the business sectors in which it operates.
B.5	Description of the Issuer's Group and its position within the Group	<p>The Issuer has no subsidiaries.</p> <p>Exane Finance is a subsidiary 99.9% owned by Exane SA and is a fully consolidated company.</p> <p>Exane Finance forms part of the Group: a simplified Group structure chart appears below.</p> <p><b>Group</b> means Exane SA and any direct or indirect subsidiary (as defined in article L.233-1 of the French commercial code) of Exane SA.</p>



Element	Title																															
B.9	Profit forecast or estimate	Not applicable. There are no profit forecasts or estimates.																														
B.10	Qualifications in the auditor's report	Not applicable. There are no qualifications in the statutory auditors' reports on the financial years ending 31 December 2013 and 31 December 2014.																														
B.12	Key historical financial information	<p><b>Exane Finance</b></p> <table border="1"> <thead> <tr> <th>In K€</th> <th>31 Dec. 2013</th> <th>30 June 2014 (unaudited)</th> <th>31 Dec. 2014</th> <th>30 June 2015 (unaudited)</th> </tr> </thead> <tbody> <tr> <td>Net banking income</td> <td>1 752</td> <td>1 275</td> <td>2 388</td> <td>1 306</td> </tr> <tr> <td>Operating profit</td> <td>1 680</td> <td>1 235</td> <td>2 300</td> <td>1 259</td> </tr> <tr> <td>Net profit</td> <td>1 120</td> <td>824</td> <td>1 534</td> <td>839</td> </tr> <tr> <td>Total Assets</td> <td>9 757 813</td> <td>12 135 689</td> <td>14 16 7 342</td> <td>16 169 350</td> </tr> <tr> <td>Total Shareholder's Equity</td> <td>3 762</td> <td>3 467</td> <td>7 169</td> <td>6 569</td> </tr> </tbody> </table> <p>There has been no material adverse change in the Issuer's prospects since 31 December 2014.</p> <p>Not applicable. There has been no significant change in the financial or trading position of the Issuer since 30 June 2015.</p>	In K€	31 Dec. 2013	30 June 2014 (unaudited)	31 Dec. 2014	30 June 2015 (unaudited)	Net banking income	1 752	1 275	2 388	1 306	Operating profit	1 680	1 235	2 300	1 259	Net profit	1 120	824	1 534	839	Total Assets	9 757 813	12 135 689	14 16 7 342	16 169 350	Total Shareholder's Equity	3 762	3 467	7 169	6 569
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B.13	Recent events particular to the Issuer which are to a material extent relevant to evaluating the Issuer's solvency.	Not applicable. There are no recent events affecting the Issuer that are materially relevant to evaluating its solvency.																														
B.14	Extent of dependency of the Issuer with regard to other entities in the Group.	Please also refer to Element B.5 above. The Issuer is 99.99% owned by Exane SA.																														
B.15	Issuer's principal activities	<p>Pursuant to article 2 of its by-laws, the Issuer's main activity, within the limits set forth by legal and regulatory provisions applicable to financial companies and "<i>subject to the provisions of the last subparagraph of this article:</i></p> <ul style="list-style-type: none"> <li>– to provide, both in France and outside France, investment services, services related to investment services as defined by applicable regulations, and banking operations, including intermediation in banking transactions, the receipt of funds from the public, credit operations and the issue of securities, and activities related to banking operations, and all financial activities not prohibited by the applicable regulations;</li> <li>– to participate, both in France and outside France, in all commercial, financial, industrial, personal property and real</li> </ul>																														

Element	Title	
		<p>estate operations related in any manner to its corporate purpose, including the creation of new companies, contribution, subscription, purchase of securities or corporate rights, merger, partnership or any other mechanism ;</p> <p>The Company shall perform these activities which are subject, under the regulations in force, to authorisation in accordance with the stipulations of the authorisation granted to the Company or any approval that may be granted to the Company."</p> <p>The Issuer is therefore authorised to carry on credit and guarantee services complementary to these services as an investment services provider, in relation to dealing on own account, portfolio management, underwriting and (guaranteed and non-guaranteed) placement.</p> <p>The Issuer's main activity is issuing debt securities (including certificates and bonds) and warrants. Such issues are generally underwritten by Exane Derivatives SNC which is responsible for placement with investors and managing positions.</p> <p>It should be noted that investment services relating to underwriting and placement are authorised only in connection with the issuance of warrants and debt securities (bonds and certificates).</p> <p>The Issuer has also issued a declaration concerning freedom of services throughout the territories of the following countries: Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Spain, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, the Netherlands, Poland, Portugal, the Czech Republic, Romania, the United Kingdom, Slovakia, Slovenia and Sweden.</p>
<b>B.16</b>	<b>Entity(ies) or person(s) directly or indirectly holding or controlling the Issuer.</b>	<p>As at 31 December 2014, the Issuer's shares are distributed as follows:</p> <p>319.988 shares held by Exane SA</p> <p>1 share held by Nicolas Chanut</p> <p>1 share held by Exane Derivatives SNC</p> <p>1 share held by Bertrand Léonard</p> <p>1 share held by Exane Limited</p> <p>1 share held by Benoît Catherine</p> <p>1 share held by Exane Derivatives Gérance SA</p> <p>Exane Finance SA has no subsidiaries.</p> <p>Exane Finance SA is a subsidiary 99.9% owned directly by Exane</p>

Element	Title	
		SA and is a fully consolidated company.
<b>B.17</b>	<b>Rating assigned to the Issuer or its debt securities</b>	Not applicable. Exane Finance SA has not been rated.  Not applicable. The Securities have not been rated.
<b>B.18</b>	<b>Nature and scope of the guarantee</b>	Each Security shall be guaranteed by Exane Derivatives SNC (the <b>Guarantor</b> ). The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of any and all amounts due by the Issuer in respect of the Securities as and when the same shall become due and payable (the <b>Exane Guarantee</b> ). The Exane Guarantee given by the Guarantor on the Securities shall constitute a direct, unsubordinated obligation of the Guarantor and shall rank equally ( <i>pari passu</i> ) with its other direct, unconditional and unsubordinated obligations, both present and future (with the exception of preferred obligations under the law).  Certain issues may benefit from an additional guarantee in the form of a pledging of securities account in accordance with article L. 211-20 and articles D. 211-10 <i>et seq.</i> of the French monetary and financial code (the <b>Pledge</b> ). This Pledge shall be granted by Exane Derivatives SNC (the <b>Pledgor</b> ) for the benefit of the Holders. The relevant Final Terms shall specify whether the relevant Securities have the benefit of a Pledge. The statement of pledge shall indicate, in particular, the debt secured by the Pledge (the <b>Secured Debt</b> ) as well as the nature and number of financial instruments recorded in the pledged account (the <b>Eligible Financial Instruments</b> ) as of the date of delivery of such statement.
<b>B.19</b>	<b>Information concerning the Guarantor</b>	
<b>B.19/B.1</b>	<i>The legal name and commercial name of the Guarantor</i>	The Guarantor's legal name is Exane Derivatives SNC.
<b>B.19/B.2</b>	<i>The registered office and legal form of the Guarantor/governing law and country of incorporation of the Guarantor</i>	Domicile: 16, avenue Matignon - 75008 Paris  Legal form: <i>société en nom collectif</i>  Legislation: French law  Country of incorporation: France
<b>B.19/B.4 b</b>	<i>A description of all known trend information affecting the Guarantor and the markets in which it operates</i>	Not applicable. There are no trends affecting the Guarantor and the business sectors in which it operates.

Element	Title																															
B.19/B.5	<i>Description of the Guarantor's Group and its position within the Group</i>	<p>Exane Derivatives SNC has two subsidiaries, each 99.9% owned : Ellipsis Asset Management and Exane Options.</p> <p>Exane Derivatives SNC is a 99.9% owned subsidiary of Exane SA and is a fully consolidated company.</p> <p>Exane Derivatives SNC forms part of the Group: a simplified Group structure chart appears in Element B.5 above.</p> <p><b>Group</b> means Exane SA and any direct or indirect subsidiary (as defined in article L.233-1 of the Commercial Code) of Exane SA.</p>																														
B.19/B.9	<i>Profit forecast or estimate</i>	Not applicable. There are no profit forecasts or estimates.																														
B.19/B.10	<i>Qualifications in the auditor's report</i>	Not applicable. There are no qualifications in the Statutory Auditors' reports on the financial years ending 31 December 2013 and 31 December 2014.																														
B.19/B.12	<i>Key historical financial information</i>	<p><b>Exane Derivatives SNC</b></p> <table border="1"> <thead> <tr> <th>In K€</th> <th>31 Dec. 2013</th> <th>30 June 2014 (unaudited)</th> <th>31 Dec. 2014</th> <th>30 June 2015 (unaudited)</th> </tr> </thead> <tbody> <tr> <td><b>Net banking income</b></td> <td>125 645</td> <td>81 415</td> <td>145 231</td> <td>101 535</td> </tr> <tr> <td><b>Operating profit</b></td> <td>36 119</td> <td>29 786</td> <td>43 441</td> <td>44 220</td> </tr> <tr> <td><b>Net profit</b></td> <td>26 616</td> <td>22 957</td> <td>33536</td> <td>33 093</td> </tr> <tr> <td><b>Total Assets</b></td> <td>13 770 175</td> <td>16 643 898</td> <td>18 676 613</td> <td>21 083 234</td> </tr> <tr> <td><b>Total Shareholder's Equity</b></td> <td>45 667</td> <td>68 624</td> <td>79 203</td> <td>79 525</td> </tr> </tbody> </table> <p>There has been no material adverse change in the Guarantor's prospects since 31 December 2014.</p> <p>Not applicable. There has been no significant change in the financial or trading position of the Guarantor since 30 June 2015.</p>	In K€	31 Dec. 2013	30 June 2014 (unaudited)	31 Dec. 2014	30 June 2015 (unaudited)	<b>Net banking income</b>	125 645	81 415	145 231	101 535	<b>Operating profit</b>	36 119	29 786	43 441	44 220	<b>Net profit</b>	26 616	22 957	33536	33 093	<b>Total Assets</b>	13 770 175	16 643 898	18 676 613	21 083 234	<b>Total Shareholder's Equity</b>	45 667	68 624	79 203	79 525
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B.19/B.13	<i>Recent events particular to the Guarantor which are to a material extent relevant to evaluating the Guarantor's solvency.</i>	Not applicable. There are no recent events affecting the Guarantor that are materially relevant to evaluating its solvency.																														
B.19/B.14	<i>Extent of dependency of the Guarantor with regard to other entities in the Group.</i>	<p>Please also refer to Element B.19/B.5 above.</p> <p>The Guarantor is 99.99% owned by Exane SA.</p>																														
B.19/B.15	<i>Principal activities of the Guarantor</i>	Pursuant to article 2 of its by-laws, the Guarantor's corporate objects are, "within the limits set forth by legal and regulatory provisions applicable to financial companies and subject to the provisions of the last sub-paragraph of this article:																														



Element	Title	
		<ul style="list-style-type: none"> <li data-bbox="722 280 1455 448">– <i>to provide, both in France and outside France, investment services, services related to investment services as defined by applicable regulations, and for the purpose of its derivative products business, certain banking operations ancillary to the provision of investment services, such as in particular:</i></li> <li data-bbox="722 465 1455 499">– <i>granting of associated loans and guarantees,</i></li> <li data-bbox="722 533 1455 566">– <i>receipt of term deposits;</i></li> <li data-bbox="722 600 1455 801">– <i>to participate, both in France and outside France, in all commercial, financial, personal property and real estate operations related in any manner to its corporate purpose, including the creation of new companies, contribution, subscription, purchase of securities or corporate rights, merger, partnership or any other mechanism.</i></li> <li data-bbox="722 819 1455 987">– <i>The Company shall perform these activities which are subject, under the regulations in force, to authorisation in accordance with the stipulations of the authorisation granted to the Company or any approval that may be granted to the Company."</i></li> </ul> <p data-bbox="722 1028 1455 1229">The Guarantor is authorised to provide certain investment services as defined in article L.321-1 of the French monetary and financial code as explained above, as well as, for the purpose of its derivative products business, certain banking services complementary to the provision of investment services, such as granting associated loans and guarantees and receiving term deposits.</p> <p data-bbox="722 1270 1455 1326">The Guarantor distributes debt instruments (bonds and certificates) and warrants both in France and abroad.</p> <p data-bbox="722 1366 1455 1500">Under the current scheme of issues of warrants and debt instruments (bonds and certificates), a first demand guarantee for these issues is provided for the investors by the Guarantor in favour of Exane Finance SA (the Issuer).</p> <p data-bbox="722 1541 1455 1641">The Guarantor carries out brokering activities on listed derivatives products on behalf of institutional customers and carries out proprietary transactions of securities and derivatives.</p> <p data-bbox="722 1682 1455 1906">The Guarantor has also issued a declaration concerning the freedom of services throughout the territories in the following countries: Germany, Austria, Belgium, Bulgaria, Cyprus, Denmark, Spain, Estonia, Finland, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, the Netherlands, Poland, Portugal, the Republic of Czechoslovakia, Romania, the United Kingdom, Slovakia, Slovenia and Sweden.</p> <p data-bbox="722 1946 1455 2042">The Guarantor is not subject to any specific confidentiality requirements, other than those commonly accepted in the exercise of its business as an investment services provider.</p>

Element	Title	
<b>B.19/B.1 6</b>	<b>Entity(ies) or person(s) directly or indirectly holding or controlling the Guarantor</b>	<p>As at 31 December 2014, the Guarantor's shares are distributed as follows:</p> <p>1,724,831 shares held by Exane SA</p> <p>1 share held by Exane Finance SA</p> <p>Exane Derivatives SNC has two subsidiaries, each 99.9% owned: Ellipsis Asset Management SAS and Exane Options SA.</p> <p>Exane Derivatives SNC is a 99.9% directly owned subsidiary of Exane SA and is a fully consolidated company.</p>
<b>B.19/B.1 7</b>	<b>Rating assigned to the Guarantor or its debt securities</b>	<p>Guarantor's long term credit rating is for Moody's: Baa2 with a stable outlook. Guarantor's long term credit rating is for Standard &amp; Poor's: BBB+ (BBB which means, as per the definition appearing on the website of Standard &amp; Poor's, "adequate capacity to meet financial commitments, but more subject to adverse economic conditions – Note: ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories") with a stable outlook and Guarantor's short term credit rating is for Standard &amp; Poor's: A-2 with a stable outlook.</p>

## Section C – Securities

Element	Title	
C.1	<b>Nature, class and identification of the Securities</b>	<p>The Securities do not constitute "<i>obligations</i>" within the meaning of article L.228-38 of the French commercial code.</p> <p>Although issued in series, each Security shall constitute a separate and distinct debt instrument. However, the Securities may be consolidated and form a single series with earlier Tranches.</p> <p>Series n°: 10444 Tranche n°: 1</p> <p>Type of Securities:           The Securities are Certificates</p> <p>ISIN Code:                   FR0013092418 Common Code:               134552441 Central Depository:       Monte Titoli S.p.A. Express II, Euroclear France, Clearstream</p>
C.2	<b>Currencies</b>	The currency of the Securities is Euro (“ <b>EUR</b> ”) and the settlement currency is EUR
C.5	<b>Description of any restriction on the free transferability of the Securities</b>	Not applicable. There are no restrictions on the free transferability of the Securities subject to any selling and transfer restrictions which may apply in certain jurisdictions.
C.8	<b>Description of the rights attached to the Securities including ranking and limitation to those rights and procedure for the exercise of those rights</b>	<p><b><i>Rights attached to the Securities</i></b></p> <p>The Securities will give right to each holder of Securities (a <b>Holder</b>) to receive a Final Settlement Amount or an Automatic Early Settlement Amount as specified in Element C.18 hereafter and, if applicable, to interest amounts described in this Element C.18.</p> <p><b><i>Status and ranking of the Securities and the Exane Guarantee</i></b></p> <p>The Securities constitute direct, unconditional and unsubordinated obligations of the Issuer that shall rank equally (<i>pari passu</i>) with each other and with all other direct, unconditional and unsubordinated obligations of the Issuer, both present and future, (subject to contrary mandatory provisions in force at the relevant time).</p> <p>The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of any and all amounts due by the Issuer in respect of the Securities as and when</p>

Element	Title	
		<p>the same shall become due and payable. The Exane Guarantee given by the Guarantor in respect of the Securities shall constitute a direct, unsubordinated obligation of the Guarantor and shall rank equally (<i>pari passu</i>) with its other direct, unconditional and unsubordinated obligations, both present and future (with the exception of preferred obligations under the law).</p> <p>Pledge : Not applicable</p>
		<p><b><i>Early Termination Event</i></b></p> <p>(i) Any Holder may trigger the settlement (in the case of Certificates) or the settlement (in the case of CLN or Hybrid Securities) of each of the Securities that it holds if any of the following events or circumstances occurs:</p> <p>(ii) failure by the Issuer to pay (x) the principal or (y) the interest within fifteen (15) days of the date on which such payment became due and payable; or</p> <p>(iii) failure by the Issuer to perform any of its obligations in respect of the Securities, failure by the Guarantor to perform any of its obligations in respect of the Exane Guarantee, failure by the Pledgor to perform any of its obligations with respect to the Pledge (under certain conditions), if such failure is not remedied within 45 days from the date the Financial Agent receives notice of such failure given by the Holder of the relevant Securities; or</p> <p>(iv) a liquidator, a provisional liquidator, an official receiver or an ad hoc agent, acting pursuant to the company law governing the Issuer or a significant portion of its assets, liabilities or holdings is appointed, or any person benefiting from a security interest takes possession of all or part of the assets or holdings of the Issuer, or the Issuer takes measures to obtain protection or obtains protection from its creditors pursuant to the governing legislation, or the Issuer generally ceases to make its payments, or ceases or threatens to cease operating its business, but excluding a merger or reorganisation operation under which all of the Issuer's assets are transferred and in which all liabilities and debt (including the Securities) of the Issuer are assumed by another entity which may continue the activity of the Issuer ; or</p> <p>(v) the Guarantor requests the appointment of a mediator, reaches an amicable settlement with its creditors, has ceased to make payments, or a court ruling has ordered the liquidation of the Guarantor or approved a plan for full assignment of the Guarantor's business pursuant to court-ordered receivership proceeding, or the Guarantor is the subject of similar proceedings or, in the absence of legal proceedings, the Guarantor reaches a composition with its creditors, or a resolution is approved by the Guarantor to liquidate or dissolve the Guarantor, but excluding a merger or reorganisation operation under which all the Guarantor's assets are transferred, and all or the majority of the Guarantor's liabilities and debt (including the Securities) are assumed by another entity that continues the Guarantor's business; or</p> <p>(vi) the Exane Guarantee (or the Pledge, under certain conditions) is declared null and void, or claimed as such by the Guarantor.</p> <p><b><i>Taxation – no gross-up</i></b></p>

Element	Title																						
		<p>All payments of principal, interest and other revenues in respect of the Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or charges of whatever nature, present or future, imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any authority therein or thereof having the power to tax, unless such withholding or deduction is required by law. If any applicable law should require that payments of principal or interest or other income in respect of the Securities, be subject to any such withholding or deduction, neither the Issuer, nor the Guarantor nor the Pledgor will be required to pay additional amounts in respect of any such withholding or deduction.</p> <p><b>Governing law</b></p> <p>The Securities, the Exane Guarantee and the Pledge are governed by French law.</p> <p><b>Limitation of the rights attached to the Securities</b></p> <p>The right to bring action against the Issuer in relation to the Securities or interest expires after a period of five years (for principal) or 5 years (for interest) from the specified due date.</p>																					
C.11	<b>Admission to trading</b>	<p>Application will be made by the Issuer (or on his behalf) to be admitted to trading and listed on the SeDex Market organised and managed by Borsa Italiana Spa.</p> <p>No assurance can be given that the admission to trading of the Securities will be authorised.</p>																					
C.15	<b>Description of the impact of the value of the underlying on the value of the investment</b>	<p>The settlement amounts, interest and deliverables on Securities linked to several Underlyings depend on the value of the Underlyings which is likely to affect the value of the investment in the Securities.</p> <p>The value of Securities linked to several Underlyings may be affected by the performance of a basket of three (3) shares (each, a “Share(i)”) as described in the table below :</p> <table border="1" data-bbox="488 1476 1461 1881"> <thead> <tr> <th colspan="7" data-bbox="488 1476 1461 1509">Share(i)</th> </tr> <tr> <th data-bbox="488 1509 544 1666">(i)</th> <th data-bbox="544 1509 703 1666">Company(i)</th> <th data-bbox="703 1509 836 1666">Exchange(i)</th> <th data-bbox="836 1509 1002 1666">Related Exchange(i)</th> <th data-bbox="1002 1509 1155 1666">Bloomberg Code(i)</th> <th data-bbox="1155 1509 1291 1666">ISIN Code(i)</th> <th data-bbox="1291 1509 1461 1666">The Initial Price(i) of the Share(i) [RV(i)<sub>Initial Observation Date</sub>]</th> </tr> </thead> <tbody> <tr> <td data-bbox="488 1666 544 1881">1</td> <td data-bbox="544 1666 703 1881">A2A S.p.A.</td> <td data-bbox="703 1666 836 1881">Borsa Italiana</td> <td data-bbox="836 1666 1002 1881">IDEM</td> <td data-bbox="1002 1666 1155 1881">A2A IM</td> <td data-bbox="1155 1666 1291 1881">IT0001233417</td> <td data-bbox="1291 1666 1461 1881">The official price of the Share(1) on the close on the Initial Observation Date</td> </tr> </tbody> </table>	Share(i)							(i)	Company(i)	Exchange(i)	Related Exchange(i)	Bloomberg Code(i)	ISIN Code(i)	The Initial Price(i) of the Share(i) [RV(i) <sub>Initial Observation Date</sub> ]	1	A2A S.p.A.	Borsa Italiana	IDEM	A2A IM	IT0001233417	The official price of the Share(1) on the close on the Initial Observation Date
Share(i)																							
(i)	Company(i)	Exchange(i)	Related Exchange(i)	Bloomberg Code(i)	ISIN Code(i)	The Initial Price(i) of the Share(i) [RV(i) <sub>Initial Observation Date</sub> ]																	
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Element	Title							
		2	Mediaset S.p.A.	Borsa Italiana	IDEM	MS IM	IT0001063210	The official price of the Share(2) on the close on the Initial Observation Date
		3	Moncler S.p.A.	Borsa Italiana	IDEM	MONC IM	IT0004965148	The official price of the Share(3) on the close on the Initial Observation Date
		Indeed these Underlyings have an impact on the Final Settlement Amount or the Automatic Early Settlement Amount which is calculated in accordance with the formula specified in Element C.18 below and on the amount of interests, if any, which is calculated in accordance with the formula specified in Element C.18 below.						
<b>C.16</b>	<b>Securities linked to one or more Underlying(s) –Maturity Date</b>	The Maturity Date of Securities linked to several Underlyings is 1 February 2019.						
<b>C.17</b>	<b>Securities linked to one or more Underlying(s) – Settlement-delivery</b>	Securities linked to several Underlyings shall be settled in cash.						
<b>C.18</b>	<b>Return on Securities linked to one or more Underlying(s)</b>	The return on Securities linked to several Underlyings shall be take place as follows :						
		Nominal Value: Not applicable						
		<b>INTEREST</b>						
		Coupon payment	Interest payments on Securities linked to one or more Underlying(s) shall be calculated in accordance with the following calculation formula : Indexed Coupon – Tempo					

Element	Title										
			Coupon								
		<b>Indexed Coupon</b>									
	Indexed Coupon	<p><b>Tempo Coupon</b></p> <p>If the European Barrier(3) Condition is met on the Observation Date(j) (i.e. if on an Observation Date(j), with (j) from 1 to 36, for all Share(i) from 1 to 3, <math>RV(i)_{\text{ObservationDate}(i)} \geq 50\% \times RV(i)_{\text{InitialObservationDate}}</math>), each Holder will receive on the immediately following Interest Payment Date(j) the following Tempo Coupon equal to :</p> <p style="text-align: center;"><i>EUR 1,000 × Rate(j)</i></p> <p>Where:</p> <p>Rate (j) = [(j) x 0.50% - RateSum (j-1)]</p> <p>With:</p> $RateSum (j-1) = \sum_{n=1}^{j-1} Rate (n)$ <p><i>RateSum (0) = 0%</i></p> <p>Otherwise, Rate (j) = 0 %, the Holder will not receive any interest amount.</p> <p>For these purposes:</p> <p><b>Share(i)</b> means each share as set out in the table under Element C.15 above.</p> <p><b>RV(i)<sub>InitialObservationDate</sub></b> means the official price of the relevant Share(i) on the close on the Initial Observation Date as detailed in the table in Element C.15 above.</p> <p><b>RV(i)<sub>ObservationDate(j)</sub></b> means the official price of the relevant Share(i) on the close on the Observation Date(j)</p> <p><b>Initial Observation Date</b> means 18 January 2016.</p> <p><b>Observation Date(j)</b> means each date as specified in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #cccccc;">(j)</th> <th style="background-color: #cccccc;">Observation Date(j)</th> <th style="background-color: #cccccc;">(j)</th> <th style="background-color: #cccccc;">Observation Date(j)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">18 February 2016</td> <td style="text-align: center;">19</td> <td style="text-align: center;">18 August 2017</td> </tr> </tbody> </table>		(j)	Observation Date(j)	(j)	Observation Date(j)	1	18 February 2016	19	18 August 2017
(j)	Observation Date(j)	(j)	Observation Date(j)								
1	18 February 2016	19	18 August 2017								

Element	Title					
			2	18 March 2016	20	18 September 2017
			3	18 April 2016	21	18 October 2017
			4	18 May 2016	22	20 November 2017
			5	20 June 2016	23	18 December 2017
			6	18 July 2016	24	18 January 2018
			7	18 August 2016	25	19 February 2018
			8	19 September 2016	26	19 March 2018
			9	18 October 2016	27	18 April 2018
			10	18 November 2016	28	18 May 2018
			11	19 December 2016	29	18 June 2018
			12	18 January 2017	30	18 July 2018
			13	20 February 2017	31	20 August 2018
			14	20 March 2017	32	18 September 2018
			15	18 April 2017	33	18 October 2018
			16	18 May 2017	34	19 November 2018
			17	19 June 2017	35	18 December 2018
			18	18 July 2017	36	18 January 2019
			<p><b>Interest Payment Date(j)</b> shall mean each date as specified in the table below:</p>			
			(j)	Interest Payment Date(j)	(j)	Interest Payment Date(j)
			1	03 March 2016	19	01 September 2017
			2	05 April 2016	20	02 October 2017
			3	02 May 2016	21	01 November 2017
			4	01 June 2016	22	04 December 2017
			5	04 July 2016	23	04 January 2018



Element	Title					
			6	01 August 2016	24	01 February 2018
			7	01 September 2016	25	05 March 2018
			8	03 October 2016	26	04 April 2018
			9	01 November 2016	27	03 May 2018
			10	02 December 2016	28	01 June 2018
			11	03 January 2017	29	02 July 2018
			12	01 February 2017	30	01 August 2018
			13	06 March 2017	31	03 September 2018
			14	03 April 2017	32	02 October 2018
			15	03 May 2017	33	01 November 2018
			16	01 June 2017	34	03 December 2018
			17	03 July 2017	35	04 January 2019
			18	01 August 2017	36	1 February 2019
<b>SETTLEMENT AMOUNT</b>						
<b>Final Settlement Amount:</b>						
		Final Settlement Amount:	<p><b>Conditional Settlement Amount :</b></p> <p>Unless an Automatic Early Settlement has occurred, the Holder shall receive on the Maturity Date, in respect of each Certificate, a Final Settlement Amount which is a Conditional Settlement Amount:</p> <p>If the European Barrier(1) Condition is met (i.e. if on the Final Observation Date, for all Share(i), with (i) from 1 to 3, <math>RV(i)_{\text{Final Observation Date}} \geq 50 \% \times RV(i)_{\text{Initial Observation Date}}</math>), the Holder will receive the following amount:</p> <p style="text-align: center;"><b>EUR 1,000</b></p> <p>Otherwise, if the European Barrier(1) Condition is not met, the Holder will receive an amount determined as follows by the Calculation Agent:</p> <p style="text-align: center;"><b>EUR 1,000</b> <math>\times \prod_{i=1}^3 \text{Min}(\text{Yield}(i)_{\text{Final Observation Date}})</math></p>			

Element	Title					
			<p><u>Where:</u></p> $\text{Yield}(i)\text{FinalObservationDate} = \frac{\text{RV}(i)\text{Final Observation Date}}{\text{RV}(i)\text{Initial Observation Date}}$ <p>For these purposes:</p> <p><b>Share(i)</b> means each share as set out in the table above under Element C.15.</p> <p><b>RV(i)Final Observation Date</b> means the official price of the Share(i), with (i) from 1 to 3, on the close on the Final Observation Date.</p> <p><b>RV(i)Initial Observation Date</b> means the official price of the Share(i) on the close on the Initial Observation Date as set out in the table in the Element C.15 above.</p> <p><b>Initial Observation Date</b> means 18 January 2016.</p> <p><b>Final Observation Date</b> means 18 January 2019.</p> <p><b>Maturity Date</b> means 1 February 2019.</p>			
		<b>Automatic Early Settlement</b>				
		Automatic Early Settlement Amount	<p><b>Conditional Settlement Amount</b></p> <p>If the European Barrier(2) Condition occurs on an Automatic Early Valuation Date(j) (i.e. if on an Observation Date(j), with (j) from 6 to 35, for all Share(i), with (i) from 1 to 3, <math>\text{RV}(i)(j) \geq 100\% \times \text{RV}(i)\text{Initial Observation Date}</math>), the Holder shall receive a Conditional Settlement Amount on the immediately following Automatic Early Settlement Date(j), with (j) from 6 to 35, which is equal to :</p> <p style="text-align: center;"><b>EUR 1,000</b></p> <p><b>Share(i)</b> means each share as set out in the table above under Element C.15.</p> <p><b>RV(i)(j)</b> means the official price of the Share(i), with (i) from 1 to 3, on the close on the relevant Observation Date(j).</p> <p><b>RV(i)Initial Observation Date</b> means the official price of the relevant Share(i) on the close on the Initial Observation Date as set out in the table in the Element C.15 above.</p> <p><b>Initial Observation Date</b> means 18 January 2016.</p> <p><b>Observation Date(j)</b> means each date as specified in the table above.</p>			
		Automatic Early Settlement Date	(j)	<b>Automatic Early Settlement Date(j)</b>	(j)	<b>Automatic Early Settlement Date(j)</b>

Element	Title					
			1	N/A	19	01 September 2017
			2	N/A	20	02 October 2017
			3	N/A	21	01 November 2017
			4	N/A	22	04 December 2017
			5	N/A	23	04 January 2018
			6	01 August 2016	24	01 February 2018
			7	01 September 2016	25	05 March 2018
			8	03 October 2016	26	04 April 2018
			9	01 November 2016	27	03 May 2018
			10	02 December 2016	28	01 June 2018
			11	03 January 2017	29	02 July 2018
			12	01 February 2017	30	01 August 2018
			13	06 March 2017	31	03 September 2018
			14	03 April 2017	32	02 October 2018
			15	03 May 2017	33	01 November 2018
			16	01 June 2017	34	03 December 2018
			17	03 July 2017	35	04 January 2019
			18	01 August 2017		
<b>C.19</b>	<b>Securities linked to one or more Underlying(s) – Exercise Price or Final Reference Price</b>	The exercise price or reference price of several Underlyings: the value of the relevant Underlyings at the final determination date as determined by the Calculation Agent (which is Exane Derivatives SNC), subject to any adjustments or any extraordinary events which may affect the Underlyings.				
<b>C.20</b>	<b>Securities linked to one or more Underlying(s) – Description</b>	The underlyings of Securities linked to several Underlyings are the basket of three (3) shares (each a “Share(i)”) of the Company(i), as described in the Element C.15 above and the information on such Underlyings may be found on Bloomberg and on the website of each Company(i).				

Element	Title	
	of the underlying and where information on it may be obtained	

## Section D – Risks

Element	Heading	
D.2	<b>Key information on the principal risks that are specific to the Issuer or its operations and activity</b>	<p>As far as the Issuer and the Guarantor are concerned, several risk factors may affect their ability to perform their obligations under the Securities:</p> <ul style="list-style-type: none"> <li>– Group’s Risk : the Exane group is exposed to risks inherent in its core businesses ;</li> <li>– Risk management: the risk management strategies and techniques put in place by the Issuer and the Guarantor may fail; notably with risks that not identified or anticipated that may cause unexpected losses ;</li> <li>– Credit risk; risk of loss due to default by the Issuer or the Guarantor ;</li> <li>– Solvency of the Issuer and of the Guarantor: investors are only relying on the solvency of the Issuer and of the Guarantor and on no other person. The Securities and the Exane Guarantee rank equally with all other unsubordinated and unsecured contractual obligations of the Issuer and the Guarantor, and after preferred obligations, including those preferred by operation of law ;</li> <li>– Monoline business: the Issuer’s and the Guarantor’s business activities are dependent on the behaviour of equities markets and are impacted by both domestic and international economic and political events;</li> <li>– Capital adequacy: the implementation of various regulations on capital adequacy may have an impact on the profitability of the activities of the Issuer and/or the Guarantor;</li> <li>– European Union Crisis Management Directive: the impacts of this directive are difficult to assess and its transposition into national law could adversely affect the rights of the Holders, the price or value of their investment in the Securities and/or the ability of the Issuer and/or the Guarantor to fulfill its obligations under the Securities;</li> <li>– Operational risk: risk of loss or sanctions arising from the inadequacies or failures in internal procedures, human error or external events;</li> <li>– Fair market value risk: the new rules relating to financial instruments recognition and measurement may lead to fluctuations in the shareholders equity and more generally in the financial statements of the Issuer or the Guarantor;</li> <li>– Impact of regulatory changes: changes in regulations could materially affect the business of the Issuer and of the Guarantor;</li> </ul>

Element	Heading	
		<ul style="list-style-type: none"> <li>– Reputational risk: mismanagement of potential conflicts of interest, legal and regulatory requirements, ethical issues, money-laundering laws, information security policy and sales and transaction practices may harm the reputation of the Issuer and/or of the Guarantor; and</li> <li>– Service of process on or enforcement of judgements against the Issuer and/or the Guarantor in the United States of America: it may not be possible to effect service of process on or enforce judgements against the Issuer and/or the Guarantor in the United States of America.</li> </ul>
D.6	<p><b>Basic information on material factors to enable risks associated with Securities linked to one or more Underlying(s) to be assessed</b></p>	<p>Several risk factors are material for the purpose of assessing the market risks associated with Securities issued under the Programme:</p> <p><b>General, market and other risks</b></p> <ul style="list-style-type: none"> <li>– Suitability of the investment: Securities may not be an appropriate investment for all investors;</li> <li>– Potential Costs of dealing and holding Securities: incidental cost linked to dealing and holding Securities may reduce or cancel out any potential benefit on the Securities;</li> <li>– Hedging considerations: the value of the Securities during their life may not exactly offset the loss realised on the hedged underlying;</li> <li>– Rights in respect of the Underlying(s): the Securities do not confer any rights against the Underlying(s);</li> <li>– Possible lack of liquidity for the Securities on the secondary market: Securities may not have a secondary market established when issued. There can be no assurance that an active market for the Securities will develop on the market where the Securities are listed or that liquidity will exist at any time on this market, if it develops. Consequently, investors may not be able to sell their Securities before their maturity date;</li> <li>– Volatility affecting the secondary market for Securities: the occurrence of events may have a negative impact of the price of Securities;</li> <li>– Legal constraints possibly restricting certain investments: each investor has to review himself or with its legal counsel the appropriate treatment of the Securities in a legal point of view;</li> <li>– Leverage : Securities with a leverage factor involve a high level of risk implying a greater losses compared to similar Securities, in the event of loss;</li> <li>– Taxation: potential purchasers and sellers of the Securities should be aware that they may be required to pay taxes or other charges or documentary duties in accordance with the laws and practices of the country where the Securities are transferred or in other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as Securities;</li> <li>– Change in law: no assurance can be given as to the impact of any possible</li> </ul>

Element	Heading	
		<p>judicial decision or change to such laws, or the official application or interpretation of such laws or administrative practices after the date of this Base Prospectus.</p> <ul style="list-style-type: none"> <li>– French Insolvency Law: under French insolvency law, some creditors are grouped into a committee. The decision of this committee may lead to an increase of Holders' liabilities, an unequal treatment between the creditors, or a conversion of the debt into securities.</li> <li>– Savings Directive: paying agents based in a Member State have to report to their tax authorities certain information with respect to interest payment (or similar income) made to beneficial owners domiciled in another Member State;</li> <li>– U.S Foreign Account Tax Compliance Act (FATCA): withholding at source imposed by FATCA rules in the United States may impact the Securities;</li> <li>– Hiring Incentives to Restore Employment Act (HIRE Act): US legislation on payments equivalent to dividends may impact on the Securities;</li> <li>– Financial Transaction Tax (FTT): A common FTT may be progressively implemented in some Member States of the European Union and could, if introduced, apply to Securities;</li> <li>– European Market Infrastructure Regulation and Markets in Financial Instruments Directive (EMIR) : the regulatory changes arising from EMIR and MiFID II may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Hedging Party's ability to engage in transactions in OTC derivatives;</li> <li>– The Bank Recovery and Resolution Directive (BRRD): once implemented, Holders may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in such Holders losing some or all of their investment.</li> <li>– Risks relating to Physical Settlement: the Issuer shall not be liable under any circumstances if it is not able to deliver, or procure delivery, to the relevant holder by reason of applicable laws, regulations and practices;</li> </ul> <p><b>Risks linked to Underlying</b></p> <ul style="list-style-type: none"> <li>– Risks relating to the Underlying(s): these risks encompass among others any risk linked to fluctuations in the price, level or rate, as the case may be, of the share, the index, the commodity, a unit of the fund, the futures contract, the listed option, the exchange rate, the debt instrument as well as the management policies by an index sponsor for the index. In addition, as the investor will not be the beneficial owner of the underlyings, it will not be entitled to any dividends or similar amounts or to exercise any rights granted to beneficial owners of the underlying(s), if the underlying(s) permits it;</li> <li>– Potential conflicts of interest: the Issuer, the Guarantor or their subsidiaries may enter into transactions linked to the underlying(s) for their own account or for third party pursuant to their activity;</li> </ul>

Element	Heading	
		<ul style="list-style-type: none"> <li data-bbox="603 277 1471 448">– Potential conflicts of interests in connection with proprietary indices: the Issuer, the Guarantor or any of their affiliates may be involved in proprietary indices and accordingly may face to a potential conflict of interests between its function under the Securities and the function under the proprietary indices;</li> <li data-bbox="603 465 1471 600">– Emerging market risk: additional risks may be associated to Underlying which are located in, or subject to regulation in emerging or developing countries, securities which are denominated or traded in such countries or currencies of such countries;</li> <li data-bbox="603 618 1471 788">– Calculation Agent: the Calculation Agent may have to make choices that may influence the amount receivable by the holders upon final settlement of the Securities and has wide discretionary powers to make such adjustments as it considers appropriate. Nevertheless, the Calculation Agent will act in the interest of the holders;</li> <li data-bbox="603 806 1471 940">– Foreign exchange risk: the value of the Securities may be affected by fluctuations in exchange rates between any currency in which a payment must be made under the Securities and any currency in which an underlying is traded;</li> <li data-bbox="603 958 1471 1070">– Issuer Settlement Option: exercise of its early settlement option by the Issuer may cause the return anticipated by holders to be considerably less than anticipated ;</li> <li data-bbox="603 1088 1471 1178">– Credit rating to Securities: credit rating agency may assign credit ratings to certain Securities, however those credit ratings do not constitute a guarantee of the quality of the Securities</li> <li data-bbox="603 1196 1471 1308">– Downgrading or withdrawal of the Guarantor’s credit rating: downgrading or withdrawal of the Guarantor’s credit rating may affect adversely the market value of the Securities.</li> <li data-bbox="603 1326 1471 1863">– Risk linked to the underlying share or basket of shares: The market price of the Securities may be volatile and may be affected by the residual term to maturity, the volatility of the relevant share or shares, the dividend rate (if any) and the financial results and prospects of the Issuer or issuers of the relevant share or shares. The market price of these Securities may also be affected by the actions or decisions taken by the issuer of the share, economic, financial and political events occurring in any one or more countries, including factors affecting stock exchanges or quotation systems on which the shares may be traded. An investment in Securities linked to share or shares may involve market risks similar to those of investing directly in the share or shares. As the investor will not be the beneficial owner of the shares, it will not be entitled to any dividends or similar amounts paid on the shares or to exercise any rights granted to beneficial owners. In addition the issuers of the shares are not involved in the offer of the Securities in any way and have no obligation to consider the interests of the Holders.</li> <li data-bbox="603 1881 1471 2016">– Risks relating to Certificates: Any investment in Certificates involves significant risks which are not normally associated with a similar investment in traditional fixed or floating rate securities. In the opinion of the Issuer, acquiring Certificates should be restricted to investors who are</li> </ul>

Element	Heading	
		well able to understand the particular risks of an investment in this type of instrument or who acquire them following the advice of a financial institution or other professional investors.

### Section E – Offer

Element	Title	
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds of the offer</b>	The net proceeds of the issue of Securities shall be used by the Issuer for its general financing purposes.
<b>E.3</b>	<b>Terms and conditions of the offer</b>	Not applicable, the Securities are not being offered to the public.
<b>E.4</b>	<b>Interests, including conflicting interests, that may materially impact the issue/offer</b>	Not applicable, as far as the Issuer is aware, no person involved in the issue has any material interest to the offer.
<b>E.7</b>	<b>Estimate of expenses placed on the subscriber by the Issuer or the offeror</b>	Not applicable, no costs are to be borne by the subscriber.



Form of Renouncement Notice  
(to be completed by the Holder of the Certificates)

**To the Principal Paying Agent**  
EXANE DERIVATIVES  
16 Avenue Matignon  
75008 Paris  
Fax number 33 1 56 69 01 38

**Copy sent to the Issuer**  
EXANE FINANCE  
16 Avenue Matignon  
75008 Paris

“Yield Crescendo Tempo” Certificates  
indexed to a Basket of Shares

pursuant to the Debt Securities Issuance Programme of  
**EXANE FINANCE**

unconditionally and irrevocably guaranteed by  
**EXANE DERIVATIVES**

Series no.: 10444  
Tranche no.: 1

ISIN code: FR0013092418  
(the "**Certificates**")

We/I, the undersigned

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hereby inform that acting as a Holder of the Certificates, we/I renouncing the automatic exercise of the certificates duly held for a number of Certificates equal to [●] on the Settlement Date in accordance with the Terms and Conditions of the Certificates, as amended and/or supplemented by the applicable Final Terms.

This notice is irrevocable and the undersigned understands that if this notice is not completed and delivered as provided in the Final Terms or is determined to be incomplete or not in proper form (in the determination of the Principal Paying Agent), it will be treated as null and void.

If this notice is subsequently corrected to the satisfaction of the Principal Paying Agent, it will be deemed to be a new notice submitted at the time such correction was delivered to the Principal paying Agent.

Place and date:

Signature of the Holder

## CONDITIONS OF THE SECURITIES

*The Conditions shall apply to all Securities issued pursuant to the Programme described in the Base Prospectus. The following provisions set forth the Conditions governing these Securities, subject to any additions that may be made to these Conditions by the Final Terms or any other document.*

A financial agency agreement in respect of the Securities was entered into 24 June 2015 (the **Agency Agreement**) between Exane Finance as issuer (the **Issuer**) Exane Derivatives as guarantor or pledgor (the **Guarantor** and the **Pledgor**), as calculation agent (the **Calculation Agent**), as financial agent (the **Financial Agent**), as principal paying agent (the **Principal Paying Agent**), BNP Paribas Securities Services, Luxembourg Branch, as paying agent in Luxembourg (the **Luxembourg Paying Agent** and together with the Principal Paying Agent, the **Paying Agents**), and BNP Paribas Securities Services as settlement confirmation agent (the **Settlement Confirmation Agent**) and as pledged account custodian (the **Pledged Account Custodian**) (however, it is understood that another entity may be specified as the Luxembourg Paying Agent, Calculation Agent or Settlement Confirmation Agent in the Final Terms).

Copies of the Agency Agreement are available to Security Holders during normal business hours from the designated agencies of each of the Paying Agents or, if applicable, from the Registrar. Any person benefiting from rights attached to Securities shall be deemed to have read the provisions of the Agency Agreement.

The Securities shall not constitute bonds as defined by article L. 228-38 of the French commercial code. Although the Securities with identical features will be issued by series (a **Series**), each Security shall constitute a separate debt security. Each Series shall be described in the final terms (the **Final Terms**), a copy of which shall be available during normal business hours from the designated agencies of the Financial Agent or, if applicable, of the Registrar (as stipulated in Condition 2.2) and from the Paying Agent in Luxembourg if the Securities are admitted to trading on the Regulated market and listed on the Luxembourg Stock Exchange. For any Series of Securities for which an admission to trading on a regulated market has not been requested, the copies of the Final Terms for consultation by the Holder shall only be available from the Financial Agent and any Dealer.

References made in the Base Prospectus to the "Final Terms" refer to the Final Terms applicable to the issue of a Series of Securities.

The terms and expressions defined in the Conditions shall have the same meaning when used in the Agency Agreement or in the Final Terms, unless the context requires otherwise or except where otherwise stipulated.

### **1. DEFINITIONS**

In the event of any inconsistency between any defined term set out in this section 1.1 and any defined term set out in the sections below entitled "1.2 Definitions in respect of the CLN or of Hybrid Securities (2003 ISDA DEFINITIONS VERSION)" and "1.3 Definitions in respect of CLN and Hybrid Securities (2014 ISDA DEFINITIONS VERSION)", insofar as such defined term relates to a CLN or to a Hybrid Security, the relevant defined term set out in section 1.2 and 1.3 shall prevail. Likewise, in the event of any inconsistency between any defined term set out in this section 1.1 and any defined term set out in the sections below entitled "1.2 Definitions in respect of the CLN or of Hybrid Securities (2003 ISDA DEFINITIONS VERSION)" and "1.3 Definitions in respect of CLN and Hybrid Securities (2014 ISDA DEFINITIONS VERSION)", insofar as such defined term relates to a Certificate, the relevant defined term set out in section 1.1 shall prevail.

The terms used in the Conditions shall have the following meanings:

## 1.1 DEFINITIONS IN RESPECT OF CERTIFICATES AND COMMON DEFINITIONS FOR CERTIFICATES AND CLNS AND HYBRID SECURITIES

**Accredited Financial Intermediary(ies)** means any financial establishment authorised to keep accounts in the name of its clients in Euroclear France (66, rue de la Victoire – 75009 Paris – France), and includes the depository banks of Clearstream Luxembourg, *société anonyme* (42, avenue JF Kennedy – L-1855 Luxembourg – Grand Duché du Luxembourg) and Euroclear Bank SA/NV (1, boulevard du Roi Albert II – 1210 Bruxelles – Belgique).

**Acknowledgement of Pledge** means the acknowledgement of pledging of securities account which is the certificate containing the inventory of the instruments and amounts recorded in the Pledged Account on the date of the acknowledgement issued by the Pledged Account Custodian. The form of the Acknowledgement of Pledge appears in the Base Prospectus.

**Automatic Early Settlement Amount** means the automatic early settlement amount in cash and/or the Quantity of Underlyings to which each Security gives entitlement at the time of its settlement, as soon as the Automatic Early Settlement Condition, as determined in accordance with the Technical Annex and specified in the applicable Final Terms, occurs or is not met as the case maybe, if so specified in the applicable Final Terms, in accordance with one of the Pay-Off Formulas.

**Automatic Early Valuation Date** means, with respect to an Automatic Early Settlement, the date or dates specified in the Final Terms, or if such date(s) is(are) not an Exchange Business Day, the next Exchange Business Day.

**Basket of Multi Underlyings** means a Certificate or a Hybrid Security indexed to a combinaison of several type of Underlyings such as Shares, Indices (which may therefore include a combinaison of several Mono-Exchange Index(ices), Multi-Exchange Index(ices) and / or Proprietary Index(ices)), Fund Units, Futures Contracts, Exchange Rates, Debt Securities, Listed Options and / or Commodities.

In that case any Market Disruption Event occurring on a Basket of Multi Underlying, the Valuation Date for all Underlyings of the Basket of Multi Underlyings, included those not affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day for the Underlying affected by the occurrence of a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date for all Underlyings of the Basket of Multi Underlyings, including the Underlying affected by the occurrence of a Disrupted Day, notwithstanding that such day is a Disrupted Day for the relevant affected Underlying and (2) the Calculation Agent shall determine in good faith the fair value or the level as the case may be of that affected Underlying at the Valuation Time on such eighth Disrupted Day, by taking into account any specifications if any indicated in the Condition of the relevant Underlying.

In respect of the occurrence of any Event, which can not be resolved by any adjustment specified for the relevant Underlying of the Basket of Multi Underlying affected by the Event, the Issuer may, for the avoidance of doubt, terminate its obligations as per specified in each Condition of the Underlying.

**Benchmark** means the Floating Rate as set out in the relevant Final Terms.

**Business Day Convention** means the business day convention specified in the Final Terms and, for Floating Rates, as defined by Condition 4.2.B. In the absence of specification in the Final Terms, except for the Floating Rates, the Business Day Convention will be Following Business Day.

**Business Day** means:

- (i) for the euro, a day when the Trans-European Automated Real-Time Gross Settlement Express Transfer System known as TARGET 2 (**TARGET 2**) or any successor system is operating (a **TARGET 2 Business Day**); and/or
- (ii) for a Settlement Currency other than the euro, a day (other than a Saturday or Sunday) when the commercial banks and foreign exchange markets perform settlements on the principal financial market for this currency; and/or
- (iii) in the case of a Settlement Currency and/or one or more business centre(s) specified in the relevant Final Terms (the **Business Centre(s)**), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s), or if no currency is indicated, generally in each of the Business Centre(s) so specified.
- (iv) for any other reason, a day when the commercial banks are open and the foreign exchange markets are operating in Paris.

**Calculation Agent** means Exane Derivatives or any other person or entity indicated as such in the Final Terms. The calculations and determinations of the Calculation Agent will be conclusive and binding upon the Issuer, the Guarantor, the Paying Agents and the Holders and may not be challenged in the absence of a manifest error.

**Cash Settlement** means, with respect to the Certificates, a settlement made in accordance with Condition 5.1.A.

**Certificate** means a Security issued by the Issuer in accordance with this Base Prospectus as supplemented by the Final Terms, indexed to one or more Underlyings.

**Certificate of Valid Settlement** means a certificate provided by Euroclear France or the Settlement Confirmation Agent and testifying that the Securities has been settled. The form of the Certificate of Valid Settlement appears in the Base Prospectus

**CMS** means the "*constant maturity swap*" rate for the relevant maturity, as published on the relevant Screen Page.

**Coefficient Multiplier** means a number, as indicated in the Final Terms. In accordance with Condition 4.8.(i), the Rate of Interest is equal to the Floating Rate multiplied by the Coefficient Multiplier.

**Commodity** shall have the meaning ascribed thereto in Condition 5.9.

**Company** shall have the meaning given thereto in Condition 5.7 or Condition 5.14.

**Currency** means the currency in which the Securities are denominated as set out in the Final Terms which, subject to compliance with the applicable laws, regulations and directives, may be the Euro, the U.S. Dollar, the Pound Sterling, the Swiss Franc, the Yen or any other currency agreed by the Issuer and the Dealer.

**Day Count Fraction** means, for the calculation of an interest amount for a Security over any period (beginning the first day of this period (including this day) and ending the last day (excluding this day)), whether or not this period constitutes an Interest Period (hereinafter the **Calculation Period**), the number of days defined as follows:

- (i) if the terms **Actual/365 - FBF** or **Actual/Actual - ISDA** or **Actual/Actual** are specified in the Final Terms, this is the actual number of days in the Calculation Period divided by 365 (or if any portion of this Calculation Period falls in a leap year, the sum of (A) the actual number of days in this Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in the Calculation Period falling in a non-leap year divided by 365);

- (ii) if the terms **Actual/Actual - FBF** are specified in the Final Terms, this is a fraction in which the numerator is the actual number of days in this period and the denominator is 365 (or 366 if 29 February is included in the Calculation Period). If the Calculation Period is greater than one year, the base is determined as follows:
- the number of full years is counted from the last day of the Calculation Period;
  - this number is increased by the fraction over the relevant period, calculated as described in the first paragraph of this;
- (iii) if the term **Actual/365 (Fixed)** is specified in the Final Terms, this is the actual number of days in the Calculation Period divided by 365;
- (iv) if the term **Actual/360** is specified in the Final Terms, this is the actual number of days in the Calculation Period divided by 360;
- (v) if the terms **30E/360** or **Eurobond Basis** are specified in the relevant Final Terms, for each Calculation Period, this is a fraction in which the denominator is 360 and the numerator is the number of days in this period, calculated over a year of twelve 30-day months, with the following exception:

if the last day of the Calculation Period is the last day of the month of February, the number of days in this month is the actual number of days,

where:

D1 (dd<sup>1</sup>, mm<sup>1</sup>, yy<sup>1</sup>) is the period commencement date

D2 (dd<sup>2</sup>, mm<sup>2</sup>, yy<sup>2</sup>) is the period end date

The fraction is:

$$\frac{1}{360} \times \left[ (yy^2 - yy^1) \times 360 + (mm^2 - mm^1) \times 30 + \text{Min}(dd^2, 30) - \text{Min}(dd^1, 30) \right]$$

- (vi) if the terms **30/360 - FBF** or **Actual 30A/360 (American Bond Basis)** are specified in the Final Terms, for each Calculation Period, this is a fraction in which the denominator is 360 and the numerator is the number of days calculated as for the 30E/360 – FBF, with the following exception:

when the last day of the Calculation Period is a 31 and the first is neither a 30 nor a 31, the last month of the Calculation Period shall be considered to be a 31-day month;

using the same definitions as below for 30E/360 - FBF, the fraction is:

if dd<sup>2</sup> = 31 and dd<sup>1</sup> ≠ (30, 31),

then:

$$\frac{1}{360} \times \left[ (yy^2 - yy^1) \times 360 + (mm^2 - mm^1) \times 30 + (dd^2 - dd^1) \right]$$

- (vii) if the terms **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
- (A) where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period

ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms, the **Determination Dates** and each a **Determination Date**) that would occur in one calendar year; and

- (B) where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
- (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
  - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.
- (viii) if **30/360** is specified in the applicable Final Terms and the Securities are Fixed Rate Securities, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- (ix) if **30/360**, **360/360** or Bond Basis is specified in the applicable Final Terms and the Securities are Variable Rate Securities, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Calculation Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

D1 is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30.

- (x) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Calculation Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

D1 is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D2 is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

**Debt Instrument** shall have the meaning given thereto in Condition 5.14. All related expressions must be construed accordingly.

**Early Settlement Amount** means the fair market value of the relevant Security and/or the amount of Underlyings to Deliver, as determined by the Calculation Agent.

**Eligible Financial Instruments** mean the financial securities as defined in article L. 211-1 of the French monetary and financial code, including but not limited French or foreign transferable securities traded on a regulated market, shares or units in collective investment undertakings as defined in article L. 214-1 of the French monetary and financial code, or any other financial instrument as specified in the Final Terms.

**EONIA** means the reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on Reuters screen EONIA page (or any other substitute page) in respect of that day.

**EUR-EURIBOR-Reference Banks** means the rate that will be determined on the basis of the rates at which deposits in euros are offered by the Reference Banks, at approximately 11:00 a.m., Paris time on the day that is two TARGET 2 Business Days prior to the first day of the Interest Period, to leading banks on the Paris interbank market for the relevant Interest Period. This rate shall be expressed to two decimal places. The Calculation Agent will request the principal Paris office of each of the Reference Banks to provide a quotation of its rates. If at least two quotations are provided, the rate for the relevant Interest Period will be the arithmetic mean of the quotations. If fewer than two quotations are obtained, the rate for the relevant Interest Period will be the arithmetic mean of the rates provided by leading Paris banks, selected by the Calculation Agent at approximately 11:00 a.m., Paris time on the same day.

**Exane Guarantee** means the first demand guarantee from Exane Derivatives covering the payment of any amount due on the Securities issued pursuant to this Programme. The form of the Exane Guarantee appears in the Base Prospectus.

**Exchange** shall have the meaning ascribed thereto for each Underlying in Conditions 5.7 to 5.14.

**Exchange Business Day** shall have the meaning ascribed thereto in Conditions 5.7, 5.8, 5.9, 5.10, 5.11, 5.12 and 5.14. For the purpose of the hereof definition, “Fund Business Day” used in Condition 5.10 will mean “Exchange Business Day”..

**Exchange Business Day (All Multi Underlyings Basis)** means an Exchange Business Day (as such term is defined for each Underlying specified in the relevant Final Terms) for each Underlying of the Certificate or the Hybrid Security when relating to a Basket of Multi Underlyings.

**Exchange Business Day (Per Multi Underlying Basis)** means an Exchange Business Day (as such term is defined for each Underlying) for an Underlying of the Certificate or the Hybrid Security when relating to a Basket of Multi Underlyings.

**Exchange Rate** shall have the meaning given thereto in Condition 5.13.

**Ex-Date** means, for a specific Interest Payment Date, the date defined as such in the Final Terms, as from which no Interest will be due to a Holder for all negotiation of Securities after that date.

**FBF Definitions** means the definitions set out in the 2007 FBF Master Agreement relating to transactions on forward financial instruments as supplemented by the Technical Schedules as published by the Fédération Bancaire Française and as amended, if applicable, on the Issue Date. Where an issue of Securities uses these definitions, they may be obtained from the Calculation Agent.

**Final Settlement Amount** means, in respect of a Security, the settlement amount in cash and/or, if applicable the Quantity of Underlyings to which each Security gives entitlement at the time of its settlement determined, if so specified in the applicable Final Terms, in accordance with one of the Pay-Off Formulas.

**Fixed Pledge Value** means the fixed value of the Pledge as defined in the Final Terms and in the Statement of Pledge

**Fixed Rate** means the fixed interest rate specified in the Final Terms.

**Floating Rate Business Day** means that when this term is used in conjunction with the term “Business Day Convention” the business day convention as defined by Condition 4.2.B.

**Floating Rate** means the variable rate EONIA, EUR-EURIBOR-Reference Banks, IBOR or CMS, as indicated in the Final Terms.

**Following Business Day** means that, when this term is used in conjunction with the term "Business Day Convention", that date is not a Business Day so that this date will be the first following day that is a Business Day.

**Formal Demand** means the notice by which the Pledgee formally demands to the Issuer, execution of the obligation of payment within the limit of the Secured Debt regarding a Security having the benefit of a pledging of securities account. The form of the Formal Demand to the Issuer appears in the Base Prospectus.

**Fund** shall have the meaning ascribed thereto in Condition 5.10.

**Fund Unit** shall have the meaning ascribed thereto in Condition 5.10

**Futures Contract** shall have the meaning ascribed thereto in Condition 5.11.

**Hedging Party** means the Issuer and/or any other entity of the Exane group (including Exane Derivatives) in relation to hedging operations linked to the issue of the Securities.

**Holder** means each person (i) whose account with a relevant Accredited Financial Intermediary is credited with a specific number of Securities in the case of Securities in bearer form, (ii) whose name appears in the account of an



account custodian designated by said person in the case of administered Securities, and (iii) whose name is listed in the accounts of the Issuer or the Registrar in the case of Securities held in an account with the Issuer.

**IBOR** means the interbank offered rate, calculated by the local interbank association on the relevant date of determination.

**Independent Expert** means an independent expert appointed by the Calculation Agent.

**Index(Indices)** shall have the meaning ascribed thereto in Conditions 5.8

**Instruction for Enforcement of the Pledge** means the document appearing in the Base Prospectus allowing for the enforcement of the Pledge.

**Interbank Rate** means the interbank overnight rate in the specified Currency, as defined in the Final Terms.

**Interest Amount** means the amount of interest payable as defined in Condition 4.9, determined, if so specified in the applicable Final Terms, in accordance with one of the Pay-Off Formulas.

**Interest Commencement Date** means the Issue Date of the Securities or any other date that may be indicated in the Final Terms.

**Interest Determination Date** means, with respect to an Rate of Interest and an Interest Period, the date defined as such in the Final Terms or, if no date is specified, (i) the date that is two TARGET 2 Business Days prior to the first day of said Interest Period if the Settlement Currency is the euro, or (ii) the first day of said Interest Period if the Settlement Currency is the Pound Sterling, or (iii) if the Settlement Currency is neither the Pound Sterling nor the euro, the date in the city indicated in the Final Terms that is two Business Days prior to the first day of said Interest Period.

**Interest Payment Date** means the date or dates indicated in the Final Terms, subject to the applicable Business Day Convention.

**Interest Period** means the period beginning on the Interest Commencement Date (inclusive) and ending on the first Interest Payment Date (exclusive) as well as each following period beginning on an Interest Payment Date (inclusive) and ending on the following Interest Payment Date (exclusive).

**ISDA Definitions** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Associations, Inc., and as amended, if applicable, on the Issue Date. Where an issue of Securities uses these definitions, they may be obtained from the Calculation Agent.

**ISIN Code(s)** means the International Securities Identification Number code of the Securities or, as the case may be, of an Underlying, specified as such in the applicable provision of the applicable Final Terms.

**Issue Date** means the date indicated as such in the Final Terms.

**Issue Price** means the price on the basis on which the Securities may be issued (expressed either (i) a percentage of the Nominal Value or (ii) an amount in currency of each Security) agreed between the Issuer and the Dealer and as specified in the Final Terms.

**Issue Size** means in respect of a Series or a Tranche the size of the issue specified in the Final Terms and expressed in nominal or unit (number of Securities)

**Listed Option(s)** shall have the meaning ascribed thereto in Condition 5.12.

**Management Company** shall have the meaning given thereto in Condition 5.10.

**Margin** means the percentage that must be added or deducted from the Floating Rate in order to calculate the Rate of Interest in accordance with Condition 4.8 of the Final Terms.

**Maturity Date** means the date indicated as such in the Final Terms, except with respect to the CLN and the Hybrid Securities, in which case this term shall have the meaning defined in Condition 1.2 or 1.3.

**Minimum Pledge Value** means the minimum value of the Pledge on each Pledge Calculation Date as defined in the Final Terms and in the Statement of Pledge.

**Minimum Trading Number** means the minimum trading amount of Securities specified in the Final Terms.

**Modified Following Business Day** means that, when this term is used in conjunction with the term "Business Day Convention", any date that is not a Business Day so that this date will be the first following Business Day, unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

**Moody's** means the ratings agency Moody's Investors Service Inc. and any successor thereof.

**Multi Underlyings** means a Certificate or a Hybrid Security indexed on similar type of Underlyings or a combination of Underlyings, as specified in the relevant Final Terms.

**Nominal Value** means the nominal value assigned to the Securities in the Final Terms, subject to compliance with the applicable laws, regulations and directives.

**Option Threshold Trigger** means (i) the applicable ratio between the outstanding number of Certificates and the Issue Size as provided in the Final Terms which may trigger an optional settlement by the Issuer of the Certificates or (ii) the applicable amount expressed in the currency as provided in the Final Terms which may trigger an optional settlement by the Issuer of the Certificates. In the absence of such provision, the Option Threshold Trigger shall be deemed to be the applicable ratio equal to or lower than 10% of the Issue Size.

**Optional Settlement Amount** means the fair market value of the relevant Security and/or the quantity of Underlyings to be delivered on the Optional Settlement Date, determined by the Calculation Agent or the amount determined in accordance with one of the Pay-Off Formulas, if so specified in the applicable Final Terms.

**Partial Settlement** means that in the case of a partial settlement or partial exercise by the Issuer of its settlement option at the Issuer's discretion. Such a settlement shall be effected by reduction of the Nominal Value of the Certificates in proportion to the nominal amount paid.

**Physical Settlement** means, with respect to the Certificates, a settlement made in accordance with Condition 5.1.B.

**Pledge** means, for each relevant Series of Securities, the pledging of securities account pursuant to Article L. 211-20 and Articles D. 211-20 and following of the Monetary and Financial Code given by Exane Derivatives as Pledgor.

**Pledge Calculation Date** means the date referred to in the Final Terms.

**Pledged Account Custodian** means BNP Paribas Securities Services or any other Pledged Account Custodian indicated in the Final Terms pursuant to Condition 3.3.E and 13.3.

**Pledged Account** means, for each Pledge, the financial instruments account pledged, the references of which appear in the Statement of Pledge.

**Pledgee** means Exane Derivatives, the initial subscriber of the Securities described in the Final Terms, residing at 16, avenue Matignon – 75008 Paris – France, as well as any subsequent Holder of one or more Securities (i) whose name appears in the books of an Accredited Financial Intermediary (i.e., any financial institution authorised to hold accounts in the name of its clients on Euroclear France or in the books of any other depository nominated in the

Final Terms (such as SIX SIS AG Ltd in Switzerland), including the current depositary bank of Clearstream Banking, a joint stock company, or any bank that may succeed it in this capacity, and Euroclear Bank SA/NV, as operator of the Euroclear system) with Euroclear France, in the case of bearer or administered registered Securities, or (ii) whose name appears in the accounts of the Issuer or the Registrar in the case of Securities in pure registered form.

**Pledgor** means Exane Derivatives, holder of the Pledged Account, in its capacity as constituent of the Pledge.

**Preceding Business Day** means that, when this term is used in conjunction with the term "Business Day Convention", any date is not a Business Day so that this date will be the first preceding day that is a Business Day;

**Price Source** shall have the meaning given thereto in Condition 5.9.

**Quantity** means (i) with respect to the Certificates, the meaning given thereto for each Underlying in Conditions 5.7 to 5.14 and (ii) with respect to the CLN or Hybrid Securities, the amount designated in the Final Terms.

**Quantity of Eligible Financial Instruments** means the minimum quantity of financial instruments pledge, as defined in the Final Terms.

**Rate of Interest** means the yield (expressed as a percentage) to which the Securities give right and which is determined in accordance with the Conditions of the Securities and specified in the Final Terms.

**Reference Banks** mean the leading institutions on the relevant interbank market designated as such in the Final Terms or, where no institution is designated or is unable to provide the value of the Floating Rate, at least two leading banks selected by the Calculation Agent on the relevant interbank market, with the exception of any member of the Exane group.

**Reference Date** means, for any Security, the date on which the amount still due on the relevant Securities is paid in full.

**Reference Date for the Holder** means the date as specified in the Final Terms and as from which the Holder may exercise its settlement option at the Holder's discretion as detailed in Conditions 5.5

**Reference Date for the Issuer** means the date as specified in the Final Terms and as from which the Issuer may exercise its settlement option at the Issuer's discretion as detailed in Conditions 5.4.

**Reference Financial Market** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR or EONIA, shall be the Euro-zone, and in the case of IBOR, shall be London) or, if none is so connected, Paris.

**Reference Market** shall have the meaning ascribed thereto in Condition 5.8.

**Reference Time** means, with respect to any Interest Determination Date, the local time in the Reference Financial Market specified in the relevant Final Terms or if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Currency in the interbank market in the Relevant Financial Centre and for this purpose "local time" means, with respect to Europe and the Euro-zone as a Relevant Financial Centre 11:00 a.m (Brussels time).

**Registrar** means the establishment specified as such in the Final Terms, which may be responsible, in the case of Securities held in an account with the Issuer, for keeping the register in which Holders are recorded on behalf of the Issuer.

**Related Exchange** shall have the meaning ascribed thereto in Conditions 5.7, 5.8, 5.9, 5.10 and 5.14.

**Relevant Rate** means the Benchmark for a Representative Amount of the Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Interest Commencement Date.

**Representative Amount** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Final Terms, or if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

**Scheduled Interest Payment Date(s)** means with respect to a Floating Rate, the date indicated as such in the Final Terms

**Scheduled Maturity Date** means the date(s) specified in the Final Terms.

**Scheduled Period** means the period defined as such in the Final Terms.

**Scheduled Trading Day (All Multi Underlyings Basis)** means a Scheduled Trading Day (as such term is defined for each Underlying specified in the relevant Final Terms) for each Underlying of the Certificate or the Hybrid Security when relating to a Basket of Multi Underlyings.

**Scheduled Trading Day (Per Multi Underlying Basis)** means a Scheduled Trading Day (as such term is defined for each Underlying) for an Underlying of the Certificate or the Hybrid Security when relating to a Basket of Multi Underlyings.

**Screen Page** means the reference page of the quotation source as set out in the Final Terms, except for Certificates in respect of which a specific definition is provided in Condition 5.14.

**Secured Debt** means each payment obligation and liability as described in the Final Terms, whether present or future, actual, contingent or owed jointly or severally (or any other capacity whatsoever), secured by the Pledge, within the limits of the mark to market of the Securities without Issuer spread, and whose the basis; the type or the amount is specified in the Final Terms.

**Securities** means the Certificates, the CLN and the Hybrid Securities.

**Settlement Amount** means the Final Settlement Amount, the Early Settlement Amount, the Optional Settlement Amount, the Automatic Early Settlement Amount and/or the Interest Amount.

**Settlement Confirmation Agent** means BNP Paribas Securities Services or any other person or entity indicated as such in the Final Terms.

**Settlement Currency** means the currency specified as set out in the Final Terms and used for the payment of any amount in respect of the Securities. Any amount not denominated in the Settlement Currency and used to pay any amount in respect of the Securities shall be converted into the Settlement Currency using the Conversion Rate.

**Settlement Date** means, as the case may be, the Maturity Date, the settlement date for an Early Settlement, the Automatic Early Settlement Date, the Optional Settlement Date or if on of these dates is not a Business Day, the following Business Day.

**Share(s)** shall have the meaning ascribed thereto in Condition 5.7.

**Specified Duration** means with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Period, ignoring any adjustment.

**Sponsor** shall have the meaning ascribed thereto in Condition 5.8.

**Statement of Pledge** means each statement of pledging of securities account signed by the Pledgor for the constitution of each Pledge. The form of the Statement of Pledge appears in the Base Prospectus.

**Substitute Underlying** means a Substitute Share, a Substitute Index, a Substitute Fund Unit, a Substitute Futures Contract, a Substitute Debt Instrument, a Substitute Exchange Rate, a Substitute Listed Option or a Substitute Commodity.

**Substitution** shall have the meaning given thereto for each Underlying in Conditions 5.7 to 5.14.

**Trade Date** means the date specified as such in the Final Terms.

**Tranche(s)** means Securities which are identical in all respect except for their respective Issue Dates, Interest Commencement Date(s) and or Issue Size and constitutes together with the first Tranche and any further Tranche(s) of Securities a Series

**Underlying** means a Share, an Index, a Fund Unit, a Futures Contract, an Exchange Rate, a Debt Instrument, a Listed Option, a Commodity, a credit risk or a hybrid risk.

**Valuation Date** means, for a Certificate (other than a Certificate linked to a Fund or Fund Basket where Valuation Date shall have the meaning ascribed thereto in Condition 5.10), the date or dates specified in the Final Terms, or if such date(s) is(are) not an Exchange Business Day, the following Exchange Business Day. Valuation Date will include, as the case may be, as specified in the relevant Final Terms and for purposes of the Technical Annex, any Observation Date and/or Determination Date.

**Valuation Time** shall have the meaning ascribed thereto for each Underlying in Conditions 5.7 to 5.14 and in Condition 1.2 or 1.3 for the CLN and the Hybrid Securities.

## 1.2 DEFINITIONS IN RESPECT OF CLN AND HYBRID SECURITIES (2003 ISDA DEFINITIONS VERSION)

**For the purpose of the present Condition 1.2, the term CLN means, as the case may be, the CLN or, the Credit Linked Portion of the Hybrid Securities.**

**Accelerated or Matured** means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Commencement Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws.

**Accreted Amount** means, with respect to an Accreting Obligation, an amount equal to (A) the sum of (1) the original issue price of such obligation and (2) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (B) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in the foregoing (A)(2)), in each case calculated as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the Delivery Commencement Date or applicable Valuation Date, as the case may be. If "Include Accrued Interest" is specified as being applicable in the Final Terms, then such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent). If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such obligation's yield to maturity is not specified in, nor implied from, the terms of such obligation, then, for purposes of the foregoing (A)(2) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such Obligation, and shall be determined as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the Delivery Commencement Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such Obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**Accreting Obligation** means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (A) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (B) periodic cash interest is also payable. With respect to any Accreting Obligation, outstanding principal balance means the Accreted Amount thereof.

**Affiliate** means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly the person or any entity under direct or indirect common control with the person. As used herein "control" means the ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "controlled by" and "controls" shall be construed accordingly.

**Aggregate Loss Amount** means at any time:

- (i) For a Basket CLN that is not a Tranche CLN, the aggregate of the Loss Amount in respect of all Reference Entities in respect of which a Credit Event Determination Date has occurred or
- (ii) For a Tranche CLN, the lowest of :
  - (a) The Tranche Notional Amount; and

- (b) The highest of (1) zero and (2) the difference between (x) the aggregate of the Loss Amount for all Reference Entities in respect of which a Credit Event Determination Date has occurred and (y) the Tranche Subordination Amount

**Alternative Settlement End Date** has the meaning set out in Condition 6.7.

**Assignable Loan** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent.

**Attachement Point** means in respect of Tranche CLN, the number (expressed as a percentage of the Reference Portfolio Notional Amount) specified in the relevant Final Terms.

**Auction** means the auction procedure governed by the Credit Derivatives Auction Settlement Terms (notwithstanding that the CLNs are not an Auction Covered Transaction (as defined in the Rules) for the purpose of those terms).

**Auction Cancellation Date** has the meaning set out in the relevant Credit Derivatives Auction Settlement Terms.

**Auction Final Price Determination Date** has the meaning set forth in the Credit Derivatives Auction Settlement Terms.

**Auction Final Price** means the price, if any, determined to be the Auction Final Price pursuant to Section 12 of the Credit Derivatives Auction Settlement Terms (expressed as a percentage), in increments equal to the Relevant Pricing Increment (as defined in the Credit Derivatives Auction Settlement Terms) of the outstanding principal balance, rather than the face amount, of Deliverable Obligations (which expression has the meaning contemplated by the Credit Derivatives Auction Settlement Terms).

**Auction Settlement Amount** means (i) with respect to a CLN, an amount equal to the outstanding Nominal Value of the CLNs multiplied by the Auction Final Price and (ii) with respect to an Hybrid Security, an amount equal to the outstanding Nominal Value of the Credit-Linked Portion of the Hybrid Security multiplied by the Auction Final Price.

**Auction Settlement Date** means :

- (i) if American Settlement is specified in the applicable Final Terms, 30 Business Days (or such shorter period as determined by the Calculation Agent) after the later of (i) the date on which the Auction Final Price is determined and (ii) (if applicable) the date on which the settlement of any Hedging Transaction occurs; and
- (ii) if European Settlement is specified in the applicable Final Terms, the later of (i) the Scheduled Maturity Date and (ii) 30 Business Days (or such shorter period as determined by the Calculation Agent) after the later of (1) the date on which the Auction Final Price is determined or (2) (if applicable) the date on which the settlement of any Hedging Transaction occurs.

**Average Blended Highest** means, with respect to more than one Reference Obligation and more than one Valuation Date, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

**Average Blended Market** means, with respect to more than one Reference Obligation and more than one Valuation Date, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

**Average Highest** means, with respect to only one Reference Obligation and more than one Valuation Date, the unweighted arithmetic mean of the highest quotations obtained by the Calculation Agent (in accordance with the definition of Final Price) with respect to each Valuation Date.

**Average Market** means, with respect to only one Reference Obligation and more than one Valuation Date, the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date.

**Bankruptcy** means a Reference Entity:

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty (30) calendar days of the institution or presentation thereof;
- (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) calendar days thereafter; or
- (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) (inclusive) of this definition of Bankruptcy.

**Best Available Information** means (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of these provisions, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulators, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or (ii) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to determine Successors. Information which is made available more than fourteen (14) calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.



**Blended Highest** means, with respect to more than one Reference Obligation and only one Valuation Date, the unweighted arithmetic mean of the highest quotations obtained by the Calculation Agent (in accordance with the definition of Final Price) for each Reference Obligation with respect to the Valuation Date.

**Blended Market** means, with respect to more than one Reference Obligation and only one Valuation Date, the unweighted arithmetic mean of the Market Values determined by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

**Bond** means any obligation that is of a type included in the Borrowed Money Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money.

**Bond or Loan** means any obligation that is either a Bond or a Loan.

**Borrowed Money** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

**Cash Settlement Amount** means an amount equal to the aggregate outstanding principal balance (excluding accrued but unpaid interest) of each Valuation Obligation (or if Condition 6.6 applies, the outstanding principal balance (excluding accrued but unpaid interest) of each Valuation Obligation constituting the Undelivered Portion)) multiplied by the Final Price, subject to a minimum of zero, converted (as applicable) into the currency of the CLNs at the relevant spot rate of exchange determined by the Calculation Agent in good faith.

**Cash Settlement Date** means :

- (i) if American Settlement is specified in the applicable Final Terms, 30 Business Days (or such shorter period as determined by the Calculation Agent) after the later of (i) the date on which the Final Price of the relevant Valuation Obligation(s) is determined and (ii) (if applicable) the date on which the settlement of any Hedging Transaction occurs; and
- (ii) if European Settlement is specified in the applicable Final Terms, the later of (i) the Scheduled Maturity Date and (ii) thirty (30) Business Days (or such shorter period as determined by the Calculation Agent) after the later of (1) the date on which the Final Price of the relevant Valuation Obligation(s) is determined and (2) (if applicable) the date on which the settlement of any Hedging Transaction occurs.

**CDS Market Disruption Event** means, at any time that credit default swap(s) are required to be notionally entered into or terminated in connection with the issuance of the Securities, the Calculation Agent in good faith, determines that there are, at such time, prevailing market conditions (including the liquidity of the relevant market) such that credit default swap(s) cannot be not be transacted on commercially reasonable terms (whether as to price or otherwise) or it would not otherwise be economically viable or it would be impossible or undesirable for any other reason outside the control of the Issuer to notionally enter into or terminate credit default swap(s).

**Conditionally Transferable Obligation** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that an Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of an obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation

shall not be considered to be a requirement for consent for purposes of the definition of Conditionally Transferable Obligation

**Conditions to Settlement** in relation to the occurrence of a Credit Event in respect of the relevant Reference Entity will be satisfied when either (a) ISDA publicly announces on or prior to the last day of the Notice Delivery Period that the relevant Credit Derivatives Determinations Committee has Resolved that a Credit Event has occurred with respect to the Reference Entity on or after the Credit Event Backstop Date, provided that such resolution has not been cancelled prior to the Auction Settlement Date and that the Credit Event Determination Date Conditions have been satisfied or (b) the Issuer has delivered to the Calculation Agent and the Holders on or prior to the last day of the Notice Delivery Period, a Credit Event Notice, a Notice of Publicly Available Information and, as applicable, a Notice of Physical Settlement.

**Consent Required Loan** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent.

Unless otherwise specified in the related Final Terms, if the Deliverable Obligation Characteristic Assignable Loan is specified as Applicable in the related Final Terms, such Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the specified Deliverable Obligation Category.

**Convertible Obligation** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**Credit Derivatives Auction Settlement Terms** means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended in accordance with the Rules.

**Credit Derivatives Determinations Committees** mean the committees established by ISDA for the purposes of reaching certain DC Resolutions, as more fully described Rules.

**Credit Event Backstop Date** means (a) for the purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in paragraph (b) of the definition of Repudiation/Moratorium) for purposes of the relevant CLN, as determined by DC Resolution, the date that is 60 calendar days prior to the earlier of (i) the first date on which the Conditions to Settlement are satisfied and (ii) in circumstances where (A) the conditions for convening a Credit Derivatives Determinations Committee to resolve whether and when a Credit Event has occurred are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has resolved not to determine such matters and (C) the Conditions to Settlement are satisfied not more than fourteen calendar days after the day on which the ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**Credit Event Determination Date Conditions** means, if Auction Settlement is specified in the Final Terms, the satisfaction of the following conditions:

- (i) the Trade Date occurs on or prior to the Auction Final Price Determination Date, No Auction Announcement Date or Auction Cancellation Date, as applicable.
- (ii) the Credit Event Resolution Request Date occurs on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date); and

- (iii) ISDA publicly announces (including prior to the Trade Date) that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof and that such event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date

**Credit Event Determination Date** means in relation to a Credit Event with respect to which a Credit Event Notice has been delivered, the date on which the Conditions to Settlement are, as determined by the Calculation Agent in good faith, satisfied

**Credit Event Notice** means an irrevocable notice that is effective during the Notice Delivery Period delivered by or on behalf of the Issuer to the Holder's confirming the occurrence of a Credit Event and describing in reasonable detail the facts relevant to the determination that such Credit Event has occurred. The Credit Event that is subject of a Credit Event Notice need not be continuing on the Credit Event that is the subject of Credit Event Determination Date.

If Publicly Available Information is specified as applicable in the related Final Terms and a Credit Event Notice contains Publicly Available Information, such Credit Event Notice will also be deemed to be Publicly Available Information.

**Credit Event Portion** means, in the case of any Credit Event, a Nominal Value of CLNs equal to:

- (i) in the case of Basket CLNs, (i) the Reference Price of the Reference Entity in respect of which the Credit Event Notice has been given expressed as a proportion of the aggregate of the Reference Prices of all the Reference Entities specified in the Final Terms multiplied by (ii) the initial aggregate Nominal Value of the CLNs; or
- (ii) in all other cases, unless otherwise specified in the Final Terms, 100 per cent of the then aggregate outstanding Nominal Value of the CLNs.

**Credit Event Resolution Request Date** means with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve (as defined into the Rules):

- (i) whether an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation; and
- (ii) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the relevant DC Resolution (as defined into the Rules).

**Credit Event(s)** means, with respect to a Reference Entity as determined by the Calculation Agent, the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Default, Repudiation/Moratorium, Obligation Acceleration or Restructuring, as specified in the Final Terms

**Credit-Linked Portion** means the portion of the Nominal Value of the Hybrid Securities linked to one or more Reference Entities or Indices which do not form part of the Underlyings.

**DC Resolution** has the meaning given to that term in the Rules.

**Default Requirement** means USD 10,000,000 or the amount specified in the related Final Terms and in any case its equivalent in any currency or currencies.

**Deliver** means to deliver, novate, transfer (including in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Deliverable Obligations to the relevant Holder or Holders free and clear of any and all liens, charges, claims and encumbrances (including, without limitation, any counterclaim, defence or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor); provided that to the extent that the Deliverable Obligations consist of Qualifying Guarantees, Deliver means to Deliver both the Qualifying Guarantee and the Underlying Obligation. **Delivery** and **Delivered** will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

**Deliverable Obligation Characteristics** means, as at the Delivery Commencement Date, any one or more of the Deliverable Obligation Characteristics which are set out in the Final Terms, from amongst: Listed, Not Domestic Issuance, Not Subordinated, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Specified Currency, Not Contingent, Assignable Loan, Consent Required Loan, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

If any of the Payment, Borrowed Money, Loan or Bond or Loan is specified as Deliverable Obligation Category and more than one Assignable Loan and Consent Required Loan are specified as Deliverable Obligation Characteristics, the Deliverable Obligation may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

**Deliverable Obligations** means

- (i) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if applicable to any monoline insurance company or similar entity if such entity is a Reference Entity) or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) described by the Deliverable Obligation Category and having each of the Deliverable Obligation Characteristics, in each case, as of Delivery Commencement Date (but excluding any Excluded Deliverable Obligation) that is (i) payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than right of set off by or of a Reference Entity or any applicable Underlying Obligor, and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Commencement Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (ii) subject to the second sentence in the definition of “Not Contingent”, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;
- (iii) solely in relation to a Restructuring applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Commencement Date, of immediate assertion or demand by or on behalf of the holder or holders for an amount at least equal to the outstanding principal balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (iv) any other obligation of a Reference Entity specified as such in the applicable Final Terms, provided that:

- (a) where the Issuer is to redeem the CLN by means of Physical Settlement, if “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” are specified as applicable in the applicable Final Terms and Restructuring is only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (A) is a Fully Transferable Obligation, and (B) has a final maturity date not later than the Restructuring Date; and
- (b) where the Issuer is to redeem the CLN by means of Physical Settlement, if “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” are specified as applicable in the applicable Final Terms and Restructuring is only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (A) is a Conditionally Transferable Obligation, and (B) has a final maturity date not later than the applicable Restructuring Date.

The Deliverable Obligation to be Delivered by the Issuer to the Holders shall have an outstanding principal balance (excluding accrued interest) equal to the outstanding aggregate Notional Amount of the CLN subject to Condition 6.

If the term “Deliverable Obligation” is to apply to CLN to be redeemed by the Issuer by means of Cash Settlement, references to “Delivery Commencement Date” shall be deemed to be references to “Valuation Date”

**Delivery Commencement Date** has the meaning set out in Condition 6.5.

**Delivery Expenses** has the meaning set out in Condition 11.

**Detachment Point** means in respect of Tranche CLN the number (expressed as a percentage of the Reference Portfolio Notional Amount) specified in the relevant Final Terms.

**Direct Loan Participation** means a Loan in respect of which, pursuant to a participation agreement, the bank is capable of creating, or procuring the creation of, a contractual right in favour of the Holder(s) that provides the Holder(s) with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the Holder(s) and the Issuer (to the extent the Issuer is then a lender or a member of the relevant lending syndicate).

**Domestic Currency** means the currency specified as such in the Final Terms and any successor currency. If no currency is specified the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor to any such currency).

**Domestic Law** means the law (a) of the relevant Reference Entity, if such Reference Entity is a Sovereign or (b) the jurisdiction of organisation of the relevant Reference Entity if such Reference Entity is not a Sovereign.

**Downstream Affiliate** means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than fifty (50) per cent owned, directly or indirectly, by the Reference Entity.

**Due and Payable Amount** means the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Commencement Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

**Eligible Transferee** means each of the following:

- (i) any bank or other financial institution, insurance or reinsurance company, mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in clause (iii)(a) below) or registered or licensed

broker or dealer (other than a natural person or proprietorship); provided, however, in each case that such entity has total assets of at least USD 500,000,000 (or equivalent amounts in other currencies); or

- (ii) any affiliate of an entity specified in clause (i) above;
- (iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (a) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations (CDO), commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least U.S.\$100,000,000 or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.\$100,000,000; or
  - (b) that has total assets of at least USD 500,000,000; or
  - (c) the obligations of which under an agreement, contract, or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in clauses (i), (ii), (iii)(a) or (b); and
- (iv) a Sovereign, Sovereign Agency or Supranational Organisation.

**Equity Securities** means:

- (i) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing those equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (ii) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

**Exchangeable Obligation** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

With respect to any Exchangeable Obligation that is not an Accreting Obligation, outstanding principal balance shall exclude any amount that may be payable under the terms of such obligation in respect of the value of Equity Securities for which such obligation is exchangeable.

**Excluded Deliverable Obligation** means any obligations of the Reference Entity specified as such or of a type described in the Final Terms.

**Excluded Obligation** means any obligation of a Reference Entity specified as such or of a type described in the Final Terms.

**Exercise Amount** has the meaning given to it in Condition 7.

**Extension Date** means the later of:

- (a) the last day of the Grace Period Extension if (i) Grace Period Extension is specified as applicable, (ii) Failure to Pay is an applicable Credit Event in relation to a Reference Entity and (iii) the Calculation Agent delivers an Extension Notice under paragraph (b) of the definition thereof; and

- (b) the Repudiation/Moratorium Evaluation Date if (i) Repudiation/Moratorium is an applicable Credit Event in relation to a Reference Entity and (ii) the Calculation Agent delivers an Extension Notice under paragraph (b) of the definition thereof.

**Extension Notice** means a notice from the Calculation Agent to the Issuer and the Holders giving notice of the following in relation to a Reference Entity:

- (a) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Maturity Date; or
- (b) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Maturity Date.

**Failure to Pay** means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

**Fallback Settlement Method** means Cash Settlement or Physical Settlement as specified in the Final Terms.

**Fallback to Cash Settlement Valuation Date** has the meaning given to it in Condition 6.6.

**Final Delivery Date** has the meaning set out in Condition 6.6.

**Final Price** means, with respect to a Valuation Obligation, either (a) a quotation (expressed as a percentage) of such Valuation Obligation obtained from a number of Quotation Dealers (selected in good faith by the Calculation Agent) in the manner provided below or (b) the relevant price obtained by the Issuer or the Calculation Agent on its behalf from counterparty(ies) to the relevant Hedging Transaction(s) in the manner agreed between the Issuer, the Calculation Agent on its behalf and the relevant counterparty(ies). The Calculation Agent will determine, based on the then current market practice, whether such quotations or prices will include or exclude accrued but unpaid interest and all quotations or prices will be obtained in accordance with this determination. With regard to quotations obtained in accordance with (a) above, the Calculation Agent will require each Quotation Dealer to provide quotations to the extent reasonably practicable at the Valuation Time.

- (i) If the Calculation Agent obtains more than three (3) Full Quotations on the Valuation Date, the Final Price will be the arithmetic mean of such Full Quotations, disregarding the Full Quotations with the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, than one of such highest or lowest Full Quotations will be disregarded).
- (ii) If the Calculation Agent is unable to obtain more than three (3) Full Quotations, but obtains exactly three (3) Full Quotations on the Valuation Date, the Final Price will be the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotation have the same highest value or lowest value, then one of such highest or lowest Full Quotation will be disregarded).
- (iii) If the Calculation Agent is unable to obtain three (3) Full Quotations, but obtains exactly two (2) Full Quotations on the Valuation Date, the Final Price will be the arithmetic mean of such Full Quotations.
- (iv) If the Calculation Agent is unable to obtain two (2) Full Quotations on the same Business Day within three (3) Business Days following the Valuation Date, on the next following Business Day (and, if necessary on each Business Day thereafter until the fifteenth (15) Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain at least three (3) Full Quotations from Quotation Dealers and, if at least two (2) Full Quotations are not available, the Final Price shall be a Weighted Average Quotation.
- (v) If the Calculation Agent is unable to obtain at least two (2) Full Quotations or a Weighted Average Quotation within such period, the Final Price will be an amount as determined by the Calculation Agent in good faith (which for the avoidance of doubt, may be zero).

**Final Settlement Amount** has the meaning given to it in the Final Terms.

**Full Quotation** means, each firm bid quotation obtained from a Quotation Dealer, for an amount equal to the Quotation Amount

**Fully Transferable Obligation** means any Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an obligation shall not be considered to be a requirement for consent for purposes of the foregoing.

For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Fully Transferable Obligation, such determination shall be made as of the Delivery Commencement Date, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer or any Affiliate.

**Governmental Authority** means any *de facto or de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

**Grace Period** means subject to (i) and (ii) below the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred:

- (i) if a Grace Period Extension is specified as applicable in the relevant Final terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date determined by reference to the Greenwich Mean Time (or if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as specified in the related Final Terms), Tokyo time)), and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date determined by reference to the Greenwich Mean Time (or if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as specified in the related Final Terms), Tokyo time)), the Grace Period shall be deemed to be the lesser of such grace period and thirty calendar (30) days or such other period specified in the related Final Terms; and
- (ii) if, as of the date on which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation, provided that unless Grace Period Extension is specified as applicable in the Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

**Grace Period Business Day** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

**Grace Period Extension** means the number of days in the Grace Period after the Potential Failure to Pay subject to a maximum of thirty (30) calendar days.

**Greenwich Mean Time (GMT)** means the mean solar time at the Greenwich meridian, in Greenwich, London.

**Group of Seven (G7)** means an informal group composed of the United States, Japan, Germany, the United Kingdom, France, Italy, Canada (listed by nominal GDP). The G-7 represents the world's leading industrial democracies. Their finance ministers/secretaries meet annually to discuss economic cooperation and other matters. The G-7 does not have a permanent secretariat, but rather gives an informal forum for leaders to meet and discuss ideas.



**Hedging Transaction** means any hedging agreement entered into between the Issuer or any other entity of the Exane group and the Hedging Party with the purpose of hedging (directly or indirectly) the Issuer's exposure in respect of an issuance of CLNs.

**Highest** means, with respect to only one Reference Obligation and only one Valuation Date, the highest quotation obtained by the Calculation Agent (or in accordance with the definition of Final Price) with respect to any Valuation Date.

**Hybrid Capitalised Fair Market Value** means the Hybrid Fair Market Value together with any interest accrued thereon during the period commencing on (and including) the day on which the Calculation Agent determines the Hybrid Fair Market Value and ending on (and excluding) five (5) Business Days (or such other number of Business Days as specified in the Final Terms) before the date on which the relevant amount is payable in accordance with the relevant Condition, as calculated by the Calculation Agent in good faith, by reference to the relevant EONIA rate or such other overnight rate for deposits in Euro available to the Calculation Agent in the inter-bank market during such period.

**Hybrid Fair Market Value** means with respect to the Credit Linked Portion and/or the Underlying Linked Portion of the Hybrid Securities, the fair market value thereof determined by the Calculation Agent in good faith as soon as practicable after the occurrence of one of the events specified in the relevant Conditions, with reference to the credit of the Reference Entities in respect of the Credit Linked Portion of the Hybrid Securities and to the market value of the Underlyings in respect of the Underlying Linked Portion of the Hybrid Securities. Unless specified otherwise, the calculation of Hybrid Fair Market Value shall take into consideration all future payments of interest and other non-principal amounts in respect of the Underlying Linked Portion of the Hybrid Securities as of the relevant date of calculation and for the period specified in the relevant Condition

**Index** has the meaning set out in the Final Terms.

**Instrument Payments** means

- (i) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Interest Balance on or prior to the ultimate distribution of the Interest Balance and (y) the ultimate distribution of the Interest Balance on or prior to a specified date and
- (ii) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early Settlement premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

**Interest Balance** means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, interest balance or similar measure of unreimbursed principal investment.

**Interest Commencement Date** means the date set out in the Final Terms.

**ISDA** means the International Swaps and Derivatives Association, Inc.

**Listed** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange.

**Loan** means any obligation of a type included in the Borrowed Money Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement, however described and shall not include any other type of Borrowed Money

**Loss Amount** means In respect of a Basket CLN and Tranche CLN if nth to Default is specified as not applicable in the related Final Terms, in relation to each Reference Entity in respect of which a Credit Event Determination Date

has occurred, an amount equal to the product of (i) the Reference Entity Notional Amount and (ii) the difference between the Reference Price and the Final Price, subject to a minimum of zero.

**Market** means, with respect to only one Reference Obligation and only one Valuation Date, the Market Value determined by the Calculation Agent with respect to the Valuation Date.

**Market Disruption Event** has the meaning given to it in Condition 6.8.

**Market Value** means, with respect to a Reference Obligation on a Valuation Date, the value obtained by the Calculation Agent in accordance with the definition of Final Price.

**Maturity Date** shall be the Scheduled Maturity Date, subject (if specified as applicable in the Final Terms) to extension in accordance with Condition 6.1 A(ii) (*Grace Period Extension*) and Condition 6.1 A(iii) (*Repudiation/Moratorium Extension*) and provided that if a Credit Event Determination Date occurs, the Maturity Date shall be the relevant Settlement Date.

**Maximum Maturity** means an Obligation that has a remaining maturity from the Delivery Commencement Date of not greater than the period specified in the Final Terms.

**Minimum Quotation Amount** means the amount specified as such in the Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD 1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

**Modified Eligible Transferee** means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

**Modified Restructuring Maturity Limitation Date** means with respect to a Deliverable Obligation the date that is the later of (a) the Maturity Date and (b) sixty (60) months following the Restructuring Date in the case of a Restructured Bond or Loan, or thirty (30) months following the Restructuring Date in the case of all other obligations.

**Multiple Holder Obligation** means an Obligation that (a) at the time of the event which constitutes a Restructuring, assuming such Restructuring was determined by reference to such Obligation, is held by more than three Holders that are not Affiliates of each other and (b) with respect to which a percentage of Holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring, assuming such Restructuring was determined by reference to such Obligation; provided that any Obligation that is a Bond shall be deemed to satisfy the foregoing requirement (b) above; provided that in relation to a Reference Entity which has a Transaction Type being specified in the Final Terms as “*Standard Emerging European Corporate LPN*” or “*Emerging European Corporate LPN*”, “Multiple Holder Obligation shall be deemed as Not applicable with respect to any Reference Obligation (and any Loan).

**No Auction Announcement Date** means, with respect to a Reference Entity and a Credit Event, the date on which ISDA first publicly announces that (a) no Credit Derivatives Auction Settlement Terms will be published with respect to such Reference Entity or (b) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held with respect to such Reference Entity following a prior public announcement by ISDA to the contrary. For the avoidance of doubt, a No Auction Announcement Date will not occur solely by reason of the CLNs not constituting an Auction Covered Transaction (as defined in the Rules) for the purposes of the relevant Credit Derivatives Auction Settlement Terms.

**Not Bearer** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system Clearstream or any other internationally recognised clearing system. If the Deliverable Obligation Characteristic Not Bearer is specified as applicable in the related Final Terms, such Final Terms shall be construed as though such Deliverable Obligation Characteristics had been specified as a

Deliverable Obligation Characteristics only with respect to Bonds (and shall only be relevant if Bonds are covered by the specified Deliverable Obligation Characteristics).

**Not Contingent** means any obligation having as of the Delivery Commencement Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). If applicable, a Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall be deemed to be Not Contingent if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (a) to convert or exchange such obligation or (b) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or Settlement price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Commencement Date.

**Not Domestic Currency** means any obligation that is payable in any currency other than the Domestic Currency.

**Not Domestic Issuance** means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity

**Not Domestic Law** means any obligation that is not governed by the laws of (A) the relevant Reference Entity, if such Reference Entity is a Sovereign or (B) the jurisdiction of organisation of the relevant Reference Entity if such Reference Entity is not a Sovereign. The Laws of England and the laws of the State of New York shall not be a Domestic Law.

**Not Sovereign Lender** means any obligation that is not primarily owed to a Sovereign or Supranational Organization, including, without limitation, obligations generally referred to as "Paris Club debt".

**Not Subordinated** means an obligation that is not Subordinated to (a) the most senior Reference Obligation in priority of payment or (b) if no Reference Obligation is specified in the related Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity; provided that, if a Substitution Event (as defined under Reference Obligation) has occurred with respect to all of the Reference Obligations (each, a **Prior Reference Obligation**) and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the Not Subordinated Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, Not Subordinated shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the Not Subordinated Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred, and shall not reflect any change to such ranking in priority of payment after such date.

**Notice Delivery Period** means the period from and including the Issue Date to and including the Maturity Date.

**Notice of Valuation Obligations** has the meaning given to it in Condition 6.4.

**Obligation** means each Reference Obligation (if any), any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the relevant Final Terms, as provider of any Qualifying Guarantee) described in the Obligation Category having each of the Obligation Characteristics specified in the Final Terms.

**Obligation Acceleration** means one or more Obligations, in an aggregate amount of not less than the Default Requirement, have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**Obligation Category** means one of the following categories: Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, Bond or Loan, as indicated in the relevant Final Terms.

**Obligation Characteristics** means, any one or more of Not Subordinated, Not Sovereign Lender, Specified currency, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, as specified in the related Final terms.

**Obligation Currency** means the currency or currencies in which an Obligation is denominated.

**Obligation Default** means one or more Obligations, in an aggregate amount of not less than the Default Requirement, have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**Payment Requirement** means USD 1,000,000 or the amount specified in the related Final Terms and in any case its equivalent in any currency or currencies, unless otherwise specified in the Final Terms.

**Permitted Currency** means (a) the legal tender of any country of the Group of Seven (G7) or any country that becomes a member of the Group of Seven (G7) if such group expands its membership or (b) the legal tender of any country which, as of the date of such change, is a member of the Organization for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

**Physical Settlement Amount** has the meaning set out in Condition 6.5.

**Physical Settlement Date** means the intended date for delivery of the relevant Deliverable Obligations to Holders in accordance with Condition 6.5

**Portfolio** means such Deliverable Obligations or Valuation Obligations, as the case may be, of the relevant Reference Entity as are selected in good faith by the Calculation Agent with an outstanding principal balance as at the Delivery Commencement Date or the specified Valuation Obligations Notice Date, as the case may be in an aggregate amount (in the Specified Currency as set out in the Final Terms or its equivalent in other currencies) not less than the aggregate principal amount of the relevant tranche of CLNs then outstanding. For the purposes of the foregoing, if applicable, the "outstanding principal balance" (a) with respect to any Accreting Obligation, means the Accreted Amount thereof, (b) with respect to any Exchangeable Obligation that is not an Accreting Obligation, shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**Potential Failure to Pay** means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligation(s) in accordance with the terms of such Obligation(s) at the time of such failure.

**Potential Repudiation/Moratorium** means an authorised officer of a Reference Entity or a Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or

more Obligation' in an aggregate amount of not less than the Default Requirement or (b) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement.

**Public Source** means each of the following sources: Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, Les Echos, La Tribune and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources.

**Publicly Available Information** means information that reasonably confirms any of the facts relevant to the determination that a Credit Event or Potential Repudiation/Moratorium is applicable described in a Credit Event Notice or Repudiation Moratorium Extension Notice has occurred and which:

- (i) has been published in or on not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if the Issuer or any of its Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer/ or any of its Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
- (ii) is information received from or published by (1) a Reference Entity or a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (2) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
- (iii) is information contained in any petition or filing instituting a proceeding against or by a Reference Entity seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or similar law affecting creditors' rights, or a petition presented for its winding-up or liquidation and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (1) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (2) is not dismissed, discharged, stayed or restrained in each case within thirty (30) calendar days of the institution or presentation thereof; or
- (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative regulatory or judicial body; or
- (v) is information contained in a public announcement by ISDA ;

Publicly Available Information may be assumed to have been disclosed without violating any law, agreement or understanding regarding its confidentiality and that the Issuer or its Affiliates delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties and need not state that the relevant Credit Event (i) has met the Payment Requirement or, as the case may be, the Default Requirement, (ii) is the result of exceeding any applicable Grace Period or (iii) has met the subjective criteria specified in certain Credit Events including without limitation qualifying under paragraph (a) of the definition of Bankruptcy.

**Qualifying Affiliate Guarantee** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**Qualifying Guarantee** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **Underlying Obligation**) for which another party is the obligor (the **Underlying Obligor**). Qualifying Guarantees shall exclude any arrangement (a) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (b) pursuant to the terms of which the payment obligations

of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being delivered together with the delivery of the Underlying Obligation;

(i) For the purposes of applying the Obligation Category and the Deliverable Obligation Category the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.

(ii) For the purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics:

(a) both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics from the following list, if any specified in the relevant Final Terms:

Not Subordinated

Specified Currency

Not Sovereign Lender

Not Domestic Currency

Not Domestic Law

For these purposes the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America or the euro shall not be a Domestic Currency and the laws of England and the laws of the State of New York shall not be a Domestic Law.

(b) Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics from the following list, if any specified in the relevant Final Terms:

Listed

Not Contingent

Not Domestic Issuance

Assignable Loan

Consent Required Loan

Transferable

Maximum Maturity

Accelerated or Matured and

Not Bearer

(iii) For the purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation references to the Reference Entity shall be deemed to be references to the Underlying Obligor.

- (iv) The terms "outstanding principal balance and "Due and Payable Amount" when used in connection with Qualifying Guarantees are to be interpreted to be the "outstanding principal balance" and "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

**Qualifying Policy** means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments (as defined below) of an instrument that constitutes Borrowed Money (modified as set forth below) (the **Insured Instrument**) for which another party (including a special purpose entity or trust) is the obligor (the **Insured Obligor**). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being delivered together with the delivery of the Insured Instrument.

**Quotation Amount** means either (a) the amount specified as such in the relevant Final Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, (b) if no amount is so specified, the relevant aggregate outstanding Nominal Value of the CLNs (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

**Quotation Dealer** means at least five (5) dealers in obligations of the type of Obligation(s) for which quotations are to be obtained, including each Dealer specified in the Final Terms. If no Dealers are specified in the Final Terms, the Calculation Agent shall select the Dealers in good faith. Upon a Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which quotations are to be obtained, the Calculation Agent may substitute any other Dealer(s) for one or more of the foregoing.

**Quotation Method** means the applicable Quotation Method may be specified in the relevant Final Terms by reference to one of the following terms:

- (i) **Bid** means that only bid quotations shall be requested from Quotation Dealers
- (ii) **Offer** means that only offer quotations shall be requested from Quotation Dealers; or
- (iii) **Mid-market** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Dealer's quotation.

If a Quotation Method is not specified in the Final Terms, Bid shall apply.

**Reference Entity** shall be each entity as specified in the Final Terms and, (a) where any such entity is a Sovereign, any direct or indirect successor to such Reference Entity irrespective of whether such successor assumes any of the obligations of such Reference Entity and (b) where any such entity is not a Sovereign and a Succession Event occurs with respect to any Reference Entity and a Successor or Successors are determined, each Successor shall be a Reference Entity.

**Reference Entity Notional Amount** means, unless specified otherwise in the applicable Final Terms, for each Reference Entity, the amount equal to the product of the Reference Entity Weighting and the Reference Portfolio Notional Amount

**Reference Entity Weighting** means the proportion specified as such in the Final Terms, which will be adjusted in accordance with the provisions of (i) the definition of Successor upon the occurrence of a Succession Event

**Reference Obligation Only** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only.

**Reference Obligations** means the obligations, if any, specified in the Final Terms and, if there are obligations specified therein, any Substitute Reference Obligation(s). If, in the opinion of the Calculation Agent (i) the Reference Obligation is redeemed in whole or (ii) (a) the aggregate amounts due under any Reference Obligation have been materially reduced by settlement or otherwise (other than due to any scheduled settlement, amortization or prepayments), (b) the Reference Obligation is an obligation guaranteed by a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the guarantee of that Reference Entity is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (c) for any other reason, other than due to the existence or occurrence of a Credit Event (each a **Substitution Event**), any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation (the **Substitute Reference Obligation**). For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN or other similar identifier will not, in and of itself, convert such Obligation into a different Obligation.

**Reference Portfolio** means, in respect of the First/nth-to-Default CLN, Basket CLN Index-Linked CLN and Tranche CLN, a portfolio comprising all the Reference Entities.

**Reference Portfolio Notional Amount** means (i) in respect of Tranche CLN, an amount equal to the aggregate Notional Amount divided by the difference between the Detachment Point and the Attachment Point and (ii) in respect of a Basket CLN which are not Tranche CLN, an amount equal to the aggregate Notional Amount.

**Reference Price** means the percentage specified as such in any Final Terms or, if a percentage is not so specified, one hundred (100) per cent.

**Relevant Obligations** mean the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

**Representative Amount** means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent in good faith.

**Repudiation/Moratorium** means the occurrence of both of the following events: (a) an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

**Repudiation/Moratorium Evaluation Date** means if the Obligations to which a Potential Repudiation/Moratorium relate include Bonds, the date that is the later of (a) the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium and (b) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or if later the expiry of any applicable Grace Period in respect of such payment date). And if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium.

**Resolve** has the meaning given to that term in the Rules and **Resolved** and **Resolves** shall be interpreted accordingly.



**Restructured Bond or Loan** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred.

**Restructuring** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date applicable to the CLNs and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled settlement dates;
- (iii) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium
- (iv) a change in the ranking in priority of payment of any Obligation (or, if applicable in the Final Terms, Multiple Holder Obligation) causing the Subordination of such Obligation (or, if applicable in any Final Terms, Multiple Holder Obligation) to any other Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above, none of the following shall constitute a Restructuring:

- (a) (the payment in Euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union
- (b) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (c) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of this definition of "Restructuring" only, the term Obligation (or, if applicable in any Final Terms, Multiple Holder Obligation) shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of any Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the relevant Final Terms, any Qualifying Guarantee, as the case may be. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the first paragraph of this definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

**Restructuring Date** means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**Restructuring Maturity Limitation Date** means with respect to a Deliverable Obligation the date that is the earlier of (a) thirty (30) months following the Restructuring Date and (b) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Maturity Date or later than thirty (30) months following the Maturity Date and if it is, it shall be deemed to be the Maturity Date or thirty (30) months following the Maturity Date, as the case may be.

**Rules** means the Credit Derivatives Determination Committees Rules published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

**Scheduled Maturity Date** has the meaning given to it in the Final Terms.

**Settlement Amount** means Auction Settlement Amount, Cash Settlement Amount or Physical Settlement Amount, as applicable.

**Settlement Date** means the Auction Settlement Date, the Cash Settlement Date or the Physical Settlement Date, as applicable.

**Settlement Disruption Event** means an event has occurred or a condition exists as a result of which the relevant Deliverable Obligation(s) cannot be cleared or transferred through the relevant clearance system or by the relevant settlement procedure for such Deliverable Obligation(s).

**Sovereign** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

**Sovereign Agency** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**Sovereign Restructured Deliverable Obligation** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category and having the Deliverable Obligation Characteristics as specified in the Final Terms in each case immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

**Specified Currency** means (a) if Specified Currency is specified in the relevant Final Terms, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies or (b) any currency or currencies specified in the relevant Final Terms. Notwithstanding the provisions of this definition, the Issuer may specify a single Specified Currency in any Final Terms.

**Sponsor** means, in respect of an Index, the corporation or other entity specified in the Final Terms that is responsible for setting and reviewing the rules and procedures, the composition and the methods of calculation and adjustments, if any, related to the Index, as determined by the Calculation Agent.

**Subordination** means, with respect to an obligation (the **Subordinated Obligation**) and another obligation of the Reference Entity to which such obligation is being compared (the **Senior Obligation**), a contractual, trust or similar arrangement providing that (a) upon the liquidation, dissolution, reorganization or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (b) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. **Subordinated** will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign.

**Substitution** means the cessation by the Calculation Agent of the indexation of the CLNs to an Index and its replacement by a substitute Index which has similar features to the substituted Index, including geographic area,

sector of activity, currency, frequency and methodology or any other feature which is relevant for the Calculation Agent.

**Succession Event** means (a) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by way of operation of law or pursuant to any agreement or (b) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity.

Notwithstanding the foregoing, Succession Event shall not include an event (i) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event or (ii) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (as defined in the March 2009 Supplement).

**Succession Event Resolution Request Date** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve;

- (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (i) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (ii) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**Successor** means :

- (i) in relation to a Reference Entity that is not a Sovereign, either
  - (a) the entity or entities, if any, determined by the Calculation Agent, in good faith, as set forth below
    - (1). if one entity directly or indirectly succeeds to seventy-five per cent or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor and in the case of Basket CLN or Tranche CLN, the Reference Entity Weighting of such sole Successor will be the Reference Entity Weighting of the Reference Entity before the Succession Event;
    - (2). if only one entity directly or indirectly succeeds to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent (25%) of the Relevant Obligations will be the sole Successor and in the case of Basket CLN and Tranche CLN, the Reference Entity Weighting of such sole Successor will be the Reference Entity Weighting of the Reference Entity before the Succession Event;
    - (3). if more than one entity each directly or indirectly succeeds to more than twenty-five per cent (25%) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent (25%) of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent (25%) of the Relevant Obligations will each be a Successor and the terms of the CLN will be amended in

accordance with the provisions set out in the definition of Multiple Successor in Condition above. In the case a Basket CLN or a Tranche CLN, the Reference Entity Weighting of each Successor will be the Reference Entity Weighting of the Reference Entity before the Succession Event subject to adjustment of the Reference Entity Weighting divided by the number of Successors;

- (4). if one or more entities each directly or indirectly succeeds to more than twenty-five per cent (25%) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent (25%) of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and the terms of the CLN will be amended in accordance with the provisions set out in the definition of Multiple Successor. In the case a Basket CLN or a Tranche CLN, the Reference Entity Weighting of each Successor will be the Reference Entity Weighting of the Reference Entity before the Succession Event subject to adjustment of the Reference Entity Weighting divided by the number of Successors;
  - (5). if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent (25%) of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the terms of the CLN will not be changed in any way as a result of the Succession Event; and
  - (6). if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor and in the case of a Basket CLN and a Tranche CLN, the Reference Entity Weighting of such sole Successor will be the Reference Entity Weighting of the Reference Entity before the Succession Event; or
- (b) any Successor to a Reference Entity in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules; and
- (ii) in relation to a Sovereign Reference Entity, means any direct or indirect successor to that Reference Entity by way of Succession Event irrespective of whether such successor assumes any of the obligations of such Reference Entity.

The Calculation Agent will, in relation to clause (i)(a) of this definition of Successor, be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under sub-section (6) above, as applicable; provided that the Calculation Agent will not make such determination if, at such time, either (1) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve in the matters described in clause (i)(a) of this definition of Successor and clauses (a) and (b)(i) of Succession Event Resolution Request Date are satisfied in accordance with the Rules (as defined in the Auction Settlement Terms) (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (2) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under sub-section (6) above, as applicable, the Calculation Agent

shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information.

For the purposes of this section, succeed means with respect to a Reference Entity and its Relevant Obligations (or as applicable obligations), that a party other than such Reference Entity (x) assumes or becomes liable for such Relevant Obligations (or as applicable obligations) whether by operation of law or pursuant to any agreement or (y) issues Bonds that are exchanged for such Relevant Obligations (or as applicable obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to the Relevant Obligations (or as applicable obligations). The determinations required pursuant to this section shall be made in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of such Bonds for which Relevant Obligations have been exchanged.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen (14) calendar days after the date of the occurrence of the relevant Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under clause (ii) of this definition of Successor; provided that the Calculation Agent will not make such determination if, at such time, either (x) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in clause (ii) of this definition of Successor and clauses (a) and (b)(i) of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (y) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred.

Where, pursuant to sub-section (3) or (4) of clause (i)(a) of this definition of Successor, more than one Successor has been identified, the CLNs will be amended without the consent of Holders to reflect the following terms:

- (iii) each Successor will be a Reference Entity and more than one Credit Event may occur during the term of the CLNs but, subject to the provisions relating to multiple Credit Event Notices, once only in relation to each Successor; and
- (iv) all other terms and conditions of the original CLNs will remain unaffected except to the extent that modification is required, as determined by the Calculation Agent, to preserve the economic effects of the original CLNs in the amended CLNs.

**Supranational Organization** means any entity or organization established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

**Suspension End Date** has the meaning set out in Condition 6.2 D.

**Suspension Terms** has the meaning given to it in Condition 6.2 D.

**Trade Date** means the date set out in the Final Terms.

**Tranche Notional Amount** means in respect of Tranche CLN, the aggregate Notional Amount of the CLN on the Issue Date or such other amount specified as such in the Final Terms.

**Tranche Subordination Amount** means, with respect to the Tranche CLN, the Reference Portfolio Notional Amount multiplied by the Attachment Point.

**Transaction Auction Settlement Terms** means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms with respect to the relevant Reference Entity.

**Transaction Type** means in respect of a Reference Entity, the transaction type specified in the Final Terms

**Transferable** means an obligation that is transferable to institutional investors without any contractual statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

- (i) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
- (ii) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds.

Unless otherwise specified in the related Final terms, if the Deliverable Obligation Characteristic Transferable is specified as Applicable in the Final Terms, such Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the specified Deliverable Obligation Category).

**Types of CLN:** the Final Terms shall specify whether the CLN are:

- (i) Single Name CLN (Single Name CLN) where the Issuer buys Holder credit protection by reference to one single Reference Entity. If the Conditions to Settlement are satisfied in respect of the Reference Entity, as specified in the Final Terms, all of the CLN will be settled.
- (ii) First/nth to Default CLN (First/nth to Default CLN) where the Issuer buys Holder credit protection by reference to at least two Reference Entities. If the Conditions to Settlement are satisfied in respect of the First/nth Reference Entity to default, as specified in the Final Terms, all of the CLN will be settled.
- (iii) Basket CLN (Basket CLN) where the Issuer buys Holder credit protection by reference to at least two Reference Entities. If the Conditions to Settlement are satisfied in respect of one Reference Entity, as specified in the Final Terms, the CLN will be settled in a proportional amount equal to the fraction the Reference Entity represents of the basket of Reference Entities.
- (iv) Index CLN (Index CLN) where the Issuer buys Holder credit protection by reference to Reference Entities comprised in an Index or Indices linked to Reference Entities, as specified in the Final Terms.
- (v) Principal Protected CLN (Principal Protected CLN) where the Issuer buys Holder credit protection by reference to one or more Reference Entities, (a) if at least one Credit Event occurs, payments of interest due on the CLN cease in accordance with these Conditions and any other payments due in respect of the CLN must be made in accordance with the Conditions and (b) if no Credit Event occurs, payments of interest due on the CLN shall continue until the Maturity Date in accordance with the Conditions.
- (vi) CDS Spread CLN (CDS Spread CLN) where amounts in respect of principal and interest payable on the CLN to Holders are calculated by reference to the value of a CDS spread (mono underlying, basket or index) linked to a particular Reference Entity. If one or more Credit Event(s) occurs, the calculation method used to determine such payments shall be set forth in the Conditions.
- (vii) Tranche CLN means a Basket CLN for which the Tranche CLN is the Type of CLN applicable in the Final term.

**Undeliverable Loan Obligation(s)** has the meaning set out in Condition 6.7.

**Undelivered Portion** has the meaning set out in Condition 6.6.

**Underlying Linked Portion** means the portion of the Nominal Value of the Hybrid Securities linked to one or more Underlying(s).

**Underlying Obligation** has the meaning given to it in the definition of "Qualifying Guarantee".

**Underlying Obligor** has the meaning given to it in the definition of "Qualifying Guarantee".

**Underlying Settlement Amount** means, for each Hybrid Security, the pro rata share of the outstanding Nominal Value of the Equity Underlying –Linked Portion of that Hybrid Security, as calculated by the Calculation Agent in good faith.

**Unwind Costs** means in respect of each CLN, an amount subject to a minimum of zero, determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding and break funding charges), tax and duties incurred directly or indirectly by the Issuer or any of its Affiliates in relation to the occurrence of a Credit Event Determination Date and related to partial or total termination, settlement or re-establishment of any Hedging Transaction such amount to be apportioned pro rata amongst the outstanding CLN.

**Valuation Date** has the meaning given to it in the Final Terms.

If **Single Valuation Date** is specified in the Final Terms, "**Valuation Date**" shall be the date that is the number of Business Days specified in the Final Terms after the Credit Event Determination Date or, if the number of Business Days is not so specified, five (5) Business Days.

If **Multiple Valuation Dates** is specified in the Final Terms, each of the following dates:

- (i) the date that is the number of Business Days specified in the Final Terms after the Credit Event Determination Date (or, if the number of Business Days is not so specified, five (5) Business Days); and
- (ii) each successive date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five (5) Business Days) after the date on which the Calculation Agent obtains a Final Price with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the Final Terms (or, if the number of Valuation Dates is not so specified, five (5) Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the Final Terms, Single Valuation Date shall apply.

**Valuation Method** means the Valuation Method Highest, Market, Average Market, Average Highest, Blended Market, Blended Highest, Average Blended Market, Average Blended Highest, as specified in the Final Terms.

**Valuation Obligations** has the meaning set out in Condition 6.4.

**Valuation Obligation Notice Date** has the meaning set out in Condition 6.4.

**Valuation Time** means the time specified as such in the Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

**Voting Shares** shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**Weighted Average Quotation** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an outstanding principal balance of as large a size as available but less than the Quotation Amount (but of a size equal at least to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

**Zero Coupon Security** means a Security which will not bear interest (except in case of late payment).



### 1.3 DEFINITIONS IN RESPECT OF CLN AND HYBRID SECURITIES (2014 ISDA DEFINITIONS VERSION)

**For the purpose of the present Condition 1.3, the term CLN means, as the case may be, the CLN or, the Credit Linked Portion of the Hybrid Securities.**

**Accelerated or Matured** means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws.

**Affiliate** means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly the person or any entity under direct or indirect common control with the person. As used herein "control" means the ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "controlled by" and "controls" shall be construed accordingly.

**Aggregate Loss Amount** means at any time:

- (i) For a Basket CLN that is not a Tranche CLN, the aggregate of the Loss Amount in respect of all Reference Entities in respect of which a Credit Event Determination Date has occurred or
- (ii) For a Tranche CLN, the lowest of
  - (a) The Tranche Notional Amount; and
  - (b) The highest of (1) zero and (2) the difference between (x) the aggregate of the Loss Amount for all Reference Entities in respect of which a Credit Event Determination Date has occurred and (y) the Tranche Subordination Amount

**Alternative Settlement End Date** has the meaning set out in Condition 6.7.

**Asset** means each obligation, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by the Reference Entity or a third party (or any value which was realized or capable of being realised in circumstances where the right and/or other asset no longer exists).

**Asset Market Value** means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee.

**Asset Package** means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.

**Asset Package Credit Event** means:

- (i) if Financial Reference Entity Terms and Governmental Intervention is specified as "Applicable" in the applicable Final Terms, (i) a Governmental Intervention; or (ii) a Restructuring in respect of the Reference Obligation, if Restructuring is specified as "Applicable" in the applicable Final Terms and such Restructuring does not constitute a Governmental Intervention; and
- (ii) if the Reference Entity is a Sovereign and Restructuring is specified as "Applicable" in the applicable Final Terms, a Restructuring,

in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice.

**Asset Package Delivery** will apply if an Asset Package Credit Event occurs unless (i) such Asset Package Credit Event occurs prior to the First Credit Event Occurrence Date or such later date determined by the Calculation Agent as appropriate by reference to any Hedge Position, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event.

**Assignable Loan** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent.

**Attachment Point** means in respect of Tranche CLN, the number (expressed as a percentage specified in the relevant Final Terms.

**Auction** means the auction procedure governed by the Credit Derivatives Auction Settlement Terms (notwithstanding that the CLNs are not an Auction Covered Transaction (as defined in the DC Rules) for the purpose of those terms).

**Auction Cancellation Date** has the meaning set out in the relevant Credit Derivatives Auction Settlement Terms.

**Auction Final Price** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**Auction Final Price Determination Date** has the meaning set forth in the Credit Derivatives Auction Settlement Terms.

**Auction Settlement Amount** means (i) with respect to a CLN, an amount equal to the outstanding Nominal Value of the CLNs multiplied by the Auction Final Price and (ii) with respect to an Hybrid Security, an amount equal to the outstanding Nominal Value of the Credit Linked Portion of the Hybrid Security multiplied by the Auction Final Price.

**Auction Settlement Date** shall mean the date that is the number of Business Days as shall be specified in the relevant Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, three (3) Business Days) immediately following the Auction Final Price Determination Date. The Auction Settlement Date shall be the Maturity Date.

**Average Blended Highest** means, with respect to more than one Reference Obligation and more than one Valuation Date, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

**Average Blended Market** means, with respect to more than one Reference Obligation and more than one Valuation Date, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

**Average Highest** means, with respect to only one Reference Obligation and more than one Valuation Date, the unweighted arithmetic mean of the highest quotations obtained by the Calculation Agent (in accordance with the definition of Final Price) with respect to each Valuation Date.

**Average Market** means, with respect to only one Reference Obligation and more than one Valuation Date, the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date.

**Bankruptcy** means the Reference Entity

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (iii) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof or before the Scheduled Exercise Date;
- (v) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) calendar days thereafter; or
- (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) (inclusive) of this definition of Bankruptcy.

**Blended Highest** means, with respect to more than one Reference Obligation and only one Valuation Date, the unweighted arithmetic mean of the highest quotations obtained by the Calculation Agent (in accordance with the definition of Final Price) for each Reference Obligation with respect to the Valuation Date.

**Blended Market** means, with respect to more than one Reference Obligation and only one Valuation Date, the unweighted arithmetic mean of the Market Values determined by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

**Bond** means any obligation that is of a type included in the Borrowed Money Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money.

**Bond or Loan** means any obligation that is either a Bond or a Loan.

**Borrowed Money** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);

**Cash Settlement Amount** means, if the applicable Final Terms specify that "Cash Settlement" is applicable

- (a) an amount equal to the aggregate Outstanding Principal Balance (excluding accrued but unpaid interest) of each Valuation Obligation (or if Condition 6.6 applies, the Outstanding Principal Balance (excluding accrued but unpaid interest) of each Valuation Obligation constituting the Undelivered Portion)) multiplied by the Final Price, subject to a minimum of zero, converted (as applicable) into the currency of the CLNs at the relevant spot rate of exchange determined by the Calculation Agent in good faith or
- (b) In respect of a Single Name CLN or First/nth to Default, an amount subject to a minimum of zero, equal to the product of the Final Price multiplied by the Nominal Value of each CLN, minus the Unwind Costs in respect of a Credit Event Determination Date and in respect of a Basket CLN and a Tranche CLN, an amount subject to a minimum of zero, equal for each CLN to the aggregate Nominal Value minus the Aggregate Loss Amount minus the aggregate Unwind Costs in respect of a Credit Event Determination Date.

**Cash Settlement Date** means :

- (i) if American Settlement is specified in the applicable Final Terms, thirty (30) Business Days (or such shorter period as determined by the Calculation Agent) after the later of (i) the date on which the Final Price of the relevant Valuation Obligation(s) is determined and (ii) (if applicable) the date on which the settlement of any Hedging Transaction occurs; and
- (ii) if European Settlement is specified in the applicable Final Terms, the later of (i) the Scheduled Maturity Date and (ii) the number of Business Days specified in the Final Terms after the later of (1) the date on which the Final Price, (2) the determination of a Credit Event Determination Date (3) (if applicable) the date on which the settlement of any Hedging Transaction occurs.

**CDS Market Disruption Event** means, at any time that credit default swap(s) are required to be notionally entered into or terminated in connection with the issuance of the Securities, the Calculation Agent in good faith, determines that there are, at such time, prevailing market conditions (including the liquidity of the relevant market) such that credit default swap(s) cannot be not be transacted on commercially reasonable terms (whether as to price or otherwise) or it would not otherwise be economically viable or it would be impossible or undesirable for any other reason outside the control of the Issuer to notionally enter into or terminate credit default swap(s).

**Conditionally Transferable Obligation** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds and in each case, as of the date(s) determined by the Calculation Agent by reference to any Hedge Positions, and in each case, as of the date(s) determined by the Calculation Agent by reference to any Hedging Transactions, provided, however, that an Deliverable obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of an obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of the definition of Conditionnaly Transferable Obligation.

**Conditions to Settlement** in relation to the occurrence of a Credit Event in respect of the relevant Reference Entity will be satisfied when either (a) ISDA publicly announces on or prior to the last day of the Notice Delivery Period that the relevant Credit Derivatives Determinations Committee has Resolved that a Credit Event has occurred with respect to the Reference Entity on or after the Credit Event Backstop Date, provided that such resolution has not been cancelled prior to the Auction Settlement Date and that the Credit Event Determination Date Conditions have been satisfied or (b) the Issuer has delivered to the Calculation Agent and the Holders on or prior to the last day of the Notice Delivery Period, a Credit Event Notice, a Notice of Publicly Available Information and, as applicable, a Notice of Physical Settlement

**Conforming Reference Obligation** means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (i) of the definition of Deliverable Obligation below.

**Consent Required Loan** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent.

Unless otherwise specified in the related Final Terms, if the Deliverable Obligation Characteristic Assignable Loan is specified as Applicable in the related Final Terms, such Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the specified Deliverable Obligation Category.

**Credit Derivatives Auction Settlement Terms** means any Credit Derivatives Auction Settlement Terms published by ISDA, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time.

**Credit Derivatives Determinations Committee** means each committee established by ISDA pursuant to the DC Rules for purposes of reaching certain DC Resolutions (including, but not limited to, the determination of the occurrence of a Credit Event and the establishment of the Transaction Auction Settlement Terms) in connection with "Credit Derivative Transactions" as more fully described in the DC Rules.

**Credit Event Backstop Date** means:

- (i) for purposes of any event that constitutes a Credit Event (or with respect to a Repudiation/Moratorium, if applicable, the event described in paragraph (b) of the definition of Repudiation/Moratorium) for the purposes of the relevant Securities, as determined by DC Resolution, the date that is sixty (60) calendar days prior to the Credit Event Resolution Request Date; or
- (ii) otherwise, the date that is sixty (60) calendar days prior to the earlier of:
  - (a) if the Conditions to Settlement are satisfied during the Notice Delivery Period, the day on which the Conditions to Settlement are satisfied; and
  - (b) if the Conditions to Settlement are satisfied during the Post Dismissal Additional Period, the Credit Event Resolution Request Date.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**Credit Event Determination Date Conditions** means, if Auction Settlement is specified in the Final Terms, the satisfaction of the following conditions:

- (i) the Trade Date occurs on or prior to the Auction Final Price Determination Date, No Auction Announcement Date or Auction Cancellation Date, as applicable;
- (ii) the Credit Event Resolution Request Date occurs on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date); and
- (iii) ISDA publicly announces (including prior to the Trade Date) that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof and that such event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date.

**Credit Event Determination Date** means in relation to a Credit Event with respect to which a Credit Event Notice has been delivered, the date on which the Conditions to Settlement are, as determined by the Calculation Agent in good faith, satisfied.

**Credit Event Notice** means an irrevocable notice that is effective during the Notice Delivery Period delivered by or on behalf of the Issuer to the Holder's confirming the occurrence of a Credit Event and describing in reasonable detail the facts relevant to the determination that such Credit Event has occurred. The Credit Event that is subject of a Credit Event Notice need not be continuing on the Credit Event that is the subject of Credit Event Determination Date.

If Publicly Available Information is specified as applicable in the related Final Terms and a Credit Event Notice contains Publicly Available Information, such Credit Event Notice will also be deemed to be Publicly Available Information.

**Credit Event Portion** means, in the case of any Credit Event, a Nominal Value of CLNs equal to:

- (i) in the case of Basket CLNs, (i) the Reference Price of the Reference Entity in respect of which the Credit Event Notice has been given expressed as a proportion of the aggregate of the Reference Prices of all the Reference Entities specified in the Final Terms multiplied by (ii) the initial aggregate Nominal Value of the CLNs; or
- (ii) in all other cases, unless otherwise specified in the Final Terms, 100 per cent of the then aggregate outstanding Nominal Value of the CLNs.

**Credit Event Resolution Request Date** means, with respect to a DC Credit Event Question, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

**Credit Event(s)** means, with respect to a CLN or a Reference Entity as determined by the Calculation Agent, the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Default, Repudiation/Moratorium, Obligation Acceleration, Restructuring or Governmental Intervention as specified in the applicable Final Terms.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (i) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**Credit-Linked Portion** means the portion of the Nominal Value of the Hybrid Securities linked to one or more Reference Entities which do not form part of the Underlyings.

**DC Credit Event Announcement** means, with respect to the Reference Entity, a public announcement by its secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, provided that if the Credit Event occurred after the Scheduled Maturity Date or Scheduled Exercise Date, as applicable, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of an extension of the Grace Period, or the relevant Potential Repudiation/Moratorium.

**DC Credit Event Question** means, with respect to a Reference Entity, a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or one or more Obligations thereof).

**DC No Credit Event Announcement** means with respect to a Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event with respect to such Reference Entity (or one or more Obligations thereof).

**DC Resolution** has the meaning given to that term in the DC Rules.

**DC Rules** means the Credit Derivatives Determination Committees Rules published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

**DC Secretary** has the meaning given to that term in the DC Rules.

**Default Requirement** means USD 10,000,000 or the amount specified in the related Final Terms and in any case its equivalent in any currency or currencies.

**Deliver** means:

- (i) to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Deliverable Obligations to the relevant holder free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearance system, but including, without limitation, any counterclaim, defense (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of "Credit Event" above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor); provided that (i) if a Deliverable Obligation is a Direct Loan Participation, "Deliver" means to create (or procure the creation of) a participation in favor of the relevant Holder and (ii) if a Deliverable Obligation is a Guarantee, "Deliver" means to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, "Deliver" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap and those claims shall be deemed to be Deliverable Obligations. "Delivery" and "Delivered" will be construed accordingly.
- (ii) In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time, provided further that Delivery shall be effected complying with the provisions of any documentation (which shall include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the parties

hereunder. Compliance with the provisions of any such documentation, shall be required for, and, without further action, constitute, Delivery.

- (iii) If Asset Package Delivery applies, (a) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (b) paragraphs (i) and (ii) above shall be deemed to apply to each Asset in the Asset Package provided that if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (c) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer has notified the Holders in accordance with the detailed description of the Asset Package that it intends to Deliver, (d) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (e) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value and the term "Asset Package" shall be construed accordingly.

**Deliverable Obligations** means:

- (i) the Reference Obligation(s) (if any);
- (ii) any obligation of a Reference Entity (either directly or as provider of a Relevant Guarantee), described by the Deliverable Obligation Category specified in the applicable Final Terms and having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms (as of the date on which the Calculation Agent determines that such obligations are Deliverable Obligations);
- (iii) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation; and
- (iv) if Asset Package Delivery is applicable, any Prior Deliverable Obligation (if "Financial Reference Entity Terms" is specified as "Applicable" in respect of the Reference Entity in the applicable Final Terms.) or any Package Observable Bond (if the Reference Entity is a Sovereign),

in each case, (a) unless it is an Excluded Deliverable Obligation; and (b) provided that the obligation has an Outstanding Principal Balance or Due and Payable Amount which is greater than zero (determined for the purposes of paragraph (iv) above of this definition, immediately prior to the Asset Package Credit Event).

(For purposes of assessing the applicability of Deliverable Obligation Characteristics and the requirements specified in the definition of Mod R and Mod Mod R to a Prior Deliverable Obligation or a Package Observable Bond, any such assessment shall be made by reference to the terms of the relevant Obligation in effect immediately prior to the Asset Package Credit Event.

If "Subordinated European Insurance Terms" is specified as "Applicable" in the applicable Final Terms, if a Deliverable Obligation would otherwise satisfy the Maximum Maturity Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in the relevant Deliverable Obligation shall not cause such Deliverable Obligation to fail to satisfy such Deliverable Obligation Characteristic.

Solely in relation to a Restructuring applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery



Commencement Date, of immediate assertion or demand by or on behalf of the holder or holders for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and

Any other obligation of a Reference Entity specified as such in the applicable Final Terms, provided that:

- (i) where the Issuer is to redeem the CLN by means of Physical Settlement, if “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” are specified as applicable in the applicable Final Terms and Restructuring is only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (A) is a Fully Transferable Obligation, and (B) has a final maturity date not later than the Restructuring Date; and
- (ii) where the Issuer is to redeem the CLN by means of Physical Settlement, if “Mod R Applicable” is specified in the applicable Final Terms and Restructuring is only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (A) is a Conditionally Transferable Obligation, and (B) has a final maturity date not later than the applicable Restructuring Date.

The Deliverable Obligation to be Delivered by the Issuer to the Holders shall have an Outstanding Principal Balance (excluding accrued interest) equal to the outstanding aggregate Notional Amount of the CLN subject to Condition 6.

If the term “Deliverable Obligation” is to apply to CLN to be redeemed by the Issuer by means of Cash Settlement, references to “Delivery Commencement Date” shall be deemed to be references to “Valuation Date”

**Deliverable Obligation Category** means any one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, as specified in the applicable Final Terms. In case of Reference Obligation Only, no Deliverable Obligation Characteristics shall be applicable.

**Deliverable Obligation Characteristics** means, as at the Delivery Commencement Date, any one or more of the Deliverable Obligation Characteristics which are set out in the Final Terms, from amongst: Listed, Not Domestic Issuance, Not Subordinated, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Specified Currency, Assignable Loan, Consent required Loan, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, Direct Loan Participation.

If more than one Assignable Loan and Consent Required Loan are specified as Deliverable Obligation Characteristics in the applicable Final Terms, the Deliverable Obligation may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the applicable Final Terms, if an obligation would otherwise satisfy a particular Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Deliverable Obligation Characteristic.

**Delivery Commencement Date** has the meaning set out in Condition 6.5.

**Delivery Expenses** has the meaning set out in Condition 11.

**Detachment Point** means in respect of Tranche CLN the number (expressed as a percentage) specified in the relevant Final Terms.

**Direct Loan Participation** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of the Holder(s) that provides the Holder(s) with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Holder(s) and either (A) the Issuer or the Guarantor (if applicable), as the case may be, (to the extent that the Issuer or the Guarantor (if applicable), as applicable, is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate).

**Domestic Currency** means the currency specified as such in the applicable Final Terms and any successor currency thereto (or if no such currency is specified, the lawful currency and any successor currency of (a) the Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if the Reference Entity is not a Sovereign).

**Domestic Law** means the law (a) of the relevant Reference Entity, if such Reference Entity is a Sovereign or (b) the jurisdiction of organisation of the relevant Reference Entity if such Reference Entity is not a Sovereign.

**Downstream Affiliate** means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than fifty (50) per cent owned, directly or indirectly, by the Reference Entity.

**Due and Payable Amount** means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or nonoccurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on the date selected by the Calculation Agent by reference to any Hedge Positions.

**Eligible Information** means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

**Eligible Transferee** means each of the following:

- (i) any bank or other financial institution, insurance or reinsurance company, mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in clause (iii)(a) below) and registered or licensed broker or dealer (other than a natural person or proprietorship); provided, however, in each case that such entity has total assets of at least USD 500,000,000; or
- (ii) any affiliate of an entity specified in clause (i) above;
- (iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (a) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations (CDO), commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least USD 100,000,000 or (2) is one of a group of investment vehicles under common control or management having, in aggregate, total assets of at least USD 100,000,000; or
  - (b) that has total assets of at least USD 500,000,000; or
  - (c) the obligations of which under an agreement, contract, or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in clauses (i), (ii), (iii)(b), (iv) or (v) of this definition; or
- (iv) any Sovereign; or

- (v) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

All references in this definition to USD include equivalent amounts in other currencies in each case as determined by the Calculation Agent.

**Excluded Deliverable Obligation** means, in respect of a Reference Entity and unless provided otherwise in the applicable Final Terms:

- (i) any obligation of the Reference Entity specified as such or of a type described in the applicable Final Terms;
- (ii) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (iii) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

**Excluded Obligation** means :

- (i) any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms;
- (ii) if "Financial Reference Entity Terms" is specified as applicable in the applicable Final Terms and (i) the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (iii) if "Financial Reference Entity Terms" is specified as applicable in the applicable Final Terms and the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

**Exercise Amount** has the meaning given to it in Condition 7.

**Extension Date** means the later of:

- (a) the last day of the Grace Period Extension Period if (i) Grace Period Extension is specified as applicable, (ii) Failure to Pay is an applicable Credit Event in relation to a Reference Entity and (iii) the Calculation Agent delivers an Extension Notice under paragraph (b) of the definition thereof; and
- (b) the Repudiation/Moratorium Evaluation Date if (i) Repudiation/Moratorium is an applicable Credit Event in relation to a Reference Entity and (ii) the Calculation Agent delivers an Extension Notice under paragraph (b) of the definition thereof.

**Extension Notice** means a notice from the Calculation Agent to the Issuer and the Holders giving notice of the following in relation to a Reference Entity:

- (a) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Maturity Date; or
- (b) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Maturity Date.

**Failure to Pay** means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

If an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

**Fallback Settlement Method** means Cash Settlement or Physical Settlement as specified in the Final Terms.

**Fallback to Cash Settlement Valuation Date** has the meaning given to it in Condition 6.6.

**Final Delivery Date** has the meaning set out in Condition 6.6.

**Final Price** means, (1) with respect to a Valuation Obligation, either (a) a quotation (expressed as a percentage) of such Valuation Obligation obtained from a number of Quotation Dealers (selected in good faith by the Calculation Agent) in the manner provided below or (b) the relevant price obtained by the Issuer or the Calculation Agent on its behalf from counterparty(ies) to the relevant Hedging Transaction(s) in the manner agreed between the Issuer, the Calculation Agent on its behalf and the relevant counterparty(ies) or (2) the fixed price as indicated in the relevant Final Terms. The Calculation Agent will determine, based on the then current market practice, whether such quotations or prices will include or exclude accrued but unpaid interest and all quotations or prices will be obtained in accordance with this determination. With regard to quotations obtained in accordance with (a) above, the Calculation Agent will require each Quotation Dealer to provide quotations to the extent reasonably practicable at the Valuation Time.

- (i) If the Calculation Agent obtains more than three (3) Full Quotations on the Valuation Date, the Final Price will be the arithmetic mean of such Full Quotations, disregarding the Full Quotations with the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, than one of such highest or lowest Full Quotations will be disregarded).
- (ii) If the Calculation Agent is unable to obtain more than three (3) Full Quotations, but obtains exactly three (3) Full Quotations on the Valuation Date, the Final Price will be the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotation have the same highest value or lowest value, then one of such highest or lowest Full Quotation will be disregarded).
- (iii) If the Calculation Agent is unable to obtain three (3) Full Quotations, but obtains exactly two (2) Full Quotations on the Valuation Date, the Final Price will be the arithmetic mean of such Full Quotations.
- (iv) If the Calculation Agent is unable to obtain two (2) Full Quotations on the same Business Day within three (3) Business Days following the Valuation Date, on the next following Business Day (and, if necessary on each Business Day thereafter until the fifteenth (15) Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain at least three (3) Full Quotations from Quotation Dealers and, if at least two (2) Full Quotations are not available, the Final Price shall be a Weighted Average Quotation.
- (v) If the Calculation Agent is unable to obtain at least two (2) Full Quotations or a Weighted Average Quotation within such period, the Final Price will be an amount as determined by the Calculation Agent in good faith (which for the avoidance of doubt, may be zero).

**Final Settlement Amount** has the meaning given to it in the Final Terms.

**First Alternative Final Settlement Amount** means the amount specified as such in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

$$(A \times B) - C$$

where:

"A" is the Reference Entity Notional Amount;

"B" is the Final Price, the Auction Final Price, 100% - Final Price or 100% - Auction Final Price, as specified in the Final Terms ; and

"C" is Unwind Costs, if applicable in the Final Terms

provided that in no event shall the First Alternative Final Settlement Amount be less than zero.

**Fixed Cap** means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, provided that a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

**Full Quotation** means in accordance to the Quotation Method each, firm bid quotation obtained from a Quotation Dealer at the Valuation Time to the extent practicable for an amount of the Reference Obligation with an Outstanding Principal Amount or Due and Payable Amount equal to the Quotation Amount.

**Fully Transferable Obligation** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Transactions. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this definition of "Fully Transferable Obligation".

**Further Subordinated Obligation** means, if the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

**Governmental Authority** means:

- (i) any de facto or de jure government (or any agency, instrumentality, ministry or department thereof);
- (ii) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;
- (iii) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or all of its obligations; or
- (iv) any other authority which is analogous to any of the entities specified in paragraphs (i) to (iii) above.

**Governmental Intervention** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference

Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

- (i) any event which would affect creditors' rights so as to cause:
  - (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
  - (b) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
  - (c) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or
  - (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
- (ii) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
- (iii) a mandatory cancellation, conversion or exchange; or
- (iv) any event which has an analogous effect to any of the events specified in paragraphs (i) to (iii).

For purposes of this definition of Governmental Intervention, the term "Obligation" shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

**Grace Period** means subject to (i) and (ii) below the applicable grace period with respect to payments under and in accordance with the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred:

- (i) if "Grace Period Extension" is specified as applying in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period will be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified in the applicable Final Terms, thirty (30) calendar days; and
- (ii) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three (3) Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applying in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

**Grace Period Business Day** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation or if a place or places are not so specified (a) if the Obligation Currency is the euro, a TARGET 2 Business Day, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

**Grace Period Extension** means the number of days in the Grace Period after the Potential Failure to Pay subject to a maximum of thirty (30) calendar days.

**Greenwich Mean Time (GMT)** means the mean solar time at the Greenwich meridian, in Greenwich, London.

**Group of Seven (G7)** means an informal group composed of the United States, Japan, Germany, the United Kingdom, France, Italy, Canada (listed by nominal GDP). The G-7 represents the world's leading industrial democracies. Their finance ministers/secretaries meet annually to discuss economic cooperation and other matters. The G-7 does not have a permanent secretariat, but rather gives an informal forum for leaders to meet and discuss ideas.

**Guarantee** means a Relevant Guarantee or a guarantee which is the Reference Obligation.

**HCDS Reference Spread** means on any date, the official level of the spread of the Hypothetical Credit Default Swap as determined on any date, such Reference Spread being determined by the Calculation Agent on the basis of the value published by the Publisher as such on [www.markit.com] for the Hypothetical Credit Default Swap (or any successor or alternative thereto as determined by the Calculation Agent in a commercially reasonable manner).

If the Calculation Agent determines that the Reference Spread cannot be reasonably determined on the basis of the paragraph above (for example if the level of the Reference Spread is not so published or if www.markit.com ceases to exist and no successor or alternative is identified by the Calculation Agent), the Reference Spread will be determined by the Calculation Agent using commercially reasonable procedures in order to produce a commercially reasonable result.

**HCDS Standard Coupon** means the coupon of the Hypothetical Credit Default Swap for each Reference Entity determined by using the Rate of Interest, the Day Count Fraction, the Interest Payments Dates and the Business Day Convention specified in the relevant Final Terms.

**Hedging Transaction** means any underlying or related transaction(s), asset(s) or trading position(s) or arrangements between the Issuer or any other entity of the Exane group that be may entered into or held from time to time (including, if applicable, on a portfolio basis) to hedge directly or indirectly and whether in whole or in part the credit or other price risk or funding of the Issuer issuing and performing its obligations with respect to the Securities.

**Highest** means, with respect to only one Reference Obligation and only one Valuation Date, the highest quotation obtained by the Calculation Agent (or in accordance with the definition of Final Price) with respect to any Valuation Date.

**Hybrid Capitalised Fair Market Value** means the Hybrid Fair Market Value together with any interest accrued thereon during the period commencing on (and including) the day on which the Calculation Agent determines the Hybrid Fair Market Value and ending on (and excluding) five (5) Business Days (or such other number of Business Days as specified in the Final Terms) before the date on which the relevant amount is payable in accordance with the relevant Condition, as calculated by the Calculation Agent in good faith, by reference to the relevant EONIA rate or such other overnight rate for deposits in Euro available to the Calculation Agent in the inter-bank market during such period.

**Hybrid Fair Market Value** means with respect to the Credit Linked Portion and/or the Underlying Linked Portion of the Hybrid Securities, the fair market value thereof determined by the Calculation Agent in good faith as soon as practicable after the occurrence of one of the events specified in the relevant Conditions, with reference to the credit of the Reference Entities in respect of the Credit Linked Portion of the Hybrid Securities and to the market value of the Underlyings in respect of the Underlying Linked Portion of the Hybrid Securities. Unless specified otherwise, the calculation of Hybrid Fair Market Value shall take into consideration all future payments of interest and other non-principal amounts in respect of the Underlying Linked Portion of the Hybrid Securities as of the relevant date of calculation and for the period specified in the relevant Condition

**Hypothetical Credit Default Swaps.** The determination of the Second Alternative Final Settlement Amount and, as a consequence, the determination of the payments to be made under the CLN or Credit-Linked Portion of the Hybrid Securities by the Issuer pursuant to these Conditions are determined on the basis of one or more hypothetical credit default swaps (the Hypothetical Credit Default Swaps and, each, a Hypothetical Credit Default Swap). The Hypothetical Credit Default Swap(s) means English law governed hypothetical credit default swap(s):

- (i) with X as buyer and Y as seller of credit protection;
- (ii) each referencing the relevant Reference Entities and Reference Obligations defined in the relevant Final Terms;
- (iii) subject to terms applicable to the "Transaction Types" for each such Reference Entities under the Physical Settlement Matrix as determined by the Calculation Agent and as modified by the relevant Final Terms;
- (iv) incorporating the 2014 ISDA Credit Derivatives Definitions as published by ISDA and as amended in these Conditions and in the relevant Final Terms;
- (v) with a Trade Date, an Effective Date and a Scheduled Termination Date specified in the relevant Final Terms;
- (vi) in respect of which Publicly Available Information is applicable with a Specified Number of Public Sources specified in the relevant Final Terms;
- (vii) with the HCDS Standard Coupon available for each Reference Entity; and
- (viii) in respect of which the Calculation Agent, acting in good faith but in its sole and absolute discretion, will make any determinations and exercise any discretions and there shall be no obligation to consult with the parties deemed thereto.

For the avoidance of doubt, (i) the Hypothetical Credit Default Swap(s) is/are referred to only for the purposes of determining the Second Alternative Final Settlement Amount, and (ii) it is solely intended to incorporate some of the sections of the 2014 ISDA Credit Derivatives Definitions into this Conditions but do not intend for any CLN or Hybrid Securities to be governed by either a 1992 ISDA Master Agreement or an ISDA 2002 Master Agreement, and (iii) notwithstanding the fact that the Hypothetical Credit Default Swap(s) is/are deemed to be governed by the 2014 ISDA Credit Derivatives Definitions, and is/are to be interpreted pursuant to English law, for the sake of clarity, this is without prejudice to the fact that the CLN and Hybrid Securities are governed by French law.

**Index** has the meaning set out in the Final Terms.

**Instrument Payments** means

- (i) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Interest Balance on or prior to the ultimate distribution of the Interest Balance and (y) the ultimate distribution of the Interest Balance on or prior to a specified date and
- (ii) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early Settlement premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

**Interest Balance** means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, interest balance or similar measure of unreimbursed principal investment.

**Interest Commencement Date** means the date set out in the Final Terms.

**ISDA** means the International Swaps and Derivatives Association, Inc.



**Largest Asset Package** means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of assets with the highest immediately realisable value, determined by the Calculation Agent in its sole and absolute discretion by reference to such sources as it deems appropriate, including (without limitation) any Hedge Positions and the methodology, if any, determined by the Credit Derivatives Determinations Committee.

**Leverage** means a leverage factor expressed as a percentage as specified in the Final Terms.

**Listed** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange.

**Loan** means any obligation of a type included in the Borrowed Money Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement, however described and shall not include any other type of Borrowed Money.

**Loss Amount** means, in respect of a Basket CLN and Tranche CLN if nth to Default is specified as not applicable in the related Final Terms, in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred, an amount equal to the product of (i) the Reference Entity Notional Amount and (ii) the difference between the Reference Price and the Final Price, subject to a minimum of zero.

**M(M)R Restructuring** means a Restructuring Credit Event in respect of which either “*Mod R*” or “*Mod Mod R*” is specified as applicable in the applicable Final Terms.

**Market Disruption Event** has the meaning given to it in Condition 6.8.

**Market** means, with respect to only one Reference Obligation and only one Valuation Date, the Market Value determined by the Calculation Agent with respect to the Valuation Date.

**Market Value** means, with respect to a Reference Obligation on a Valuation Date, the value obtained by the Calculation Agent in accordance with the definition of Final Price.

**Maturity Date** shall be the Scheduled Maturity Date, subject (if specified as applicable in the Final Terms) to extension in accordance with Condition 6.1 A(ii) (*Grace Period Extension*) and Condition 6.1 A(iii) (*Repudiation/Moratorium Extension*) and provided that if a Credit Event Determination Date occurs, the Maturity Date shall be the relevant Settlement Date.

**Maximum Maturity** means an Obligation that has a remaining maturity from the Delivery Commencement Date of not greater than the period specified in the Final Terms.

**Minimum Quotation Amount** means the amount specified as such in the Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD 1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

**Mod Mod R.** If “*Mod Mod R*” is specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

**Mod R.** If "Mod R" is specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in the Entitlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date in each case as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements.

**Modified Eligible Transferee** means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

**Modified Restructuring Maturity Limitation Date** means with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date.

Subject to the foregoing, if the Scheduled Maturity Date is later than the 10-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**Multiple Holder Obligation** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) (A) is a Bond and/or (B) is an Obligation with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

**No Auction Announcement Date** means with respect to a Credit Event, the date on which the DC Secretary first publicly announces that (a) no Transaction Auction Settlement Terms, and if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of an M(M)R Restructuring with respect to a Reference Entity, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee had Resolved that no Auction will be held following a prior public announcement by the DC Secretary to the contrary, in circumstances where either (i) no Parallel Auction will be held or (ii) one or more Parallel Auctions will be held.

**No Standard Reference Obligation** means if the Standard Reference Obligation is removed from the SRO List and not immediately replaced, such obligation shall cease to be a Reference Obligation (other than for the purpose of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the relevant Reference Entity shall constitute the Reference Obligation for it.

**Non-Conforming Reference Obligation** means a Reference Obligation which is not a Conforming Reference Obligation.

**Non-Conforming Substitute Reference Obligation** means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (i) of the definition of Deliverable Obligation above on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

**Non-Financial Instrument** means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

**Non-Standard Credit Event Determination Date** means with respect to a Credit Event:

- (i) subject to paragraph (ii) of this definition, the day on which the Conditions to Settlement are satisfied, if the Conditions to Settlement are satisfied during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (i) a DC Credit Event Announcement has occurred nor (ii) a DC No

Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or

- (ii) notwithstanding paragraph (i) of this definition, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date), such date falling on or after the Credit Event Resolution Request Date as may be determined by the Calculation Agent in its sole and absolute discretion and as specified by the Calculation Agent in the Credit Event Notice.

**Non-Standard Exercise Cut-off Date** means, with respect to a Credit Event to which the definition of Credit Event Determination Date does not apply:

- (i) if such Credit Event is not an M(M)R Restructuring, either:
  - (a) the Relevant City Business Day (as defined in the DC Rules) prior to the Auction Final Price Determination Date, if any;
  - (b) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (c) the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable; or
- (ii) if such Credit Event is an M(M)R Restructuring and:
  - (a) the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five (5) Relevant City Business Days following the date on which such Final List is published; or
  - (b) otherwise, the date that is fourteen calendar days following the relevant No Auction Announcement Date.

**Non-Standard Reference Obligation** means the Original Non-Standard Reference Obligation (if any) or, if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.

**Non-Transferable Instrument** means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

**Not Bearer** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system Clearstream or any other internationally recognised clearing system. If the Deliverable Obligation Characteristic Not Bearer is specified as applicable in the related Final Terms, such Final Terms shall be construed as though such Deliverable Obligation Characteristics had been specified as a Deliverable Obligation Characteristics only with respect to Bonds (and shall only be relevant if Bonds are covered by the specified Deliverable Obligation Characteristics).

**Not Domestic Currency** means any obligation that is payable in any currency other than applicable Domestic Currency provided that a Standard Specified Currency shall not constitute the Domestic Currency.

**Not Domestic Issuance** means any obligation other than an obligation that was issued (or reissued, as the case may be) or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

If the Obligation Characteristic “Not Domestic Issuance” is specified as “Applicable” in the applicable Final Terms, such Final Terms shall be construed as though not Domestic Issuance had been specified as an Obligation Characteristic only with respect to Bonds.

**Not Domestic Law** means any obligation that is not governed by applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute a Domestic Law.

**Not Sovereign Lender** means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt".

**Not Subordinated** means, in respect of a Reference Entity, an obligation of the Reference Entity that is not Subordinated to (I) the Reference Obligation or, (II) the Prior Reference Obligation, if applicable;

**Notice Delivery Period** means the period from and including the Trade Date to and including the Maturity Date.

**Notice of Publicly Available Information** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If "Notice of Publicly Available Information" is specified as applicable in the applicable Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Condition 19.

**Notice of Valuation Obligations** has the meaning given to it in Condition 6.4.

**Obligation** means:

- (i) any obligation of the Reference Entity (either directly or as a provider of a Relevant Guarantee) described by the Obligation Category specified in the applicable Final Terms and having each of the Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately prior to the Credit Event which is the subject of the Credit Event Notice or as otherwise determined by the Calculation Agent by reference to any Hedge Positions; and
- (ii) the Reference Obligation,

in each case unless it is an Excluded Obligation.

**Obligation Acceleration** means one or more Obligations, in an aggregate amount of not less than the Default Requirement, have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**Obligation Category** means one of the following categories: Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, Bond or Loan, as indicated in the relevant Final Terms.

**Obligation Characteristics** means, any one or more of Not Subordinated, Not Sovereign Lender, Specified currency, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, as specified in the related Final terms.

**Obligation Currency** means the currency or currencies in which an Obligation is denominated.

**Obligation Default** means one or more Obligations, in an aggregate amount of not less than the Default Requirement, have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**Original Non-Standard Reference Obligation** means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in respect of such Reference Entity in the applicable Final Terms (if any is so specified) provided that if an obligation is not an obligation of the Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the relevant Securities (other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) unless (a) in respect of a Series of Securities that are Exempt Securities only, this definition of "Original Non-Standard Reference Obligation" is specifically amended or overridden in the applicable Final Terms, or (b) the relevant Securities are Reference Obligation Only Securities.

**Outstanding Principal Balance** means the "Outstanding Principal Balance" of an obligation calculated as follows:

- (i) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with the definition of Deliverable/Selected Obligation Accrued Interest, the Reference Entity's accrued but unpaid interest payment obligations which, in the case of a Guarantee will be the lower of (A) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (B) the amount of the Fixed Cap, if any;
- (ii) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation (A) is subject to any Prohibited Action or (B) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (I) payment or (II) a Permitted Contingency) (the amount determined in (i) less any amounts subtracted in accordance with (ii), the "Non-Contingent Amount"); and
- (iii) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (a) unless otherwise specified, in accordance with the terms of the obligation in effect on the date selected by the Calculation Agent by reference to any Hedge Positions; and
- (b) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

**Package Observable Bond** means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within paragraphs (i) or (ii) of the definition of Deliverable Obligation (above), in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

**Parallel Auction** means "Auction" as defined in the relevant Parallel Auction Settlement Terms.

**Parallel Auction Settlement Terms** means, following the occurrence of an M(M)R Restructuring with respect to a Reference Entity, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which the Deliverable Obligation Terms (as defined in the relevant Transaction Auction Settlement Terms) are the same as the Deliverable Obligation Provisions (as defined in the relevant Transaction Auction Settlement Terms) applicable to the relevant Reference Entity and for which such Reference Entity would not be an Auction Covered Transaction (as defined in the relevant Transaction Auction Settlement Terms).

**Payment Requirement** means USD 1,000,000 or the amount specified in the related Final Terms and in any case its equivalent in any currency or currencies, unless otherwise specified in the Final Terms.

**Permitted Contingency** means, with respect to an obligation, any reduction to a Reference Entity's payment obligations:

- (i) as a result of the application of:
  - (a) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
  - (b) provisions implementing the Subordination of the obligation;
  - (c) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
  - (d) if "Subordinated European Insurance Terms" are specified as applicable in the applicable Final Terms, any Solvency Capital Provisions; or
  - (e) if "Financial Reference Entity Terms" are specified as applicable in the applicable Final Terms, provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention; or
- (ii) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

**Permitted Transfer** means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

**Physical Delivery Amount** means the amount determined by the Calculation Agent pursuant to Condition 6.5.

**Physical Settlement Amount** has the meaning set out in Condition 6.5.

**Physical Settlement Date** means the intended date for delivery of the relevant Deliverable Obligations to Holders in accordance with Condition 6.5

**Portfolio** means such Deliverable Obligations or Valuation Obligations, as the case may be, of the relevant Reference Entity as are selected in good faith by the Calculation Agent with an Outstanding Principal Balance as at the Delivery Commencement Date or the specified Valuation Obligations Notice Date, as the case may be in an aggregate amount (in the Specified Currency as set out in the Final Terms or its equivalent in other currencies) not less than the aggregate principal amount of the relevant tranche of CLNs then outstanding. For the purposes of the foregoing, if applicable, the "Outstanding Principal Balance" (a) with respect to any Accreting Obligation, means the Accreted Amount thereof, (b) with respect to any Exchangeable Obligation that is not an Accreting Obligation, shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**Post Dismissal Additional Period** means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is fourteen (14) calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)).

**Potential Failure to Pay** means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligation(s).

**Potential Repudiation/Moratorium** means the occurrence of an event described in paragraph (i) of the definition of Repudiation/Moratorium.

**Prior Deliverable Obligation** means:

- (i) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within paragraphs (i) or (ii) of the definition of Deliverable Obligation above, in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (ii) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

**Prior Reference Obligation** means, in respect of a Reference Entity and in circumstances where there is no Reference Obligation applicable thereto for the purposes of the CLN and Hybrid Securities, (a) the Reference Obligation most recently applicable thereto, if any, and otherwise (b) the obligation specified in the applicable Final Terms as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Issue Date and otherwise, (c) any unsubordinated Borrowed Money Obligation of such Reference Entity.

**Private-side Loan** means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

**Prohibited Action** means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-sections (i) to (iv) of the definition of Credit Event) or right of set-off by or of the relevant Reference Entity or any applicable Underlying Obligor.

**Public Source** means each source of Publicly Available Information specified in the applicable Final Terms (or if no such source is specified, each of Bloomberg, Reuters, Dow Jones, Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), as well as the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**Publicly Available Information** means:

- (i) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which:
  - (A). has been published in or on not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; or

- (B). is information received from or published by (1) the relevant Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (2) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
- (C). is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative regulatory or judicial body; or
- (D). is information contained in a public announcement by ISDA,

provided that where any information of the type described in paragraph (B) or (C) of this definition is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

(ii) In relation to any information of the type described in paragraphs (i) (B) and (C) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the Calculation Agent.

(iii) Without limitation, Publicly Available Information need not state:

- (A). in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned by the Reference Entity; and
- (B). that the relevant occurrence:
  - (a) has meet the Payment Requirement or Default Requirement;
  - (b) is the result of exceeding any applicable Grace Period; or
  - (c) has met the subjective criteria specified in certain Credit Events.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in paragraphs (i) and (ii) of the definition of Repudiation/Moratorium above.

**Publisher** means Markit Group Limited, or any replacement therefor appointed for purposes of officially publishing the information on the Reference Entities and the Hypothetical Credit Default Swap(s).

**Qualifying Affiliate Guarantee** means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

**Qualifying Guarantee** means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:



- (i) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or
- (ii) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
  - (A) by payment;
  - (B) by way of Permitted Transfer;
  - (C) by operation of law;
  - (D) due to the existence of a Fixed Cap; or
  - (E) due to:
    - (a) provisions permitting or anticipating a Governmental Intervention, if "*Financial Reference Entity Terms*" is specified as applicable in the applicable Final Terms; or
    - (b) any Solvency Capital Provisions, if "*Subordinated European Insurance Terms*" is specified as applicable in the applicable Final Terms.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of Bankruptcy above in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- (i) the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- (ii) if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

**Qualifying Participation Seller** means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**Qualifying Policy** means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments (as defined below) of an instrument that constitutes Borrowed Money (modified as set forth below) (the **Insured Instrument**) for which another party (including a special purpose entity or trust) is the obligor (the **Insured Obligor**). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being delivered together with the delivery of the Insured Instrument.

**Quantum of the Claim** means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, provided that the Quantum of the Claim cannot exceed the Non-Contingent Amount.

**Quotation Amount** means either (a) the amount specified as such in the relevant Final Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, (b) if no amount is so specified, the relevant aggregate outstanding Nominal Value of the CLNs (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

**Quotation Dealers** means at least five (5) dealers in obligations of the type of Obligation(s) for which quotations are to be obtained, including each Dealer specified in the Final Terms. If no Dealers are specified in the Final Terms, the Calculation Agent shall select the Dealers in good faith. Upon a Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which quotations are to be obtained, the Calculation Agent may substitute any other Dealer(s) for one or more of the foregoing.

**Quotation Method** means the applicable Quotation Method may be specified in the relevant Final Terms by reference to one of the following terms:

- (i) **Bid** means that only bid quotations shall be requested from Quotation Dealers
- (ii) **Offer** means that only offer quotations shall be requested from Quotation Dealers; or
- (iii) **Mid-market** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Dealer's quotation.

If a Quotation Method is not specified in the Final Terms, Bid shall apply.

**Reference Entity** shall mean the entity specified as such and shall be each entity as specified in the Final Terms. Any Successor to the Reference Entity either (a) identified by the Calculation Agent pursuant to the definition of "Successor" on or following the Trade Date or (b) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date shall, in each case, with effect from the Succession Date, be the Reference Entity for the purposes of the relevant Series.

**Reference Entity Notional Amount** means, unless specified otherwise in the applicable Final Terms, for each Reference Entity, the amount equal to the product of the Reference Entity Weighting and the Reference Portfolio Notional Amount.

**Reference Entity Weighting** means the proportion specified as such in the Final Terms, which will be adjusted in accordance with the provisions of the definition of Successor.

**Reference Obligation Only** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only.

**Reference Obligations** means the Standard Reference Obligation, if any, unless:

- (i) "Standard Reference Obligation" is specified as not applicable in the applicable Final Terms, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or
- (ii) (A) "Standard Reference Obligation" is specified as applicable in the applicable Final Terms (or no election is specified in the applicable Final Terms), (B) there is no Standard Reference Obligation and (C) a Non-Standard Reference Obligation is specified in the applicable Final Terms, in which case the Reference Obligation will be (a) the Non-Standard Reference Obligation to but excluding the first date of publication of

the Standard Reference Obligation and (b) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation.

**Reference Portfolio** means, in respect of the First/nth-to-Default CLN, Basket CLN Index-Linked CLN and Tranche CLN, a portfolio comprising all the Reference Entities.

**Reference Portfolio Notional Amount** means (i) in respect of Tranche CLN, an amount equal to the aggregate Notional Amount divided by the difference between the Detachment Point and the Attachment Point and (ii) in respect of a Basket CLN which are not Tranche CLN, an amount equal to the aggregate Issue Amount or the Nominal Value as specified in the relevant Final Terms.

**Reference Price** means the percentage specified as such in any Final Terms or, if a percentage is not so specified, one hundred (100) per cent.

**Reference Value of a Hypothetical Credit Default Swap** means an amount determined by using the standard method published on the website <http://www.cdsmodel.com/cdsmodel/> and available on the Bloomberg page CDSW and which reflects the (i) difference between the value of the Hypothetical Credit Default Swap (described into the Final Terms) determined on the Final Determination Date of the CLN or Hybrid Securities, and the HCDS Reference Spread or (ii) any combination (such as a ratio, a performance, the sum, multiplication, subtraction) linked to the HCDS Reference Spread described in the Final Terms observed on the Initial Determination Date and the value of the Hypothetical Credit Default Swap (described in the Final Terms) determined on the Final Determination Date of the CLN or Hybrid Securities with a HCDS Reference Spread or any combination linked to a HCDS Reference Spread observed on the Final Determination Date.

**Relevant Guarantee** means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the applicable Final Terms, a Qualifying Guarantee.

**Relevant Holder** means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Principal Balance or Due and Payable Amount, as applicable, determined in respect of such Prior Deliverable Obligation or Package Observable Bond by the Calculation Agent.

**Relevant Obligations** means the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), provided that:

- (i) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (ii) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under paragraph (i) of the definition of Successor below, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;

- (iii) if "Financial Reference Entity Terms" is specified as applicable in the applicable Final Terms and (i) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and
- (iv) if "Financial Reference Entity Terms" is specified as applicable in the applicable Final Terms, and the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", provided that if no such Relevant Obligations exist, "Relevant Obligations" shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan".

**Representative Amount** means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent in good faith.

**Repudiation/Moratorium** means the occurrence of both of the following events: (a) an authorised officer of the Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

**Repudiation/Moratorium Evaluation Date** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date, unless the Repudiation/Moratorium Extension Condition is satisfied.

**Repudiation/Moratorium Extension Condition** will be satisfied:

- (i) if the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date; or
- (ii) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the applicable Final Terms, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date.

In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or not capable of being satisfied, if, or to the extent that, the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the Reference Entity, or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity but that such event occurred after the Scheduled Maturity Date.

**Resolve** has the meaning given to that term in the DC Rules and **Resolved** and **Resolves** shall be construed accordingly.

**Restructured Bond or Loan** means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

**Restructuring** means,

- (a) with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all the holders of the Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date applicable to the relevant Securities and the date as of which such Obligation is issued or incurred:
  - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
  - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
  - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation (or, if applicable in the Final Terms, Multiple Holder Obligation), causing the Subordination of such Obligation (or, if applicable in any Final Terms, Multiple Holder Obligation) to any other Obligation; or
  - (v) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the Euro and any successor currency to any of the aforementioned currencies (which in the case of the Euro, shall mean the currency which succeeds to and replaces the Euro in whole).
- (b) Notwithstanding the above provisions, none of the following shall constitute a Restructuring:
  - (i) the payment in Euros of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
  - (ii) the redenomination from Euros into another currency, if (i) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (ii) a freely available market rate of conversion between Euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
  - (iii) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iv) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the

creditworthiness or financial condition of the Reference Entity, provided that in respect of paragraph (v) above only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

- (c) For purposes of this definition of "Restructuring" only, the term Obligation (or, if applicable in any Final Terms, Multiple Holder Obligation) shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of any Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in the first paragraph of this definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.
- (d) If an exchange has occurred, the determination as to whether one of the events described under paragraphs (i) to (v) has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

**Restructuring Date** means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**Restructuring Maturity Limitation Date** means with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5 year Limitation Date (such Restructured Bond or Loan, a "**Latest Maturity Restructured Bond or Loan**") and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan. For these purposes, the final maturity date shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

**Scheduled Maturity Date** has the meaning given to it in the Final Terms.

**Second Alternative Aggregate Expected Protection Amount** means, (a) whether the Scheduled Termination Date of the Hypothetical Credit Default Swap specified in the relevant Final Terms falls on, or later than, the Maturity Date of the CLN and Hybrid Securities, and (b) only in respect of each Reference Entity for which no Credit Event has occurred, an amount equal to the product of (i) the Nominal Value, (ii) the Reference Entity Weighting, and (iii) the Reference Value of a Hypothetical Credit Default Swap on the relevant Reference Entity.

**Second Alternative Aggregate Loss Amount** means in respect of each Reference Entity for which a Credit Event has occurred, an amount equal to the product of (i) the Nominal Value, (ii) the Reference Entity Weighting, and (iii) the difference between the Reference Price minus the Final Price or the Auction Final Price in accordance with the Settlement Method.

**Second Alternative Final Settlement Amount** means the amount specified as such in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

- (i) the Nominal Value,
- (ii) plus, for each Reference Entity for which Second Alternative Long CDS Final Settlement Method is specified as the applicable Second Alternative Final Settlement Method, if relevant and as applicable:
  - (a) the Second Alternative Aggregate Loss Amount for such Reference Entity; and

- (b) the Second Alternative Aggregate Expected Protection Amount for such Reference Entity;
- (iii) minus, for each Reference Entity for which Second Alternative Short CDS Final Settlement Method is specified as the applicable Second Alternative Cash Settlement Method, if relevant and as applicable:
  - (a) the Second Alternative Aggregate Loss Amount for such Reference Entity; and
  - (b) the Second Alternative Aggregate Expected Protection Amount for such Reference Entity.

**Second Alternative Final Settlement Method** means Long CDS Final Settlement Method or Short CDS Final Settlement Method, as specified in the relevant Final Terms for each relevant Reference Entity.

**Second Alternative Long CDS Final Settlement Method** means one of the possible methods applicable to a Reference Entity for the determination of the Second Alternative Final Settlement Amount.

**Second Alternative Short CDS Final Settlement Method** means one of the possible methods applicable to a Reference Entity for the determination of the Second Alternative Final Settlement Amount.

**Senior Obligation** means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity.

**Senior Transaction** means, in respect of a Reference Entity, that (a) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (b) there is no Reference Obligation or Prior Reference Obligation.

**Seniority Level** means, with respect to an obligation of a Reference Entity (a) "*Senior Level*" or "*Subordinated Level*" as specified in the applicable Final Terms, or (b) if no such seniority level is specified in the applicable Final Terms, "*Senior Level*" if the Original Non-Standard Reference Obligation is a Senior Obligation or "*Subordinated Level*" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which (c) "*Senior Level*".

**Settlement Amount** means the Auction Settlement Amount, Cash Settlement Amount or Physical Settlement Amount, as applicable.

**Settlement Date** means the Auction Settlement Date, the Cash Settlement Date or the Physical Settlement Date, as applicable.

**Settlement Method** means the Cash Settlement, the Auction Settlement or the Physical Settlement as indicated in the relevant Final Terms.

**Settlement Disruption Event** means an event has occurred or a condition exists as a result of which the relevant Deliverable Obligation(s) cannot be cleared or transferred through the relevant clearance system or by the relevant settlement procedure for such Deliverable Obligation(s).

**Solvency Capital Provisions** means any terms in an obligation which permit the Reference Entity's payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

**Sovereign** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including, without limiting the foregoing, the central bank) thereof.

**Sovereign Restructured Deliverable Obligation** means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of

the relevant Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within the definition of a Deliverable Obligation immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**Sovereign Succession Event** means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar event.

**Specified Currency** means (a) if Specified Currency is specified in the relevant Final Terms, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies or (b) any currency or currencies specified in the relevant Final Terms. Notwithstanding the provisions of this definition, the Issuer may specify a single Specified Currency in any Final Terms.

**Specified Number** means the number of Public Sources specified in the applicable Final Terms (or if no such number is not specified, two (2)).

**Sponsor** means, in respect of an Index, the corporation or other entity specified in the Final Terms that is responsible for setting and reviewing the rules and procedures, the composition and the methods of calculation and adjustments, if any, related to the Index, as determined by the Calculation Agent.

**SRO List** means the list of Standard Reference Obligations as published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

**Standard Reference Obligation** means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List.

**Standard Specified Currency** means each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

**Steps Plan** means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

**Subordinated Obligation** means any obligation which is Subordinated to any unsubordinated Borrowed Money Obligation of the Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of the Reference Entity existed.

**Subordinated Transaction** means, in respect of a Reference Entity, that the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation.

**Subordination** means, with respect to an obligation (the **Second Obligation**) and another obligation of the Reference Entity to which such obligation is being compared (the **First Obligation**), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (ii) the holders of the Second Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. **Subordinated** will be construed accordingly. For the purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference Obligation or the Prior Reference



Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and “Standard Reference Obligation” is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date.

**Substitute Reference Obligation(s)** means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the Non-Standard Reference Obligation, determined by the Calculation Agent as follows:

- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with paragraph (c), (d) and (e) below to replace the Non-Standard Reference Obligation; provided that the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.
- (b) If any of the events set forth under paragraphs (i) or (ii) of the definition of Substitution Event have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and paragraph (c)(ii) below). If the event set forth in paragraph (ii) of the definition of Substitution Event below has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under paragraphs (i) or (ii) of the definition of Substitution Event below occur with respect to such Non-Standard Reference Obligation.
- (c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
  - (i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);
  - (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
  - (iii) (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
    - I. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (i) of the definition of Deliverable Obligation above; or if no such obligation is available,
    - II. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (i) of the definition of Deliverable Obligation above;
  - (B) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
    - I. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,

- II. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (i) of the definition of Deliverable Obligation above; or if no such obligation is available,
  - III. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
  - IV. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (i) of the definition of Deliverable Obligation above; or
- (C) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
- I. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
  - II. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
  - III. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (i) of the definition of Deliverable Obligation above; or if no such obligation is available,
  - IV. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (i) of the definition of Deliverable Obligation above.
- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c) above, the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Issuer under the Securities as determined by the Calculation Agent. The Calculation Agent will notify the Holders in accordance with Condition 19, of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with paragraph (c) above and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation.
- (e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation then, subject to paragraph (a) above and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b) above, the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.

**Substitution Date** means, with respect to a Substitute Reference Obligation, the date, selected by the Calculation Agent by reference to any Hedge Positions, that the Calculation Agent has determined in accordance with the definition of Substitute Reference Obligation.

**Substitution Event Date** means, with respect to a Reference Obligation, the date of the occurrence of the relevant Substitution Event.

**Substitution Event** means, with respect to the Non-Standard Reference Obligation:

- (i) the Non-Standard Reference Obligation is redeemed in whole;
- (ii) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or

- (iii) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

For purposes of identification of a Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event. If an event described in paragraph (i) or (ii) above has occurred on or prior to the Issue Date, then a Substitution Event shall be deemed to have occurred pursuant to paragraph (i) or (ii), as the case may be, on the Issue Date.

If a Substitution Event occurs in respect of the Reference Obligation in Reference Obligation Only CLN and Hybrid Securities and unless Substitution Event Early Redemption is specified as "Not Applicable" in the applicable Final Terms the Calculation Agent shall consider such event as an event triggering the early redemption of the CLN and Hybrid Securities and the Issuer shall terminate its obligations under the CLN and Hybrid Securities and shall pay or cause to be paid an Early Redemption Amount on the basis of the Market Value. Notice shall be given by or on behalf of the Issuer to the Holders of CLN and Hybrid Securities informing them of the Substitution Event and the date scheduled for early redemption.

**Substitution** means the cessation by the Calculation Agent of the indexation of the CLNs to an Index and its replacement by a substitute Index which has similar features to the substituted Index, including geographic area, sector of activity, currency, frequency and methodology or any other feature which is relevant for the Calculation Agent.

**Succession Date** means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; provided that if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination pursuant to paragraph (i) of the definition of Successor would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of a Credit Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

**Successor** means :

- (i) subject to paragraph (ii) below, the entity or entities, if any, determined as follows:
- (a) subject to paragraph (g) below, if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to 75 per cent. or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor;
  - (b) if only one entity succeeds, either directly or as a provider of a Relevant Guarantee, to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
  - (c) if more than one entity each succeeds, either directly or as a provider of a Relevant Guarantee, to more than 25 per cent. of the Relevant Obligations of the Reference Entity, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor and these Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (d) if one or more entities each succeed, either directly or as a provider of a Relevant Guarantee, to more than 25 per cent. of the Relevant Obligations of the Reference Entity, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity

and the Reference Entity will each be a Successor and these Conditions and/or the applicable Final Terms will be adjusted as provided below;

- (e) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
  - (f) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (provided that if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor and these Conditions and/or the applicable Final Terms will be adjusted as provided below); and
  - (g) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the Universal Successor) will be the sole Successor; and
- (ii) An entity may only be a Successor if:
- (a) either (a) the related Succession Date occurs on or after the Successor Backstop Date, or (b) such entity is a Universal Successor in respect of which the Succession Date occurred on or after January 1, 2014;
  - (b) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
  - (c) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen (14) calendar days after the date of the occurrence of the relevant Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under clause (ii) of this definition of Successor; provided that the Calculation Agent will not make such determination if, at such time, either (x) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in clause (ii) of this definition of Successor and of Successor Resolution Request Date are satisfied in accordance with the DC Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (y) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred.

The Calculation Agent will make all calculations and determinations required to be made under this definition of Successor on the basis of Eligible Information and will, as soon as practicable after such calculation or determination, make such calculation or determination available for inspection by Holders at the specified office of the Principal Agent. In calculating the percentages used to determine whether an entity qualifies as a Successor under paragraph (a) above, if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

Where pursuant to paragraph (i)(C), (a)(iv), (i)(D) or (ii) above, more than one Successor has been identified, the Calculation Agent shall adjust such of these Conditions and/or the applicable Final Terms as it shall determine to be appropriate to reflect that the Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of these Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Securities under the provisions of the 2014 ISDA Credit Derivatives.

Upon the Calculation Agent making such adjustment and notifying the Issuer of such adjustment, the Issuer shall give notice as soon as practicable to Holders in accordance with Condition 19, as applicable, stating the adjustment to these Conditions and/or the applicable Final Terms and giving brief details of the relevant event.

If two or more entities (each, a **Joint Potential Successor**) jointly succeed to a Relevant Obligation (the **Joint Relevant Obligation**) either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.

For the purposes of this definition of "Successor", "succeed" means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the **Exchange Bonds** or **Loans**) that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For purposes of this definition of "Successor", "succeeded" and "succession" shall be construed accordingly. In the case of an exchange offer, the determinations required pursuant to paragraph (i) of this definition of "Successor" shall be made on the basis of the Outstanding Principal Balance of Relevant Obligations exchanged and not on the basis of the Outstanding Principal Balance of the Exchange Bonds or Loans.

**Successor Backstop Date** means for purposes of any Successor determination determined by DC Resolution the date that is ninety calendar days prior to the Successor Resolution Request Date otherwise, the date that is ninety calendar days prior to the earlier of (i) the date on which the Calculation Agent determines that the succession is effective which date may be determined, without limitation, by reference to any Hedge Positions and (ii) in circumstances where (A) a Successor Resolution Request Date has occurred, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (C) the Calculation Agent determines that the date on which the succession is effective (determined, without limitation, by reference to any Hedge Positions) is not more than fourteen calendar days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, the Successor Resolution Request Date. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**Successor Resolution Request Date** means, with respect to a notice to the DC Secretary, requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to a Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**Supranational Organization** means any entity or organization established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the

foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

**Suspension End Date** has the meaning set out in Condition 6.2 D.

**Suspension Terms** has the meaning given to it in Condition 6.2 D.

**Third Alternative Final Settlement Amount** means:

If the applicable Final Terms specify that the Third Alternative Final Settlement Method is applicable, if the Conditions to Settlement are satisfied with respect to a Reference Entity on or prior to the Scheduled Maturity Date, the CLN will be redeemed, when relevant and as indicated in the relevant Final Terms, at the Third Alternative Final Settlement Amount as determined by the Calculation Agent on the Settlement Date.

Unless the CLN has been previously redeemed or purchased and cancelled, and provided that the Calculation Agent has not sent an Extension Notice or a Credit Event Notice to the Issuer and to the Holders on or prior to the last day of the Notice Delivery Period and if the applicable Final Terms specify that the Third Alternative Final Settlement Method is applicable, each CLN shall be redeemed by the Issuer at the Third Alternative Final Settlement Amount on the Scheduled Maturity.

Where:

Third Alternative Final Settlement Amount means:

- (i) in the absence of a Credit Event, the Third Alternative Final Settlement Amount shall be equal to zero (0); and
- (ii) in case of occurrence of a Credit Event with respect to a Reference Entity, an amount calculated by the Calculation Agent equal to:  $A \times (1 - B)$ .

where:

"A" is the Reference Entity Notional Amount; and

"B" is the Auction Final Price or Cash Settlement Price in accordance to the relevant Settlement Method..

provided that in no event shall the Third Alternative Final Settlement Amount be less than zero.

Third Alternative Final Settlement Method means the settlement method for the determination of the Third Alternative Final Settlement Amount applicable if the Final Terms specify that this Settlement Method is applicable.

For the avoidance of doubt, this Third Alternative Final Settlement Amount shall be only applicable to CLN with a Nominal Value of not less than euros 100 000.

**Trade Date** means the date set out in the Final Terms.

**Tranche Notional Amount** means in respect of Tranche CLN, the aggregate Notional Amount of the CLN on the Issue Date or such other amount specified as such in the Final Terms.

**Tranche Subordination Amount** means, with respect to the Tranche CLN, the Reference Portfolio Notional Amount multiplied by the Attachment Point.

**Transaction Auction Settlement Terms** means the Credit Derivatives Auction Settlement Terms selected by the Calculation Agent in accordance with this provision. In relation to a Credit Event (and as set out in the definition of

Credit Derivatives Auction Settlement Terms), ISDA may publish one or more form(s) of Credit Derivatives Auction Settlement Terms on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) and may amend such forms from time to time. Each such form of Credit Derivatives Auction Settlement Terms shall set out, inter alia, definitions of "Auction", "Auction Cancellation Date", "Auction Covered Transaction" and "Auction Final Price Determination Date" in relation to the relevant Credit Event. The Transaction Auction Settlement Terms for purposes of the Securities shall be the relevant form of Credit Derivatives Auction Settlement Terms for which the Auction Covered Transactions (as such term will be set out in the relevant Credit Derivatives Auction Settlement Terms) would be credit derivatives transactions with a scheduled termination date comparable to or later than the Scheduled Maturity Date of the CLN and Hybrid Securities (the **Reference Transaction**). The Reference Transaction is a hypothetical credit derivative transaction included in these Conditions principally for the purpose of selecting the Credit Derivatives Auction Settlement Terms appropriate to the Securities.

**Transaction Type** means in respect of a Reference Entity, the transaction type specified in the Final Terms.

**Transferable** means an obligation that is transferable to institutional investors without any contractual statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

- (i) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
- (ii) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
- (iii) restrictions in respect of blocked periods on or around payment dates or voting periods;

Unless otherwise specified in the related Final terms, if the Deliverable Obligation Characteristic Transferable is specified as Applicable in the Final Terms, such Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the specified Deliverable Obligation Category).

**Types of CLN:** the Final Terms shall specify whether the CLN are:

- (i) Single Name CLN (**Single Name CLN**) where the Issuer buys Holder credit protection by reference to one single Reference Entity. If the Conditions to Settlement are satisfied in respect of the Reference Entity, as specified in the Final Terms, all of the CLN will be settled.
- (ii) First/nth to Default CLN (**First/nth to Default CLN**) where the Issuer buys Holder credit protection by reference to at least two Reference Entities. If the Conditions to Settlement are satisfied in respect of the First/nth Reference Entity to default, as specified in the Final Terms, all of the CLN will be settled.
- (iii) Basket CLN (**Basket CLN**) where the Issuer buys Holder credit protection by reference to at least two Reference Entities. If the Conditions to Settlement are satisfied in respect of one Reference Entity, as specified in the Final Terms, the CLN will be settled in a proportional amount equal to the fraction the Reference Entity represents of the basket of Reference Entities.
- (iv) Index CLN (**Index CLN**) where the Issuer buys Holder credit protection by reference to Reference Entities comprised in an Index or Indices linked to Reference Entities, as specified in the Final Terms.
- (v) Principal Protected CLN (**Principal Protected CLN**) where the Issuer buys Holder credit protection by reference to one or more Reference Entities, (a) if at least one Credit Event occurs, payments of interest due on the CLN cease in accordance with these Conditions and any other payments due in respect of the CLN

must be made in accordance with the Conditions and (b) if no Credit Event occurs, payments of interest due on the CLN shall continue until the Maturity Date in accordance with the Conditions.

- (vi) CDS Spread CLN (CDS Spread CLN) where amounts in respect of principal and interest payable on the CLN to Holders are calculated by reference to the value of a CDS spread (mono underlying, basket or index) linked to a particular Reference Entity. If one or more Credit Event(s) occurs, the calculation method used to determine such payments shall be set forth in the Conditions.
- (vii) Tranche CLN means a Basket CLN for which the Tranche CLN is the Type of CLN applicable in the Final term.

**Undeliverable Loan Obligation(s)** has the meaning set out in Condition 6.7.

**Undelivered Portion** has the meaning set out in Condition 6.6.

**Underlying Linked Portion** means the portion of the Nominal Value of the Hybrid Securities linked to one or more Underlying(s).

**Underlying Obligation** means, with respect to a guarantee, the obligation which is the subject of the guarantee.

**Underlying Obligor** means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

**Underlying Settlement Amount** means, for each Hybrid Security, the pro rata share of the outstanding Nominal Value of the Underlying Linked Portion of that Hybrid Security, as calculated by the Calculation Agent in good faith.

**Unwind Costs** means in respect of each CLN, an amount subject to a minimum of zero, determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding and break funding charges), tax and duties incurred directly or indirectly by the Issuer or any of its Affiliates in relation to the occurrence of a Credit Event Determination Date or any Adjustment Event and related to partial or total termination, settlement or re-establishment of any Hedging Transaction such amount to be apportioned pro rata amongst the outstanding CLN.

**Valuation Date** has the meaning given to it in the Final Terms.

If **Single Valuation Date** is specified in the Final Terms, "**Valuation Date**" shall be the date that is the number of Business Days specified in the Final Terms after the Credit Event Determination Date or, if the number of Business Days is not so specified, five (5) Business Days.

If **Multiple Valuation Dates** is specified in the Final Terms, each of the following dates:

- (i) the date that is the number of Business Days specified in the Final Terms after the Credit Event Determination Date (or, if the number of Business Days is not so specified, five (5) Business Days); and
- (ii) each successive date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five (5) Business Days) after the date on which the Calculation Agent obtains a Final Price with respect to the immediately preceding Valuation Date

When "Multiple Valuation Dates" is specified, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the Final Terms (or, if the number of Valuation Dates is not so specified, five (5) Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the Final Terms, Single Valuation Date shall apply.



**Valuation Method** means the Valuation Method Highest, Market, Average Market, Average Highest, as specified in the Final Terms.

**Valuation Obligation Notice Date** has the meaning set out in Condition 6.4.

**Valuation Obligations** has the meaning set out in Condition 6.4.

**Valuation Time** means the time specified as such in the Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

**Voting Shares** means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**Weighted Average Quotation** means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount (but, of a size at least equal to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

**Zero Coupon Security** means a Security which will not bear interest (except in case of late payment).

## **2. TYPE, FORM, NOMINAL VALUE, TITLE, TRANSFER AND REDENOMINATION**

### **2.1 TYPE**

The Securities issued pursuant to the Programme may be Certificates, CLN or Hybrid Securities.

### **2.2 FORM**

At the Issuer's discretion, the Dematerialised Securities admitted to the operations of a central depository, whether or not admitted to trading on a regulated market, may be (a) in bearer form, registered as of the issue date on the books of Euroclear France, as central depository, or in the books of any other depository which will be brought to the knowledge of the Holders, which will credit the accounts of the relevant Accredited Financial Intermediaries, including Euroclear Bank S.A./N.V. as operator of the Euroclear System and the depository bank for Clearstream Banking, a joint stock company (*société anonyme*), or any bank that may subsequently assume this function or in the books of any other depository nominated in the Final Terms (such as SIX SIS Ltd in Switzerland) (b) in registered form and, in this case, either in an account with the Issuer or in an administered account as described in the Conditions, at the discretion of the Holder.

The Securities shall be issued solely in book-entry form and title to the Securities will be evidenced in accordance with articles L. 211-3 and R. 211-1 *et seq.* of the French monetary and financial code. No physical document of title (including representative certificates (*certificats représentatifs*) pursuant to article R. 211-7 of the French monetary and financial code) will be issued in respect of the Securities.

### **2.3 NOMINAL VALUE**

The Securities shall have the Nominal Value assigned to them in the Final Terms.

### **2.4 TITLE AND TRANSFER OF THE SECURITIES**

Title of Securities in bearer form and in administered registered form shall be transferred only by recording the transfer in the accounts of the relevant Accredited Financial Intermediary or Intermediaries, in accordance with the rules, regulations, and operating procedures of Euroclear France and/or (as applicable) the relevant Accredited Financial Intermediary or Intermediaries. Title of Securities held in an account with the Issuer shall be transferred only by recording the transfer in the accounts of the Issuer or the Registrar.

If the Securities are admitted to a settlement-delivery system or a depository other than Euroclear France, the transfer of ownership in the Securities shall take place in accordance with the rules of such system or depository.

Subject to a legal ruling issued by a competent court or applicable legal provisions, the Holder of any Security shall be deemed, in any circumstance, to be the sole and unique owner, whether or not said Security is due, irrespective of any declaration of ownership, of any right to said Security, and no one shall incur liability for having considered the holder to be the owner.

The Issuer, the Guarantor and any Paying Agent shall consider each Holder as the true owner of this number of Securities for all purposes, notwithstanding any notices to the contrary, and the expressions "holder(s) of securities", "bearer(s) of Securities", "holder", "bearer", "owner (s) of Securities", "owner" and all related terms shall be accordingly construed.

### **2.5 FORCED TRANSFER AT OPTION OF THE ISSUER UPON VOID TRANSFER OR OTHER DISPOSITION**

Any transfer or other disposition of any legal or beneficial ownership interest in a Security to:

(A) a U.S. person as defined in Rule 902(k)(1) of Regulation S of the Securities Act; or

(B) a person who comes within any definition of U.S. person for the purposes of the Commodity Exchange Act of 1936, as amended, or any rule, guidance or order proposed or issued by the Commodity Futures Trading Commission (the **CFTC**) thereunder (including but not limited to any person who is not a “Non-United States person” under CFTC Rule 4.7(a)(1)(iv) (excluding for purposes of CFTC Rule 4.7(a)(1)(iv)(D) the exception for qualified eligible persons who are not “Non-United States persons”)); (any such person or account, a **Non-Permitted Transferee**),

will be void ab initio and of no legal effect whatsoever. Accordingly, any purported transferee of any legal or beneficial ownership interest in a Security in such a transaction will not be entitled to any rights as a legal or beneficial owner of such interest in such Security.

Notwithstanding any other provision of these Conditions, the Issuer shall give notice to the relevant Paying Agent and shall have the right at any time after becoming aware that any legal or beneficial ownership interest in a Security is held by a Non-Permitted Transferee to require such Non-Permitted Transferee to sell such interest to (a) an affiliate of the Issuer (to the extent permitted by applicable law) or (b) a person who is not a Non-Permitted Transferee, in each case, at a price equal to the lesser of (x) the purchase price paid for such interest by such Non-Permitted Transferee, (y) the principal amount of such interest and (z) the fair market value of such interest, less any costs or expenses incurred by or on behalf of the Issuer in connection with such sale.

## 2.6 REDENOMINATIONS

The Issuer may (if this is specified in the Final Terms), on any date, without the consent of the Holder of any Security, and by notifying him in accordance with Condition 19 at least thirty days in advance, as of the date on which the Member State of the European Union whose currency is the currency in which the Securities are denominated becomes a Member State participating in the third phase of the Economic and Monetary Union introduced on 1 January 1999 (as defined in the Treaty establishing the European Community, as amended (the **Treaty**)) or events that may substantially have the same effect occur (in each case, **EMU**), redenominate in Euros all, and not just a portion of the Securities of each Series, and make the adjustments necessary on the amount in principal and/or the Nominal Value indicated in the Final Terms, as more broadly described below. The date on which this redenomination becomes effective shall be defined in these Conditions as being the **Redenomination Date**.

- (i) Unless specified otherwise in the Final Terms, the redenomination of Securities in accordance with (i) above shall be effected by converting the issue size and the nominal value of each Security denominated in the relevant national currency into Euros by using the fixed conversion rate for this national currency and the euro as established by the Council of the European Union pursuant to article 123 (4) of the Treaty, and by rounding off the resulting number to the nearest euro cent (0.005 euro is rounded up to the next euro cent). If the Issuer so decides, the figure resulting from the conversion of the issue size and of the nominal value of each Security after applying the fixed conversion rate between the relevant national currency and the euro may be rounded down to the nearest euro. The issue size and the nominal value of the Securities in Euros determined in this way must be notified to Holders in accordance with Condition 19. Any balance resulting from the redenomination of a value greater than 0.01 euro must be paid with a cash balance rounded off to the nearest euro cent (0.005 euro will be rounded up to the next euro cent). Such a cash balance shall be payable in Euros on the Redenomination Date using the method notified by the Issuer to the relevant Holders.
- (ii) Following a redenomination of Securities, any reference herein to the relevant national currency shall be interpreted as being a reference to the euro.
- (iii) Unless specified otherwise in the Final Terms, the Issuer may, pursuant to a redenomination in accordance with this Condition, and without the consent of the Holder of any Security, make any changes or additions to these Conditions, taking into consideration market practice with respect to debt securities issued on the euromarket and denominated in Euros, which it believes are not prejudicial to the interests of these Holders. Unless in the event of a blatant error, all such changes or additions shall be enforceable against Holders and shall be notified to the relevant Holders in accordance with Condition 19 as soon as practicable.

- (iv) Neither the Issuer nor the Paying Agent shall be liable to the Holder of any Security or any other person for any commissions, costs, losses or expenses for, or resulting from, a credit or transfer in Euros, or from the conversion of any currency and the rounding off performed in this context.

### **3. STATUS, EXANE GUARANTEE, ADDITIONAL GUARANTEE AND RATING**

#### **3.1 STATUS OF THE SECURITIES**

The Securities constitute direct, unconditional and unsubordinated obligations of the Issuer that shall rank equally (*pari passu*) with each other and with all other direct, unconditional and unsubordinated obligations of the Issuer, both present and future (subject to such exceptions from time to time exist under applicable law).

#### **3.2 EXANE GUARANTEE**

The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of any and all amounts due by the Issuer in respect of the Securities as and when the same shall become due and payable. The Exane Guarantee given by the Guarantor on the Securities shall constitute a direct, unsubordinated obligation of the Guarantor and shall rank equally (*pari passu*) with its other direct, unconditional and unsubordinated obligations, both present and future (with the exception of preferred obligations under the law).

The form of this Exane Guarantee is provided in the Base Prospectus.

#### **3.3 ADDITIONAL GUARANTEE FOR CERTAIN ISSUES IN THE FORM OF A PLEDGING OF SECURITIES ACCOUNT**

##### **A. Creation of the Pledge**

The Holders of certain Series of Securities may benefit from an additional guarantee in the form of a pledging of securities account in accordance with article L. 211-20 and articles D. 211-10 *et seq.* of the French monetary and financial code. The Pledge shall constitute a direct unsubordinated obligation of the Pledgor.

A separate financial instruments account shall be opened with the relevant Pledged Account Custodian and pledged for each Series of Securities for which the Final Terms specify that such Securities benefit from this additional guarantee.

The condition and the basis of the Pledge of each Security shall be specified in the Final Terms.

The Pledge is made, both between the Pledgor and the relevant Holder and with respect to any third party, when a Statement of Pledge is signed by the Pledgor. The Statement of Pledge for each of the Securities of a relevant Series shall be provided in the Final Terms for the issue of such Series of Securities. The Holders of these Securities shall benefit from a joint right to the Pledged Account for each Series. This Pledge shall benefit each initial subscriber of the relevant Securities and each subsequent Holder. Each Holder concerned shall thus benefit, pursuant to the above-mentioned article L.211-20, from a lien (*droit de retention*) on the financial instruments and amounts in any currency contained in the Pledged Account.

The issue by the relevant Pledged Account Custodian of an Acknowledgement of Pledge shall be a condition precedent to the issue of the relevant Securities.

Each relevant Holder may obtain an Acknowledgement of Pledge, at any moment upon request sent to the Pledged Account Custodian.

Each Pledged Account may be credited with Eligible Financial Instruments or amounts in any currency which are the proceeds of Eligible Financial Instruments. The Pledgor is entitled to substitute, in whole or in part, other Eligible Financial Instruments of at least equivalent value for the Eligible Financial Instruments pledged.

If a security, unit or share of collective investment schemes, or financial instrument recorded in the Pledged Account no longer fulfils the characteristics of the Eligible Financial Instruments, the Pledgor shall, as soon as it is aware of this fact, replace said security, unit or share of collective investment schemes or financial instrument within two (2) Business Days with Eligible Financial Instruments or amounts in any currencies (which are the proceeds of

Eligible Financial Instruments) of at least equal value. Any failure by the Pledgor to execute this obligation to replace an security, unit or share of collective investment schemes or financial instrument shall be notified to the Holders by the Pledged Account Custodian within five (5) Business Days after it occurs, in accordance with Condition 19.

**B. Adjustment of the Pledge value**

On each Pledge Calculation Date until the release of the Pledge, the Pledged Account Custodian must determine the total value of the financial instruments and amounts in all currencies (which are the proceeds of Eligible Financial Instruments) in the Pledged Account. If, on a Pledge Calculation Date, this total value is less than the Minimum Pledge Value or the Fixed Pledge Value, as set out in the Final Terms, the Pledged Account Custodian must inform the Pledgor no later than the Business Day following such determination.

The Pledgor shall then be required, no later than two (2) Business Days after receipt of the notice from the Pledged Account Custodian, to credit the Pledged Account with the number of Eligible Financial Instruments or amounts necessary so that the total value of the financial instruments and amounts in all currencies in the Pledged Account is at least equal to the Minimum Pledge Value or Fixed Pledge Value. Any failure by the Pledgor to execute this obligation to adjust the value of the Pledge shall be notified to the Holders by the Pledged Account Custodian within five (5) Business Days after it occurs, in accordance with Condition 19.

Conversely, if, on any Pledge Calculation Date, the total value of the financial instruments and amounts in all currencies in the Pledged Account is greater than the Minimum Pledge Value or the Fixed Pledge Value, the Pledged Account Custodian must so inform the Pledgor no later than the Business Day following such determination, and shall send the Pledgor a partial release of the Pledge equal to the corresponding value, so as to allow the Pledgor to bring the total value of the financial instruments and amounts in all currencies in the Pledged Account to the Minimum Pledge Value or Fixed Pledge Value. This release shall take the form of a certificate from the Pledged Account Custodian. The Pledgor shall inform the Pledged Account Custodian, no later than the following Business Day, of the financial instruments or amounts that it wishes to receive in order to bring the total value of the financial instruments and amounts in all currencies in the Pledged Account to the level of the Minimum Pledge Value or Fixed Pledge Value. However, the Pledgor may no longer benefit from allotments once a Holder has transmitted to the Pledgor a Formal Demand as described in (C) below.

For the purposes of this paragraph (B), a notice received no later than 4:00 p.m. Paris time on a Business Day shall take effect the same day. A notice received after 4:00 p.m. Paris time shall take effect on the following Business Day.

Should Securities be the subject of a Moody's rating, any changes in the Pledged Account Custodian's performance conditions may cause the structure of the Pledged Account to be reviewed in order to confirm Moody's rating of the Securities.

**C. Enforcement of the Pledge**

Any Pledgee owed a certain, liquid, due and payable debt may enforce the Pledge in the amount of his Secured Debt plus enforcement costs, eight calendar days after the Formal Demand provided in the Base Prospectus and sent to the Issuer by registered letter, with copies to the Pledgor and the Pledged Account Custodian, has remained unanswered. In order to request the enforcement of the Pledge, each relevant Pledgee must send an Instruction for Enforcement of the Pledge in the form provided in the Base Prospectus to the Pledged Account Custodian by registered letter.

The Pledge shall then be enforced, for each relevant Security, or when relevant, for the relevant amounts, up to the limit of the Secured Debt, pursuant to applicable laws and regulations and in accordance with paragraphs (a), (b) and (c) below and the common procedure described in paragraph (d) below:

- (a) Enforcement process - Financial securities eligible to direct attribution

Pursuant to articles L. 211-20-V et D. 211-12 of the French monetary and financial code, for French or foreign securities traded on a regulated market, the enforcement will take place, for each financial security, within the limits of the Secured Debt, by allotment with full ownership on the basis of the last available closing price on the regulated market on the Exchange Business Day preceding the allotment date;

For units or shares of collective investment schemes as defined by article L.214-1 of the French monetary and financial code, the enforcement will take place, for each financial security, within the limits of the Secured Debt, by allotment with full ownership on the basis of the last available valuation of such units or shares on the Business Day preceding the allotment date.

(b) Enforcement process - Financial securities not eligible to direct attribution

For securities other than financial securities eligible to direct attribution (described in paragraph (a) above), the enforcement of the Pledge, will take place, for each financial security, within the limits of the Secured Debt, by request for ownership to the benefit of the Pledgee pursuant to article 2348 of the French civil code.

The enforcement of the Pledge pursuant to article 2348 of the Civil Code will be performed as follows:

- (i) the foreclosure (*attribution*) of the financial securities will take place three calendar days following the mailing of the Instruction for Enforcement of the Pledge from the Pledgee to the Pledgor and Pledged Account Custodian (the “**Foreclosure Date**”);
- (ii) the Pledgor and the Pledgee must appoint an expert as described below and in accordance with article 1843-4 of the French civil code to determine the value of the financial securities as at the Foreclosure Date (the “**Enforcement Value**”):
  - (A) the expert will be an institution specialising in the valuation of shares designated by the Pledgor and the Pledgee;
  - (B) if the Pledgor and the Pledgee fails to designate an expert within seven (7) calendar days, the Pledgor will request the President of the Paris Commercial Court (*Tribunal de commerce de Paris*) acting by way of summary proceedings (*en la forme des référés*) to appoint an expert among international and independent auditing firms. The decision of the President of the Paris Commercial Court will be final;
- (iii) the expert will be in charge of determining the Enforcement Value on the Foreclosure Date;
- (iv) the valuation made by the expert appointed under Paragraph (ii) above will be final and binding on the Pledgor and Pledgee; and
- (v) if the sum of the Enforcement Value and amounts in all currencies in the Pledged Account are higher than the outstanding amount of the Secured Debt on the date of the enforcement of the Pledge, then the excess shall be returned to the Pledgor.

(c) Enforcement process – Amounts in currency

For amounts in any currency in the Pledged Account, the enforcement of the pledge will be performed directly by transfer with full ownership to the Pledgee.

(d) Enforcement process – Common process

Enforcement shall be performed by the Pledged Account Custodian by first allotting to each relevant Pledgee in priority order French or foreign transferable securities traded on a regulated market or units or shares in collective

investment undertakings. The number of French or foreign transferable securities traded on a regulated market or units or shares in collective investment undertakings to be allotted shall be calculated so that each Secured Debt can receive an equal number of French or foreign transferable securities traded on a regulated market or units or shares in collective investment undertakings recorded in the Pledged Account at the time the Pledged Account Custodian receives the first Instruction for Enforcement of the Pledge in the form provided in the Base Prospectus. Fractional French or foreign transferable securities traded on a regulated market or units or shares in collective investment undertakings, if any, shall be paid by allotting to each relevant Pledgee amounts in any currency recorded in the Pledged Account.

Neither the Pledged Account Custodian nor the Pledgee shall incur any liability with respect to the Pledgor or any third party as the result of an order for enforcement or the price at which the Pledge is enforced. The costs for enforcing the Pledge shall be borne by the Pledgor and shall be charged against the proceeds from this enforcement.

In the event that the financial instruments and/or amounts recorded in the Pledged Account are denominated in a currency different from the currency of the Secured Debt, the foreign exchange rate that shall be applied to value, attribute or transfer the Pledge shall be the reference foreign exchange rate of the European Central Bank as it is available at 11.00 a.m. (Paris time) on the European Central Bank's website on the date of the operation planned or, if no quotation is possible on this date, the first available quotation that follows.

The Exane Guarantee and the Pledge constitute independent guarantees under French law. Each of them may be enforced once the debt has become certain, liquid, due and payable, in accordance with their respective terms. The Holder may elect whether to enforce the Exane Guarantee and/or the Pledge. In the case the Pledge is not sufficient in order to cover the amounts due in respect of the Secured Debt, the Holders will continue to be able to claim against the Guarantor the unpaid amount.

#### **D. Partial or total release of the Pledge**

Upon settlement by the Issuer or, if applicable, the Guarantor, or a Security is cancelled or redeemed by the Issuer (following a market purchase, a public offer, or in any other manner), the Pledgor may obtain a total or partial release, as applicable, of the Pledge. This release shall take the form of a Certificate of Valid Settlement (*attestation de bonne fin de règlement*) to be delivered by Euroclear France or the relevant Settlement Confirmation Agent, indicating that each relevant Security has been settled in full in favour of the account custodians for the beneficiaries, the list of which has been provided to it by the Principal Paying Agent, or cancelled by the Issuer.

The Pledgor must provide the Certificate of Valid Settlement from Euroclear France or from the relevant Settlement Confirmation Agent to the Pledged Account Custodian. Once this certificate has been provided to the relevant Pledged Account Custodian, the Pledgor may freely dispose of all, or only part, as applicable, of the financial instruments or amounts in all currencies in the Pledged Account. The partial release of the Pledge will allow the Pledgor to bring the total value of the financial instruments and amounts in all currencies in the Pledged Account to the Minimum Pledge Value or Fixed Pledge Value.

The relevant Pledged Account Custodian shall ensure that the settlement to be made by delivery of securities by the Issuer, or the Guarantor if applicable, equals the Settlement Amount indicated in the Final Terms. In the event of a disagreement on this amount for more than one Business Day between the Pledged Account Custodian and the Calculation Agent, the Calculation Agent must designate a leading bank or investment bank on the interbank market (or, if applicable, on the money market, the swaps market, or the over the counter market for index options), excluding any member of the Exane group, whichever is most suitable for the calculations to be made, so that said bank performs the required calculation. The amount determined by this bank may not be disputed by the Calculation Agent, the relevant Pledged Account Custodian, or any other person. Upon payment of the amount calculated by this bank, the Pledged Account Custodian may obtain the necessary release.



#### **E. Minimum rating of the Pledged Account Custodian**

The Pledged Account Custodian (or if the Pledged Account Custodian is not rated, the company that holds at least 95% of the shares of the Pledged Account Custodian (the **Parent Company**)) must at any time have its unsubordinated short-term debt rated at least P-1 by Moody's, and its long-term unsubordinated debt rated at least Aa3 by Moody's. If the short or long-term unsubordinated debt of the Pledged Account Custodian or the Parent Company is rated below P-1 or Aa3 respectively by Moody's, or if the Pledged Account Custodian or the Parent Company has no rating on its unsubordinated debt from Moody's, the Pledgor must choose another Pledged Account Custodian, which must at any time have its unsubordinated short-term debt rated at least P-1 by Moody's and its unsubordinated long-term debt rated at least Aa3 by Moody's, immediately after the occurrence of such an event. All Pledged Accounts existing at the time of the designation of the new Pledged Account Custodian must then be transferred immediately to the new Pledged Account Custodian.

Any change in Pledged Account Custodian shall be notified to the Holders and to Moody's, if applicable, in accordance with Condition 19.

#### **3.4 CHANGE TO THE RATING GIVEN TO THE SECURITIES**

Certain issues of Securities may be rated by Moody's. Such a rating may from time to time be reviewed, suspended or withdrawn. Holders shall be immediately informed of any change in the rating given to the Securities by the Issuer or by the Pledged Account Custodian in accordance with Condition 19.

Moody's is established in the European Union and is registered under the CRA Regulation, as it appears from the list published by the European Securities and Markets Authority on their website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) dated 3 June 2013.

A rating is not a recommendation to buy, sell or hold the securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

#### 4. **INTEREST**

The Certificates, the CLN and the Hybrid Securities may be Fixed Rate Securities, Floating Rate Securities, Zero Coupon Securities, Partly Paid Securities or Securities linked to an Underlying(s), as specified in the Final Terms.

##### 4.1 **FIXED RATE INTEREST**

Each Security giving entitlement to a remuneration calculated on the basis of a Fixed Rate shall bear interest calculated on its Nominal Value from the Interest Commencement Date, at an annual rate (expressed as a percentage) equal to the Rate of Interest as specified in the Final Terms; this interest shall be payable in arrears on each Interest Payment Date as specified in the Final Terms and up to (and including) the Maturity Date.

The amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on such date will amount the Fixed Coupon Amount (**the Fixed Coupon Amount**) as specified in the Final Terms. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount the Broken Amount (**the Broken Amount**).

##### 4.2 **FLOATING RATE INTEREST**

###### **A. Interest Payment Dates**

Each Security giving entitlement to a yield calculated on the basis of a Floating Rate shall bear interest calculated on its unpaid Nominal Value at an annual rate (expressed as a percentage) equal to the Rate of Interest payable in arrears on each Interest Payment Date. Such Interest Payment Date or Dates are indicated in the Final Terms as being the Scheduled Interest Payment Date or Dates or, if no Scheduled Interest Payment Date is indicated in the Final Terms, Interest Payment Date shall mean each date at the end of the number of months or at the end of another period defined in the Final Terms as the Scheduled Period occurring after the preceding Interest Payment Day and, in the case of the first Interest Payment Date, after the Interest Commencement Date.

###### **B. Business Day Convention**

When a date indicated in these Conditions, assumed to be adjusted in accordance with a Business Day Convention, does not fall on a Business Day, and when the applicable Business Day Convention is (A) the Floating Rate Business Day, this date shall be postponed to the following Business Day, unless that day falls in the following month, in which case (x) the date used shall be brought forward to the Business Day immediately preceding that day, and (y) any subsequent due date shall be set on the last Business Day of the month in which this due date should have fallen in the absence of such adjustments; (B) the Following Business Day, this date shall be postponed to the following Business Day; (C) the Modified Following Business Day, this date shall be postponed to the following Business Day, unless that day falls in the following month, in which case that date will be brought forward to the immediately preceding Business Day; or (D) the Preceding Business Day, this date will then be brought forward to the immediately preceding Business Day.

###### **C. Rate of Interest for Securities giving entitlement to remuneration calculated on the basis of a Floating Rate**

This Rate of Interest applicable for each Interest Period shall be determined in accordance with the stipulations below concerning the ISDA Determination, the FBF Determination or the Screen Rate Determination that shall apply, based on the option defined in the Final Terms.

###### **(i) ISDA Determination for Floating Rate**

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest applicable to each Interest Period must be determined by the Calculation Agent as being a rate equal to the relevant ISDA Rate, plus or minus, as applicable (as specified in the Final Terms), the Margin (if any). For the purposes of this sub-paragraph (i), the **ISDA Rate** for an Interest Period means a rate equal

to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction governed by a 2002 Master Agreement of the International Swaps and Derivative Association, Inc. (ISDA), supplemented by ISDA Definitions under the terms of which:

(i) the Floating Rate Option is that indicated in the Final Terms;

the Designated Maturity is a period specified in the relevant Final Terms; and

the relevant Reset Date is the first day of that Interest Period, unless otherwise specified in the relevant Final Terms.

For the purposes of this paragraph, "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definition.

***(ii) FBF Determination for Floating Rate***

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest applicable to each Interest Period must be determined by the Calculation Agent as being a rate equal to the relevant FBF Rate, plus or minus, as applicable (as specified in the Final Terms), the Margin (if any). For the purposes of this sub-paragraph (ii), the **FBF Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under a notional interest rate swap transaction governed by the FBF Definitions under the terms of which:

(i) the Floating Rate Option is that indicated in the Final Terms; and

(ii) the Floating Rate Determination Date is specified in the relevant Final Terms.

For the purposes of this paragraph, "**Floating Rate**", "**Agent**" and "**Floating Rate Determination Date**" are translations of French terms, respectively have the meanings given to those terms in the FBF Definitions.

***(iii) Screen Rate Determination for Floating Rate***

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period in accordance with the following provisions (unless otherwise specified in the applicable Final Terms):

(i) if the primary source for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest shall be:

(a) the Relevant Rate (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(b) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page;

in each case appearing on the relevant Screen Page at the Relevant Time on the Interest Determination Date, as disclosed in the relevant Final Terms, plus or minus (as indicated in the relevant Final Terms) the Margin (if any);

(ii) if the Screen Page specified in the relevant Final Terms as a primary source permanently ceases to quote the Relevant Rate(s) but such quotation(s) is/are available from another page, section or other part of such information service selected by the Calculation Agent (the **Replacement Page**), the Replacement Page shall be substituted as the Primary Source for Rate of Interest quotations and if no Replacement Page exists but such quotation(s) is/are available from a page, section or other part of a different information service selected by the Calculation Agent and approved by the Issuer (the **Secondary Replacement Page**), the Secondary Replacement Page shall be substituted as the Primary Source for Rate of Interest quotations;

- (iii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(a) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(b) above applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to leading banks in the Reference Business Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent, plus or minus (as indicated in the relevant Final Terms) the Margin (if any);
- (iv) if paragraph (iii) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting relevant Rates, then, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Currency or, if the Currency is euro, the Euro-zone, (the **Principal Financial Centre**) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall (unless otherwise specified) be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, or Maximum or Minimum Rate of Interest applicable to the preceding Interest Period and to the relevant Interest Period).

Any other term and/or definition necessary for the determination of the Rate of Interest under this Condition 4.2 (c) shall be specified in the Final Terms. The method of determination may be replaced by any other similar determination for swap transactions or other derivatives governed by a national or international master agreement.

#### **4.3 FIXED/FLOATING RATE SECURITIES**

Fixed/Floating Rate Securities may bear interest at a rate (i) which the Issuer may elect to convert on the date specified in the Final Terms from a Fixed Rate to a Floating Rate or from a Floating Rate to a Fixed Rate or (ii) which shall automatically convert from a Fixed Rate to a Floating Rate or from a Floating Rate to a Fixed Rate on the date specified in the Final Terms.

#### **4.4 ZERO COUPON SECURITIES**

Where a Zero Coupon Security becomes due and payable and is not paid when due, the amount due and repayable shall be the amount determined in accordance with Condition 5.6.

#### **4.5 PARTLY PAID SECURITIES**

In the case of Partly Paid Securities, interest will accrue as aforesaid on the paid-up Nominal Value of said Securities.

#### **4.6 SECURITIES LINKED TO AN UNDERLYING**

Securities linked to an Underlying bear interest, if applicable, in accordance with the Pay-Off Formula(ae) in the Technical Annex specified in the applicable Final Terms.

## 4.7 ACCRUAL OF INTEREST

### A. General provision

Interest shall cease to accrue for each Security on the Settlement Date, unless on such date the repayment of the principal, the settlement of the Security and/or the delivery of the relevant underlying is improperly withheld or refused; in which event, interest shall continue to accrue (both before and after a potential judgment) at the Rate of Interest, in the manner provided in this Condition, until the Reference Date.

### B. Specific provisions in respect of CLNs

- (i) Upon the satisfaction of the Conditions to Settlement in relation to any Reference Entity, interest on the Credit Event Portion of the CLNs shall cease to accrue in the manner specified in the Final Terms.

The Final Terms will specify that either

- (a) interest ceases to accrue from (but excluding) the Interest Payment Date immediately preceding the Credit Event Determination Date (or, in the case of the first Interest Period, the Interest Commencement Date);
- (b) or interest ceases to accrue from (but excluding) the Credit Event Determination Date.
- (ii) If the provisions of sub-paragraph (a) above apply: if a request is delivered to the Credit Derivatives Determinations Committee prior to any Interest Payment Date and the Credit Derivatives Determinations Committee does not Resolve, at least five Business Days prior to such Interest Payment Date (x) whether or not such event constitutes a Credit Event or (y) not to determine such matter, the interest amount shall not be paid on the Interest Payment Date and shall be postponed to the Postponed Interest Payment Date (as defined below). For the avoidance of doubt, any interest accrued on such interest amount (which shall accrue at the applicable overnight rate for deposits set by Exane Derivatives) which would otherwise have been paid on the relevant Interest Payment Date shall also be payable on the Postponed Interest Payment Date. If the Conditions to Settlement are satisfied and the relevant Credit Event Determination Date falls prior to the Interest Payment Date, the interest shall cease to accrue on the Interest Payment Date immediately preceding such Credit Event Determination Date.
- (iii) If the provisions of sub-paragraph (b) above apply: if a request is delivered to the Credit Derivatives Committee prior to any Interest Payment Date and the Credit Derivatives Committee does not Resolve at least five Business Days prior to such Interest Payment Date (x) whether or not such event constitutes a Credit Event or (y) not to determine such matter, the interest amount shall not be paid on the Interest Payment Date and shall be postponed to a date that is five (5) Business Days following the Suspension End Date (the **Postponed Interest Payment Date**). For the avoidance of doubt, any interest accrued on such interest amount (which shall accrue at the applicable overnight rate for deposits set by Exane Derivatives) which would otherwise have been paid on the relevant Interest Payment Date shall be payable on the Postponed Interest Payment Date. If the Conditions to Settlement are satisfied and the relevant Credit Event Determination Date falls prior to the Interest Payment Date, the interest will not be payable in respect of the full Interest Period but will be payable in respect of the period from and including the immediately preceding Interest Payment Date to but excluding the Credit Event Determination Date.

## 4.8 MARGIN, MAXIMUM/MINIMUM RATE OF INTEREST, INSTALMENT AMOUNTS AND SETTLEMENT AMOUNTS, COEFFICIENT MULTIPLIERS AND ROUNDING

- (i) If a Margin or Coefficient Multiplier applies to one or more Interest Period, as set out in the Final Terms, the Rates of Interest applicable to the relevant Interest Periods are calculated by adding (if it is a positive number) or by subtracting (if it is a negative number) the absolute value of such Margin at a Floating Rate, or by multiplying the Floating Rate by the Coefficient Multiplier.

- (ii) If a Minimum Rate of Interest or a Maximum Rate of Interest is stipulated in the Final Terms, each of these Rates of Interest may not exceed this maximum nor be less than this minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from these calculations shall be rounded, if necessary, to the nearest ten-thousandth (halves shall be rounded up to the next highest number), (y) all numbers shall be rounded off to seventh significant figure (halves shall be rounded up to the next highest decimal) and (z) all currency amounts that fall due and payable shall be rounded to the nearest Unit of such currency (halves are rounded up to the next highest Unit), save in the case of Yen which shall be rounded down to the nearest Unit. For the purposes of this paragraph, **Unit** means the lowest subdivision of the currency that is available as legal tender in the country of such currency.

#### **4.9 CALCULATIONS**

The interest payable in respect of each Security and for any period shall be calculated by applying the Rate of Interest to the Nominal Value of each Security, and by multiplying the result obtained by the Day Count Fraction, unless a formula for calculating interest is specified in respect of such period, in which case, the amount of interest payable in respect of the Security for such period shall be calculated in accordance with such formula.

#### **4.10 DETERMINATION AND PUBLICATION OF THE RATES OF INTEREST, INTEREST AMOUNTS, FINAL SETTLEMENT AMOUNTS, OPTIONAL SETTLEMENT AMOUNTS, EARLY SETTLEMENT AMOUNTS AND INSTALMENT AMOUNTS**

As soon as practicable after the Reference Time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation, make any determination of an amount or proceed with a calculation, the Agent shall determine such rate and shall calculate the interest payable for each Nominal Value of the Securities as set out in the Final Terms during the corresponding Interest Period. It shall also calculate the relevant Final Settlement Amount, the Early Settlement Amount, the Optional Settlement Amount and the Instalment Amount, and shall obtain the corresponding quotation or make such determination or calculation that may be necessary. The Agent shall then notify the Rate of Interest and the interest payable for each Interest Period, as well as the relevant Interest Payment Date and, if necessary, the Final Settlement Amount, the Early Settlement Amount, the Optional Settlement Amount, and the Instalment Amount, to the Financial Agent, the Issuer, each of the Paying Agents, the Holders, or any other Calculation Agent named in respect of the Securities in order to make further calculations upon receipt of this information. If the Securities are listed on a stock exchange whose rules so require, the Agent shall also provide this information to said exchange as soon as possible after its determination and no later than (i) the commencement of the relevant Interest Period, if this information is determined before this date, in the case of notification of the Rate of Interest and the interest payable to this stock exchange, or (ii) in all other cases, no later than the fourth Business Day after this information is determined. When the Interest Payment Date or the Interest Period is adjusted pursuant to Condition 5, the interest payable and Interest Payment Date as published may be amended (or other appropriate measures taken by adjustment), without prior notice, in the event of an extension or reduction of the Interest Period. The determination of each rate or amount, the obtaining of each quotation, and the making of each determination or calculation by the Calculation Agent or Agents shall (except in the event of manifest error) be final and binding upon all parties.

#### **4.11 CALCULATION AGENT AND REFERENCE BANKS**

- (i) The Issuer shall ensure that, at all times, there are one or more Calculation Agents if this is specified in the Final Terms, for as long as the Securities are outstanding. In the event that several Calculation Agents are designated, any reference in these Conditions to the Calculation Agent must be interpreted as referring to each of the Calculation Agents acting pursuant to these Conditions. If the Calculation Agent is no longer able or willing to act in this capacity, or if the Calculation Agent fails to establish a Rate of Interest for any Interest Period, or to calculate the Interest Amount, the Final Settlement Amount, the Optional Settlement Amount, the Early Settlement Amount or the Instalment payable, as applicable, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment bank acting on the interbank market (or,

if applicable, on the money market, the swaps market, or the over the counter index options market) the most appropriate for the calculations and determinations to be made by the Calculation Agent (acting through its principal offices in Paris or Luxembourg, as applicable, or any other agency actively operating on this market) to act in this capacity in its place. The Calculation Agent may not resign from its duties unless a new calculation agent has been appointed under the aforesaid conditions.

- (ii) The Issuer shall ensure that, at all times, there are at least two Reference Banks, if this is specified in the Final Terms, for as long as Securities are outstanding. If any Reference Bank is no longer able or willing to act as Reference Bank, the Issuer shall then appoint another Reference Bank to act in this capacity in its place.

## 5. SETTLEMENT OF SECURITIES

This Condition shall apply as follows:

- Conditions 5.1, 5.2 and 5.3 will only apply to Certificates;
- Conditions 5.4, 5.5 and 5.6 will apply to Certificates, Hybrid Securities and CLN;
- Condition 5.7 to Condition 5.14 will apply to Certificates and Hybrid Securities. Accordingly, for the avoidance of doubt, when used in these Conditions, Securities will mean en encompass Certificates and Hybrid Securities ;
- Condition 5.15 will apply to Certificates, Hybrid Securities and CLN;
- Conditions 5.16 to 5.18 will only apply to Certificates.

### 5.1 SETTLEMENT CONDITIONS

#### A. Cash Settlement

Each Certificate resulting in a Cash Settlement shall be settled by the Issuer on the Settlement Date (i) at the Final Settlement Amount or (ii) in the case of Certificates governed by Condition 5.3 hereafter at the last Scheduled Instalment Amount.

#### B. Physical Settlement

Each Certificate resulting in Physical Settlement shall be settled by the Issuer on the Settlement Date by delivery of the Quantity of Shares, Fund Units or Debt Instruments specified or determined as indicated in the Conditions and the Final Terms. Physical Settlement shall be effected by the delivery of Shares, Fund Units or Debt Instruments. No rights to dividends on the Shares, Fund Units or Debt Instruments shall accrue for the benefit of the Certificate Holder before the Settlement Date, unless the Final Terms provide otherwise.

The Certificates resulting in Physical Settlement held by the same Certificate Holder shall be aggregated in order to determine the number of Shares, Fund Units or Debt Instruments to which said Certificates entitle the Holder. No fractional Share, Fund Unit or Debt Instrument shall be transferred by the Issuer; therefore, in the event of fractional shares, units or debt instruments, the Issuer shall deliver a whole number of Shares, Fund Units or Debt Instruments immediately lower than the Quantity of Shares, Fund Units or Debt Securities, and shall pay a cash balance to each relevant Holder, in place and instead of this fractional Share, Fund Unit or Debt Instrument, calculated by reference to the trading price of the Share or of the Debt Instrument or the Net Asset Value of the Fund on the Valuation Date and Settlement Date and in the Settlement Currency.

If an event outside the Issuer's control prevents the transfer of the Shares, Fund Units or Debt Instruments (the **Delivery Failure**), the delivery of the other Shares, Fund Units or Debt Instruments held as part of a Multi Underlying Certificate shall not be affected.

The Physical Settlement of the Shares, Fund Units or Debt Instruments affected by the Delivery Failure shall be made on the first Scheduled Trading Day following the day on which the Delivery Failure has disappeared, unless a Delivery Failure continues during each of the five (5) Scheduled Trading Days (or any other period specified in the Final Terms) immediately following the initial date which should have been, if there were no Delivery Failure, the Settlement Date. In such a case, the Physical Settlement shall be replaced by a Cash Settlement to each relevant Holder. The Final Settlement Amount will be equal to the value of the closing price of the Shares or of the Debt Instruments or Net Asset Value of the Fund Units affected by the Delivery Failure on the fifth Scheduled Trading Day immediately following the initial day which, in the absence of the Delivery Failure, would have been the Settlement Date, and will be paid on the Business Day following said date instead and in place of the Shares, Fund Units or Debt Instruments affected by the Delivery Failure.



## **5.2 FINAL SETTLEMENT**

Unless it has already been settled, redeemed and cancelled as provided below, each Certificate shall be settled at the Final Settlement Amount on the Maturity Date.

## **5.3 SETTLEMENT BY INSTALMENTS**

Unless it has been previously settled, redeemed and cancelled as provided in this Condition 18 each Certificate the conditions of which provide for Instalment Dates and Instalment Amounts shall be partially settled on each Instalment Date at the related Instalment Amount specified in the Final Terms. The Nominal Value of each of these Certificates shall be reduced by the corresponding Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the Nominal Value of such Certificate, shall be reduced accordingly), as of the Instalment Date, unless the payment of the Instalment Amount is improperly withheld or refused on the date scheduled for such payment.

## **5.4 SETTLEMENT OPTION AT THE ISSUER'S DISCRETION (CALL OPTION), OPTION EXERCISE AT THE ISSUER'S DISCRETION AND PARTIAL SETTLEMENT**

If a settlement option is specified in the Final Terms, the Issuer may, if applicable from the Reference Date for the Issuer, subject to the laws and regulations in force, and on giving not less than ten (10) and not more than thirty (30) Business Days' irrevocable notice to the Holders in accordance with Condition 19 (or any other notice period specified in the Final Terms), settle all or, if applicable, some of the Certificates on the Optional Settlement Date. Each of these settlements shall be made at the Optional Settlement Amount together with the interest accrued until the date fixed for settlement. Each of these settlements must relate to Certificates for which the amount in principal is at least equal to the Minimum Principal Amount payable as indicated in the Final Terms, and may not exceed the Maximum Principal Amount payable as specified in the Final Terms.

In the case of a partial settlement or partial exercise of its Option by the Issuer, settlement shall be effected by reduction of the Nominal Value of the Securities in proportion to the nominal amount paid.

Furthermore, if a trigger option is indicated as being applicable in the Final Terms and an Option Threshold Trigger is provided in the Final Terms, the Issuer may, at its discretion and subject to the laws and regulations in force, repurchase all of the Securities. For this purpose, the Issuer will send an irrevocable notice to the Holders in accordance with Condition 19, such notice being due to occur at the least ten (10) Business Days, and not later than thirty (30) Business Days, before the option exercise date. Each Security will be repurchased at its fair market value as determined by the Calculation Agent.

## **5.5 SETTLEMENT OPTION AT THE HOLDERS' DISCRETION (PUT OPTION), OPTION EXERCISE AT THE HOLDERS' DISCRETION**

If a Holder's put option or any other option is specified in the Final Terms, the Issuer must, at the Holder's request, and upon the Holder giving irrevocable notice to the Issuer, settle this Security on the Optional Settlement Date or Dates at the Optional Settlement Amount plus, if applicable, interest accrued up to the date fixed for settlement.

To exercise such option that may be specified in the Final Terms, the Holder, if applicable from the Reference Date for the Holder, must send a duly completed option exercise notice (the **Exercise Notice**) to the Issuer by e-mail to the following address: mo-notifications@exane.com. The form of Exercise Notice may be obtained during usual business hours from the relevant Paying Agent or the Registrar, as applicable. The date of exercise of the Holders' option shall be deemed to be the fifth Business Day following confirmation by the Issuer by return e-mail of receipt of the Exercise Notice. The Holder shall transfer, or cause to be transferred, the Securities that are to be settled to the account of the Principal Paying Agent as specified in the Exercise Notice. Any such transfer of Securities shall be definitive, except in case of prior written consent to the contrary by the Issuer.

## 5.6 EARLY SETTLEMENT OF ZERO COUPON SECURITY

### A. Early settlement Amount

In the case of Zero Coupon Securities, the Early settlement Amount is calculated at an amount (the **Amortised Face Amount**) which shall be equal to the sum of:

the Reference Price specified in the applicable Final Terms; and

the product of the accrual yield (the **Accrual Yield**) specified in the applicable Final Terms (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for settlement or (as the case may be) the date upon which such note becomes due and repayable.

### B. Late Payment on Zero Coupon Securities

Except as provided in the applicable Final Terms, if the amount payable in respect of any Zero Coupon Security upon settlement of such Zero Coupon Security pursuant to paragraph 5.2, 5.4, 5.5 and 5.18 of this Condition or upon its becoming due and repayable as provided in Condition 5 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Security shall be the amount calculated as provided in the paragraph above as though the references therein to the date fixed for the settlement or the date upon which the Zero Coupon Security becomes due and repayable were replaced by references to the date which is the earlier of:

the date on which all amounts due in respect of the Zero Coupon Security have been paid; and

five (5) days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Securities have been received by the Principal Paying Agent and notice to that effect has been given to the Holders in accordance with Condition 19.

## 5.7 MARKET DISRUPTION EVENT AND ADJUSTMENTS APPLICABLE TO SHARE OR SHARES BASKET

### A. Definitions

**Basket** means a basket comprising Shares of each Company, as specified in the applicable Final Terms, having the relevant Weighting specified in the applicable Final Terms..

**Company** means the issuer of a Share or, as the case may be, an Underlying Share, as specified in the applicable Final Terms, subject to adjustment at any time in accordance with paragraph C below.

**Deposit Agreement** means the contract or other financial instrument constituting the Depository Receipt, as amended or supplemented from time to time in accordance with its terms.

**Depository Receipt** means a negotiable financial instrument having, as at the Issue Date, the ISIN code (*International Securities Identification Number*) or any other identification code specified as such in the applicable Final Terms, issued by the DR Sponsor under the relevant Deposit Agreement, evidencing ownership of the specified number of Underlying Shares of the Company on deposit with a depository in the Issuer's domestic market and quoted in the DR Specified Currency, subject to adjustment or replacement at any time, in accordance with paragraph C below.

**DR Specified Currency** means, for a Depository Receipt, the currency specified in the applicable Final Terms.

**DR Sponsor** means the depository bank issuing the Depository Receipt, specified in the applicable Final Terms.

**ETF Administrator** means the administrator, trustee or similar person with principal administrative responsibility for such ETF, specified as such in the applicable Final Terms, subject to adjustment at any time, in accordance with paragraph C below.

**ETF Advisor** means the person appointed to act as investment manager or investment adviser of the ETF, as specified in the applicable Final Terms, subject to adjustment at any time in accordance with the provisions of paragraph C below.

**ETF Underlying Index** means the reference index, specified as such in the applicable Final Terms, to which such ETF is linked, subject to adjustment at any time in accordance with the provisions of paragraph C below.

**ETF Unit** means a unit of account of ownership in the ETF.

**Event Effective Date** means the effective date of the Event, as determined by the Calculation Agent.

**Exchange Business Day (All Shares Basis)** means, in respect of a Basket of Shares, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading session(s), notwithstanding any closure of an Exchange or Related Exchange prior to the Scheduled Closing Time.

**Exchange Business Day (Per Share Basis)** means, in respect of a Basket of Shares, any Scheduled Trading Day on which the relevant Exchange and Related Exchange associated with such Share are open for trading during their respective regular trading session(s), notwithstanding any closure of an Exchange or Related Exchange prior to the Scheduled Closing Time.

**Exchange Business Day (Single Share Basis)** means any Scheduled Trading Day on which the relevant Exchange and Related Exchange, if applicable, are open for trading during their respective regular trading session(s), notwithstanding any closure of an Exchange or Related Exchange prior to the Scheduled Closing Time.

**Exchange Business Day** means either (i) in the case of a Share, an Exchange Business Day (Single Share Basis), or (ii) in the case of a Basket of Shares (a) an Exchange Business Day (All Share Basis) or (b) an Exchange Business

Day (Per Share Basis), in each case as specified in the applicable Final Terms, provided that if no Exchange Business Day is specified in the relevant Final Terms, Exchange Business Day (All Share Basis) shall be deemed to apply.

**Exchange** means, for a Share, each exchange of quotation system specified as such in the Final Terms for a relevant Share, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

**Exchange Traded Fund** or **ETF** means a fund or other collective investment vehicle specified as such in the applicable Final Terms, whose ETF Units are listed on the Exchange, subject to adjustment or replacement at any time, in accordance with paragraph C below.

**Hedged Position** means the purchase, sale, execution or holding of one or more (i) positions or contracts on securities, options, futures, derivatives or currencies, (ii) securities lending transactions, or (iii) other instruments or agreements (however described) made to hedge the risk relating to execution and performance of the Issuer's obligations under the Securities, whether individually or on a portfolio basis.

**Initial Observation Date** shall have the meaning given thereto in the Technical Annex.

**Initial Price** means the price per Share specified in the applicable Final Terms in the Initial Observation Date or the Initial Determination Date, as the case may be (such dates being defined in the Technical Annex) or, if no price is specified in the applicable Final Terms, the price of such Share determined by the Calculation Agent at the Valuation Time on the relevant Exchange on the Initial Observation Date or the Initial Determination Date, as the case may be, subject to adjustment at any time in accordance with the provisions of paragraph C below.

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company, (A) all the Shares of that Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Company become legally prohibited from transferring them.

**New Shares** mean the securities exchanged or offered for Shares pursuant to a Cash/Exchange Tender Offer, the securities of the new company or new fund in the case of a Merger or the securities resulting from a Spin-off (as the case may be). Any substitution shall be made as soon as possible after the Event Effective Date, by reference to the applicable exchange parity, it being understood that, in the event that the original securities must be substituted for several different categories of securities, the Calculation Agent may decide to substitute for the relevant securities one (or more) of such securities (the **Selected Security(ies)**). In this case, the value of the security or securities not selected (the **Excluded Security(ies)**) shall be expressed as a number or a fraction of a number of one (or more) of the Selected Security(ies), at the Calculation Agent's choice, which shall be calculated by the Calculation Agent on the basis of the official closing price of both the Selected Security or Securities and the Excluded Securities, recorded simultaneously on the Event Effective Date. If the substituted security or securities include one or more unlisted securities, the Calculation Agent shall determine the fair market value of such unlisted security or securities on the Event Effective Date.

**Quantity** means the number of Shares in respect of a Security, as specified in the applicable Final Terms.

**Related Exchange** means each exchange or quotation system specified as such for a relevant Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where "All Exchanges" is specified as the Related Exchange in the applicable Final

Terms, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on the relevant Scheduled Trading Day, without regard to after-hours or any other trading outside of the regular trading sessions.

**Scheduled Trading Day (All Shares Basis)** means, in respect of a Basket of Shares, any day on which each Exchange and each Related Exchange associated with all of the Shares comprised in the Basket of Shares are scheduled to be open for trading during their regular trading session(s).

**Scheduled Trading Day (Per Share Basis)** means, in respect of a Basket of Shares, any day on which the relevant Exchange and Related Exchange associated with such Share are scheduled to be open for trading during their regular trading session(s).

**Scheduled Trading Day (Single Share Basis)** means any day on which the relevant Exchange and relevant Related Exchange are scheduled to be open for trading during their regular trading session(s).

**Scheduled Trading Day** means either (i) in the case of a Share, Scheduled Trading Day (Single Share Basis), or (ii) in the case of a Basket of Shares, (a) Scheduled Trading Day (All Share Basis) or (b) Scheduled Trading Day (Per Share Basis), in each case as specified in the applicable Final Terms, provided that if no Scheduled Trading Day is specified in the relevant Final Terms, Scheduled Trading Day (All Share Basis) shall be deemed to apply.

**Settlement Cycle** means the period expressed as a number of Share Clearing System Business Days following a transaction on the Share on the Exchange in respect of which settlement will normally take place within the rules of such Exchange.

**Share Clearing System Business Day** means any day on which the Share Clearing System is open (or would have been open, but for the occurrence of a Share Clearing System Settlement Disruption Event) for the acceptance and execution of settlement instructions.

**Share Clearing System** means the principal domestic clearing system normally used to settle transactions on the Share at the relevant time, as determined by the Calculation Agent.

**Share Clearing System Settlement Disruption Event** means an event outside the control of the Issuer, as a result of which (i) the Share Clearing System cannot clear the transfer of the Share or (ii) the Share Clearing System ceases to clear all or any of its shares.

**Share** means, in the case of Securities issue on a single Share, the share or, as the case may be, an ordinary share in the share capital of the Company, a Depository Receipt representing ownership of the Underlying Share, an ETF Unit (*Exchange Traded Fund*) or, in the case of a Basket of Shares, each share, ordinary share in the share capital of the Company, Depository Receipt representing ownership of the Underlying Share, ETF Unit comprised in the Basket of Shares, as specified in the applicable Final Terms, having or each having on the Issue Date the ISIN code (*International Securities Identification Number*) or any other identification code specified as such in the applicable Final Terms, subject to adjustment or replacement at any time, in accordance with paragraph C below.

**Substitute Share** means a share (i) which is not the Share of the relevant Security and (ii) which has, in the opinion of the Calculation Agent, similar features to those of the excluded Share (sector of activity, currency, market capitalisation, listing method, liquidity, volatility or any other pertinent feature in the opinion of the Calculation Agent).

**Substitution** means cessation by the Calculation Agent of indexation of the Securities to the Share and its replacement with a Substitute Share or in the case of a Basket of Shares, crystallisation of the fair market value of the Share on the relevant Event Effective Date.

**Underlying Share** means the share issued by the Company to which the Depository Receipt is linked, specified as such in the applicable Final Terms.

**Valuation Time** means the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Determination Date, as the case may be, unless otherwise specified in the relevant Final Terms. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

**Weighting** or **W(i)** means, in respect of each Share comprised in the Basket of Shares, the percentage or fraction specified, in respect of such Share, in the applicable Final Terms.

**B. Market Disruption Event**

**(i) Definitions**

**Disrupted Day** means, in relation to Securities issue on a single Share or a Basket of Shares, in respect of a Share, any Scheduled Trading Day on which the Exchange or, as the case may be, the Related Exchange fails to open for trading during its regular trading session, or any Scheduled Trading Day on which a Market Disruption Event has occurred.

**Early Closure** means the closure, on any Exchange Business Day, of the Exchange or, as the case may be, the Related Exchange prior to its Scheduled Closing Time, unless such early closing time has been announced by such Exchange or by such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day, or (ii) the submission deadline for orders to be entered into the relevant Exchange or, as the case may be, the Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**Exchange Disruption** means any event (other than an Early Closure or a Trading Disruption) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the relevant Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Share on the Related Exchange.

**Market Disruption Event** means, in the case of Securities issue on a single Share or a Basket of Shares, in respect of a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which the Calculation Agent determines is material and which occurs at any time during the one-hour period prior to the relevant Valuation Time, or (iii) an Early Closure.

**Scheduled Valuation Date** means the initial date which, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date, an Observation Date or a Determination Date, as the case may be.

**Trading Disruption** means any suspension of or limitation imposed on trading by the relevant Exchange or, as the case may be, the Related Exchange or otherwise (other than an Early Closure or Exchange Disruption), whether by reason of movements in price exceeding limits permitted by the relevant Exchange or relevant Related Exchange or otherwise, (i) relating to such Share on the relevant Exchange, or (ii) in futures or options contracts relating to such Share on the relevant Related Exchange.

**(ii) Consequences of a Market Disruption Event on a Valuation Date**

If any Valuation Date (as defined in Condition 1.1 and accordingly may encompass an Observation Date and/or Determination Date) is a Disrupted Day, then:

(A) in the case of a Security on a single Share, such Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date notwithstanding that such day is a Disrupted Day and (2) the Calculation Agent shall determine in good faith the fair value of the Share at the Valuation Time on such eighth Disrupted Day.

(B) in the case of a Security on a Basket of Shares, the Valuation Date for all Shares of the Basket of Shares, included those not affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day for the Share affected by the occurrence of a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date for all Shares of the Basket of Shares, including the Share affected by the occurrence of a Disrupted Day, notwithstanding that such day is a Disrupted Day for the relevant affected Share and (2) the Calculation Agent shall determine in good faith the fair value of that affected Share at the Valuation Time on such eighth Disrupted Day.

**(iii) Notices**

The Calculation Agent shall notify the Issuer, as soon as possible, if any Market Disruption Event occurs on any date which, but for the occurrence of a Market Disruption Event, would have been a Valuation Date.

The Issuer shall notify the Holders as soon as possible of the occurrence of a Market Disruption Event, in accordance with Condition 19.

**C. Adjustment**

**(i) Principles**

If certain events defined in paragraph (ii) below and affecting a Share (an **Event**) occur, the Calculation Agent may, as regards Securities in respect of which the Event Effective Date falls on or prior to the Valuation Date (as defined in Condition 1.1 and accordingly may encompass an Observation Date and/or Determination Date), continue to perform its obligations, subject to such adjustments as it considers necessary. To this end, the Calculation Agent shall apply one after another or alternatively specified in the Final Terms:

1. the same method as that applied by the Related Exchange (if applicable) or any other relevant authority (the **Related Exchange Method**), or
2. the methods described in paragraphs (ii), (iii), (iv) *et seq.* to adapt the Securities to the modifications to the Share or its Substitution (the **Calculation Agent Method**).

If the Calculation Agent determines that the Related Exchange Method or Calculation Agent Method is technically impossible to implement or inappropriate, it may make any other adjustment it deems necessary.

Failing the above, the Issuer may terminate its obligations by notifying the Holders, in accordance with Condition 19, of the fair market value of the Securities in the case of Cash Settlement or, if applicable, the quantity of Shares to be delivered in the case of Physical Delivery (the **Deliverable Shares**), as determined by the Calculation Agent.

Settlement terms shall be implemented as soon as possible at the specified fair market value, in the case of Cash Settlement or, if applicable, by delivery of the relevant quantity of Deliverable Shares, in the case of Physical Settlement (the **Settlement Method**).

Notwithstanding the above, if such option is specified as being applicable in the applicable Final Terms, payment of the Capitalised Fair Market Value, in the case of Cash Settlement or, if applicable, delivery of the relevant quantity of Deliverable Shares, in the case of Physical Settlement shall be made on the Settlement Date (the **Capitalised Fair Market Value Option**).

For the purposes of this paragraph, the "**Capitalised Fair Market Value**" means the fair market value of the Security capitalised between the Event Effective Date and the Settlement Date at the capitalised EONIA rate appearing on the Bloomberg EONCAPL7 Index screen page, or any other rate specified in the applicable Final Terms.

Any adjustment decided by the Calculation Agent shall take effect on each Valuation Date subsequent to the Event.

(ii) **Adjustments methods applicable to Shares**

If the Calculation Agent applies the Calculation Agent Method, it may make the following adjustments.

To this end, the Events applicable to a Share are defined as follows and include the Potential Adjustment Event, Cash/Exchange Tender Offer, Merger, Spin-off, Nationalisation, Insolvency, Change of Listing - compartment or Exchange, De-listing, Correction of Share price, Change in Law, Insolvency Filing, Hedging Disruption and Increased Cost of Hedging.

(a) **Potential Adjustment Event**

In the case of a Potential Adjustment Event, the Calculation Agent may adjust the new Quantity of Shares to which each Security henceforth relates.

**Potential Adjustment Event** means any of the following:

- (1) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalization or similar issue;;
- (2) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Shares, or (C) share capital or other securities of another company acquired or owned (directly or indirectly) by the Company as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (3) an extraordinary dividend which characterization of or portion thereof shall be determined by the Calculation Agent;
- (4) a call by the Company in respect of relevant Shares that are not fully paid
- (5) a repurchase by the Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (6) in respect of the Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any settlement of such rights;
- (7) a distribution of reserves in cash or in listed shares held in the Company's portfolio or a redemption of share capital; or
- (8) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.



**(b) Cash/Exchange Tender Offer**

**(1). Definitions**

**Cash/Exchange Tender Offer** means any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person (the **Offeror**) that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 % and less than 100 % of the outstanding voting shares of the Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

**Successful Cash/Exchange Tender Offer** means a Cash/Exchange Tender Offer the results of which have been published by the relevant Exchange authorities.

**Offer Period** means the period from (and including) the date on which the Cash/Exchange Tender Offer is officially announced by the Offeror in whatever manner to the competent supervisory authorities in accordance with applicable laws and regulations in the relevant jurisdiction, up to (but excluding) the date of the Tender Offer Date.

**(2). Consequences**

If an Offer Period commences, the Calculation Agent may, having examined its characteristics and relevant practical arrangements, elect (a) to maintain the Share or (b) replace it with the share issued by the Offeror.

If the Calculation Agent has not made an adjustment during the Offer Period in accordance with the paragraph above and if the Company is the subject of a Successful Cash/Exchange Tender Offer (the **Tender Offer**), the Calculation Agent may elect to (a) maintain the Share, (b) replace the Share with New Shares or (c) implement Substitution of the Share.

**(c) Merger**

**(1). Definitions**

**Merger** means, in respect of any relevant Shares, any:

- (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person;
- (ii) consolidation, amalgamation, merger or binding share exchange of the Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange of all of such Shares outstanding);
- (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 % of the outstanding Shares of the Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person);
- (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a "Reverse Merger"),

in each case if the Event Effective Date is on or before, (A) in the case of a Security with Physical Settlement the Settlement Date, or (B) in the case of a Security with Cash Settlement, the last occurring Valuation Date.

(2). Consequences

In the event that a Merger occurs in respect of a Share, the Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to (a) replace the Share with New Shares or (b) implement Substitution of the relevant Share.

(d) **Spin-off**

In the event of a spin-off of the Company (**Spin-off**), the Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to (a) replace the Share with New Shares or (b) implement Substitution of the relevant Share.

(e) **Nationalisation**

(1). Definitions

**Nationalisation** means that all the Shares or all or substantially all the assets of a Company are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof

(2). Consequences

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Share if Nationalisation occurs in respect of a Share.

(f) **Insolvency**

(1). Definitions

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company, (A) all the Shares of that Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Company become legally prohibited from transferring them.

(2). Consequences

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Share in the event of an Insolvency.

(g) **Change of Listing - compartment or Exchange**

(1). Definitions

**Change of Listing - compartment or Exchange** means that the Exchange announces that pursuant to the rules of such Exchange, the Shares (A) cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger or Tender Offer), but are immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or where the Exchange is within the European Union, in any Member State of the European Union) which is according to the Calculation Agent similar to the original Exchange or (B) cease (or will cease) to be listed, traded or publicly quoted on the original compartment Exchange for any reason (other than a Merger or Tender Offer), and are immediately re-listed, re-traded or re-quoted on another compartment of the Exchange.

(2). Consequences

In the event of a Change of Listing - compartment or Exchange in respect of a Share, the Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Share.

***(h) De-listing***

***(1) Definitions***

**Delisting** means that the Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger or Tender Offer), and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or where the Exchange is within the European Union, in any Member State of the European Union).

***(2) Consequences***

If a Delisting occurs, the Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Share.

***(i) Correction of Share price***

If a price published on the Exchange and used by the Calculation Agent for the purposes of any calculation or determination (the **Initial Determination**) is subsequently corrected and if the correction (the **Corrected Value**) is published on the relevant Exchange within one relevant Settlement Cycle following the Initial Determination, the Calculation Agent shall notify the Corrected Value to the Issuer as soon as reasonably practicable and shall determine the relevant price of the Share (the **New Determination**) using the Corrected Value.

If the result of the New Determination is different than the result of the Initial Determination, the Calculation Agent may, to the extent that it deems necessary, adjust all relevant terms and conditions of the relevant Securities accordingly.

***(j) Change in Law***

**Change in Law** means that, on or after the Issue Date, (A) due to the adoption of, or any change in any applicable law or regulation (including, without limitation, any tax law) (an **Applicable Regulation**), or (B) due to the promulgation of, or any change in or new interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxation authority), the Calculation Agent determines in good faith that (X) it has or will become illegal or contrary to any Applicable Regulation for the Hedging Party, to hold, acquire or dispose of Hedged Positions in relation to its Securities, or (Y) it will incur a materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Share if a Change in Law occurs.

***(k) Insolvency Filing***

**Insolvency Filing** means that the Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Company shall not be deemed an Insolvency Filing.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Share if an Insolvency Filing occurs.

**(l) Hedging Disruption**

**Hedging Disruption** means that the Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that it deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk generated by issuing the relevant Security and performing its obligations thereunder, or (B) realise, recover or remit the proceeds generated by any such transaction(s) or asset(s).

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Share if a Hedging Disruption occurs

**(m) Increased Cost of Hedging**

Increased Cost of Hedging means that the Hedging Party would incur a materially increased (as compared with the circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk of entering into and performing its obligations with respect to the relevant Security, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an Increased Cost of Hedging.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Share if an Increased Cost of Hedging occurs.

**(iii) Additional methods of adjustment for Depository Receipts**

- (i) If the Share specified in the applicable Final Terms is an Underlying Share (Depository Receipt), the provisions of paragraph (ii) above (*Adjustment methods applicable to Shares*) shall apply, with references to Share being replaced by references to the Underlying Share.
- (ii) If the Deposit Agreement is terminated, the Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Underlying Share.

**(iv) Additional methods of adjustment for ETFs**

If the Share specified in the applicable Final Terms is an ETF Unit, the following provisions shall apply.

**(a) Adjustment of the ETF Underlying Index**

The Calculation Agent may implement Substitution of the relevant Share if (i) the sponsor of the ETF Underlying Index materially amends the formula or method for calculating the ETF Underlying Index or makes any other material modification to the ETF Underlying Index (other than any modification prescribed in such formula or method in order to maintain the ETF Underlying Index in the event of change to any of the shares comprised in the ETF Underlying Index, capitalisation or any other routine event), or (ii) the sponsor of the ETF Underlying Index fails to calculate and publish the ETF Underlying Index and no successor index using, in the opinion of the Calculation Agent, a substantially similar formula and calculation method to that used for calculating the ETF Underlying Index is published, resulting in a material change to the price of the Shares.

**(b) Change in Investment Policy**

The Calculation Agent may implement Substitution of the relevant Share if the ETF Advisor of the Company makes or announces its intention to make a change to the investment objectives, risk profile or other investment guidelines

of the Company, in any material respect, or makes any other substantial change to the terms and conditions of the Company, to the extent that the Shares cease, or are reasonably likely to cease, to replicate the ETF Underlying Index.

**(c) *Liquidation***

The Calculation Agent may implement Substitution of the relevant Share if due to the winding-up or voluntary or judicial liquidation of the ETF Administrator, the Shares have to be transferred to a manager, trustee, liquidator or other similar official, or the holders of the Shares are legally prohibited from transferring them.

**(v) General provisions**

- (i) If several Events occur, the adjustments (if any) to the terms of the Securities for the second Event and subsequent Events shall be made to the terms of the Securities, as adjusted pursuant to previous Events.
- (ii) The Calculation Agent shall, as soon as reasonably practicable in the circumstances, having made adjustments or modifications to the terms of the Securities in accordance with these Conditions, notify the Issuer and the Principal Paying Agent, following which the Issuer or the Principal Paying Agent shall give notice of such adjustment and/or modification to the Holders of the Securities in accordance with Condition 19.
- (iii) Any Cash Settlement pursuant to Condition 6.4 shall be made within a period of ten (10) Business Days from the date of the relevant notice and any Physical Settlement pursuant to Condition 19 shall be made as soon as possible.

## 5.8 MARKET DISRUPTION EVENTS AND ADJUSTMENTS FOR INDEX OR INDEX BASKET

### A. Definitions

#### (i) Common definitions for Securities linked to a Mono-Exchange Index, a Multi-Exchange Index and a Proprietary Index

**Event Effective Date** means the effective date of the Event, as determined by the Calculation Agent.

**Exchange Business Day** means either (i) in the case of a single Index, an Exchange Business Day (Single Index Basis), or (ii) in the case of an Index Basket (a) an Exchange Business Day (All Indices Basis) or (b) an Exchange Business Day (Per Index Basis), in each case as specified in the applicable Final Terms, provided that if no Exchange Business Day is specified in the relevant Final Terms, Exchange Business Day (All Indices Basis) shall be deemed to apply.

**Hedged Position** means the purchase, sale, execution or holding of one or more (i) positions or contracts on securities, options, futures, derivatives or currencies, (ii) securities lending transactions, or (iii) other instruments or agreements (however described) made to hedge the risk relating to execution and performance of the Issuer's obligations under the Securities, whether individually or on a portfolio basis.

**Index Basket** means a basket comprising each Index specified in the applicable Final Terms, each having, if necessary, the relevant Weightings specified in the applicable Final Terms.

**Index** means the index (or the indices in case of an Index Basket) to which the Securities are linked, as specified in the applicable Final Terms, as calculated or published by the relevant Sponsor, subject to adjustment or a replacement at any time, in accordance with paragraph C below.

**Quantity** means the number of Indices for a Security, as specified the applicable Final Terms.

**Related Exchange** means (except for Proprietary Index for which the definition of Related Exchange as specified in Condition 5.8 A (iv) will apply) each exchange or quotation system specified as such for a relevant Index in the applicable Final Terms to which trading in futures or options contracts relating to such Index are principally traded, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

**Scheduled Closing Time** means, in respect of an Exchange or a Reference Market, as the case may be, or a Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Reference Market, as the case may be, or Related Exchange on such Scheduled Trading Day, without regard to after-hours or any other trading outside of the regular trading sessions.

**Scheduled Trading Day** means (i) in the case of a single Index, a Scheduled Trading Day (Single Index Basis), or (ii) in the case of an Index Basket (a) a Scheduled Trading Day (All Indices Basis) or (b) a Scheduled Trading Day (Per Index Basis), in each case as specified in the applicable Final Terms, provided that if no Scheduled Trading Day is specified in the relevant Final Terms, Scheduled Trading Day (All Indices Basis) shall be deemed to apply.

**Scheduled Valuation Date** means the initial date which, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date, an Observation Date or a Determination Date, as the case may be.

**Sponsor** means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly

or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the entity specified for such Index in the applicable Final Terms, subject to adjustment or replacement at any time, in accordance with paragraph C below.

**Substitute Index** means an index (i) which is not the Index of the Security and (ii) which, in the opinion of the Calculation Agent, has similar characteristics to those of the excluded Index (geographical zone, business sector, currency, liquidity of futures and/or options contracts used for hedging, dividend calculation methodology or any other relevant parameter in the opinion of the Calculation Agent).

**Substitution** means cessation by the Calculation Agent of indexation of the Securities to the Index and its replacement with a Substitute Index or in the case of an Index Basket, crystallisation of the fair market value of the Index on the relevant Event Effective Date.

**Weighting** or **Wi** means, for each Index comprised in the Index Basket, the percentage or fraction specified as such, in respect of such Index, in the applicable Final Terms.

(ii) **Specific definitions for Securities linked to a Mono-Exchange Index**

**Exchange Business Day (All Indices Basis)** means, with respect to any Indices comprised in an Index Basket, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions in respect of such Indices, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Business Day (Per Index Basis)** means, in respect of an Index comprised in an Index Basket, any Scheduled Trading Day on which the Exchange and the Related Exchange of such Index are open for trading during their respective trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Business Day (Single Index Basis)** means any Scheduled Trading Day on which the Exchange and the Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Exchange** means each exchange or quotation system specified as such for the Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in securities comprised in such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities comprised in such Index on such temporary substitute exchange or quotation system as on the original Exchange).

**Mono-Exchange Index** means any Index specified as such in the applicable Final Terms, subject to adjustment or replacement at any time, in accordance with paragraph C below.

**Scheduled Trading Day (All Indices Basis)** means, in respect of any Indices comprised in an Index Basket, any day on which each Exchange and each Related exchange are scheduled to be open for trading for their respective regular trading sessions in respect of such Indices.

**Scheduled Trading Day (Per Index Basis)** means, in respect of an Index comprised in an Index Basket, any day on which the Exchange and the Related Exchange of such Index are scheduled to be open for trading during for their respective regular trading sessions.

**Scheduled Trading Day (Single Index Basis)** means any day on which the Exchange and the Related Exchange are scheduled to be open for trading during for their respective regular trading sessions.

**Valuation Time** means (a) the Valuation Time specified in the applicable Final Terms; or (b) if no such time is specified in the applicable Final Terms, the Scheduled Closing Time on the Exchange on the relevant Valuation Date, Observation Date and/or Determination Date, as the case may be. If the Exchange closes prior to its Scheduled

Closing Time and the Valuation Time falls after the actual closing time for a regular trading session, then the Valuation Time shall be the actual closing time.

***(iii) Specific definitions for Securities linked to a Multi-Exchange Index***

**Component** means, for a Multi-Exchange Index, each security in such Multi-Exchange Index.

**Exchange Business Day (All Indices Basis)** means, with respect to any Indices comprised in an Index Basket, any Scheduled Trading Day on which (a) the Sponsor publishes the level of such Multi-Exchange Indices and (b) each Related Exchange (if applicable) is open for trading during its regular trading session for such Multi-Exchange Indices, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Business Day (Per Index Basis)** means, in respect of an Index comprised in an Index Basket, any Scheduled Trading Day on which (a) the Sponsor publishes the level of such Multi-Exchange Index and (b) the Related Exchange is open for trading during its regular trading session for such Multi-Exchange Index, notwithstanding such Related Exchange closings prior to its Scheduled Closing Time.

**Exchange Business Day (Single Index Basis)** means any Scheduled Trading Day on which (a) the Sponsor publishes the level of the Multi-Exchange Index and (b) the Related Exchange, if applicable, is open for trading during its regular trading session for such Multi-Exchange Index, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time.

**Exchange** means for each Component, the principal stock exchange on which such Component is principally traded, as determined by the Calculation Agent.

**Multi-Exchange Index** means any Index specified as such in the applicable Final Terms, subject to adjustment or replacement at any time, in accordance with paragraph C below.

**Scheduled Trading Day (All Indices Basis)** means, in respect of any Indices comprised in an Index Basket, any day on which (a) the Sponsor is scheduled to publish the level of such Multi-Exchange Indices and (b) each Related Exchange is scheduled to be open for trading for its regular trading session for such Multi-Exchange Indices.

**Scheduled Trading Day (Per Index Basis)** means, in respect of an Index comprised in an Index Basket, any day on which (a) the Sponsor is scheduled to publish the level of such Multi-Exchange Index and (b) the Related Exchange is scheduled to be open for trading for its regular trading session for such Multi-Exchange Index.

**Scheduled Trading Day (Single Index Basis)** means a day on which (a) the relevant Sponsor is scheduled to publish the level of such Multi-Exchange Index and (b) the relevant Related Exchange, if any, is scheduled to be open for trading for its regular trading session for such Multi-Exchange Index.

**Valuation Time** means (a) the Valuation Time specified in the applicable Final Terms; or (b) if not so specified in the applicable Final Terms, (i) for the purposes determining whether a Market Disruption Event has occurred (x) in respect of any Component, the Scheduled Closing Time on the Exchange in respect of such Component and (y) in respect of any futures or options contracts of the Index, the close of trading on the Related Exchange; and (ii) in all other cases, the time at which the official closing level of the Index is calculated and published by the Sponsor.

***(iv) Specific definitions for Securities linked to a Proprietary Index***

**Closing Level** means the official level of the Proprietary Index, as published by the Sponsor on a relevant Scheduled Trading Day.

**Debt Security Instrument** means a Debt Instrument (as such term is defined in Condition 5.14) that forms part of a Proprietary Index.

**Equity Instrument** means a Share (as such term is defined in Condition 5.7) that forms part of a Proprietary Index.



**Exchange Business Day (All Indices Basis)** means, with respect to any Proprietary Indices comprised in an Index Basket, any Scheduled Trading Day on which the Sponsor publishes the Closing Level of such Proprietary Indices.

**Exchange Business Day (Per Index Basis)** means, in respect of a Proprietary Index comprised in an Index Basket, any Scheduled Trading Day on which the Sponsor publishes the Closing Level of such Proprietary Index.

**Exchange Business Day (Single Index Basis)** means in respect of a Proprietary Index any Scheduled Trading Day on which the Sponsor publishes the Closing Level of the Proprietary Index pursuant to the Index Rules.

**Fund Instrument** means a Fund Unit (as such term is defined in Condition 5.10) that forms part of a Proprietary Index.

**Futures Contract Instrument** means a Futures Contract (as such term is defined in Condition 5.11) that forms part of a Proprietary Index.

**Index Advisor** means the entity responsible for providing the Sponsor and/or the Index Calculation Agent, with the information necessary for calculating and maintaining the Proprietary Index, in particular with respect to selection of Index Components, as specified in the applicable Final Terms.

**Index Component** means an Equity Instrument, a Fund Instrument, an Index Instrument, a Futures Contract Instrument and/or a Debt Security Instrument, as the case may be.

**Index Instrument** means an Index (as such term is defined in Condition 5.8 and which may encompass, for the avoidance of doubt, a Proprietary Index) that forms part of a Proprietary Index.

**Index Rules** means the methodology of the Proprietary Index described in the sections entitled General Methodology of Exane Indices and Specific Methodology of Exane Indices, as amended, supplemented or replaced from time to time.

**Proprietary Index** means any Index being one of the proprietary indices appearing in the sections entitled Specific Methodology of Proprietary Indices and as specified in the applicable Final Terms, subject to adjustment or replacement at any time, in accordance with paragraph C below.

**Reference Market** means the principal market or quotation system on which, as the Calculation Agent may determine in good faith, the relevant Index Components are traded and which offers the greatest liquidity for such Index Components, or any successor or replacement market or quotation system.

**Related Exchange** means each market or quotation system on which trading has a material effect (as determined by the Calculation Agent) on the market as a whole for futures and options contracts on the relevant Index Components, or any successor or replacement market or quotation system.

**Scheduled Trading Day (All Indices Basis)** means, in respect of any Proprietary Indices comprised in an Index Basket, any day on which the Sponsor is scheduled to publish the Closing Level of such Proprietary Indices.

**Scheduled Trading Day (Per Index Basis)** means, in respect of a Proprietary Index comprised in an Index Basket, any day on which the Sponsor is scheduled to publish the Closing Level of such Proprietary Index.

**Scheduled Trading Day (Single Index Basis)** means, in respect of a Proprietary Index, any day on which the Sponsor is scheduled to publish the Closing Level of the Proprietary Index pursuant to the Index Rules.

**Substitute Proprietary Index** means an index (i) which is not the relevant Proprietary Index and (ii) which, in the opinion of the Calculation Agent, has similar characteristics to those of the excluded Proprietary Index (strategy, currency, asset class, geographical or economic sector).

**Valuation Time** means, unless provided otherwise in the applicable Final Terms, the time at which the Closing Level is published by the Sponsor pursuant to the Index Rules.

**B. Market Disruption Event**

**(i) Definitions**

**(a) *Specific definitions for Securities linked to a Mono-Exchange Index***

**Disrupted Day** means a Scheduled Trading Day on which (i) the relevant Exchange and/or Related Exchange fails to open for trading during its regular trading session or (ii) a Market Disruption Event has occurred.

**Early Closure** means the closure, on any Exchange Business Day, of any relevant Exchange(s) relating to securities that comprise 20 per cent or more of the level of the Index, or, if applicable, of the Related Exchange(s) prior to its Scheduled Closing Time, unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day, and (ii) the submission deadline for orders to be entered into the Exchange or, if applicable, Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

**Exchange Disruption** means any event (other than an Early Closure or Trading Disruption) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, on any relevant Exchange(s) in securities that comprise 20 per cent or more of the level of the Index or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Index, on any relevant Related Exchange.

**Market Disruption Event** means the occurrence or existence (i) of a Trading Disruption, (ii) an Exchange Disruption, which the Calculation Agent determines, in each case, is material at any time during the one hour period that end at the relevant Valuation Time, or (iii) an Early Closure. To determine whether a Market Disruption Event exists for such Index at any time, if a Market Disruption Event occurs in respect of any security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to such security, and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

**Trading Disruption** means any suspension or limitation on trading imposed by the Exchange or, if applicable, the relevant Related Exchange or otherwise (other than an Early Closure or an Exchange Disruption), and whether by reason of movements in price exceeding limits permitted by the Exchange or the relevant Related Exchange or otherwise, (i) on any relevant Exchange(s) relating to securities that comprise 20 per cent or more of the level of the Index, or (ii) in futures or options contracts relating to the Index on the relevant Related Exchange.

**(b) *Specific definitions for Securities linked to a Multi-Exchange Index***

**Disrupted Day** means a Scheduled Trading Day on which (i) the Sponsor does not publish the Index level or (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred.

**Early Closure** means the closure, on any Exchange Business Day, of the Exchange relating to any Component or of the Related Exchange prior to its Scheduled Closing Time, unless such earlier closing time is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or such Related Exchange (as the case may be) on such Exchange Business Day, or (ii) the submission deadline for orders to be entered into the Exchange or, if applicable, Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**Exchange Disruption** means any event (other than an Early Closure or Trading Disruption) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or

obtain market values for: (i) any Component on the Exchange in respect of such Component; (ii) futures or options contracts relating to such Index, on the Related Exchange.

**Market Disruption Event** means either:

(i) (a) the occurrence or existence, in respect of any Component:

1. of a Trading Disruption in respect of such Component, which the Calculation Agent determines is material, at any time during the one-hour period that ends at the Valuation Time in respect of the Exchange on which such Component is principally traded; and/or

2. of an Exchange Disruption in respect of such Component, which the Calculation Agent determines is material at any time during the one-hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component is principally traded; and/or

3. of an Early Closure in respect of such Component; and

(b) the aggregate of all Components in respect of which a Trading Disruption and/or an Exchange Disruption and/or an Early Closure occurs or exists, comprises 20 percent or more of the level of the Index; or

(ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (a) a Trading Disruption, (b) an Exchange Disruption, which the Calculation Agent determines, in each case, is material, at any time during the one-hour period that ends at the Valuation Time on the Related Exchange, or (iii) an Early Closure, in each case in respect of such futures or options contracts.

To determine whether a Market Disruption Event exists in respect of a Component at any time, if a Market Disruption Event occurs in respect of such Component at that time, then the relevant percentage contribution of that Component to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component to (y) the overall level of the Index, using, in each case, the official opening weightings, as published by the Sponsor as part of the market “opening data”.

**Trading Disruption** means any suspension or limitation on trading imposed by the Exchange or, if applicable, the relevant Related Exchange or otherwise (other than an Early Closure or Exchange Disruption), and whether by reason of movements in price exceeding limits permitted by the Exchange or the relevant Related Exchange or otherwise (i) relating to any Component on the Exchange in respect of such Component or (ii) futures or options contracts relating to such Index, on the Related Exchange.

*(c) Specific definitions for Securities linked to a Proprietary Index*

**Debt Security Disruption Event** means, in respect of a Debt Security Instrument:

(a) any suspension or limitation on trading imposed by the Reference Market or

(b) any suspension or limitation on trading on listed options contracts or futures contracts relating to the Debt Security Instrument, which the Calculation Agent determines is material and which occurs at any time during the one-hour period prior to the relevant Valuation Time or

(c) any suspension of publication on the relevant screen page of the Debt Security Instrument or the unavailability of *clean bid* prices from at least two market participants.

**Disrupted Day** means any Scheduled Trading Day on which a Market Disruption Event occurs.

**Equity Disruption Event** means, in respect of an Equity Instrument the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which the Calculation Agent determines is material and which occurs at

any time during the one-hour period prior to the relevant Valuation Time, or (iii) an Early Closure. For the purpose hereof:

- **Early Closure** means the closure, on any Exchange Business Day, of the Reference Market or, as the case may be, the Related Exchange prior to its Scheduled Closing Time, unless such early closing time has been announced by such Reference Market or by such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Reference Market or Related Exchange, as the case may be, on such Exchange Business Day, or (ii) the submission deadline for orders to be entered into the relevant Reference Market or, as the case may be, the Related Exchange system for execution at the Valuation Time on such Exchange Business Day.
- **Exchange Disruption** means any event (other than an Early Closure or a Trading Disruption) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Equity Instruments on the relevant Reference Market, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Equity Instrument on the Related Exchange.
- **Trading Disruption** means any suspension of or limitation imposed on trading by the relevant Reference Market or, as the case may be, the Related Exchange or otherwise (other than an Early Closure or Exchange Disruption), whether by reason of movements in price exceeding limits permitted by the relevant Reference Market or relevant Related Exchange or otherwise, (i) relating to such Share on the relevant Reference Market, or (ii) in futures or options contracts relating to such Equity Instrument on the relevant Related Exchange.

**Fund Disruption Event** means, in respect of a Fund Instrument, the occurrence or existence of (i) Valuation Disruption, (ii) a Settlement Disruption or (iii) a Liquidity Disruption, that the Calculation Agent determines is material. For the purpose thereof:

- **Liquidity Disruption** means, in respect of a Fund Instrument, any suspension, limitation or delay affecting the settlement of such Fund Instrument, whether in accordance with the provisions of the Fund Documents or for any other reason.
- **Settlement Disruption** means, in respect of a Fund Instrument on any date, failure by the Fund to pay the full amount (whether expressed as a percentage or otherwise) of the Settlement Proceeds due in respect of such Fund Instrument, as such amount should have been paid at the latest by such date in accordance with the Fund Documents (without giving effect to any gating, deferral, suspension or any other provision permitting the Fund to delay or refuse settlement of Fund Instruments).
- **Valuation Disruption** means that:
  - (a) the Net Asset Value of the Fund Instrument is not determined and/or published by the Fund (or the Fund Service Provider which generally determines such value) in accordance with the provisions of the Fund Documents;
  - (b) the determination and/or publication of the Net Asset Value of the Fund Instrument, in accordance with the Fund Documents, has/have been suspended; or
  - (c) the Net Asset Value of the Fund Instrument published by the Fund (or the Fund Service Provider which generally determines such value) is incorrect or misrepresents the Net Asset Value of the Fund Instrument, in the reasonable opinion of the Calculation Agent.

For the sake of clarity, any terms with a capital letter will have the meaning specified in Condition 5.10 except that where Fund Unit(s) appears, it will be replaced by “Fund Instrument(s)”.

**Futures Contract Disruption Event** means, in respect of a Futures Contract Instrument, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which the Calculation Agent determines, in each case, is material and which occurs at any time during the one-hour period prior to the relevant Valuation Time, or (iii) an Early Closure. For the purpose thereof:

- **Early Closure** means the closure, on any Exchange Business Day, of the relevant Reference Market prior to its Scheduled Closing Time, unless such early closing time has been announced by such Reference Market at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Reference Market on such Exchange Business Day, or (ii) the submission deadline for orders to be entered into the Reference Market system for execution at the Valuation Time on such Exchange Business Day.
- **Exchange Disruption** means any event (other than an Early Closure or a Trading Disruption) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, the Futures Contract Instrument on the Reference Market.
- **Trading Disruption** means any suspension of or limitation imposed on trading by the relevant Reference Market or otherwise (other than an Early Closure or Exchange Disruption), whether by reason of movements in price exceeding limits permitted by the relevant Reference Market or otherwise, in the relevant Futures Contract Instrument on the relevant Reference Market.

**Index Component Event** means the occurrence of any of the following events:

- in respect of a Proprietary Index whose Index Components include, without limitation, one or more Share Instruments, the occurrence of a Share Disruption Event affecting one or more of such Share Instruments; and
- in respect of a Proprietary Index whose Index Components include, without limitation, one or more Fund Instruments, the occurrence of a Fund Disruption Event affecting one or more of such Fund Instruments; and
- in respect of a Proprietary Index whose Index Components include, without limitation, one or more Index Instruments, the occurrence of an Index Disruption Event affecting one or more of such Index Instruments;
- in respect of a Proprietary Index whose Index Components include, without limitation, one or more Futures Contract Instruments, the occurrence of a Futures Contract Disruption Event affecting one or more of such Futures Contract Instruments.
- in respect of a Proprietary Index whose Index Components include, without limitation, one or more Debt Security Instruments, the occurrence of a Debt Security Disruption Event affecting one or more of such Debt Security Instruments.

**Index Disruption Event** means, in respect of an Index Instrument, the non-publication of the Closing Level by the Sponsor.

**Market Disruption Event** means the occurrence of any of the following events, in respect of which the Calculation Agent will determine whether such event is material: (a) the non-publication of the Closing Level or (b) an Index Component Event where the aggregate of all Index Components in respect of which an Index Component Event occurs or exists comprises 25 per cent. or more of the level of the Proprietary Index.

***(ii) Consequences of a Market Disruption Event***

***(a) Consequences of a Market Disruption Event for an Index (other than a Proprietary Index)***

If any Valuation Date (as defined in Condition 1.1 and accordingly may encompass an Observation Date and/or Determination Date) is a Disrupted Day, then :

(A) in the case of a Security on a single Index, such Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day, unless each of the eight Scheduled Trading Days is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date notwithstanding that such day is a Disrupted Day and (2) the Calculation Agent shall determine in good faith the level of the Index at the Valuation Time on such eighth Disrupted Day in accordance with the formula for and method of calculation the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted prices as of the Valuation Time on that eighth Scheduled Trading Day of each security comprises in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

(B) in the case of a Security on an Index Basket, the Valuation Date for all Indices of the Index Basket, included those not affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day for the Index affected by the occurrence of a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be Valuation Date for all Indices of the Index Basket, including the Index affected by the occurrence of a Disrupted Day, notwithstanding that such day is a Disrupted Day for the relevant affected Index and (2) the Calculation Agent shall determine in good faith the level of the Index at the Valuation Time on such eighth Disrupted Day in accordance with the formula for and method of calculation the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted prices as of the Valuation Time on that eighth Scheduled Trading Day of each security (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

***(b) Consequences of a Market Disruption Event for a Proprietary Index***

If any Valuation Date (as defined in Condition 1.1 and accordingly may encompass an Observation Date and/or a Determination Date) is a Disrupted Day for a Proprietary Index, then:

(A) in the case of a Security on a single Proprietary Index, such Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day in respect of such Proprietary Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date notwithstanding that such day is a Disrupted Day and (2) the Calculation Agent shall determine in good faith the level of such Proprietary Index at the Valuation Time on such eighth Disrupted Day, in accordance with the formula for and method of calculating such Proprietary Index last in effect prior to the occurrence of the first Disrupted Day, using the Reference Market traded or quoted prices as of the Valuation Time on that eighth Scheduled Trading Day of each Index Component (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant Index Component on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant Index Component as of the Valuation Time on that eighth Scheduled Trading Day).

(B) in the case of a Security on an Index Basket, the Valuation Date for all Proprietary Indices of the Index Basket, included those not affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day for the Proprietary Index affected by the occurrence of a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be Valuation Date for all Proprietary Indices of the Index Basket, including the Proprietary Index affected by the occurrence of a Disrupted Day, notwithstanding that such day is a Disrupted Day for the relevant affected Proprietary Index and (2) the Calculation Agent shall determine in good faith the level of such Proprietary Index at the Valuation Time on such eighth Disrupted Day in

accordance with the formula for and method of calculation such Proprietary Index last in effect prior to the occurrence of the first Disrupted Day using the Reference Market traded or quoted prices as of the Valuation Time on that eighth Scheduled Trading Day of each Index Component (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant Index Component on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant Index Component as of the Valuation Time on that eighth Scheduled Trading Day)

*(iii) Notices*

The Calculation Agent shall notify the Issuer, as soon as possible, if any Market Disruption Event occurs on any date which, in the absence of such Market Disruption Event, would have been the Valuation Date.

The Issuer shall notify the Holders as soon as possible of the occurrence of a Market Disruption Event, in accordance with Condition 19.

**C. Adjustments**

*(i) Principles*

If certain events defined in paragraphs (ii) and (iii) below and affecting an Index (an **Event**) occur, the Calculation Agent may, as regards Securities in respect of which the Event Effective Date falls on or prior to the Valuation Date (as defined in Condition 1.1 and accordingly may encompass an Observation Day and/or a Determination Date), continue to perform its obligations, subject to such adjustments as it considers necessary. To this end, the Calculation Agent shall apply one after another or alternatively as specified in the Final Terms:

- (a) the same method as that applied by the Related Exchange (if applicable) or any other relevant authority (the **Related Exchange Method**) (except for Proprietary Indices), or
- (b) the methods described in paragraphs (ii) and (iii) to adapt the Securities to the modifications to the Index or its Substitution (the **Calculation Agent Method**).

If the Calculation Agent determines that the Related Exchange Method or Calculation Agent Method is technically impossible to implement or inappropriate, it may (except for Proprietary Indices) make any other adjustment it deems necessary.

Failing the above, the Issuer may terminate its obligations by notifying the Holders, in accordance with Condition 19, of the fair market value of the Securities, as determined by the Calculation Agent. Settlement terms shall be implemented as soon as possible at the specified fair market value (the **Settlement Method**).

Notwithstanding the above, if such option is specified as being applicable in the applicable Final Terms, payment of the Capitalised Fair Market Value shall be made on the Settlement Date (the **Capitalised Fair Market Value Option**).

For the purposes of this paragraph, the "**Capitalised Fair Market Value**" means the fair market value of the Security capitalised between the Event Effective Date and the Settlement Date at the capitalised EONIA rate appearing on the Bloomberg EONCAPL7 Index screen page, or any other rate specified in the applicable Final Terms.

Any adjustment decided by the Calculation Agent shall take effect on each Valuation Date subsequent to the Event.

*(ii) Adjustment methods applicable to Indices (other than Proprietary Indices)*

If the Calculation Agent applies the Calculation Agent Method it may make the following adjustments.

To this end, the Events applicable to an Index are defined as follows and include Calculation and publication of an Index by a New Sponsor, Change in the calculation or replacement of an Index, Non-publication or cessation of calculation of an Index, Change in Law, Hedging Disruption and Increased Cost of Hedging.

**(a) Calculation and publication of an Index by a New Sponsor**

If an Index ceases to be calculated and/or published by the Sponsor of such Index, but is calculated and/or published by a successor acceptable to the Calculation Agent (the "**New Sponsor**"), the reference level of the Index shall be determined on the basis of the level of the Index as calculated and/or published by the New Sponsor.

The name of the New Sponsor and the terms and conditions for the calculation and/or distribution of the Index shall be notified as soon as possible to the Holders in accordance with Condition 19.

**(b) Change in the calculation or replacement of an Index**

If, the Sponsor or, if applicable, the New Sponsor announces that it will make a material change in the formula for or method of calculation that Index or in any other way materially modified that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalization and other routine event), or if the Sponsor replaces by a successor index using, in the determination of the Calculation Agent, the same or substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case such new Index must be used as the new underlying instrument of the Securities, the Calculation Agent may:

- (a) use the Index so calculated or replace the Index with the new index, as applicable, by multiplying it, if necessary, by a factor that ensures the continuity of the Index used as the underlying instrument for the Securities; the Index so calculated or the new index, as applicable, as well as the factor, if necessary, shall be notified as soon as possible to the Holders in accordance with Condition 19; or
- (b) make adjustments to the settlement, payment or any other terms of the Securities, including electing to proceed with Substitution of the affected Index.

**(c) Non-publication or cessation of calculation of an Index**

If, on the Valuation Date or an earlier date, the Sponsor or the New Sponsor fails to publish or definitively stops calculating the Index without providing a new Index, or if it is no longer possible to use the Index normally as the Index underlying the Securities, the Calculation Agent may make adjustments to the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the affected Index.

**(d) Change in Law**

**Change in Law** means that, on or after the Issue Date, (A) due to the adoption of, or any change in any applicable law or regulation (including, without limitation, any tax law) (an **Applicable Regulation**), or (B) due to the promulgation of, or any change in or new interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxation authority), the Calculation Agent determines in good faith that (X) it has or will become illegal or contrary to any Applicable Regulation for the Hedging Party, to to hold, acquire or dispose of Hedged Positions in relation to its Securities, or (Y) it will incur a materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Index if a Change in Law occurs.

**(e) Hedging Disruption**



**Hedging Disruption** means that the Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that it deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk generated by issuing the relevant Security and performing its obligations thereunder, or (B) realise, recover or remit the proceeds generated by any such transaction(s) or asset(s).

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Index if a Hedging Disruption occurs.

*(f) Increased Cost of Hedging*

**Incerased Cost of Hedging** means that the Hedging Party would incur a materially increased (as compared with the circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commission) to (A) acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk of entering into and performing its obligations with respect to the relevant Security, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an Increase Cost of Hedging.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Index if an Increased Cost of Hedging occurs.

*(iii) Additional methods of adjustment for Proprietary Indices*

*(a) Publication of a Substitute Proprietary Index*

If a Proprietary Index (i) ceases to be calculated by the Index Calculation Agent of such Proprietary Index and/or ceases to be published by the Sponsor of such Proprietary Index but is calculated by a replacement index calculation agent (the **Replacement Index Calculation Agent**) acceptable to the Calculation Agent and/or is published by a replacement sponsor (the **Replacement Sponsor**) acceptable to the Calculation Agent, or (ii) is replaced by a new proprietary index which uses, in the opinion of the Calculation Agent, the same or a substantially similar formula and calculation method as that used to calculate such Proprietary Index then, in each case, such substitute Proprietary Index (the **Substitute Proprietary Index**) shall be deemed to be the Proprietary Index.

*(b) Modification and cessation of calculation of a Proprietary Index*

If the Sponsor, or, if applicable, the Replacement Sponsor, announces that it will make a material change in the formula or method of calculating that Proprietary Index or in any other way materially modified that Proprietary Index (other than any modification prescribed in such formula or method in order to maintain such Proprietary Index in the event of change to any of the Index Components comprised in the Proprietary Index, their capitalisation or any other routine event) (**Proprietary Index Modification**) or permanently cancels the Proprietary Index and no Substitute Proprietary Index exists (**Proprietary Index Cancellation**), then the Calculation Agent may adjust the settlement, payment or any other terms of the Securities by, in particular, calculating the level of such Proprietary Index in accordance with the Index Rules in force prior to such modification or cancellation, but using only the Index Components immediately prior to such Proprietary Index Modification or Proprietary Index Cancellation, or the Calculation Agent may proceed with Substitution of the Proprietary Index.

*(c) Change of Index Advisor*

The Calculation Agent may proceed with Substitution of the relevant Proprietary Index if (i) the Index Advisor ceases to perform its functions and no satisfactory successor, in the opinion of the Calculation Agent, has been appointed to replace it within five (5) Exchange Business Days following such event, (ii) there is a change of control of the Index Advisor or (iii) the Index Advisor is no longer able, in the opinion of the Calculation Agent, to perform its functions with the same care and attention as prior to the Issue Date, in particular due to a legal or regulatory

decision or decision of a supervisory authority or is the subject of judicial reorganisation, liquidation or insolvency proceedings or, at any time, ceases to honour its debts or is the subject of a temporary or permanent withdrawal of its licence, or is the subject of disciplinary or administrative proceedings initiated by its supervisory authorities or acts in a fraudulent manner or any other event occurs which, in the opinion of the Calculation Agent, has a material adverse effect on the Proprietary Index.

**(d) Change in Law**

**Change in Law** means that, on or after the Issue Date, (A) due to the adoption of, or any change in any applicable law or regulation (including, without limitation, any tax law) (an **Applicable Regulation**), or (B) due to the promulgation of, or any change in or new interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxation authority), the Calculation Agent determines in good faith that (X) it has or will become illegal or contrary to any Applicable Regulation for the Hedging Party, to hold, acquire or dispose of Hedged Positions in relation to its Securities, or (Y) it will incur a materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement the Substitution of the relevant Proprietary Index if a Change in Law occurs.

**(e) Hedging Disruption**

**Hedging Disruption** means that the Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that it deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk generated by issuing the relevant Security and performing its obligations thereunder, or (B) realise, recover or remit the proceeds generated by any such transaction(s) or asset(s).

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Proprietary Index if a Hedging Disruption occurs.

**(f) Increased Cost of Hedging**

**Incerased Cost of Hedging** means that the Hedging Party would incur a materially increased (as compared with the circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commission) to (A) acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk of entering into and performing its obligations with respect to the relevant Security, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an increase cost of hedging.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Proprietary Index if an Increased Cost of Hedging occurs.

**(iv) General**

- (i) If several Events occur, the adjustments (if any) to the terms of the Securities for the second Event and subsequent Events shall be made to the terms of the Securities, as adjusted pursuant to previous Events.
- (ii) The Calculation Agent shall, as soon as reasonably practicable in the circumstances, having made adjustments or modifications to the terms of the Securities in accordance with these Conditions, notify the Issuer and the Principal Paying Agent, following which the Issuer or the Principal Paying Agent shall give notice of such adjustment and/or modification to the Holders of the Securities in accordance with Condition 19.

- (iii) Any Cash Settlement pursuant to Condition 6.4 shall be made within a period of ten (10) Business Days from the date of the relevant notice.

## 5.9 MARKET DISRUPTION EVENTS AND ADJUSTMENTS FOR COMMODITY OR COMMODITIES BASKET

### A. Definitions

**Barrier** means the Commodity Price specified as such in the applicable Final Terms, subject to adjustment in accordance with paragraph C below

**Basket** means a basket comprising Commodities, as specified in the applicable Final Terms, in such proportion or number of Commodities as is specified in the applicable Final Terms.

**Commodity Business Day** means for a Commodity (other than Precious Metals) in respect of which the Commodity Reference Price is not a Price announced or published by an Exchange, a day on which the Sponsor of the Commodity Reference Price or the Price Source has published (or would, but for the occurrence of a Market Disruption Event, have published) a Price; and in respect of any Precious Metal, any day on which commercial banks are open in London and New York and in any place which the Issuer or the Calculation Agent may determine is the place where payment shall or must be made for such Precious Metals pursuant to any related Hedging Agreements.

**Commodity** means subject to adjustment in accordance with paragraph C below, (a) (i) a commodity, (ii) options contracts relating to a commodity, (iii) futures contracts relating to a commodity, (iv) options contracts relating to futures contracts on a commodity, (v) swap contracts relating to any of the elements referred to in (i) to (iv), or (vi) any other contract, derivative or otherwise, relating to a commodity, or (b) Precious Metals, if specified as the commodity referred to in (i) to (iv) above, as specified in the applicable Final Terms. All related expressions shall be construed accordingly.

**Commodity Reference Broker Price** means that the Price on any given date shall be determined on the basis of quotations, provided by Commodity Reference Brokers or Precious Metals Reference Brokers, as the case may be, indicating the Price of the relevant Commodity on such date. If four requested quotations are provided, the Price for such date shall be the arithmetic average of the Prices for such Commodity, transmitted by each Reference Broker or Precious Metals Reference Broker, as the case may be, excluding the highest quoted Price and the lowest quoted Price. If three requested quotations are provided, the Price for such date shall be the Price transmitted by the Reference Broker or the Precious Metals Reference Broker, as the case may be, that remains having excluded the highest quoted Price and the lowest quoted Price. For this purpose, if more than one quotation specifies the same highest and lowest values, one such quoted Price shall be excluded. If less than three quotations are provided, it shall be deemed to have been impossible to determine the Price on such date.

**Commodity Reference Brokers** means in respect of a Commodity (other than Precious Metals) for which the Commodity Reference Price is the Commodity Reference Broker Price, the four brokers specified in the applicable Final Terms or, if none are specified, four prime brokers on the relevant market, selected by the Issuer.

**Commodity Reference Price** means, in respect of any Commodity, the reference price specified in the applicable Final Terms.

**Commodity Reference Price Sponsor** means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Commodity Reference Price and (b) announces (directly or indirectly) the Commodity Reference Price on a regular basis during each Business Day, specified as such in the applicable Final Terms, subject to adjustment in accordance with paragraph C below.

**Event Effective Date** means, for the purposes of a Market Disruption Event, the date on which the relevant Event becomes effective.

**Exchange Business Day (All Commodities Basis)** means, in respect of a Commodity Basket, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any closure of an Exchange or Related Exchange prior to the Scheduled Closing Time.

**Exchange Business Day (Per Commodity Basis)** means, in respect of a Commodity Basket, any day on which the relevant Exchange and Related Exchange associated with such Commodity are open for trading during their respective regular trading sessions.

**Exchange Business Day (Single Commodity Basis)** means any Scheduled Trading Day on which the relevant Exchange and Related Exchange, if applicable, are open for trading during their respective regular trading sessions, notwithstanding any closure of an Exchange or Related Exchange prior to the Scheduled Closing Time.

**Exchange Business Day** means either (i) in the case of a Commodity, an Exchange Business Day (Single Commodity Basis), or (ii) in the case of a Commodity Basket (a) an Exchange Business Day (All Commodities Basis) or (b) an Exchange Business Day (Per Commodity Basis), in each case as specified in the applicable Final Terms, provided that if no Exchange Business Day is specified in the relevant Final Terms, Exchange Business Day (All Commodities Basis) shall be deemed to apply.

**Exchange** means the principal exchange or regulated market on which the Commodity is traded, as specified in the applicable Final Terms.

**Gold** means gold bars or non-allocated gold complying with LBMA rules, unless provided otherwise in the applicable Final Terms, relating to good delivery and fineness, in force at any time.

**Hedged Position** means any purchase, sale, execution or holding of one or more (i) positions or contracts on securities, options, futures, derivatives or currencies, (ii) securities lending transactions, or (iii) other instruments or agreements (however described) made to hedge the risk relating to execution and performance of the Issuer's obligations under the Securities, whether individually or on a portfolio basis.

**Hedging Agreement** means all hedging agreements entered into by the Issuer (and/or any of its affiliates) or any entities party to the Hedging Agreements entered into at any time to hedge the Securities, including, without limitation, the purchase and/or sale of any securities, options, futures contracts on such securities, all certificates or hybrid securities, as the case may be, of deposit relating to such securities and all related currency transactions.

**Initial Observation Date** shall have the meaning given thereto in the Technical Annex.

**Initial Price** means the price for a Commodity specified as such in the applicable Final Terms or, if no such price is specified in the applicable Final Terms, the price for such Commodity as determined by the Calculation Agent at the Valuation Time on the relevant Exchange on the Initial Observation Date, subject to adjustment at any time in accordance with the provisions of paragraph C below.

**LBMA** means the London Bullion Market Association, or its successor.

**LPPM** means the London Platinum and Palladium Market, or its successor.

**Material Composition Change** means, in respect of a Commodity, the occurrence since the Issue Date of a material change in the content, composition or constitution of the relevant Commodity.

**Material Formula Change** means, in respect of a Commodity, the occurrence since the Issue Date of a material change in the formula or method of calculation of the Reference Price of the relevant Commodity.

**Material Price Differential Percentage** means the percentage, if any, specified in the applicable Final Terms.

**Mono-Exchange Basket** means, in respect of a Commodities Basket specified as being a Mono-Exchange Basket in the applicable Final Terms, the fact that each Commodity comprised in such Commodity Basket is, or is deemed to be, traded on the same market, such that the definitions set forth in this Condition 5.9, shall apply to such Mono-Exchange Basket and each of the Commodities comprised in such Commodity Basket.

**Multi-Exchange Basket** means, in respect of a Commodities Basket specified as being a Multi-Exchange Basket in the applicable Final Terms, the fact that the Commodities comprised in such Commodity Basket are, or are deemed to be, traded on several markets, such that the definitions set forth in this Condition 5.9, shall apply to such Commodity Basket and to each of the Commodities comprised therein.

**Palladium** means palladium ingots or plaques or non-allocated palladium complying with LPPM rules, unless provided otherwise in the applicable Final Terms, relating to good delivery and fineness, in force at any time.

**Platinum** means platinum ingots or plaques or non-allocated platinum complying with LPPM rules, unless provided otherwise in the applicable Final Terms, relating to good delivery and fineness, in force at any time.

**Precious Metals** means Gold, Silver, Platinum or Palladium, or any other metal specified in the applicable Final Terms, as the case may be.

**Precious Metals Reference Brokers** means, in respect of any Precious Metals for which the Commodity Reference Price is the Commodity Reference Broker Price, the four leading brokers (members of the LBMA) specified in the Final Terms, or if such Precious Metals Reference Brokers are not so specified, those chosen by the Calculation Agent, unless provided otherwise in the applicable Final Terms.

**Price** means the price, level or rate of the relevant Commodity, as the case may be.

**Price Source Disruption** means in respect of a Commodity (a) the failure by the relevant Price Source to announce or publish the Price (or the necessary information to determine the Price) for the Reference Price of the relevant Commodity; (b) the disappearance or temporary or permanent unavailability of the Price Source; (c) if the Commodity Reference Price is the Commodity Reference Broker Price, the inability to obtain at least three quotations from the Commodity Reference Brokers or Precious Metals Reference Brokers, as the case may be; or (d) if the applicable Final Terms specify that the Material Price Differential Percentage applies, the fact that the Price of the relevant Commodity determined by reference to the Commodity Reference Price differs from the Price determined by reference to the Commodity Reference Broker Price, where such difference reaches the Material Price Differential Percentage.

**Price Source** means the publication (or any other reference source, in particular an Exchange or a Commodity Reference Price Sponsor) containing (or publishing) the relevant price (or the price used as the basis for calculating the relevant price) specified in the relevant Commodity Reference Price.

**Quantity** means the number of Commodities for a Security, as specified in the applicable Final Terms.

**Related Exchange** means an organised market on which futures contracts and/or options on a Commodity are traded, as specified in the applicable Final Terms or any successor market or any other market that may be nominated subsequently by the Issuer to replace the Related Exchange specified in the applicable Final Terms.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on the relevant Scheduled Trading Day, without regard to after-hours or any other trading outside of the regular trading sessions.

**Scheduled Trading Day (All Commodities Basis)** means, in respect of a Commodity Basket, any day on which each Exchange and each Related Exchange associated with all of the Commodities comprised in the Commodity Basket are scheduled to be open for trading during their regular trading sessions.

**Scheduled Trading Day (Per Commodity Basis)** means, in respect of a Commodity Basket, any day on which the relevant Exchange and Related Exchange associated with such Commodity are scheduled to be open for trading during their regular trading sessions.

**Scheduled Trading Day (Single Commodity Basis)** means any day on which the relevant Exchange and relevant Related Exchange are scheduled to be open for trading during their regular trading sessions.

**Scheduled Trading Day** means either (i) in the case of a Commodity, Scheduled Trading Day (Single Commodity Basis), or (ii) in the case of a Commodity Basket, (a) Scheduled Trading Day (All Commodities Basis) or (b) Scheduled Trading Day (Per Commodity Basis), in each case as specified in the applicable Final Terms, provided that if no Scheduled Trading Day is specified as being applicable in the relevant Final Terms, Scheduled Trading Day (All Commodities Basis) shall be deemed to apply.

**Silver** means silver bars or non-allocated silver complying with LBMA rules, unless provided otherwise in the applicable Final Terms, relating to good delivery and fineness, in force at any time.

**Substitute Commodity** means a Commodity (i) which is not an Underlying of the Security and (ii) which, in the opinion of the Calculation Agent, has similar characteristics to those of the excluded Commodity (underlying, currency, maturity, liquidity of hedging instruments, or any other relevant parameter, in the opinion of the Calculation Agent).

**Substitution** means the cessation by the Calculation Agent of the indexation of the Securities to the Commodity and its replacement by a Substitute Commodity or, in the case of a Commodity Basket, the crystallisation at the fair market value of the Commodity on the relevant Event Effective Date.

**Valuation Time** means the time on the relevant Valuation Date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date.

**Weighting** or **Wi** means, in respect of each Commodity comprised in the Commodity Basket, the percentage or fraction specified, in respect of such Commodity, in the applicable Final Terms.

## **B. Market disruption events**

### **(i) Definitions**

**Disrupted Day** means a Scheduled Trading Day on which (i) the Exchange and/or Related Exchange are not open for trading for the regular trading session or (ii) the Commodity Reference Price Sponsor does not publish the Commodity Reference Price or (iii) a Market Disruption Event has occurred.

**Early Closure** means the closure, on any Exchange Business Day, of the Exchange or, if applicable, of the Related Exchange prior to its Scheduled Closing Time, unless such earlier closing time is announced by such Exchange or Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or such Related Exchange on such Exchange Business Day, or (ii) the submission deadline for orders to be entered into the Exchange or, if applicable, Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

**Market Disruption Event** means the occurrence or existence (i) of a Trading Disruption, (ii) a Market Disruption, (iii) a Price Source Disruption which the Calculation Agent determines is material and occurs at any time during the one hour period ending at the relevant Valuation Time, or (iii) an Early Closure.

**Market Disruption** means any event (other than an Early Closure or Trading Disruption or Price Source Disruption) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, Commodities on the relevant Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Commodity, on the Related Exchange.

**Scheduled Valuation Date** means the initial date which, but for the occurrence of an event causing a Disrupted Day would have been a Valuation Date.

**Trading Disruption** means any suspension or limitation on trading imposed by the Exchange or, if applicable, the relevant Related Exchange or otherwise, whether by reason of price fluctuations exceeding limits permitted by the Exchange or the relevant Related Exchange or otherwise, (i) in such Commodity on the relevant Exchange, or (ii) on futures or options contracts relating to such Commodity on the relevant Related Exchange.

*(ii) Consequences of a Market Disruption Event on a Valuation Date*

If a Valuation Date is a Disrupted Day, such Valuation Date shall be the next following Scheduled Trading Day which is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date notwithstanding that such day is a Disrupted Day and (2) the Calculation Agent shall determine in good faith the fair value of the Commodity at the Valuation Time on such eighth Disrupted Day.

*(iii) Notices*

The Calculation Agent shall notify the Issuer, as soon as possible, of the occurrence of a Market Disruption Event on any date which, in the absence of such Market Disruption Event, would have been the Valuation Date.

The Issuer shall, as soon as possible, notify the Holders of the occurrence of a Market Disruption Event, in accordance with the provisions of Condition 19.

**C. Adjustments**

*(i) Principles*

If certain events defined in paragraph (ii) below and affecting a Commodity (an **Event**) occur, the Calculation Agent may, as regards Securities in respect of which the Event Effective Date falls on or prior to the Valuation Date, continue to perform its obligations, subject to such adjustments as it considers necessary. To this end, the Calculation Agent shall apply one after another or alternatively as specified in the Final Terms:

- (a) the same method as that applied by the Related Exchange (if applicable) or any other relevant authority (the **Related Exchange Method**); or
- (b) the methods described in paragraph (ii) et seq. to adapt the Securities to the modifications to the Commodity or its Substitution (the **Calculation Agent Method**).

If the Calculation Agent determines that the Related Exchange Method or Calculation Agent Method is technically impossible to implement or inappropriate, it may make any other adjustment it deems necessary. Similarly, if the relevant Commodity is not governed by French law, the methods described in paragraph (ii) below may be modified to ensure compliance with local commercial practices and/or regulations.

Failing the above, the Issuer may terminate its obligations by notifying the Holders, in accordance with Condition 19, of the fair market value of the Securities, as determined by the Calculation Agent.

Settlement terms shall be implemented as soon as possible at the specified fair market value (the **Settlement Method**).

Notwithstanding the above, if such option is specified as being applicable in the applicable Final Terms, payment of the Capitalised Fair Market Value shall be made on the Settlement Date (the **Capitalised Fair Market Value Option**).



For the purposes of this paragraph, the "**Capitalised Fair Market Value**" means the fair market value of the Security capitalised between the Event Effective Date and the Settlement Date at the capitalised EONIA rate appearing on the Bloomberg EONCAPL7 Index screen page, or any other rate specified in the applicable Final Terms.

Any adjustment decided by the Calculation Agent shall take effect on each Valuation Date subsequent to the Event.

**(ii) Adjustment methods applicable to Commodities**

If the Calculation Agent applies the Calculation Agent Method, it may make the following adjustments.

**(a) *No price quotations for the Commodity***

If trading in the relevant Commodity on the Exchange or relevant Related Market does not commence or ceases definitively, the Calculation Agent may proceed with Substitution of the relevant Commodity.

**(b) *Disappearance of the Commodity Reference Price***

If the relevant Commodity Reference Price (i) is not determined, calculated or published by the Exchange or the Commodity Reference Price Sponsor, but is calculated by a successor exchange or successor Commodity Reference Price Sponsor, deemed acceptable by the Calculation Agent, or (ii) is replaced by a successor commodity which, in the opinion of the Calculation Agent, uses the same or substantially similar terms, formula and calculation method as those used to determine or calculate the Commodity Reference Price, the Calculation Agent may proceed with Substitution of the relevant Commodity.

**(c) *Change of Commodity Reference Price***

If the Exchange or relevant Commodity Reference Price Sponsor announces that it is to make a Material Formula Change, the Calculation Agent may either:

- calculate the Commodity Reference Price using the formula and calculation method for the Reference Price for such Commodity, in force immediately prior to the adjustment event; or
- implement Substitution of the relevant Commodity.

**(d) *Change of Commodity***

If the Exchange or relevant Commodity Reference Price Sponsor announces that it is to make a Material Composition Change, the Calculation Agent may either:

- calculate the Commodity Reference Price using the formula and calculation method for the Reference Price for such Commodity, in force immediately prior to the adjustment event; or
- implement Substitution of the relevant Commodity.

**(e) *Tax Disruption***

If, after the Issue Date, in respect of a Commodity, any government or taxation authority imposes, changes or abolishes any tax or duty charged on the relevant Commodity, the effect of which is to increase or reduce the Commodity Reference Price, the Calculation Agent may either:

- calculate the Commodity Reference Price using the formula and calculation method for the Reference Price for such Commodity, in force immediately prior to the adjustment event; or
- implement Substitution of the relevant Commodity.

***(f) Price Correction***

If the Price announced by the Exchange or by the Commodity Reference Price Sponsor, used by the Calculation Agent for the purpose of any determination, is subsequently corrected and if the correction is published by the Exchange or by the Commodity Reference Price Sponsor within two Scheduled Trading Days of the original publication, and, in any event, no later than the second Scheduled Trading Day immediately preceding the payment date of the amount due and payable under the Securities, to which the original determination relates, the Calculation Agent shall notify the corrected value to the Issuer, as soon as reasonably practicable and shall determine the relevant value.

If the result of the determination of the relevant value by the Calculation Agent differs from the result of the original determination, the Calculation Agent may, if it considers it necessary, acting reasonably but at its sole discretion, adjust all relevant provisions of these Conditions accordingly.

For the avoidance of doubt, the Holders may not bring any claim against the Issuer or the Calculation Agent if any original determination is not subsequently corrected and/or if the correction of the original determination is published by the Exchange or the Commodity Reference Price Sponsor after the second Scheduled Trading Day immediately preceding the payment date of the amount due and payable under the Securities, to which the original determination related.

***(g) Change of law***

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Commodity if, on or after the Issue Date, (A) due to the adoption of, or any change in any applicable law or regulation (including, without limitation, any tax law) or any order or decision of any regulatory or taxation authority or any rule, regulation or procedure of any stock exchange, or (B) due to the promulgation of, or any change in or new interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxation authority), the Calculation Agent determines in good faith that (X) it has become illegal or contrary to any applicable regulation for the Hedging Party, to hold, acquire or dispose of Hedged Positions in relation to its Securities, or (Y) it will incur a materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

***(h) Hedging disruption***

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Commodity if, the Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that it deems necessary to hedge the commodity risk generated by issuing the relevant Security and performing its obligations thereunder, or (B) realise, recover or remit the proceeds generated by any such transaction(s) or asset(s).

***(i) Increase in hedging costs***

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Commodity if, the Hedging Party incurs a materially increased (as compared with the circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the commodity risk generated by issuing the relevant Security and performing its obligations thereunder, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an increased cost of hedging.

***(iii) General provisions***

- (i) If several Events occur, the adjustments (if any) to the terms of the Securities for the second Event and subsequent Events shall be made to the terms of the Securities, as adjusted pursuant to previous Events.
- (ii) The Calculation Agent shall, as soon as reasonably practicable in the circumstances, having made adjustments or modifications to the terms of the Securities in accordance with these Conditions, notify the Issuer and the Principal Paying Agent, following which the Issuer or the Principal Paying Agent shall give notice of such adjustment and/or modification to the Holders of the Securities in accordance with Condition 19.
- (iii) Any Cash Settlement pursuant to Condition 6.4 shall be made within a period of ten (10) Business Days from the date of the relevant notice.

## 5.10 MARKET DISRUPTION EVENT AND ADJUSTMENTS FOR FUND OR FUNDS BASKET

### A. Definitions

**Assets Under Management** means the market value of the assets of the relevant Fund.

**Depository** means the entity acting as depository of the Fund, as specified in the applicable Final Terms.

**Event Effective Date** means the effective date of the Event, as determined by the Calculation Agent.

**Fund** means any collective investment scheme or structure governed by French or foreign law, or any sub-fund of a collective investment scheme or structure governed by French or foreign law, as specified in the applicable Final Terms, subject to adjustment or replacement at any time, in accordance with paragraph C below.

**Fund Administrator** means the administrator, manager, trustee or other similar person with principal administrative responsibility for the Fund, in accordance with the Fund Documents, as specified in the applicable Final Terms.

**Fund Adviser** means any person authorised to act as discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser of a discretionary manager or another non-discretionary investment adviser) for the Fund, as specified in the applicable Final Terms.

**Fund Basket** means a basket comprised of Fund Units specified in the applicable Final Terms, to which Weightings have been attributed as specified in the applicable Final Terms.

**Fund Business Day (All Funds Basis)** means, in respect of each Fund Unit comprised in a Fund Basket, any date on which a Valid Order may be executed by a Hypothetical Investor based on the Fund Documents in force on the Issue Date of the Securities.

**Fund Business Day (Per Fund Basis)** means, in respect of Fund Unit comprised in a Fund Basket, any date on which a Valid Order may be executed by a Hypothetical Investor based on the Fund Documents in force on the Issue Date of the Securities.

**Fund Business Day (Single Fund Basis)** means any date on which a Valid Order may be executed by a Hypothetical Investor based on the Fund Documents in force on the Issue Date of the Securities.

**Fund Business Day** means, either (i) in the case of a Fund, a Fund Business Day (Single Fund Basis) or (ii) in the case of a Fund Basket, (a) a Fund Business Day (All Fund Basis) or (b) Fund Business Day (Per Share Basis), in each case as specified in the applicable Final Terms, provided that, if no Fund Business Day is specified in the relevant Final Terms, Fund Business Day (Per Fund Basis) shall be deemed to apply. For the purpose of a Basket of Multi Underlyings Fund Business Day will mean “Scheduled Trading Day”. For the purpose of the Technical Annex and of the definitions in Condition 1.1 of “Exchange Business Day (All Multi Underlyings Basis)” and “Exchange Business Day (Per Multi Underlyings Basis)”, Fund Business Day will mean Exchange Business Day. **Fund Documents** mean, with respect to any Fund, the constitutive documents, subscription agreements and other agreements of the Fund specifying the terms and conditions relating to such Fund in force on the Issue Date of the relevant Securities.

**Fund Service Provider** means, in respect to any Fund, any person or entity who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified in the Fund Documents, including any Fund Adviser, Fund Administrator, manager, trustee, auditor or similar person with the primary administrative responsibilities for such Fund, operator, Management Company, Depository, custodian, subcustodian, prime broker, registrar and transfer agent, domiciliary agent.

**Fund Unit** means, in respect of a Fund, a share or unit of such Fund or, if the rights in such Fund are not represented by units or shares, a unit of account representing title to such right in such Fund.

**Hedged Position** means the purchase, sale, execution or holding of one or more (i) positions or contracts on securities, options, futures, derivatives, Fund Units or currencies, (ii) securities lending transactions, or (iii) other instruments or agreements (however described) made to hedge the risk relating to execution and performance of the Issuer's obligations under the Securities, whether individually or on a portfolio basis.

**Hypothetical Investor** means any hypothetical or real investor (as determined by the Calculation Agent in the context of the relevant situation) in a Fund Unit, who is deemed to have the rights and obligations, as specified in the relevant Fund Documents, of an investor holding a Fund Unit on the relevant date. The Calculation Agent may assume that the Hypothetical Investor is resident in a jurisdiction or incorporated in a jurisdiction, and that it is, without limitation, the Issuer, the Guarantor (if applicable), the Calculation Agent or any of their affiliates (as the Calculation Agent may determine in the context of the relevant situation).

**Management Company** means the entity acting as management company for the relevant Fund, as specified in the applicable Final Terms.

**Net Asset Value** means, in respect of a Fund, the net asset value of the Fund Unit, as calculated and published by any of its Fund Service Provider on the relevant date, it being specified that the Calculation Agent may adjust the net asset value of the Fund Unit to reflect, without duplication, the portion borne by the Fund Unit of all costs, commissions, expenses, charges, duties, taxes or deductions that may be payable and/or incurred in connection with the subscription or settlement of this Fund Unit

**New Fund Unit** means the unit or securities of the new fund in the case of a Merger or the unit or security resulting from a Spin-off (as the case may be), received upon such Event by a holder of Fund Units prior to such Event. Any substitution shall be made as soon as possible after the Event Effective Date, by reference to the applicable exchange parity, it being understood that, in the event that the original unit or security must be substituted for several different categories of units or shares, the Calculation Agent may decide to substitute for the relevant units or securities one (or more) of such units or securities (the **Selected Fund Unit(s)**). In this case, the value of the unit(s) or security(ies) not selected (the **Excluded Fund Unit(s)**) shall be expressed as a number or a fraction of a number of one (or more) of the Selected Fund Unit(s), at the Calculation Agent's choice, which shall be calculated by the Calculation Agent on the basis of the executed level for an Hypothetical Investor of both the Selected Fund Unit(s) and the Excluded Fund Unit(s), recorded simultaneously on the Event Effective Date. If the substituted unit(s) or share(s) include one or more unit(s) or share(s) with no executed level for an Hypothetical Investor, the Calculation Agent shall determine the fair market value of such unit(s) or share(s) on the Event Effective Date.

**Quantity** means (subject to adjustment, in accordance with paragraph C below), the number of Funds for a Security, as specified in the applicable Final Terms.

**Scheduled Valuation Date** means the initial date which, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Substitute Fund Unit** means a unit or share in any Fund (i) which is not a Fund Unit of the relevant Securities, (ii) which has, in the opinion of the Calculating Agent, similar features to those of the excluded Fund Unit (classification, management objective, investment guidelines or any other relevant parameter in the opinion of the Calculation Agent) and (iii) whose method of determination and frequency of Net Asset Value calculation is deemed satisfactory by the Calculation Agent.

**Substitution** means the cessation by the Calculation Agent of the indexation of the Securities to the Fund Unit and its replacement by a Substitute Fund Unit or, solely in the case of a Fund Basket, crystallisation of the fair market value of the Fund Unit on the relevant Event Effective Date.

**Valid Order** means a valid subscription or repayment order sent by the required deadline to the Fund or to the Fund Service Provider which generally accepts such orders, which complies with the subscription and settlement notice periods and the date and time limits specified in the Fund Documents.

**Valuation Date** means each date specified as such in the applicable Final Terms or, if such date is not an Fund Business Day, the next following Fund Business Day, subject to the consequences of a Fund Disruption Event set forth in paragraph B(ii) below.

**Valuation Time** means the time specified as such in the applicable Final Terms, or if no such time is specified, the time at which the Net Asset Value is published by the Fund (or by the Fund Service Provider which generally determines such value).

**Weighting** or **Wi** means, in respect of each Fund comprised in the Fund Basket, the relevant percentage or fraction specified, in respect of such Funds, in the applicable Final Terms.

**B. Fund Disruption Event**

**(i) Definitions**

**Disrupted Day** means, in the case of Securities issued on a single Fund or a Fund Basket, any Fund Business Day on which a Fund Disruption Event has occurred or is continuing.

**Fund Disruption Event** means, in the case of Securities issued on a single Fund or a Fund Basket, the occurrence or existence of (i) Valuation Disruption, (ii) a Settlement Disruption or (iii) a Liquidity Disruption, that the Calculation Agent determines is material. Exceptionally, if an event occurs which constitutes both a Fund Disruption Event and an Event (as defined below) for such Fund Unit, such event shall constitute an Event for such Fund Unit and not a Fund Disruption Event. For the purpose of a Basket of Multi Underlyings only Fund Disruption Event will mean a “Market Disruption Event”.

**Liquidity Disruption** means, in respect of a Fund Unit, any suspension, limitation or delay affecting the settlement of such Fund Units, whether in accordance with the provisions of the Fund Documents or for any other reason.

**Scheduled Settlement Valuation Date** means, with respect to any Fund Unit, the date on which the Fund (or its Fund Service Provider which generally determines such value) is scheduled, in accordance with its Fund Documents (without giving effect to any gating, deferral, suspension or any other provision permitting the Fund to delay or refuse settlement of Fund Units) to determine the Net Asset Value of such Fund Unit for purposes of calculating the settlement proceeds to be paid to an investor who has submitted a valid notice by the required Fund Unit settlement deadline for settlement of Fund Unit, based on the value determined on such date. The Scheduled Settlement Valuation Date, relating to any Valuation Date, shall be the Scheduled Settlement Valuation Date occurring on such Valuation Date, or, if no Scheduled Settlement Valuation Date occurs on such Valuation Date, the immediately preceding Scheduled Settlement Valuation Date.

**Settlement Disruption** means, in respect of a Fund Unit on any date, failure by the Fund to pay the full amount (whether expressed as a percentage or otherwise) of the Settlement Proceeds due in respect of such Fund Unit, as such amount should have been paid at the latest by such date in accordance with the Fund Documents (without giving effect to any gating, deferral, suspension or any other provision permitting the Fund to delay or refuse settlement of Fund Units).

**Settlement Notification Date** means, in respect of any Fund Unit and Valuation Date, the latest date on which a Hypothetical Investor in such Fund Unit would be authorised, pursuant to the Fund Documents, to submit a settlement notice by the required deadline for settlement on the Scheduled Settlement Valuation Date taking place on such Valuation Date, or, if no Scheduled Settlement Valuation Date occurs on such Valuation Date, the immediately preceding Scheduled Settlement Valuation Date.

**Settlement Proceeds** means the proceeds, as determined by the Calculation Agent, that would be paid by the Fund to a Hypothetical Investor whose Fund Units are being redeemed on the relevant Settlement Valuation Date, provided that (1) all proceeds to be paid in property other than cash shall be valued by the Calculation Agent at its reasonable discretion, and (2) if the Hypothetical Investor has the right to opt for payment of such settlement proceeds to be made either in cash or in property, the Hypothetical Investor shall be deemed to have opted for payment of such proceeds in cash.

**Settlement Valuation Date** means, in respect of any Fund Unit and any Scheduled Settlement Valuation Date, the date on which the Fund (or its Fund Service Provider which generally determines such value) determines the Net Asset Value of such Fund Unit for purposes of calculating the settlement proceeds to be paid to a Hypothetical Investor who has submitted a valid settlement notice at the latest by the corresponding Settlement Notification Date.

**Valuation Disruption** means that:

- (a) the Net Asset Value of the Fund Unit is not determined and/or published by the Fund (or the Fund Service Provider which generally determines such value) in accordance with the provisions of the Fund Documents;
- (b) the determination and/or publication of the Net Asset Value of the Fund Unit, in accordance with the Fund Documents, has/have been suspended; or
- (c) the Net Asset Value of the Fund Unit published by the Fund (or the Fund Service Provider which generally determines such value) is incorrect or misrepresents the Net Asset Value of the Fund Unit, in the reasonable opinion of the Calculation Agent.

**(ii) Consequences of a Fund Disruption Event on a Valuation Date**

If any Valuation Date (as defined in Condition 1.1 and accordingly may encompass an Observation Date and/or Determination Date) is a Disrupted Day, then:

(A) In the case of a Security on a single Fund Unit, such Valuation Date shall be the first succeeding Fund Business Day which is not a Disrupted Day, unless each of the eight Fund Business Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date notwithstanding that such day is a Disrupted Day and (2) the Calculation Agent shall determine in good faith the fair value of the Fund Unit at the Valuation Time on such eighth Disrupted Day.

(B) in the case of a Security on a Fund Basket, the Valuation Date for all Fund Units of the Fund Basket included those not affected by the occurrence of a Disrupted Day shall be the first succeeding Fund Business Day which is not a Disrupted Day for the Fund Unit affected by the occurrence of a Disrupted Day, unless each of the eight Fund Business Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date for all Fund Units of the Fund Basket, including the Fund Unit affected by the occurrence of a Disrupted Day, notwithstanding that such day is a Disrupted Day for the relevant affected Fund Unit, and (2) the Calculation Agent shall determine in good faith the fair value of that affected Fund Unit at the Valuation Time on such eighth Disrupted Day.

**(iii) Notices**

The Calculation Agent shall notify the Issuer, as soon as possible, if any Fund Disruption Event occurs on any date which, but for the occurrence of a Fund Disruption Event, would have been the Valuation Date.

The Issuer shall notify the Holders as soon as possible of the occurrence of a Fund Disruption Event, in accordance with Condition 19.

C. **Adjustments**

(i) **Principles**

If certain events defined in paragraph (ii) below and affecting a Fund Unit (an **Event**) occur, the Calculation Agent may, as regards Securities in respect of which the Event Effective Date falls on or prior to the Valuation Date (as defined in Condition 1.1 and accordingly may encompass an Observation Date and/or Determination Date), continue to perform its obligations, subject to such adjustments as it considers necessary. To this end, the Calculation Agent shall apply (or not) as specified in the Final Terms:

the methods described in paragraph (ii) to adapt the Securities to the modifications to the Fund Unit or its Substitution (the **Calculation Agent Method**).

If the Calculation Agent determines that the Calculation Agent Method is technically impossible to implement or inappropriate, it may make any other adjustment it deems necessary.

Failing the above, the Issuer may terminate its obligations by notifying the Holders, in accordance with Condition 19, of the fair market value of the Securities in the case of Cash Settlement or, if applicable, the quantity of Fund Units to be delivered in the case of Physical Delivery (the **Deliverable Fund Units**), as determined by the Calculation Agent.

Settlement terms shall be implemented as soon as possible at the specified fair market value, in the case of Cash Settlement or, if applicable, by delivery of the relevant quantity of Deliverable Fund Units, in the case of Physical Settlement (the **Settlement Method**).

Notwithstanding the above, if such option is specified as being applicable in the applicable Final Terms, payment of the Capitalised Fair Market Value, in the case of Cash Settlement or, if applicable, delivery of the relevant quantity of Deliverable Fund Units, in the case of Physical Settlement shall be made on the Settlement Date (the **Capitalised Fair Market Value Option**).

For the purposes of this paragraph, the "**Capitalised Fair Market Value**" means the fair market value of the Security capitalised between the Event Effective Date and the Settlement Date at the capitalised EONIA rate appearing on the Bloomberg EONCAPL7 Index screen page, or any other rate specified in the applicable Final Terms.

Any adjustment decided by the Calculation Agent shall take effect on each Valuation Date subsequent to the Event.

(ii) **Adjustment methods applicable to Funds**

If the Calculation Agent applies the Calculation Agent Method, it may make the following adjustments.

To this end, the Events applicable to a Fund Unit, its relevant Fund and/or any of its Fund Service Providers are defined as follows and include the Potential Adjustment Event, Merger, Spin-off, Nationalization, Insolvency, Fund Insolvency Event, Subscription and/or Settlement Suspension, Subscription and/or Settlement Modification, Fees Modification, Fund Documents Modification, Fund Service Provider Event, Net Asset Value Disruption, Fund Modification, Holding Event, Strategy Breach, Decrease of Assets Under Management, Holding Ratio, Regulatory Action, Breach of Related Contract(s), Know Your Fund Procedures, Change in Law, Hedging Disruption, Increase Cost of Hedging, Reporting Disruption or Other events.

(a) ***Potential Adjustment Event***

In the case of a Potential Adjustment Event, the Calculation Agent may adjust the new Quantity of Fund Units to which each Security henceforth relates.

**Potential Adjustment Event** means any of the following:



- (1). a subdivision, consolidation or reclassification of the relevant number of Fund Units, or a free distribution or dividend of any such Fund Unit to existing holders by way of bonus, capitalization or similar issue;
- (2). a distribution, issue or dividend to existing holders of the relevant Fund Unit of (A) an additional amount of such Fund Unit, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Fund equally or proportionately with such payments to holders of such Fund Unit, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Fund as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (3). an extraordinary dividend which characterization of or portion thereof shall be determined by the Calculation Agent;
- (4). a repurchase by the Fund of relevant Fund Units whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Units initiated by an investor in such Fund Documents that is consistent with the Fund Documents; or
- (5). any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Units.

**(b) Merger**

(1). Definitions

**Merger** means, in respect of any relevant Fund Units, any:

(i) reclassification or change of such Fund Units that results in a transfer of or an irrevocable commitment to transfer all of such Fund Units outstanding to another entity or person;

(ii) consolidation, amalgamation, merger or binding share exchange of the Fund (or any applicable Fund Service Provider, as the context may require) with or into another entity or person (other than a consolidation, amalgamation, merger or binding fund units exchange of all of such Fund Units outstanding);

(iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 % of the outstanding Fund Units of the Fund (or any applicable Fund Service Provider, as the context may require) that results in a transfer of or an irrevocable commitment to transfer all such Fund Units (other than such Fund Units owned or controlled by such other entity or person);

(iv) consolidation, amalgamation, merger or binding share exchange of the Fund (or any applicable Fund Service Provider, as the context may require) or its subsidiaries with or into another entity in which the Fund (or any applicable Fund Service Provider, as the context may require) is the continuing entity and which does not result in a reclassification or change of all such Fund Units outstanding but results in the outstanding Fund Units (other than Fund Units owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Fund Units immediately following such event (a "Reverse Merger"),

in each case if the Event Effective Date is on or before, (A) in the case of a Security with Physical Settlement, the Settlement Date, or (B) in the case of a Security with Cash Settlement, the last occurring Valuation Date.

(2). Consequences

In the event that a Merger occurs in respect of a Fund Unit, the Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to (a) replace the Fund Units with New Fund Units or (b) implement Substitution of the relevant Fund Unit.

*(c) Spin-off*

In the event of a spin-off of the Fund (a **Spin-Off**), the Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to (a) replace the Fund Units with New Fund Units or (b) implement Substitution of the relevant Fund Unit.

*(d) Nationalization*

**Nationalization** means that all the Fund Units or all or substantially all the assets of a Fund are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

In the event of a Nationalization, the Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Fund Unit.

*(e) Insolvency*

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Fund, (i) all the Fund Units of that Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Fund Units of that Fund become legally prohibited from transferring or redeeming them.

In the event of the Insolvency, the Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Fund Unit.

*(f) Fund Insolvency Event*

A **Fund Insolvency Event** means, in respect of any Fund Unit, that the related Fund (or any applicable Fund Service Provider, as the context may require):

(i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger);

(ii) makes a general assignment or arrangement with or for the benefit of its creditors;

(iii) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen (15) days of the institution or representation thereof;

(iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(v) has secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or nay such process is not dismissed, discharged, stayed or restrained, in each case, within fifteen (15) days thereafter; or

(vi) cause or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (v) through (vi) above.

In the event of a Fund Insolvency Event, the Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Fund Unit.

***(g) Subscription and/or Settlement Suspension***

**Subscription and/or Settlement Suspension** means that settlements and/or subscriptions in the Fund are suspended, postponed, reduced, subject to any threshold or other constraint or partially executed or the Fund is closed to subscriptions and settlements, for any reason, without having obtained the prior written consent of the Calculation Agent.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Subscription and/or Settlement Suspension occurs.

***(h) Subscription and/or Settlement Modification***

**Subscription Settlement Modification** means that (a) new subscription and/or settlement costs for a relevant Fund Unit are introduced, (b) the notice period for Fund Unit subscriptions and/or settlements is modified without having obtained the prior written consent of the Calculation Agent or (c) the Fund modifies the terms and conditions at which subscription and/or settlement orders can be submitted or are settled by the Fund as provided in the Fund Documents as of the Issue Date of the Securities or implements a modification of the conditions at which subscription and/or settlement orders can be submitted or are settled by the Fund regardless as to whether the principle of such modification was already envisaged in the Fund Documents as of the Issue Date of the Securities.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Subscription and/or Settlement Modification occurs.

***(i) Fees Modification***

**Fees Modification** means that (i) the Fund applies subscription or settlement fees that are higher than the maximum subscription fees (the **Maximum Subscription Fees**) and the maximum redemption fees (the **Maximum Settlement Fees**) respectively, as specified in the applicable Final Terms or (ii) the Fund applies any other fees (including any transaction fees or administrative costs) which are not specified in the Fund Documents at the Issue Date of the Securities.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Fees Modification occurs.

***(j) Fund Documents Modification***

**Fund Documents Modification** means any change or modification of the related Fund Documents from those prevailing on the Issue Date of the Securities that could reasonably be expected to affect the value of such Fund Unit or the rights or remedies of any holders thereof (including but not limited to an open-end fund that becomes a closed-end fund) as determined by the Calculation Agent.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Fund Documents Modification occurs.

***(k) Fund Service Provider Event***

**Fund Service Provider Event** means (a) a change, resignation or termination of any Fund Service Provider and no successor deemed satisfactory in the opinion of the Calculation Agent has been appointed within five (5) Fund Business Days following such event, (b) a change of control or indirect control of the Fund Service Provider, (c) any

Fund Service Provider is no longer able in the opinion of the Calculation Agent to execute its duties with the same level of care and diligence as at the Issue Date of the Securities, in particular as a result of a legal, regulatory or supervisory decision, (d) any Fund Service Provider is subject to a Fund Service Provider Insolvency Event, where “Fund Service Provider Insolvency Event” has the same meaning as a Fund Insolvency Event described in Condition 5.10 C.ii.f above, (e) any Fund Service Provider fails to meet its financial commitments at any time, (f) any Fund Service Provider is subject to temporary or definitive withdrawal of its license or to disciplinary or administrative proceedings from its supervisory authorities or acts fraudulently in relation to the Fund, (g) in the reasonable opinion of the Calculation Agent, any Fund Service Provider is no longer deemed able to carry out its business with the standard care which was prevailing on the Issue Date of the Securities, (h) the resignation, termination, death or replacement of any key person in the management of the Fund has occurred or (i) any other event which may, in the view of the Calculation Agent, have a material adverse effect on the Fund.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Fund Service Provider Event occurs.

**(l) Net Asset Value Disruption**

**Net Asset Value Disruption** means that (a) the Fund does not determine its Net Asset Value in accordance with its Fund Documents, (b) fails to publish its Net Asset Value in accordance with its Fund Documents or (c) fails to carry out any action necessary for such determination or publication.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Net Asset Value Disruption occurs.

**(m) Fund Modification**

**Fund Modification** means (i) any failure by the Fund Adviser to act in accordance with the investment objectives, risk profile or investment guidelines of the Fund, (ii) the imposition by any regulatory body of any restriction limiting the ability of any Fund Service Provider to buy or sell shares or other assets, (iii) any limitation on the ability of any Fund Service Provider to buy or sell shares or other assets, for reasons relating to liquidity, unfavourable market conditions or decrease in the value of the Fund's assets, or (iv) the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets, where, in each case, the Calculation Agent considers that such situation is unlikely to be remedied within a reasonable time.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Fund Modification occurs.

**(n) Holding Event**

**Holding Event** means that the Assets Under Management of the Fund falls to the extent that the Issuer or any third party with which the Issuer enters into hedging arrangements, in respect of its obligations under the Securities, holds, on any Fund Business Day, Fund Units in an amount or percentage as is specified in the applicable Final Terms (the “**Fund Holding Event Percentage**”) or, if no such amount is specified, such Holding Event shall be deemed to be greater than 20% of the Assets Under Management of the Fund on such Fund Business Day.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if an Holding Event occurs.

**(o) Strategy Breach**

**Strategy Breach** means (1) any breach or violation of any strategy or investment guidelines specified in the relevant Fund Documents that is reasonably likely to affect the value of the Fund Unit or risk profile of the Fund or the rights and remedies of any holders thereof (in each case, as determined by the Calculation Agent) (2) or, even where the

Fund Documents are not modified, any material modification or effect, as determined by the Calculation Agent, of the risk profile of the Fund from its risk profile prevailing on the Issue Date of the Securities or of the performance of the Fund by reason of, but not limited to, the modification of the proportions, or reduction of diversification, of the type of assets in which the Fund invests or a reduction of the average liquidity of the assets of the Fund, which in each case does not necessarily involve an amendment of the Fund Documents.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Strategy Breach occurs.

***(p) Decrease of Assets Under Management***

**Decrease of Assets Under Management** means that the Calculation Agent determines that during the last twelve (12) month period, the total value of the assets managed by the Management Company or the Fund Adviser (including the Fund) has decreased by fifty per cent (50%) (due to either a settlement or decrease in the value of such assets).

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Decrease of Assets Under Management occurs.

***(q) Holding Ratio***

**Holding Ratio** means the Assets Under Management fall below a threshold which, in the opinion of the Calculation Agent (i) has, or may have, a material adverse effect on the management and/or operating costs of the Fund, (ii) or increases the proportion of Units held or likely to be held by the Hedging Party to the extent that settlement in full of the Fund Units held by the Hedging Party is or may no longer be possible.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if an Assets Under Management occurs.

***(r) Regulatory Action***

**Regulatory Action** means, with respect to any Fund Unit:

- (i) cancellation, suspension or revocation of the registration or approval of the Fund or its Fund Unit by any governmental, legal or regulatory entity with authority over the Fund or its Fund Unit;
- (ii) any change in the legal, tax, accounting or regulatory treatments of the Fund or its Fund Service Provider which is likely, in the reasonable opinion of the Calculation Agent, to have an adverse impact on the value of such Fund Units or on any investor in the relevant Fund; or
- (iii) the related Fund or any of its Fund Service Provider becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Fund or Fund Service Provider.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Regulatory Action occurs.

***(s) Breach of Related Contract(s)***

**Breach of Related Contract(s)** means that the Fund, the Management Company, the Depository and/or the Fund Service Provider (i) fails to perform or breaches its obligations under any contract relating to the management of the Fund or any other contract relating to such Fund (the **Related Contracts**), (ii) terminate the Related Contract(s) for reasons beyond the control of the Issuer or any Hedging Party, (iii) disaffirms, disclaims, repudiates or rejects in whole or in part or challenges the validity of such Related Contract(s). The Related Contracts may include, among

other thing, any agreement entered into by the Fund, Management Company, the Depository and/or the Fund Service Provider with the Issuer or any Hedging Party.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Breach of Related Contract(s) occurs.

**(t) Know Your Fund Procedures**

**Know Your Fund Procedures** means that, in the opinion of the Calculation Agent, the Fund does not comply, in full or in part, with the "know your fund" procedures (including in particular its obligations in respect of money-laundering and terrorism financing).

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Know Your Fund Procedures occurs.

**(u) Change in Law**

**Change in Law** means that, on or after the Trade Date, (A) due to the adoption of, or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of, or any change in or new interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxation authority), the Calculation Agent determines in good faith that (X) it has become illegal for the Hedging Party to hold, acquire or dispose of Hedged Positions (including the relevant Fund Units) in relation to its Securities or that it has become illegal to maintain the Related Contract(s) (as referred to in section (s) (*Breach of Related Contracts*) above) entered into by the Hedging Party with the the Fund, the Management Company, the Depository and/or the Fund Service Provider, or (Y) the Hedging Party will incur a materially increased cost in performing its obligations under the Securities or the Related Contract(s) (as referred to in section (s) (*Breach of Related Contracts*) above) entered into by the the Hedging Party with the Fund, the Management Company, the Depository and/or the Fund Service Provider (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Change in Law occurs.

**(v) Hedging Disruption**

**Hedging Disruption** means that the Hedging Party is unable, or it is impractical for the Hedging Party, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, replace, maintain, unwind or dispose of any Hedged Positions or (B) realise, recover or remit the proceeds of such Hedged Positions, without limitation, where the reason for such inability or practical impossibility has arisen by reason of (i) all of the illiquid assets of the Fund constituting the whole or part of the Hedged Positions being transferred to a dedicated fund or account or to a dedicated structure pending liquidation of such assets for the benefit of existing Fund Unit holders (*side pocket*), (ii) a limitation on the amount or number of settlements or subscriptions that the Fund (or the Fund Service Provider generally responsible for accepting settlement or subscription orders) will accept for a particular date on which the Fund normally accepts settlement orders (*a gate*), (iii) the suspension, for any reason, of subscription or settlement orders by the Fund (or the Fund Service Provider generally responsible for accepting settlement or subscription orders), (iv) payment of the balance of settlement proceeds being postponed to a date falling after the date on which the financial statements of the Fund have been audited by the Fund's statutory auditors (*holdback*), or an increase in the costs or fees charged by the relevant Fund (in particular, the charging of subscription/settlement fees (retainable by the Fund)), or (v) any mandatory settlement, in whole or in part, of such Fund Units imposed by the relevant Fund, whether such events were, in each case, imposed by the Fund without being contemplated in the Fund Documents as at the Issue Date of the Securities, or were already contemplated in the Fund Documents as at the Issue Date, but were only implemented by the Fund after such date.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if an Hedging Disruption occurs.

**(w) Increased Cost of Hedging**

**Increase Cost of Hedging** means that the Hedging Party incurs a materially increased (as compared with the circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, replace, substitute, maintain, unwind or dispose of any Hedged Positions, or (ii) realise, recover or remit the proceeds of any such Hedged Position(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an Increased Costs of Hedging.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if an Increased Cost of Hedging occurs.

**(x) Reporting Disruption**

**Reporting Disruption** means, in respect of any Fund Unit, (i) occurrence of any event affecting such Fund Unit that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Unit, and such event continues for at least the time period specified in the related Final Terms or, if no such time period is specified, the foreseeable future; (ii) any failure of the related Fund to deliver, or cause to be delivered, (A) information that such Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, or (B) information that has been previously delivered to the Calculation Agent in accordance with such Fund's, or its authorised representative's, normal practice and that the Calculation Agent deems necessary for it to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Fund Units.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit if a Reporting Disruption occurs.

**(y) Other events**

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Fund Unit, if any other events occur which, in the reasonable opinion of the Calculation Agent, affect the value or risk profile of the relevant Units.

**(iii) General provisions**

- (i) If several Events occur, the adjustments (if any) to the terms of the Securities for the second Event and subsequent Events shall be made to the terms of the Securities, as adjusted pursuant to previous Events.
- (ii) The Calculation Agent shall, as soon as reasonably practicable in the circumstances, having made adjustments or modifications to the terms of the Securities in accordance with these Conditions, notify the Issuer and the Principal Paying Agent, following which the Issuer or the Principal Paying Agent shall give notice of such adjustment and/or modification to the Holders of the Securities in accordance with Condition 19.
- (iii) Any Cash Settlement pursuant to Condition 6.4 shall be made within a period of ten (10) Business Days from the date of the relevant notice and any Physical Settlement pursuant to Condition 6.5 shall be made as soon as possible.

## 5.11 MARKET DISRUPTION EVENT AND ADJUSTMENTS FOR FUTURES CONTRACT OR BASKET OF FUTURES CONTRACTS

### A. Definitions

**Basket** means a basket comprising Futures Contracts, as specified in the applicable Final Terms, assigned the relevant Weightings specified in the applicable Final Terms.

**Event Effective Date** means the effective date of the Event, as determined by the Calculation Agent.

**Exchange Business Day (All Futures Contracts Basis)** means, in respect of a Basket of Futures Contracts, any Scheduled Trading Day on which each Exchange is open for trading during its regular trading sessions, notwithstanding any closure of an Exchange prior to its Scheduled Closing Time.

**Exchange Business Day (Per Futures Contract Basis)** means, in respect of a Basket of Futures Contract, any Scheduled Trading Day on which the relevant Exchange associated with such Futures Contract is open for trading during its regular trading sessions, notwithstanding that such Exchange closes prior to its Scheduled Closing Time.

**Exchange Business Day (Single Futures Contract Basis)** means any Scheduled Trading Day on which the relevant Exchange is open for trading during its respective regular trading sessions, notwithstanding that such Exchange closes prior to its Scheduled Closing Time.

**Exchange Business Day** means either (i) in the case of a Futures Contract, an Exchange Business Day (Single Futures Contract Basis), or (ii) in the case of a Basket of Futures Contrats (a) an Exchange Business Day (All Futures Contracts Basis) or (b) an Exchange Business Day (Per Futures Contract Basis), in each case as specified in the applicable Final Terms, provided that if no Exchange Business Day is specified in the relevant Final Terms, Exchange Business Day (All Futures Contracts Basis) shall be deemed to apply.

**Exchange** means, for a Futures Contract, each exchange of quotation system specified as such in the Final Terms for a relevant Futures Contract, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Future Contract has temporary relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Futures Contract on such temporary substitute exchange or quotation system as on the original Exchange).

**Futures Contract** means, in the case of an Issue of Securities relating to a single Futures Contract, the futures contract to which the Securities are linked such as the futures contract relating to a Futures Contract Underlying and in the case of an Issue of Securities relating to a Basket of Futures Contrats, each Futures Contract, in both case as calculated and published by the Futures Contract Sponsor, as specified in the applicable Final Terms, subject to adjustment at any time in accordance with the provisions of paragraph C below.

**Futures Contract Sponsor** means the company or entity whose role is to (a) set and review the rules and procedures, calculation methods and adjustments relating to the Futures Contract, and (b) publish (directly or through an agent) the Futures Contract Price on a regular basis throughout each Scheduled Trading Day, specified as at the Issue Date in the applicable Final Terms, subject to the Specific Provisions set forth in paragraph B below.

**Futures Contract Underlying** means, in respect of the relevant Futures Contract, the index(ices), share(s), debt instrument(s) or commodity(ies), as specified in the applicable Final Terms.

**Hedged Positions** means any purchase, sale, execution or holding of one or more (i) positions or contracts on securities, options, futures, derivatives or currencies, (ii) securities lending transactions, or (iii) other instruments or agreements (however described) made to hedge the risk relating to execution and performance of the Issuer's obligations under the Securities, whether individually or on a portfolio basis.

**Price** means the price, level or rate of the Futures Contract, as the case may be.



**Quantity** means the number of Futures Contracts of a Security, as specified in the applicable Final Terms.

**Scheduled Closing Time** means, in respect of an Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange on the relevant Scheduled Trading Day, without regard to after-hours or any other trading outside of the regular trading times or sessions.

**Scheduled Trading Day (All Futures Contracts Basis)** means, in respect of a Basket of Futures Contracts, any day on which each Exchange associated with all of the Futures Contracts comprised in the Basket of Futures Contracts are scheduled to be open for trading during its regular trading sessions.

**Scheduled Trading Day (Per Futures Contract Basis)** means, in respect of a Basket of Futures Contracts, any day on which the relevant Exchange associated with such Futures Contract is scheduled to be open for trading during its regular trading sessions.

**Scheduled Trading Day (Single Futures Contract Basis)** means any day on which the relevant Exchange is scheduled to be open for trading during its regular trading sessions.

**Scheduled Trading Day** means either (i) in the case of a Futures Contract, Scheduled Trading Day (Single Futures Contract Basis), or (ii) in the case of a Basket of Futures Contracts, (a) Scheduled Trading Day (All Futures Contracts Basis) or (b) Scheduled Trading Day (Per Futures Contract Basis), in each case as specified in the applicable Final Terms, provided that if no Scheduled Trading Day is specified as being applicable in the relevant Final Terms, Scheduled Trading Day (All Futures Contracts Basis) shall be deemed to apply.

**Substitute Futures Contract** means a futures contract (i) which is not the original Futures Contract of the Security as indicated in the Final Terms and (ii) which has, in the opinion of the Calculation Agent, similar features to those of the excluded Futures Contract (underlying, currency, maturity, liquidity of hedging instruments or any other pertinent feature, in the opinion of the Calculation Agent).

**Substitution** means cessation by the Calculation Agent of indexation of the Securities to the Futures Contract and its replacement with a Substitute Futures Contract or in the case of a Basket, crystallisation of the fair market value of the Futures Contract on the relevant Event Effective Date.

**Valuation Time** means the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Determination Date, as the case may be, unless otherwise specified in the relevant Final Terms. If the relevant Exchanges closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

**Weighting** or **Wi** means, in respect of each Futures Contract comprised in the Basket, the relevant percentage or fraction specified, in respect of such Futures Contract, in the applicable Final Terms.

**B. Market Disruption Event**

**(i) Definitions**

**Disrupted Day** means, in the case of Securities issue on a single Futures Contract or a Basket of Futures Contracts, in respect of a Futures Contract, any Scheduled Trading Day on which the Exchange fails to open for trading during its regular trading session, or any Scheduled Trading Day on which a Market Disruption Event has occurred.

**Early Closure** means the closure, on any Exchange Business Day, of the relevant Exchange prior to its Scheduled Closing Time, unless such early closing time has been announced by such Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day, or (ii) the submission deadline for orders to be entered into the Exchange system for execution at the Valuation Time on such Exchange Business Day.

**Exchange Disruption** means any event (other than an Early Closure or a Trading Disruption) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, the Futures Contract on the Exchange.

**Market Disruption Event** means, in the case of Securities issue on a single Futures Contract or a Basket of Futures Contracts, in respect of a Futures Contract, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which the Calculation Agent determines, in each case, is material and which occurs at any time during the one-hour period prior to the relevant Valuation Time, or (iii) an Early Closure.

**Scheduled Valuation Date** means the initial date which, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date, an Observation Date or a Determination Date.

**Trading Disruption** means any suspension of or limitation imposed on trading by the relevant Exchange or otherwise (other than an Early Closure or Exchange Disruption), whether by reason of movements in price exceeding limits permitted by the relevant Exchange or otherwise, in the relevant Futures Contract on the relevant Exchange.

***(ii) Consequences of a Market Disruption Event on the Valuation Date***

If any Valuation Date (as defined in Condition 1.1 and accordingly, may encompass an Observation Date and/or Determination Date) is a Disrupted Day, then:

(A) in the case of a Security on a single Futures Contract, such Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date notwithstanding that such day is a Disrupted Day and (2) the Calculation Agent shall determine in good faith the fair value of the Futures Contract at the Valuation Time on such eighth Disrupted Day.

(B) in the case of a Security on a Basket of Futures Contracts, the Valuation Date for all Futures Contract of the Basket, including those not affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day for the Futures Contract affected by the occurrence of a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date for all Futures Contracts of the Basket of Futures Contracts, included the Futures Contract affected by the occurrence of a Disrupted Day notwithstanding that such day is a Disrupted Day for the relevant affected Futures Contract and (2) the Calculation Agent shall determine in good faith the fair value of that affected Futures Contracts at the Valuation Time on such eighth Disrupted Day.

In order to determine the fair market value of the Futures Contract, the Calculation Agent may take into account the market value of any hedging instruments put in place by the Hedging Party in relation to the Securities, adjusted for gains or losses, if any, realised or incurred, as the case may be, by the Issuer due to such Market Disruption Event.

***(iii) Notices***

The Calculation Agent shall notify the Issuer, as soon as possible, if any Market Disruption Event occurs on any date which, but for the occurrence of a Market Disruption Event, would have been a Valuation Date.

The Issuer shall notify the Holders as soon as possible of the occurrence of a Market Disruption Event, in accordance with Condition 19.

C. **Adjustments**

(i) **Principles**

If certain events defined in paragraph (ii) below and affecting a Futures Contract (an **Event**) occur, the Calculation Agent may, as regards Securities in respect of which the Event Effective Date falls on or prior to the Valuation Date (as defined in Condition 1.1 and accordingly, may encompass an Observation Date and/or Determination Date), continue to perform its obligations, subject to such adjustments as it considers necessary. To this end, the Calculation Agent shall apply one after another or alternatively and as specified in the Final Terms the hereafter methods, including the methods described in paragraph (ii) below to adapt the Securities to the modifications to the Futures Contract or its Substitution (the **Calculation Agent Method**).

If the Calculation Agent determines that the Calculation Agent Method is technically impossible to implement or inappropriate, it may make any other adjustment it deems necessary.

Failing the above, the Issuer may terminate its obligations by notifying the Holders, in accordance with Condition 19, of the fair market value of the Securities, as determined by the Calculation Agent.

Settlement terms shall be implemented as soon as possible at the specified fair market value (the **Settlement Method**).

Notwithstanding the above, if such option is specified as being applicable in the applicable Final Terms, payment of the Capitalised Fair Market Value shall be made on the Settlement Date (the **Capitalised Fair Market Value Option**).

For the purposes of this paragraph, the **Capitalised Fair Market Value** means the fair market value of the Security capitalised between the Event Effective Date and the Settlement Date at the capitalised EONIA rate appearing on the Bloomberg EONCAPL7 Index screen page, or any other rate specified in the applicable Final Terms.

Any adjustment decided by the Calculation Agent shall take effect on each Valuation Date subsequent to the Event.

(ii) **Adjustment methods applicable to Futures Contracts**

If the Calculation Agent applies the Calculation Agent Method, it may make the following adjustments.

To this end, the Events applicable to a Futures Contract are defined as follows and include Futures Contract listed by a third party, Modification of the specific terms, or replacement of the Futures Contract Cessation of price quotations for the Futures Contract, Calculation and publication of the Futures Contract by a Futures Contract Sponsor, Publication of the Futures Contract Price, Change in Law, Hedging Disruption and Increased Cost of Hedging.

(a) ***Futures Contract listed by a third party***

If the Futures Contract is not listed by the Exchange, but is listed by another person or party (the **Third Party**) which has been nominated by the Exchange or any other competent market authority, the Exchange shall be replaced by the Third Party.

The same shall apply if the Third Party ceases to quote the price of the Futures Contract, but is replaced by another Third Party nominated as provided above.

(b) ***Modification of the specific terms, or replacement, of the Futures Contract***

If the Exchange, the Third Party or the Futures Contract Sponsor modifies, in any material respect, the formula or calculation method for the Futures Contract or makes any other material modification to the Futures Contract (other than any modification prescribed in such formula or method in order to maintain the Futures Contract in the event of

a change to the Futures Contract Underlying) or if the Exchange, any other competent market authority or the Futures Contract Sponsor replaces the Futures Contract with a new futures contract, such new Futures Contract to be used as the new underlying of the Securities, the Calculation Agent may:

- (a) replace the Futures Contract with the modified Futures Contract or with the new substitute futures contract (as the case may be) multiplying it, if necessary, by a factor that ensures continuity in the evolution of the underlying instrument of the Securities. The new or amended Futures Contract (as the case may be) and, if necessary, the factor, shall be notified as soon as possible to the Holders in accordance with Condition 19; or
- (b) proceed with Substitution of the relevant Futures Contract.

***(c) Cessation of price quotations for the Futures Contract***

If the Exchange or Third Party permanently ceases to quote prices for the Futures Contract and does not provide a new futures contract, the Calculation Agent may make adjustments to the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Futures Contract.

***(d) Calculation and publication of the Futures Contract by a Futures Contract Sponsor***

If the Futures Contract (i) is not calculated and published by the Futures Contract Sponsor, but is calculated and published by a successor sponsor deemed acceptable by the Calculation Agent, or (ii) is replaced by a successor contract which, in the opinion of the Calculation Agent, utilises the same, or a substantially similar, formula and calculation method as those used to calculate the Futures Contract, such contract (the **Successor Futures Contract**) shall be deemed to be the Futures Contract, and the Conditions shall be interpreted accordingly.

***(e) Publication of the Futures Contract Price***

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Futures Contract if the Exchange, or as the case may be, the Futures Contract Sponsor fails to publish the Futures Contract Price.

***(f) Change in Law***

**Change in Law** means that, on or after the Issue Date, (A) due to the adoption of, or any change in any law (including, without limitation, any tax law), rule, regulation, order, regulatory decision, any order of any regulatory or taxation authority or any rule, regulation or procedure of any stock exchange, or (B) due to the promulgation of, or any change in or new interpretation by any court, tribunal or regulatory authority of any applicable law or regulation (including any action taken by a taxation authority), the Calculation Agent determines in good faith that (X) it has become illegal or contrary to any applicable regulation for the Hedging Party, to hold, acquire or dispose of the relevant Hedged Positions in relation to such Securities, or (Y) it will incur a materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Futures Contract if a Change in Law occurs.

***(g) Hedging Disruption***

**Hedging Disruption** means that the Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that it deems necessary to hedge the futures contract risk or any other relevant price risk including but not limited to the currency risk generated by issuing the relevant Security and performing its obligations thereunder, or (B) realise, recover or remit the proceeds generated by any such transaction(s) or asset(s).

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Futures Contract if a Hedging Disruption occurs

***(h) Increased Cost of Hedging***

**Increased Cost of Hedging** means that the Hedging Party would incur a materially increased (as compared with the circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the futures contract risk generated by issuing the relevant Security and performing its obligations thereunder, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an Increased Cost of Hedging.

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Futures Contract if an Increased Cost of Hedging occurs.

***(iii) General provisions***

- (iv) If several Events occur, the adjustments (if any) to the terms of the Securities for the second Event and subsequent Events shall be made to the terms of the Securities, as adjusted pursuant to previous Events.
- (v) The Calculation Agent shall, as soon as reasonably practicable in the circumstances, having made adjustments or modifications to the terms of the Securities in accordance with these Conditions, notify the Issuer and the Principal Paying Agent, following which the Issuer or the Principal Paying Agent shall give notice of such adjustment and/or modification to the Holders of the Securities in accordance with Condition 19.
- (vi) Any Cash Settlement pursuant to Condition 6.4 shall be made within a period of ten (10) Business Days from the date of the relevant notice.

## 5.12 MARKET DISRUPTION EVENTS AND ADJUSTMENTS FOR LISTED OPTION OR LISTED OPTIONS BASKET

### A. Definitions

**Basket** means a basket comprising Listed Options, as specified in the applicable Final Terms, assigned the relevant Weightings specified in the applicable Final Terms.

**Event Effective Date** means the effective date of the Event, as determined by the Calculation Agent.

**Exchange Business Day** means any Scheduled Trading Day on which the Exchange is open for trading during its regular trading sessions, notwithstanding that such Exchange closes prior to the Scheduled Closing Time.

**Exchange** means the principal exchange or regulated market on which the Listed Option is traded, as specified in the applicable Final Terms.

**Listed Option** means the listed option to which the Security relates, as specified in the applicable Final Terms, subject to adjustment or replacement at any time, in accordance with paragraph C below.

**Quantity** means the number of Listed Options of a Security, as specified in the applicable Final Terms.

**Scheduled Closing Time** means, in respect of an Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange on the relevant Scheduled Trading Day, without regard to after-hours or any other trading outside of the regular trading times or sessions.

**Scheduled Trading Day** means any day on which the Exchange is scheduled to be open for trading during its regular trading sessions.

**Substitute Listed Option** means a Listed Option (i) which is not the Listed Option of the Security and (ii) which has, in the opinion of the Calculation Agent, similar features to those of the excluded Listed Option (business sector, currency, market capitalisation, listing method, liquidity, volatility or any other pertinent feature, in the opinion of the Calculation Agent).

**Substitution** means cessation by the Calculation Agent of indexation of the Securities to the Listed Option and its replacement with a Substitute Listed Option or in the case of a Basket, crystallisation of the fair market value of the Listed Option on the relevant Event Effective Date.

**Valuation Time** means the time specified as such in the applicable Final Terms or, if no such time is specified, the Scheduled Closing Time on the Exchange on the relevant Valuation Date.

**Weighting** or  $W_i$  means, in respect of each Listed Option comprised in the Basket, the relevant percentage or fraction specified, in respect of such Listed Option, in the applicable Final Terms.

### B. Market Disruption Event

#### (i) Definitions

**Disrupted Day** means any Scheduled Trading Day on which the Exchange does not open for trading during its regular trading session, or any Scheduled Trading Day on which a Market Disruption Event has occurred.

**Early Closure** means the closure, on any Exchange Business Day, of the relevant Exchange prior to its Scheduled Closing Time, unless such early closing time has been announced by such Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange on such Exchange Business

Day, or (ii) the submission deadline for orders to be entered into the Exchange system for execution at the Valuation Time on such Exchange Business Day.

**Hedged Positions** means any purchase, sale, execution or holding of one or more (i) positions or contracts on securities, options, futures, derivatives or currencies, (ii) securities lending transactions, or (iii) other instruments or agreements (however described) made to hedge the risk relating to execution and performance of the Issuer's obligations under the Securities, whether individually or on a portfolio basis.

**Market Disruption Event** means the occurrence or existence of (i) a Trading Disruption, (ii) a Market Disruption, which the Calculation Agent determines is material and which occurs at any time during the one-hour period prior to the relevant Valuation Time, or (iii) an Early Closure.

**Market Disruption** means any event (other than an Early Closure or a Trading Disruption) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Listed Option on the relevant Exchange, or (ii) to effect transactions in futures contracts or options contracts relating to Listed Options.

**Scheduled Valuation Date** means the initial date which, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Trading Disruption** means any suspension of or limitation imposed on trading by the Exchange or otherwise (other than an Early Closure or Market Disruption), whether by reason of movements in price exceeding limits permitted by the Exchange or otherwise, in such Listed Option on the relevant Exchange.

***(ii) Consequences of a Market Disruption Event on a Valuation Date***

If any Valuation Date is a Disrupted Day, such Valuation Date shall be the next following Scheduled Trading Day which is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date notwithstanding that such day is a Disrupted Day and (2) the Calculation Agent shall determine in good faith the fair value of the Listed Option at the Valuation Time on such eighth Disrupted Day.

In order to determine the fair market value of the Listed Option, the Calculation Agent may take into account the market value of any hedging instruments put in place by the Issuer and/or any of the affiliates of the Hedging Party in relation to the Securities, adjusted for gains or losses, if any, realised or incurred, as the case may be, by the Issuer due to such Market Disruption Event.

***(iii) Notices***

The Calculation Agent shall notify the Issuer, as soon as possible, if any Market Disruption Event occurs on any date which, but for the occurrence of a Market Disruption Event, would have been a Valuation Date.

The Issuer shall notify the Holders as soon as possible of the occurrence of a Market Disruption Event, in accordance with Condition 19.

**C. Adjustments**

***(i) Principles***

If certain events defined in paragraph (ii) below and affecting a Listed Option (an **Event**) occur, the Calculation Agent may, as regards Securities in respect of which the Event Effective Date falls on or prior to the Valuation Date, continue to perform its obligations, subject to such adjustments as it considers necessary. To this end, the Calculation Agent shall apply one after another or alternatively and as specified in the Final Terms the hereafter

methods, including the methods described in paragraph (ii) below to adapt the Securities to the modifications to the Listed Option or its Substitution (the **Calculation Agent Method**).

If the Calculation Agent determines that the Calculation Agent Method is technically impossible to implement or inappropriate, it may make any other adjustment it deems necessary. Similarly, if the Listed Option is not governed by French law, the methods described in paragraph (ii) below may be modified to ensure compliance with local commercial practices and/or regulations.

Failing the above, the Issuer may terminate its obligations by notifying the Holders, in accordance with Condition 19, of the fair market value of the Securities in the case of Cash Settlement, as determined by the Calculation Agent.

Settlement terms shall be implemented as soon as possible at the specified fair market value (the **Settlement Method**).

Notwithstanding the above, if such option is specified as being applicable in the applicable Final Terms, payment of the Capitalised Fair Market Value shall be made on the Settlement Date (the **Capitalised Fair Market Value Option**).

For the purposes of this paragraph, the **Capitalised Fair Market Value** means the fair market value of the Security capitalised between the Event Effective Date and the Settlement Date at the capitalised EONIA rate appearing on the Bloomberg EONCAPL7 Index screen page, or any other rate specified in the applicable Final Terms.

Any adjustment decided by the Calculation Agent shall take effect on each Valuation Date subsequent to the Event.

***(ii) Adjustment methods applicable to Listed Options***

If the Calculation Agent applies the Calculation Agent Method, it may make the following adjustments.

***(a) Listed Option listed by a third party***

If the Listed Option is not listed by the Exchange, but is listed by another person or party which has been nominated by the Exchange or any other competent market authority (the **Third Party**), the Exchange shall be replaced by the Third Party.

The same shall apply if the Third Party ceases to quote the price of the Listed Option, but is replaced by another Third Party nominated as provided above.

***(b) Modification of the terms applicable to the Listed Option, or replacement, of the Listed Option***

If the Exchange or the Third Party substantially amends the terms applicable to the Listed Option or if the Exchange or the Third Party replaces the Listed Option with another listed option, the Calculation Agent may:

- (a) replace the Listed Option with the amended Listed Option or by another listed option, as applicable and by applying, if necessary, an adjustment coefficient ensuring that the relevant Listed Option may continue to be used for the Securities. The amended Listed Option or the other listed option, as the case may be, and, if necessary, the adjustment coefficient shall be notified as soon as possible to the Holders in accordance with Condition 19; or
- (b) implement Substitution of the Listed Option.



***(c) Cessation of price quotations on the Listed Option***

If the exchange or Third Party permanently ceases to quote prices for the Listed Option, the Calculation Agent may make adjustments to the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Listed Option.

***(d) Change of law***

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Listed Option if, on or after the Issue Date, (A) due to the adoption of, or any change in any law or regulation (including, without limitation, any tax law) or any order, decision of any regulatory or taxation authority, or any regulation, rule or procedure of any stock exchange, or (B) due to the promulgation of, or any change in or new interpretation by any court, tribunal or regulatory authority of any applicable law or regulation (including any action taken by a taxation authority), the Calculation Agent determines (X) that it has become illegal or contrary to any applicable regulation for the Hedging Party, to hold, acquire or dispose of the relevant Hedged Positions in relation to such Securities, or (Y) it will incur a materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

***(e) Hedging disruption***

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Listed Option (A) if the Hedging Party is unable, after using commercially reasonable efforts, (i) to acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that it deems necessary to hedge the risk relating to the Listed Option generated by issuing the relevant Security and performing its obligations thereunder, or (ii) to realise, recover or remit the proceeds generated by any such transaction(s) or asset(s); (B) if any of the rules, customs and/or operating procedures of the clearing house (the **Clearing House**) are modified having, in the opinion of the Hedging Party, a negative impact on the hedging position; (C) or if there is a material increase, in the opinion of the Hedging Party, in the counterparty risk associated with any transaction with the Clearing House; (D) or if the Hedging Party's status as member of the Clearing House is abandoned or withdrawn.

***(f) Increase in hedging costs***

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Listed Option if the Hedging Party incurs a materially increased (as compared with the circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk relating to the Listed Option generated by issuing the relevant Security and performing its obligations thereunder, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an increased cost of hedging.

***(iii) General provisions***

- (i) If several Events occur, the adjustments (if any) to the terms of the Securities for the second Event and subsequent Events shall be made to the terms of the Securities, as adjusted pursuant to previous Events.
- (ii) The Calculation Agent shall, as soon as reasonably practicable in the circumstances, having made adjustments or modifications to the terms of the Securities in accordance with these Conditions, notify the Issuer and the Principal Paying Agent, following which the Issuer or the Principal Paying Agent shall give notice of such adjustment and/or modification to the Holders of the Securities in accordance with Condition 19.

- (iii) Any Cash Settlement pursuant to Condition 6.4 shall be made within a period of ten (10) Business Days from the date of the relevant notice.

## 5.13 MARKET DISRUPTION EVENT AND ADJUSTMENTS FOR EXCHANGE RATE OR EXCHANGE RATES BASKET

### A. Definitions

**Basket** means a basket of Exchange Rates, as specified in the applicable Final Terms, assigned the Weightings specified in the applicable Final Terms.

**Distributor** means the entity, as specified in the applicable Final Terms, that determines the Exchange Rate.

**Event Effective Date** means the effective date of the Event, as determined by the Calculation Agent.

**Exchange Rate** means the rate of exchange to which the Securities are indexed, as specified in the applicable Final Terms, subject to adjustment at any time in accordance with paragraph C below.

**Quantity** means the number of Exchange Rates of a Security, as specified in the applicable Final Terms.

**Scheduled Trading Day** means any day upon which commercial banks are open (or, would have been open but for the occurrence of a Market Disruption Event) and operating (including in transactions denominated in foreign currencies in accordance with foreign exchange market practices) in the principal financial centres of the currencies of the Exchange Rate.

**Substitute Exchange Rate** means an exchange rate (i) which is not the Exchange Rate of the Security and (ii) which, in the opinion of the Calculation Agent, has similar characteristics to those of the excluded Exchange Rate.

**Substitution** means the cessation by the Calculation Agent of indexation of the Securities to the Exchange Rate and its replacement by a Substitute Exchange Rate or, in the case of a Basket, crystallisation of the fair market value of the Exchange Rate on the relevant Event Effective Date.

**Valuation Time** means the time specified as such in the applicable Final Terms, or if no such time is specified, the time at which the Distributor publishes the Exchange Rate.

**Weighting** or **Wi** means, for each Exchange Rate comprised in the Basket, the percentage or fraction specified in respect of each Exchange Rate, in the applicable Final Terms.

### B. Market Disruption Event

#### (i) Definitions

**Disrupted Day** means any Scheduled Trading Day on which a Market Disruption Event has occurred.

**Dual Exchange Rate** means that a currency of the Exchange Rate is divided into a dual or multiple exchange rate.

**Hedged Positions** means any purchase, sale, execution or holding of one or more (i) positions or contracts on securities, options, futures, derivatives or currencies, (ii) securities lending transactions, or (iii) other instruments or agreements (however described) made to hedge the risk relating to execution and performance of the Issuer's obligations under the Securities, whether individually or on a portfolio basis.

**Liquidity Disruption** means the occurrence of an event concerning a currency preventing the Calculation Agent from determining the rate for such currency.

**Market Disruption Event** means the occurrence or existence of any of the following events (i) Price Source Unavailability, (ii) Liquidity Disruption or (iii) Dual Exchange Rate (exceptionally, if an event occurs which

constitutes both a Market Disruption Event and an Event for such Exchange Rate (as defined below), such event shall constitute an Event for such Exchange Rate and not a Market Disruption Event).

**Price Source Unavailability** means that it has become impossible to obtain the rate used for calculation of the Settlement Price.

**Scheduled Valuation Date** means the initial date which, but for the occurrence of an event causing a Disrupted Day would have been a Valuation Date.

*(ii) Consequences of a Market Disruption Event on a Valuation Date*

If any Valuation Date is a Disrupted Day, such Valuation Date shall be the next following Scheduled Trading Day which is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date notwithstanding that such day is a Disrupted Day and (2) the Calculation Agent shall determine in good faith the fair value of the Exchange Rate at the Valuation Time on such eighth Disrupted Day.

In order to determine the fair value of the Exchange Rate, the Calculation Agent may take into account the market value of any hedging instruments put in place by the Issuer and/or any of the affiliates of the Hedging Party in relation to the Securities, adjusted for gains or losses, if any, realised or incurred, as the case may be, by the Issuer due to such Market Disruption Event.

*(iii) Notices*

The Calculation Agent shall notify the Issuer, as soon as possible, if any Market Disruption Event occurs on any date which, but for the occurrence of a Market Disruption Event, would have been a Valuation Date.

The Issuer shall notify the Holders as soon as possible of the occurrence of a Market Disruption Event, in accordance with Condition 19.

**C. Adjustments**

*(i) Principles*

If certain events defined in paragraph (ii) below and affecting an Exchange Rate (an **Event**) occur, the Calculation Agent may, as regards Securities in respect of which the Event Effective Date falls on or prior to the Valuation Date, continue to perform its obligations, subject to such adjustments as it considers necessary. To this end, the Calculation Agent shall apply one after another and as specified in the Final Terms the hereafter methods, including the methods described in paragraph (ii) below to adapt the Securities to the modifications to the Exchange Rate or its Substitution (the **Calculation Agent Method**).

If the Calculation Agent determines that the Calculation Agent Method is technically impossible to implement or inappropriate, it may make any other adjustment it deems necessary.

Failing the above, the Issuer may terminate its obligations by notifying the Holders, in accordance with Condition 19, of the fair market value of the Securities, as determined by the Calculation Agent.

Settlement terms shall be implemented as soon as possible at the specified fair market value (the **Settlement Method**).

Notwithstanding the above, if such option is specified as being applicable in the applicable Final Terms, payment of the Capitalised Fair Market Value shall be made on the Settlement Date (the **Capitalised Fair Market Value Option**).

For the purposes of this paragraph, the **Capitalised Fair Market Value** means the fair market value of the Security capitalised between the Event Effective Date and the Settlement Date at the capitalised EONIA rate appearing on the Bloomberg EONCAPL7 Index screen page, or any other rate specified in the applicable Final Terms.

Any adjustment decided by the Calculation Agent shall take effect on each Valuation Date subsequent to the Event.

***(ii) Adjustment methods applicable to Exchange Rates***

If the Calculation Agent applies the Calculation Agent Method, it may make the following adjustments.

***(a) Substitution of a domestic currency with another domestic currency***

In the event that an Exchange Rate relates to a domestic currency that is replaced by another currency (the **Substitute Currency**), the Substitute Currency shall be used in place of the replaced domestic currency, using the fixed conversion rate between such domestic currency and the Substitute Currency, as established by the relevant authorities.

***(b) Currency of a Member State of the European Union participating in the third phase of economic and monetary union introduced on 1 January 1999***

In the event that an Exchange Rate relates to a domestic currency that will be replaced by the euro due to participation of a Member State of the European Union in the third phase of economic and monetary union introduced on 1 January 1999, the domestic currency shall be converted into euro using the fixed conversion rate between such domestic currency and the euro, as established by the Council of the European Union in accordance with article 123 (4) of the Treaty, rounding the resulting figure to the nearest one-hundredth of a euro (0.005 euro being rounded-up to the next highest one hundredth of a euro).

***(c) Cessation of publication of Exchange Rate***

If the Distributor permanently ceases to publish the Exchange Rate and no Substitute Exchange Rate is available, the Calculation Agent may make adjustments to the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Exchange Rate.

***(d) Change of law***

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Exchange Rate if, on or after the Issue Date, (A) due to the adoption of, or any change in any law (including, without limitation, any tax law), rule, regulation, order, regulatory decision, any order of any regulatory or taxation authority or any rule, regulation or procedure of any stock exchange, or (B) due to the promulgation of, or any change in or new interpretation by any court, tribunal or regulatory authority of any applicable law or regulation (including any action taken by a taxation authority), the Calculation Agent determines in good faith that (X) it has become illegal or contrary to any applicable regulation for the Hedging Party, to hold, acquire or dispose of the relevant Exchange Rate /Hedged Positions in relation to such Securities, or (Y) it will incur a materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

***(e) Hedging disruption***

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Exchange Rate if the Hedging Party is unable, after using commercially reasonable efforts, (A) to acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that it deems necessary to hedge the exchange rate risk generated by issuing the relevant

Security and performing its obligations thereunder, or (B) to realise, recover or remit the proceeds generated by any such transaction(s) or asset(s).

***(f) Increase in hedging costs***

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Exchange Rate if the Hedging Party incurs a materially increased (as compared with the circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the exchange rate risk generated by issuing the relevant Security and performing its obligations thereunder, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an increased cost of hedging.

***(iii) General provisions***

- (i) If several Events occur, the adjustments (if any) to the terms of the Securities for the second Event and subsequent Events shall be made to the terms of the Securities, as adjusted pursuant to previous Events.
- (ii) The Calculation Agent shall, as soon as reasonably practicable in the circumstances, having made adjustments or modifications to the terms of the Securities in accordance with these Conditions, notify the Issuer and the Principal Paying Agent, following which the Issuer or the Principal Paying Agent shall give notice of such adjustment and/or modification to the Holders of the Securities in accordance with Condition 19.
- (iii) Any Cash Settlement pursuant to Condition 6.4 shall be made within a period of ten (10) Business Days from the date of the relevant notice.

## 5.14 MARKET DISRUPTION EVENT AND ADJUSTMENTS FOR DEBT INSTRUMENT OR DEBT INSTRUMENT BASKETS

### A. Definitions

**Capitalisation Rate** means the fixed rate, as specified in the applicable Final Terms.

**CET** means Central European Time.

**Company** means the issuer company of a Debt Instrument, as specified in the applicable Final Terms, subject to adjustment at any time, in accordance with paragraph C below.

**Conversion Rate** means the exchange rate used for conversion of any amount, as specified in the applicable Final Terms.

**Debt Instrument** means any financial instrument (including a Bond, a Convertible Bond, a Perpetual Bond or a Contingent Bond) representing a right of claim over the legal entity that issued such instrument and to which the Securities relate, as specified in the applicable Final Terms, subject to adjustment or replacement at any time, in accordance with paragraph C below.

**Debt Instrument Bankruptcy** means a Company which (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

**Debt Instrument Basket** means a basket comprising Debt Instruments as specified in the applicable Final Terms, assigned the relevant Weightings specified in the applicable Final Terms.

**Debt Instrument Maturity Date** means the date on which the Debt Instrument matures, as specified in the Final Terms.

**Debt Instrument Nominal Value** means the nominal value assigned to the Debt Instrument, as specified in the Final Terms.

**Debt Instrument Price** means, for a given trading volume, the price specified in the applicable Final Terms, or if no such price is specified, an amount equal to the purchase or sale price offered for such Debt Instrument, as determined by or on behalf of the Calculation Agent by reference (i) to the official value published at the Valuation Time by the relevant Exchange at approximately 16.00 CET, where such Debt Instrument is listed and where the official price is available and adequately reflects market conditions, if not (ii) the arithmetical average of the four (4) *clean bid* prices derived from the 6 (six) most recent *clean bid* prices for the Debt Instrument (and for a "*bid*" size

greater than zero) published on the Bloomberg "ALLQ" screen page for the Debt Instrument at approximately 16.00 CET, ignoring the highest and lowest of such prices, if six (6) prices are available and if the arithmetical average of the four (4) prices adequately reflects market conditions, if not (iii) the arithmetical average of the two (2) *clean bid* prices derived from the six (6) most recent *clean bid* prices for the Debt Instrument (and for a "bid" size greater than zero) published on the Bloomberg "ALLQ" screen page for the Debt Instrument at approximately 16.00 CET, ignoring the highest and lowest of such prices, if the four (4) prices are available and if the arithmetical average of the two (2) prices adequately reflects market conditions, if not (iv) the arithmetical average of the *clean bid* prices provided by at least two market participants (selected by the Calculation Agent) for such Debt Instrument, or, failing which, the *clean bid* price provided by the only available leading market participant, or, failing which, (v) the price determined by the Calculation Agent at its sole discretion, but in the interests of the Holders and in a commercially reasonable manner.

**Event Effective Date** means the effective date of the Event, as determined by the Calculation Agent.

**Exchange Business Day (All Debt Instruments Basis)** means, in respect of a Debt Instrument Basket, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any closure of an Exchange or Related Exchange prior to the Scheduled Closing Time.

**Exchange Business Day (Per Debt Instrument Basis)** means, in respect of a Debt Instrument Basket, any day on which the relevant Exchange and Related Exchange associated with such Debt Instrument are open for trading during their respective regular trading sessions.

**Exchange Business Day (Single Debt Instrument Basis)** means any Scheduled Trading Day on which the relevant Exchange and Related Exchange, if applicable, are open for trading during their respective regular trading sessions, notwithstanding any closure of an Exchange or Related Exchange prior to the Scheduled Closing Time.

**Exchange Business Day** means either (i) in the case of a Debt Instrument, an Exchange Business Day (Single Debt Instrument Basis), or (ii) in the case of a Debt Instrument Basket (a) an Exchange Business Day (All Debt Instruments Basis) or (b) an Exchange Business Day (Per Debt Instrument Basis), in each case as specified in the applicable Final Terms, provided that if no Exchange Business Day is specified in the relevant Final Terms, Exchange Business Day (All Debt Instruments Basis) shall be deemed to apply, or (iii) for a Debt Instrument that is not traded on an exchange or regulated market, any Business Day.

**Exchange** means for a Debt Instrument, each exchange or quotation system specified as such in the Final Terms for a relevant Debt Instrument, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Debt Instrument has been temporarily relocated (provided that the Calculation Agent has determined that there is a comparable liquidity relative to such Debt Instrument on such temporarily substitute exchange or quotation system as on the original exchange. In case of a lack of Exchange for a relevant Debt Instrument means the Screen Page as specified in the Final Terms.

**Hedged Positions** means the purchase, sale, execution or holding of one or more (i) positions or contracts on securities, options, futures, derivatives or currencies, (ii) securities lending transactions, or (iii) other instruments or agreements (however described) made to hedge the risk relating to execution and performance of the Issuer's obligations under the Securities, whether individually or on a portfolio basis.

**New Debt Instruments** means securities of the new company in the event of a Merger or securities resulting from Spin-Off (as applicable). Any substitution shall be made as soon as possible after the Event Effective Date, by reference to the applicable exchange parity, it being understood that, in the event that the original securities must be substituted for several different categories of securities, the Calculation Agent may decide to substitute for the relevant securities one (or more) of such securities (the **Selected Security(ies)**). In this case, the value of the security or securities not selected (the **Excluded Security(ies)**) shall be expressed as a number or a fraction of a number of one (or more) of the Selected Security(ies), at the Calculation Agent's choice, which shall be calculated by the Calculation Agent on the basis of the official closing price of both the Selected Security or Securities and the



Excluded Securities, recorded simultaneously on the Event Effective Date. If the substituted security or securities include one or more unlisted securities, the Calculation Agent shall determine the fair market value of such unlisted security or securities on the Event Effective Date.

**Quantity** means (subject to adjustment in accordance with paragraph C below) the number of Debt Instruments of the Security, as specified in the applicable Final Terms.

**Related Exchange** means an organised market on which futures contracts and/or options on a Debt Instrument are traded, as specified in the applicable Final Terms or any successor market or any other market that may be nominated subsequently by the Issuer to replace the Related Exchange specified in the Final Terms.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on the relevant Scheduled Trading Day, without regard to after-hours or any other trading outside of the regular trading sessions.

**Scheduled Trading Day (All Debt Instruments Basis)** means, in respect of a Debt Instrument Basket, any day on which each Exchange and each Related Exchange (if it exists) associated with all of the Debt Instruments comprised in the Debt Instrument Basket are scheduled to be open for trading during their regular trading sessions. If there is no Exchange for a relevant Debt Instrument means any day which is a Business Day.

**Scheduled Trading Day (Per Debt Instrument Basis)** means, in respect of a Debt Instrument Basket, any day on which the relevant Exchange and Related Exchange (if it exists) associated with such Debt Instrument are scheduled to be open for trading during their regular trading sessions. If there is no Exchange for a relevant Debt Instrument means any day which is a Business Day.

**Scheduled Trading Day (Single Debt Instrument Basis)** means any day on which the relevant Exchange and relevant Related Exchange (if it exists) are scheduled to be open for trading during their regular trading sessions. If there is no Exchange for a relevant Debt Instrument means any day which is a Business Day.

**Scheduled Trading Day** means either (i) in the case of a Debt Instrument, Scheduled Trading Day (Single Debt Instrument Basis), or (ii) in the case of a Debt Instrument Basket, (a) Scheduled Trading Day (All Debt Instruments Basis) or (b) Scheduled Trading Day (Per Debt Instrument Basis), in each case as specified in the applicable Final Terms, provided that if no Scheduled Trading Day is specified as being applicable in the relevant Final Terms, Scheduled Trading Day (All Debt Instruments Basis) shall be deemed to apply.

**Screen Page** means the price source reference page, as specified in the applicable Final Terms or any succeeding page.

**Substitute Debt Instrument** means a debt instrument (i) which is not the Debt Instrument of the Security and (ii) which has, in the opinion of the Calculation Agent, similar characteristics to those of the excluded Debt Instrument (business sector, currency, rating, listing method, liquidity, volatility or any other pertinent parameter in the opinion of the Calculation Agent).

**Substitution** means the cessation by the Calculation Agent of the indexation of the Securities to the Debt Instrument and its replacement by a Substitute Debt Instrument or, in the case of a Debt Instrument Basket, the crystallisation at the fair market value of the Debt Instrument on the relevant Event Effective Date.

**Valuation Time** means (i) the time on the relevant Valuation Date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or (ii) for a Debt Instrument that is not traded on an Exchange 16.00 CET.

**Weighting** or **Wi** means, in respect of each Debt Instrument comprised in the Debt Instrument Basket, the percentage or fraction specified in respect of such Debt Instrument, in the applicable Final Terms.

**B. Market Disruption Event**

**(i) Definitions**

**Market Disruption Event** means

- (a) any suspension or limitation on trading imposed by the Exchange or
- (b) any suspension or limitation on trading on listed options contracts or futures contracts relating to the Debt Instrument, which the Calculation Agent determines is material and which occurs at any time during the one-hour period prior to the relevant Valuation Time or
- (c) any suspension of publication on the relevant Screen Page or the unavailability of *clean bid* prices from at least two market participants.

**Disrupted Day** means (i) any Scheduled Trading Day on which the Exchange or, as applicable, the Related Exchange is not open for trading during its regular trading session, or any Scheduled Trading Day on which a Market Disruption Event has occurred or (ii) for a Debt Instrument that is not traded on an Exchange, any Business Day on which a Market Disruption Event has occurred.

**(ii) Consequences of a Market Disruption Event**

If any Valuation Date is a Disrupted Day, such Valuation Date shall be the next following Exchange Business Day, or, as the case may be the next following Business Day, which is not a Disrupted Day, unless each of the eight (8) Exchange Business Days or each of the eight (8) Exchange Business Days immediately following the Scheduled Valuation Date is a Disrupted Day.

In such case, (1) such eighth Disrupted Day shall be deemed to be the Valuation Date notwithstanding that such day is a Disrupted Day and (2) the Calculation Agent shall determine in good faith the value of the Debt Instrument at the Valuation Time on such eighth Disrupted Day.

In order to determine the fair value of the Debt Instruments, the Calculation Agent may take into account the market value of any hedging instruments put in place by the Issuer and/or any of the affiliates of the Hedging Party in relation to the Securities, adjusted for gains or losses, if any, realised or incurred, as the case may be, by the Issuer due to such Market Disruption Event.

**C. Adjustments**

**(i) Principles**

If certain events defined in paragraph (ii) below and affecting a Debt Instrument (an **Event**) occur, the Calculation Agent may, as regards Securities in respect of which the Event Effective Date falls on or prior to the Valuation Date, continue to perform its obligations, subject to such adjustments as it considers necessary. To this end, the Calculation Agent shall apply one after another or alternatively as specified in the Final Terms:

- (a) the same method as that applied by the Related Exchange (if applicable) or any other relevant authority (the **Related Exchange Method**), or
- (b) the methods described in paragraphs (ii) below to adapt the Security to the modifications to the Debt Instrument or its Substitution (the **Calculation Agent Method**); or
- (c) the liquidation adjustment method (the **Liquidation Method**) the effect of which is to change the manner in which the Final Settlement Amount is determined to take account (i) of the amount of the liquidation proceeds of the relevant Debt Instrument, which shall be net of all fees, costs and taxes, if any, capitalised between the date of receipt of such liquidation proceeds by the Hedging Party and the Valuation Date at the

Capitalisation Rate (**Lj**) in place of the settlement amount of the relevant Debt Instrument used in the determination of the the Final Settlement Amount and, if applicable, (ii) the sum of the Debt Instrument coupons affected by the Event, calculated between the Launch Date and the liquidation date, each coupon shall be capitalised (provided that only coupons due for at least one entire year may be capitalised) between the date of its receipt by the Hedging Party and the Valuation Date at the Capitalisation Rate (**ΣCj**) in place of the sum of the relevant Debt Instrument coupons used in the determination of the Final Settlement Amount as defined in the Final Terms as the case may be.

If the Calculation Agent determines that the Related Exchange Method or Calculation Agent Method or Liquidation Method is technically impossible to implement or inappropriate, it may make any other adjustment it deems necessary.

Failing the above, the Issuer may terminate its obligations by notifying the Holders, in accordance with Condition 19, of the fair market value of the Securities in the case of Cash Settlement or, if applicable, of the quantity of Debt Instruments to be delivered in the case of Physical Delivery (**Deliverable Debt Instruments**), as determined by the Calculation Agent.

Settlement terms shall be implemented as soon as possible at the specified fair market value in the case of Cash Settlement or, if applicable, by delivery of the relevant quantity of Deliverable Debt Instruments in the case of Physical Delivery (the **Settlement Method**).

Notwithstanding the above, if such option is specified as being applicable in the applicable Final Terms, payment of the Capitalised Fair Market Value in the case of Cash Settlement or, if applicable, by delivery of the relevant quantity of Deliverable Debt Instruments in the case of Physical Delivery, shall be made on the Settlement Date (the **Capitalised Fair Market Value Option**).

For the purposes of this paragraph, the **Capitalised Fair Market Value** means the fair market value of the Security capitalised between the Event Effective Date and the Settlement Date at the capitalised EONIA rate appearing on the Bloomberg EONCAPL7 Index screen page, or any other rate specified in the applicable Final Terms.

Any adjustment decided by the Calculation Agent shall take effect on each Valuation Date subsequent to the Event.

**(ii) Adjustment methods applicable to Debt Instruments**

If the Calculation Agent applies the Calculation Agent Method, it may make the following adjustments.

**(a) *Correction of the Debt Instrument Price***

If the Debt Instrument Price published by the relevant Exchange or obtained by the Calculation Agent, as the case may be, is corrected to a material extent after the Valuation Date, but at the latest two (2) Business Days prior to the Interest Payment Date or Settlement Date, then the corrected price shall be deemed to be the Debt Instrument Price applicable on the Valuation Date.

**(b) *Merger***

In the event that the Company (issuer of the Debt Instrument) merges with, or is absorbed by, another issuer company (other than a merger of which the issuer Company is the surviving entity) (the **Merger**), the Calculation Agent may elect to (a) replace the Debt Instruments with New Debt Instruments or (b) implement Substitution of the relevant Debt Instrument.

*(c) Spin-off*

In the event of a spin-off of the Company (issuer of the Debt Instrument) (**Spin-off**), the Calculation Agent may elect to either (a) replace the Debt Instruments with New Debt Instruments or (b) implement Substitution of the relevant Debt Instrument.

*(d) Insolvency, Restructuring and Deterioration of the Company*

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Debt Instrument (a) in the event of a Debt Instrument Bankruptcy, (b) acceleration of the Debt Instrument, (c) restructuring of the Debt Instrument, either by a reduction of the initially specified rate or amount of interest payable or accruing, a reduction in the amount of any premium or principal due at maturity or on the initially specified settlement dates, or any postponement of any date or dates on which it is provided (x) that an interest payment is to be made or interest begins to accrue or (y) that a repayment of principal or payment of any premium is to be made, or any lowering of the priority ranking or status of the Debt Instrument, or any change in the monetary unit in which repayments of principal or payments of interest must be made, or in their composition, or (d) any material deterioration in the financial situation of the Company (issuer of the Debt Instrument), in the opinion of the Calculation Agent.

*(e) Change to the Debt Instrument Nominal Value*

In the event of a change to the Debt Instrument Nominal Value, the Calculation Agent may adjust the new Quantity of Debt Instruments to which each Security henceforth relates.

*(f) Cash/Exchange Tender Offer*

If an Offer Period commences, the Calculation Agent may, having examined its characteristics and relevant practical arrangements, elect (a) to maintain the Debt Instrument as the Underlying or (b) replace it with the debt instrument issued by the Offeror.

If the Calculation Agent has not made an adjustment during the Offer Period in accordance with the paragraph below and if the Company is the subject of a successful Cash/Exchange Tender Offer (the **Tender Offer**), the Calculation Agent may elect (a) to maintain the Debt Instrument as the Underlying, (b) replace the Debt Instrument with the Substitute Security or (c) implement Substitution of the Debt Instrument.

For the purposes of this section (Cash/Exchange Tender Offer):

**Cash/Exchange Tender Offer** means any acquisition offer made by one or more legal entities (or if applicable one or more individuals) (the **Offeror**) in respect of one or more Debt Instruments giving rights to share capital in the Company(ies) under the relevant national law, and for a fixed price.

**Offer Period** means the period from (and including) the date on which the Cash/Exchange Tender Offer is officially announced by the Offeror in whatever manner to the competent supervisory authorities in accordance with applicable laws and regulations in the relevant jurisdiction, up to (but excluding) the date of the Cash/Exchange Tender Offer.

*(g) Buy-Back Offer*

In the event of a buy-back offer by the Company (issuer of the Debt Instruments) (the **Buy-Back Offer**), the Calculation Agent may elect:

- (a) not to take part in the Buy-Back Offer and to maintain the relevant Debt Instrument as the Underlying of the Securities, or

- (b) to participate in the Buy-Back Offer and contribute the relevant Debt Instruments, in which case the Calculation Agent shall amend the manner in which the Final Settlement Amount is determined to take account (i) of the amount of the proceeds of the contribution of the relevant Debt Instrument to the Buy-Back Offer, which shall be net of all fees, costs and taxes, if any, capitalised between the date of receipt of such amount by the Hedging Party and the Valuation Date at the Capitalisation Rate (**Lj**) in place of the settlement amount of the relevant Debt Instrument used in the determination of the Final Settlement Amount and, if applicable, (ii) the sum of the Debt Instrument coupons affected by the Event, calculated between the Launch Date and the date of the contribution of the Debt Instrument to the Buy-Back Offer, each coupon on such Debt Instrument shall be capitalised (provided that only coupons due for at least one entire year may be capitalised) between the date of its receipt by the Hedging Party and the Valuation Date at the Capitalisation Rate (**ΣCj**) in place of the sum of the relevant Debt Instrument coupons used in the determination of the Final Settlement Amount; or
- (c) to liquidate the relevant Debt Instruments, in which case the Calculation Agent shall amend the manner in which the Final Settlement Amount is determined to take account (i) of the amount of the liquidation proceeds of the relevant Debt Instrument, which shall be net of all fees, costs and taxes, if any, capitalised between the date of receipt of such liquidation proceeds by the Hedging Party and the Valuation Date at the Capitalisation Rate (**Lj**) in place of the settlement amount of the relevant Debt Instrument used in the determination of the Final Settlement Amount and, if applicable, (ii) the sum of the Debt Instrument coupons affected by the Event, received by the Hedging Party between the Launch Date and the liquidation date, each coupon on such Debt Instrument shall be capitalised between the date of its receipt by the Hedging Party and the Valuation Date at the Capitalisation Rate (**ΣCj**) in place of the sum of the relevant Debt Instrument coupons used in the determination of the Final Settlement Amount.

**(h) Financial default**

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including proceeding with the Substitution of the relevant Debt Instrument, (i) if a hypothetical investor in a Debt Instrument has not received all or any of the coupons and/or principal on the dates specified in the applicable Debt Instrument documentation in force on the Trade Date; or (ii) if an event occurs that may have the same consequences such as a restructuring, insolvency, repudiation or moratorium (**Financial Default**).

**(i) Change of law**

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Debt Instrument if, on or after the Issue Date, (A) due to the adoption of, or any change in any law or regulation (including, without limitation, any tax law) or any order, decision of any regulatory or taxation authority, or any regulation, rule or procedure of any stock exchange, or (B) due to the promulgation of, or any change in or new interpretation by any court, tribunal or regulatory authority of any applicable law or regulation (including any action taken by a taxation authority), the Calculation Agent determines in good faith (X) that it has become illegal or contrary to any applicable regulation for the Hedging Party, to hold, acquire or dispose of the relevant Debt Instrument /Hedged Positions in relation to such Securities, or (Y) it will incur a materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**(j) Hedging disruption**

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including implementing Substitution of the relevant Debt Instrument if the the Hedging Party is unable, after using commercially reasonable efforts, (A) to acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that it deems necessary to hedge the debt instrument risk generated by issuing the relevant Security and performing its obligations thereunder, or (B) to realise, recover or remit the proceeds generated by any such transaction(s) or asset(s).

**(k) Increase in hedging costs**

The Calculation Agent may adjust the settlement, payment or any other terms of the Securities, including electing to implement Substitution of the relevant Debt Instrument if the Issuer and/or any of its affiliates or the Hedging Party incurs a materially increased (as compared with the circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the debt instrument risk generated by issuing the relevant Security and performing its obligations thereunder, or (B) to realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Hedging Party shall not be deemed an increased cost of hedging.

**(iii) General provisions**

- (i) If several Events occur, the adjustments (if any) to the terms of the Securities for the second Event and subsequent Events shall be made to the terms of the Securities, as adjusted pursuant to previous Events.
- (ii) The Calculation Agent shall, as soon as reasonably practicable in the circumstances, having made adjustments or modifications to the terms of the Securities in accordance with these Conditions, notify the Issuer and the Principal Paying Agent, following which the Issuer or the Principal Paying Agent shall give notice of such adjustment and/or modification to the Holders of the Securities in accordance with Condition 19.
- (iii) Any Cash Settlement pursuant to Condition 6.4 shall be made within a period of ten (10) Business Days from the date of the relevant notice and any Physical Settlement pursuant to Condition 6.5 shall be made as soon as possible.

## 5.15 EARLY SETTLEMENT

The Early Settlement Amount for any Securities due and payable in accordance with Condition 14 shall be equal to the fair market value of the Security, as determined by the Calculation Agent or, if applicable, any other third party appointed to this end using the arithmetic mean of each quotation supplied by five (5) leading banks on the Reference Financial Place (with the exception of any member of the Exane group), after having set aside the highest and lowest quotations (and if, amongst the quotations received, at least two quotations have a value equal to the highest quotation or to the lowest quotation, only one is set aside for the calculation of the arithmetic mean), plus interest based on the Euro OverNight Index Average (EONIA) rate or any other overnight rate applicable to the Settlement Currency, as specified in the Final Terms until the settlement date.

Should none of the provisions mentioned above apply, the Early Settlement Amount for any Certificate due and payable in accordance with Condition 14 means the quantity of Underlyings to Deliver, as determined by the Calculation Agent.

## 5.16 AUTOMATIC EARLY SETTLEMENT

Unless it has been settled, redeemed and cancelled, if on any Automatic Early Valuation Date, the Automatic Early Settlement Condition determined in accordance with the Technical Annex and specified in the applicable Final Terms occurs, each Certificate will be settled in all, but not in part, on the Automatic Early Settlement Date immediately following the relevant Automatic Early Valuation Date, and the Settlement Amount settled by the Issuer on such date will be equal to the applicable Automatic Early Settlement Amount.

## 5.17 PARTLY PAID CERTIFICATES

Partly Paid Certificates shall be settled either at maturity or early, in accordance with the provisions of this Condition 5 as supplemented by the Final Terms.

## 5.18 EARLY SETTLEMENT FOR TAX REASONS

If, at any time on or prior to the Maturity Date (the date of such determination being the **Early Tax Settlement Determination Date**), the Calculation Agent determines that, due to (i) the adoption of, any change in the application or official interpretation of any applicable tax law or regulation or (ii) any action taken by a tax authority, the Issuer may incur a materially increased cost in performing its obligations under the Certificates (including without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) (each a **Tax Settlement Event**), as soon as practicable after such determination the Calculation Agent shall give notice in accordance with Condition 19 to the Holders of the determination of the Tax Settlement Event stating the nature of the Tax Settlement Event (the date of such notice being the **Notice Date**); such notice may be given irrespective of whether the Tax Settlement Event is continuing. Interest shall cease to accrue from and including the Interest Payment Date immediately preceding the Early Tax Settlement Determination Date and thereafter no payment of interest or principal on the Certificates will be made and each Certificate will be redeemed by the Issuer at an amount (the **Early Settlement Amount for Tax Reasons**) equal to the fair market value of the Certificates on the fifth Business Day following the Notice Date less any loss of bargain and cost of funding incurred by the Issuer or to the Amount of Underlyings to Deliver, all as determined by the Calculation Agent in good faith.

## **6. SETTLEMENT OF THE CLN AND OF THE HYBRID SECURITIES**

For the purpose of the present Condition 6, the term CLN means, as the case may be, the CLN or the Credit Linked Portion of the Hybrid Securities.

### **6.1 SETTLEMENT IN THE ABSENCE OF A CREDIT EVENT**

#### **A. Scheduled Maturity Date**

Unless the CLNs have been previously redeemed or purchased and cancelled, and provided that the Calculation Agent has not sent an Extension Notice or a Credit Event Notice to the Issuer and to the Holders on or prior to the last day of the Notice Delivery Period, each CLN shall be redeemed by the Issuer at its Final Settlement Amount on the Scheduled Maturity Date.

Unless the CLNs have been previously redeemed or purchased and cancelled, and provided that the Calculation Agent has not sent an Extension Notice or a Credit Event Notice to the Issuer and to the Holders on or prior to the last day of the Notice Delivery Period and If the applicable Final Terms specify that the Third Alternative Final Settlement Amount is applicable, each CLN shall be redeemed by the Issuer at its Final Settlement Amount that is deemed to be zero (0) on the Scheduled Maturity.

#### **B. Grace Period Extension**

If the Calculation Agent determines in good faith that a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date in relation to a Reference Entity to which Failure to Pay and Grace Period Extension is specified as applicable in the Final Terms, but the applicable Grace Period (if any) cannot by its terms expire on or prior to the Scheduled Maturity Date, the Calculation Agent shall as soon as reasonably practicable thereafter send an Extension Notice to the Issuer and the Holders setting out such determination and specifying that the Scheduled Maturity Date shall not be the Maturity Date of the CLNs and the maturity of the CLNs shall be extended in accordance with the following provisions. Any interest due on the Scheduled Maturity Date shall be deemed to be due on the actual Maturity Date and no further interest shall accrue after the Scheduled Maturity Date.

If a Credit Event Notice in respect of the Failure to Pay is not delivered by the Calculation Agent to the Issuer and the Holders on or before the date which is fourteen (14) calendar days following the end of the Grace Period Extension Period then the Maturity Date shall be the date that falls tenth Business Days after such date.

If a Credit Event Notice in respect of the Failure to Pay is delivered on or before the date which is fourteen (14) calendar days following the end of the Grace Period Extension Period, then the settlement will occur in accordance with the Auction Settlement Terms, Physical Settlement Terms or the Cash Settlement Terms, as applicable.

#### **C. Repudiation/Moratorium Extension**

If the Calculation Agent determines in good faith that a Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Maturity Date in relation to a Reference Entity to which Repudiation/Moratorium is specified as applicable in the Final Terms, the Calculation Agent shall as soon as reasonably practicable thereafter send an Extension Notice to the Issuer and the Holders setting out such determination and specifying that the Scheduled Maturity Date shall not be the Maturity Date of the CLNs and the maturity of the CLNs shall be extended in accordance with the following provisions. Any interest due on the Scheduled Maturity Date shall be deemed to be due on the actual Maturity Date and no further interest shall accrue after the Scheduled Maturity Date.

If a Credit Event Notice in respect of the Repudiation/Moratorium is not delivered by the Calculation Agent to the Issuer and the Holder(s) on or before the date which is fourteen (14) calendar days following the Repudiation/Moratorium Evaluation Date, then the date that falls ten (10) Business Days after such date will be the Maturity Date.



If a Credit Event Notice in respect of the Repudiation/Moratorium is delivered by the Calculation Agent on or before the date which is fourteen (14) calendar days following the Repudiation/Moratorium Evaluation Date, then settlement will occur in accordance with Auction Settlement Terms, Cash Settlement Terms or Physical Settlement Terms, as applicable.

## 6.2 SETTLEMENT IN THE CASE OF A CREDIT EVENT

A. Upon the satisfaction of the Conditions to Settlement in relation to any Reference Entity:

(i) if **European Settlement** is specified as applicable in the Final Terms applicable to CLNs or an Hybrid Securities and no Adjustment Event has occurred in respect of the Underlying Linked Portion of the Hybrid Securities (an **Equity Adjustment Event**) prior to or following the occurrence of the relevant Credit Event, the following provisions shall apply:

(a) the Settlement Amount in respect of the CLNs or the Credit-Linked Portion of the Hybrid Securities shall be determined by the Calculation Agent in good faith in accordance with the Settlement Method specified in the Final Terms;

(b) in respect of the Hybrid Securities, the Underlying Linked Portion shall not be affected by the occurrence of the Credit Event and interest (if any) or any other non-principal amount linked to the Underlying Linked Portion of the Hybrid Securities will not continue to accrue until the Maturity Date unless “Include European Settlement Interest Accrual” is specified as applicable in the relevant Final Terms. In the event that the Maturity Date falls after the Scheduled Maturity Date as a result of an extension in accordance with Condition 6.1B or C or otherwise, and “Include European Settlement Interest Accrual” is specified as applicable in the relevant Final Terms, interest shall be payable at a rate calculated by the Calculation Agent in good faith by reference to EONIA or such other rate for overnight deposits in euro for the period commencing and (and including) the Scheduled Maturity Date to (and including) the Maturity Date; and

(c) the Securities shall be redeemed on the Maturity Date at their Final Settlement Amount.

(ii) if **American Settlement** is specified as applicable in the Final Terms applicable to CLNs and or Hybrid Securities and no Equity Adjustment Event has occurred prior to or following the occurrence of the relevant Credit Event, the following provisions shall apply:

(a) the Settlement Amount in respect of the CLN or the Credit-Linked Portion of the Hybrid Securities shall be determined by the Calculation Agent in good faith in accordance with the Settlement Method specified in the Final Terms;

(b) in respect of the Hybrid Securities interest shall cease to be payable in respect of the Underlying Linked Portion on the relevant Credit Event Determination Date and the Calculation Agent shall calculate in good faith the Hybrid Fair Market Value of the Underlying Linked Portion of the Hybrid Securities on the relevant Credit Event Determination Date for the period commencing on such Credit Event Determination Date and ending on the relevant Settlement Date; and

(c) the Securities shall be redeemed on the relevant Settlement Date at their Final Settlement Amount.

(iii) if Settlement by Instalments is specified as applicable in the Final Terms and no Equity Adjustment Event has occurred in respect of the Hybrid Securities prior to or following the occurrence of the relevant Credit Event, the following provisions shall apply in respect of the relevant Instalment Amount:

(a) the Settlement Amount in respect of the Credit-Linked Portion of the Hybrid Securities shall be determined by the Calculation Agent in good faith in accordance with the Settlement Method specified in the Final Terms;

- (b) the Underlying Linked Portion of the Hybrid Securities shall not be affected by the occurrence of the Credit Event and interest (if any) or any other non-principal amount linked to the Underlying Linked Portion of the Hybrid Securities shall continue to accrue until the Maturity Date. In the event that the Maturity Date falls after the Scheduled Maturity Date as a result of an extension in accordance with Condition 6.1B or C or otherwise, interest shall be payable at a rate calculated by the Calculation Agent in good faith by reference to EONIA or such other rate for overnight deposits in euro for the period commencing and (and including) the Scheduled Maturity Date to (and including) the Maturity Date; and
  - (c) the Credit Linked Portion of the Hybrid Securities shall be redeemed at an Instalment Amount on the Instalment Date and the Underlying Linked Portion of the Hybrid Securities shall be redeemed on the Maturity Date at their Final Settlement Amount.
- B. If an Underlying Adjustment Event or a Credit Adjustment Event occurs prior to or following the occurrence of the relevant Credit Event, the provisions of Condition 6.8 shall apply.
- C. Upon the satisfaction of the Conditions to Settlement in relation to any Reference Entity:
  - (i) if Auction Settlement is applicable in the Final Terms: the provisions of Condition 6.3 shall apply.
  - (ii) if Cash Settlement is applicable in the Final Terms: the provisions of Condition 6.4 shall apply
  - (iii) if Physical Settlement is applicable in the Final Terms: the provisions of Condition 6.5 shall apply.
- D. If a Credit Event Resolution Request Date occurs in relation to any Reference Entity then, unless the Issuer elects otherwise, the timing requirements that pertain to settlement of the CLNs or of the Credit-Linked Portion of the Hybrid Securities shall stand still and remain suspended until such date (the Suspension End Date) as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in the Definition of Credit Event Resolution Request Date or (b) not to determine such matters. Upon the occurrence of the relevant Suspension End Date, the relevant timing requirements of the relevant Settlement Method that have previously been suspended shall resume on the Business Day following such Suspension End Date (such terms, the Suspension Terms).
- E. With regard to the Conditions to Settlement
  - (i) each Credit Event Notice and Notice of Publicly Available Information will be given in accordance with Condition 19 and may be given irrespective of whether the relevant Credit Event is continuing or whether the dates of such notices fall after the Scheduled Maturity Date;
  - (ii) when the Calculation Agent is not the Guarantor or the Pledgor, all notices must also be sent to them. Failure to send a Credit Event Notice to the Guarantor and the Pledgor shall not affect the validity of the notices sent by the Calculation Agent; and
  - (iii) no Publicly Available Information shall be required in circumstances where ISDA publicly announces on or prior to the last day of the Notice Delivery Period that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Reference Obligation thereof.
- F. Where the Credit Event relates to a Reference Entity which is a Successor, then
  - (i) the provisions of Conditions 6 and 7 shall apply only in respect of the relevant CLNs or of the relevant Credit-Linked Portion;
  - (ii) the relevant tranche(s) shall be partially redeemed upon the satisfaction of the Issuer's obligations under Conditions 6 and 7;

- (iii) the relevant tranche(s) shall remain outstanding (until the earlier of the Maturity Date or a Credit Event in respect of all outstanding tranche(s)) and shall continue to accrue interest, if applicable; and
  - (iv) all references to "the CLNs" in Conditions 6 and 7 and shall be read and construed as references to "the relevant tranche(s) of CLNs".
- G. Where the CLNs are First/nth-to-Default CLNs, the Calculation Agent shall give a Credit Event Notice in respect of the First/nth Credit Event to occur in relation to any of the Reference Entities. If a Credit Event occurs with respect to more than one/"n" Reference Entity, the Calculation Agent shall in good faith select which Reference Entity/Entities shall be deemed to be subject to these Credit Event provisions.
- H. Where the CLNs are Basket CLNs or Index-Linked CLNs, there may be multiple Credit Event Determination Dates but only one Credit Event Determination Date in respect of each Reference Entity. A Credit Event Determination Date in respect of more than one Reference Entity may occur on any one date. For the avoidance of doubt, the provisions herein set out the mechanics that apply in respect of one Reference Entity and shall apply severally to each Reference Entity for Basket CLNs.
- I. Where Restructuring is specified in the Final Terms as being an applicable Credit Event, there may be more than one Credit Event Determination Date in respect of the same Reference Entity, and the provisions of Condition 7 will apply.

### **6.3 AUCTION SETTLEMENT TERMS**

Upon satisfaction of the Conditions to Settlement in relation to any Reference Entity, if Auction Settlement is specified as the applicable Settlement Method in the Final Terms, settlement of the Credit Event Portion of the CLNs shall take place by payment by the Issuer of the Auction Settlement Amount on the Auction Settlement Date, provided that if there is more than one Holder, each Holder shall be paid its pro rata share of the Auction Settlement Amount.

Without prejudice to the foregoing, but without duplication, if (a) an Auction Cancellation Date occurs, (b) a No Auction Announcement Date occurs, (c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine whether or not an event constitutes a Credit Event, (d) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Restructuring has occurred or (e) the Issuer elects that Cash Settlement or Physical Settlement shall apply instead (such election to be made at any time prior to the Business Day falling immediately prior to the Auction Final Price Determination Date), settlement of the Credit Event Portion of the CLNs shall take place in accordance with Condition 6.4 or, as applicable, Condition 6.5.

If Unwind Cost is specified as applicable in the relevant final Terms, the Issuer shall pay the Auction Settlement Amount subject to adjustment after taking into consideration the Unwind Cost.

For the purpose of this Condition, the Auction Settlement Amount shall be considered as the Final Settlement Amount.

### **6.4 CASH SETTLEMENT TERMS**

Upon satisfaction of the Conditions to Settlement in relation to any Reference Entity, if (a) Cash Settlement is specified as the Settlement Method in the Final Terms or (b) Cash Settlement is specified as the Fallback Settlement Method in the Final Terms or (c) Cash Settlement is applicable in accordance with Conditions 6.3(e), 6.4 or 6.6, settlement of the Credit Event Portion of the CLNs shall, subject to the Suspension Terms, take place by payment by the Issuer of the Cash Settlement Amount on the Cash Settlement Date. If there is more than one Holder, each Holder shall be paid its pro rata share of the Cash Settlement Amount as determined by the Calculation Agent in good faith. If the Cash Settlement Amount is zero, such amount shall be deemed to be paid on the Cash Settlement Date.

If Unwind Cost is specified as applicable in the relevant final Terms, the Issuer shall pay the Cash Settlement Amount subject to adjustment after taking into consideration the Unwind Cost.

Unless Conditions 6.5 or 6.6 apply and subject to the Suspension Terms, the Calculation Agent, may give ten prior Business Days' notice (the **Notice of Valuation Obligations**) to the Holders (the date stated in such notice being the **Valuation Obligations Notice Date**) of:

- (a) a detailed description of the Deliverable Obligations (for such purpose, the **Valuation Obligations**) and/or cash that comprise the Portfolio ;
- (b) the estimated aggregate Outstanding Principal Balance of the Valuation Obligations that are intended to be valued and the estimated Outstanding Principal Balance of each such Valuation Obligation; and
- (c) the Valuation Date(s) on which the Valuation Obligations are to be valued.

The Calculation Agent may serve subsequent Notices of Valuation Obligations to change the Valuation Date(s) and/or one or more of the Valuation Obligation(s) or the amount of cash specified in the Notice of Valuation Obligations and/or the detailed description thereof at any time on or prior to the tenth Business Day before the final Valuation Date and the last Notice of Valuation Obligations served within this period shall override all previous such notices. The Calculation Agent may correct any errors or inconsistencies in the detailed description of the Valuation Obligations specified in the Notice of Valuation Obligations by notice to the Calculation Agent and the Holders at any time prior to the applicable Valuation Date(s).

On the Valuation Date(s), the Calculation Agent shall commence determination of the Final Price using the Valuation Obligations specified in the Notice of Valuation Obligations (or, if Conditions 6.5 or 6.6 apply, using the Undelivered Portion only of the Valuation Obligations specified in the Notice of Physical Settlement).

In determining the Final Price, the Calculation Agent may make any other determination that it deems relevant, acting in good faith and using all relevant data and financial information available to it, in particular the valuations obtained by the Calculation Agent under the Hedging Transaction, if applicable.

## **6.5 PHYSICAL SETTLEMENT TERMS**

Upon satisfaction of the Conditions to Settlement in relation to any Reference Entity, if (a) Physical Settlement is specified as the Settlement Method in the Final Terms or (b) Physical Settlement is specified as the Fallback Settlement or (c) Physical Settlement is applicable in accordance with Condition 6.3(e), then the Issuer may, subject to the Suspension Terms, redeem the Credit Event Portion of the CLNs by procuring the Delivery to each Holder of its pro rata share of the Portfolio (a) reduced by an amount of Deliverable Obligations determined by the Calculation Agent as a consequence of the Credit Event, in good faith, to equal in value the Delivery Expenses in respect of such proportion of the Portfolio and (b) rounded down to the nearest integral authorised denomination of the relevant Deliverable Obligation(s) to be delivered (the amount of such Deliverable Obligations, the **Physical Settlement Amount**), all as determined by the Calculation Agent in good faith, and irrespective of whether the relevant Credit Event is continuing.

If Unwind Cost is specified as applicable in the relevant final Terms, the Issuer shall pay the Physical Settlement Amount subject to adjustment after taking into consideration the Unwind Cost.

In order to redeem the CLNs by delivery of the Portfolio, the Calculation Agent shall give at least ten Business Days' prior notice (the **Notice of Physical Settlement** and the date of such notice, the **Delivery Commencement Date**) to the Calculation Agent and the Holders of:

- (a) the Delivery Commencement Date
- (b) the Physical Settlement Date

- (c) a detailed description of the Deliverable Obligations and/or cash that will constitute the Portfolio
- (d) the estimated Outstanding Principal Balance of the Deliverable Obligation(s) that are to be delivered and the CUSIP or ISIN number of each Deliverable Obligation(s) if available (if such identifying number is not available the rate and tenor of the Deliverable Obligation(s)); and
- (e) the method by which the Holders must provide their settlement instructions to the Issuer or the Calculation Agent.

The Issuer or the Calculation Agent may serve subsequent Notices of Physical Settlement to change the Physical Settlement Date and/or one or more of the Deliverable Obligation(s) or the amount of cash comprising the Portfolio and/or the detailed description of the Deliverable Obligation(s) at any time on or prior to the Physical Settlement Date and the last Notice of Physical Settlement served within this period shall override all previous such notices. The Issuer may correct any errors or inconsistencies in the detail description of the Deliverable Obligation(s) by notice to the Calculation Agent and the Holders at any time prior to the date of delivery of the Portfolio.

Holders shall notify the Calculation Agent within five (5) Business Days of delivery of the Notice of Physical Settlement of their instructions for settlement in any major financial centre of the Deliverable Obligations comprising the Portfolio. Delivery shall be made in accordance with the market practice applicable to the Deliverable Obligation on the Physical Settlement Date, subject to the Suspension Terms set out below. If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as of the Physical Settlement Date as a result of the occurrence or non-occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include such additional amount.

Subject to Condition 6.6 and the Suspension Terms, if the CLNs have not been redeemed by delivery of the Portfolio in accordance with this Condition 6.5 on or prior to the Physical Settlement Date then Condition 6.4 shall be deemed to apply and the Valuation Date for such purposes will be the date which is three Business Days after the Physical Settlement Date, the Valuation Obligations for such purposes shall be the Deliverable Obligations and the Cash Settlement Date will be the later of (i) the thirtieth (30) Business Day following the determination of the Final Price and (ii) the date on which settlement of any Hedging Transaction occurs.

#### **6.6 FALLBACK TO CASH SETTLEMENT IF PHYSICAL SETTLEMENT IS IMPOSSIBLE OR ILLEGAL**

If it is impossible or illegal for the Issuer to Deliver or for any Holder to receive any Deliverable Obligations comprising the Portfolio in accordance with Condition 6.5 as a result of a Settlement Disruption Event or otherwise, then the Issuer shall deliver that portion of such Deliverable Obligations which it is possible and legal to deliver with an explanation in writing of the reasons for non-delivery of the rest of the Deliverable Obligations (such remainder being the **Undelivered Portion**). If the impossibility or illegality continues for more than 30 days after the Physical Settlement Date (the **Final Delivery Date**), then Condition 6.5 shall apply with respect to the Undelivered Portion that cannot be delivered and the relevant CLNs which have not been redeemed as a consequence, and the Valuation Date for such purposes will be the date which is three Business Days after the Final Delivery Date (such date, the **Fallback to Cash Settlement Valuation Date**) and the Valuation Obligations for such purposes shall be the Deliverable Obligations comprising the Undelivered Portion. Where the provisions of this Condition 6.6 apply, the final Valuation Date being the later of (a) 135 Business Days after the Credit Event Determination Date and (b) the Fallback to Cash Settlement Valuation Date with the Cash Settlement Date will be the later of (i) the 13th Business Day (or such shorter period as determined by the Calculation Agent) following the determination of the Final Price and (ii) the date on which settlement of any Hedging Transaction occurs.

#### **6.7 ALTERNATIVE SETTLEMENT FOR CERTAIN LOANS IN RESPECT OF PHYSICAL SETTLEMENT**

If the Issuer is unable to deliver by way of assignment or novation certain Loan(s) (**Undeliverable Loan Obligation(s)**) due to the non-receipt of any requisite consents and such consents are not obtained or deemed given by the 13th day following the Delivery Commencement Date, the Issuer shall be released from any obligation to deliver such Undeliverable Loan Obligation and the Issuer shall, from time to time, deliver to each Holder any amount received by it in respect of the Undeliverable Loan Obligation(s) during the period commencing on the Delivery Commencement Date and expiring on the Business Day which is one year after the Delivery Commencement Date (**Alternative Settlement End Date**), provided that such amounts received are able to be transferred to the Holder(s) and on the Alternative Settlement End Date the Issuer shall be released from its requirement to perform any outstanding or future (contingent or otherwise) obligation with respect to the CLNs and the CLNs shall be cancelled forthwith on the Alternative Settlement End Date.

If the Issuer, at any time before the Alternative Settlement End Date, obtains or is deemed to be given consent to assign or novate any outstanding Undeliverable Loan Obligation(s) the Issuer may, or if it is requested by the Holder, shall use reasonable endeavours to, assign or novate such Undeliverable Obligation(s) to the Holder(s), after which the CLNs shall be cancelled forthwith and all obligations (outstanding or otherwise) of the Issuer with respect to the CLNs shall be immediately discharged thereafter.

## **6.8 ADJUSTMENT EVENTS**

If the Calculation Agent, in good faith, at any time prior to the expiration of the Notice Delivery Period, one of the events specified in subConditions A to E au-dessous (each an **Adjustment Event**) has occurred and is continuing, the Calculation Agent may (but shall not be obliged to) determine any adjustment to any term or condition of the CLNs or of the hybrid Securities, which it deems appropriate in the context of the CLNs or of the hybrid Securities issuance. The Issuer or the Calculation Agent shall notify Holders of any adjustment made pursuant to this Condition 6.8 as soon as reasonably practicable in accordance with Condition 19. If the Calculation Agent determines that any such adjustment is impossible or inappropriate, it may (but shall not be obliged to) request the Issuer to notify the Holders of an early settlement of the CLNs or of the Credit-Linked Portion of the Hybrid Securities in which case the Issuer shall terminate its obligations under the CLNs or under the Credit-Linked Portion of the hybrid Securities and shall pay to the Holders the Capitalised Fair Market Value, as deemed appropriate by the Calculation Agent in good faith. If Capitalised Fair Market Value is applicable in the Final Terms, the Early Settlement Amount shall be equal to the Capitalised Fair Market Value which for the purposes of this paragraph means the fair market value of the CLN of of the Credit-Linked Portion of the Hybrid Security capitalised between the Event Effective Date and the Settlement Date at the capitalised EONIA rate appearing on the Bloomberg EONCAPL7 Index screen page, or any other rate specified in the applicable Final Terms.

The following events shall constitute an Adjustment Event:

### **A. Hedging Disruption**

means in respect of CLN or Credit-Linked Portion of Hybrid Securities that have one or more Reference Entity that as determined in good faith by the Calculation Agent, an Adjustment Event that will be deemed to have occurred and be continuing if the Issuer and/or any of its affiliates is unable after using commercially reasonable efforts, to (i) acquire, establish, re-establish, replace, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that it deems necessary to hedge the credit price risk relating to the CLNs or to the Credit-Linked Portion of Hybrid Securities (or any other relevant price risk including but not limited to the currency, interest rate risk relating to the CLNs or to the Credit-Linked Portion of Hybrid Securities) or (ii) realise, recover or remit the proceeds of any such type of transaction(s) or asset(s).

### **B. Change in Law**

means in respect of CLN or Credit-Linked Portion of Hybrid Securities that have one or more Reference Entity that as determined in good faith by the Calculation Agent, an Adjustment Event that will be deemed to have occurred and be continuing if, on or after the Issue Date (i) due to the adoption of, any change in the application or official interpretation of any applicable law or regulation including without limitation, any tax law or (ii) due to the

promulgation of or any new interpretation or change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that it has become unlawful, illegal or impossible for the Issuer and/or any of its affiliates to hold the CLNs or Credit-Linked Portion of Hybrid Securities or for the Issuer and/or any of its affiliates to hold, dispose of or acquire Hedging Transactions or it will incur a materially increased cost in performing its obligations under the CLN or under the Credit-Linked Portion of Hybrid Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**C. Increased cost of hedging**

means in respect of CLN or Credit-Linked Portion of Hybrid Securities that have one or more Reference Entity that as determined in good faith by the Calculation Agent, an Adjustment Event that will be deemed to have occurred and be continuing if there is an increase in the actual or potential cost (which shall include any tax, duty, expense or fee (other than brokerage commissions)) to the Issuer and/or any of its affiliates to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Hedging Transaction(s) with respect to the relevant CLNs or Credit-Linked Portion of Hybrid Securities or (ii) realise, recover or remit the proceeds of any such Hedging Transaction(s) provided that any increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its affiliates shall not be deemed to be an Adjustment Event.

**D. Adjustment to or replacement of an Index**

**(i) Calculation and publication of an Index by a sponsor**

If an Index ceases to be calculated and/or published by the Sponsor(s) of such Index on the Valuation Date or on an earlier date, but is calculated and/or published by another person, organisation or successor designated by the Sponsor or any other competent authority (the **New Sponsor**), the reference level of the Index shall be determined on the basis of the level of the Index as calculated and/or published by the New Sponsor.

The name of the New Sponsor and the terms and conditions for the calculation and/or distribution of the Index shall be transmitted as soon as possible to the Holders in accordance with Condition 19.

**(ii) Change in the calculation or replacement of an Index**

If, on the Valuation Date or an earlier date, the Sponsor or, if applicable, the New Sponsor or any other competent authority significantly changes the method of calculating an Index, or if the Sponsor replaces an Index with a new Index and such new Index must be used as the new underlying instrument of the CLNs or of the Credit-Linked Portion of Hybrid Securities, the Calculation Agent may:

- (a) use the Index so calculated or replace the Index with the new index, as applicable, by multiplying it, if necessary, by a factor that ensures the continuity of the Index used as the underlying instrument for the CLNs or Credit-Linked Portion of Hybrid Securities; the Index so calculated or the new index, as applicable, as well as the factor, if necessary, shall be notified as soon as possible to the Holders in accordance with Condition 19; or
- (b) proceed with the Substitution of the affected Index

**(iii) Non publication or cessation of the calculation of an Index**

If, on a Valuation Date or an earlier date, the Sponsor or the New Sponsor does not publish or definitively stops calculating an Index without providing a new Index, or if it is no longer possible to use an Index normally as the Index underlying the CLNs or Credit-Linked Portion of Hybrid Securities, the Calculation Agent may proceed with the Substitution of the affected Index.

**E. Settlement Disruption Events and Market Disruption Events**

An Adjustment Event will be deemed to have occurred and be continuing if, on or after the Issue Date, a Settlement Disruption Event occurs and is continuing.

If at any time that credit default swap(s) are required to be notionally entered into or terminated pursuant to the Conditions, the Calculation Agent, in good determines that there are, at such time, prevailing market conditions (including the liquidity of the relevant market) such that credit default swap(s) cannot be not be transacted on commercially reasonable terms (whether as to price or otherwise) or it would not otherwise be economically viable or it would be impossible or undesirable for any other reason outside the control of the Issuer to notionally enter into or terminate credit default swap(s), (such event, a **Market Disruption Event**), then such event shall constitute an Adjustment Event and the Calculation Agent shall determine the adjustment, if any, required to be made to any term or Condition of the CLNs, the credit default swap(s) which it determines in good faith appropriate as a result thereof. Determinations by the Calculation Agent under this Condition of the occurrence of and cessation of a Market Disruption Event shall (i) be made by reference to then prevailing market prices, market conditions and confirmations of, or as provided by, one or more independent market participants or (ii) be confirmed by a certificate signed by a managing director (or equivalent) of the Issuer.

**F. Credit Adjustment of the Hybrid Securities**

If the Calculation Agent determines that any such adjustment is impossible or inappropriate on the Adjustment Event termination Date in respect of the Credit Adjustment Event (the **Credit Adjustment Event Determination Date**) and:

- (i) If **European Settlement** is specified as applicable in the Final Terms, the following provisions shall apply:
  - (a) the Underlying Linked Portion of the Hybrid Securities shall not be affected by the occurrence of the Credit Adjustment Event and interest (if any) or any other non-principal amount linked to the Underlying Linked Portion of the Hybrid Securities will not continue to accrue until the Maturity Date unless “Include European Settlement Interest Accrual” is specified as applicable in the relevant Final terms; and
  - (b) the Calculation Agent shall determine in good faith the Hybrid Capitalised Fair Market Value of the Credit-Linked Portion of the Hybrid Securities on the Credit Adjustment Event Determination Date for the period commencing on the Credit Adjustment Event Determination Date and ending on the Maturity Date; and
  - (c) the Hybrid Securities shall be redeemed at their Final Settlement Amount on the Maturity Date,

provided that, if an Equity Adjustment Event occurs prior to the occurrence of the Credit Adjustment Event, the provisions of Condition 6.8 G shall apply.

- (ii) If **American Settlement** is specified as applicable in the Final Terms, the following provisions shall apply:
  - (a) the Calculation Agent shall determine in good faith the Hybrid Fair Market Value of each of the Credit-Linked Portion and the Underlying Linked Portion of the Hybrid Securities on the Credit Adjustment Event Determination Date payable by the Issuer no later than thirty (30) Business Days following the occurrence of the Credit Adjustment Event Determination Date, unless otherwise provided in the Final Terms; and
  - (b) the Hybrid Securities shall be redeemed at their Final Settlement Amount on the date specified in (a) au-dessus,

provided that, if an Equity Adjustment Event occurs prior to the occurrence of the Credit Adjustment Event, the provisions of Condition 6.8G (ii) shall apply.



- (iii) If **Settlement by Instalments** is specified as applicable in the Final Terms, the following provisions shall apply in respect of the relevant Instalment Amount:
- (a) the Underlying Linked Portion of the Hybrid Securities shall not be affected by the occurrence of the Credit Adjustment Event and interest (if any) or any other non-principal amount linked to the Underlying Linked Portion of the Hybrid Securities shall continue to be payable until the Maturity Date;
  - (b) the Calculation Agent shall determine in good faith the Hybrid Fair Market Value in respect of the Credit-Linked Portion of the Hybrid Securities on the Credit Adjustment Event Determination Date payable by the Issuer no later than thirty (30) Business Days following the occurrence of the Credit Adjustment Event Determination Date unless otherwise provided in the Final Terms; and
  - (c) the Credit Linked Portion of the Hybrid Securities shall be redeemed at their Instalment Amount on the later of the relevant Settlement Date and the date specified in subparagraph (b) above and the Underlying Linked Portion of the Hybrid Securities shall be redeemed on the Maturity Date on their Final Settlement Amount,

provided that, if an Equity Adjustment Event occurs prior to the occurrence of the Credit Adjustment Event, the provisions of Condition 6.8 G(iii) shall apply.

The Issuer or the Calculation Agent shall notify Holders of any adjustment made pursuant to this Condition 5.8 as soon as reasonably practicable in accordance with Securities Condition 19.

#### **G. Underlying Adjustment of the Hybrid Securities**

If the Calculation Agent in good faith determines that an Underlying Adjustment Event has occurred, the relevant provisions of Condition 5.7 to 5.14 shall apply (provided that any reference to a "Certificate" or "Certificates" shall be replaced by "Hybrid Security" or "Hybrid Securities").

If the Calculation Agent determines that any such adjustment is impossible or inappropriate (such date of determination, an **Underlying Adjustment Event Determination Date**):

- (i) if **European Settlement** is specified as applicable in the Final Terms, the following provisions shall apply:
- (a) the Credit-Linked Portion of the Hybrid Securities shall not be affected by the occurrence of the **Underlying** Adjustment Event and interest (if any) or any other non-principal amount linked to the Underlying Linked Portion of the Hybrid Securities will not continue to accrue until the Maturity Date unless "Include European Settlement Interest Accrual" is specified as applicable in the relevant Final terms  
;
  - (b) the Calculation Agent shall determine in good faith the Hybrid Capitalised Fair Market Value of the Underlying Linked Portion of the Hybrid Securities on the Underlying Adjustment Event Determination Date for the period commencing on the Underlying Adjustment Event Determination Date and ending on the Maturity Date; and
  - (c) the Hybrid Securities shall be redeemed at their Final Settlement Amount on the Maturity Date,

provided that, if a Credit Adjustment Event (as defined in Condition 6.8 F) occurs prior to the occurrence of the Equity Adjustment Event, the provisions of Condition 6.8 F(i) shall apply.

- (ii) if **American Settlement** is specified as applicable in the Final Terms, the following provisions shall apply:

- (a) the Credit-linked Portion of the Hybrid Securities shall not be affected by the occurrence of the Underlying Adjustment Event and the Final Settlement Amount in respect of the Credit-linked Portion of the Hybrid Securities shall be determined by the Calculation Agent in good faith;
- (b) the Calculation Agent shall calculate in good faith the Hybrid Fair Market Value of the Underlying Linked Portion of the Securities on the Underlying Adjustment Event Determination Date for the period commencing on the Underlying Adjustment Event Determination Date and ending on the relevant Settlement Date, payable by the Issuer no later than 30 Business Days following the Equity Adjustment Event Determination Date, unless provided otherwise in the Final Terms;
- (c) the Hybrid Securities shall be redeemed at their Final Settlement Amount on the date specified in subparagraph (b) above,

provided that, if a Credit Adjustment Event occurs prior to the occurrence of the Equity Adjustment Event, the provisions of Condition 6.8 F (ii) shall apply.

(iii) if **Settlement by Instalments** is specified as applicable in the Final Terms, the following provisions shall apply to the relevant Instalment Amount:

- (a) the Credit-linked Portion of the Hybrid Securities shall not be affected by the occurrence of the Equity Adjustment Event and the Final Settlement Amount in respect of the Credit-linked Portion shall be determined by the Calculation Agent in good faith;
- (b) interest shall cease to be payable in respect of the Underlying Linked Portion of the Hybrid Securities as of the Equity Adjustment Event Determination Date and the Calculation Agent shall calculate in good faith the Fair Market Value of the Underlying Linked Portion of the Securities on the Equity Adjustment Event Determination Date for the period commencing on the Equity Adjustment Event Determination Date and ending on the relevant Settlement Date, payable by the Issuer no later than thirty (30) Business Days following the Equity Adjustment Event Determination Date, unless otherwise provided in the Final Terms; and
- (c) the Credit Linked Portion of the Hybrid Securities shall be redeemed at the Maturity Date and the Underlying Linked Portion of the Hybrid Securities shall be redeemed at their Instalment Amount on the later of the relevant Settlement Date and the date specified in subparagraph (b) above,

provided that, if a Credit Adjustment Event occurs prior to the occurrence of the Equity Adjustment Event, the provisions of Condition 6.8 F (iii) shall apply

## 6.9 UNDERLYING SETTLEMENT AMOUNT

The Underlying Settlement Amount may be settled by the Issuer on the relevant date by (i) payment of a cash amount equal to the Underlying Settlement Amount, as specified in the Final Terms or (ii) by delivery of the Quantity of Shares, Units or Debt Instruments specified or determined as indicated in the Final Terms. Physical Settlement shall be effected by the delivery of Shares, Units or Debt Instruments. No rights to dividends on the Shares, Units or Debt Instruments shall accrue for the benefit of the Holder before such date, unless the Final Terms provide otherwise.

No fractional Share, Unit or Debt Instrument shall be transferred by the Issuer; therefore, in the event of fractional shares, units or debt instruments, the Issuer shall deliver a whole number of Shares, Units or Debt Instruments immediately lower than the Quantity of Shares, Units or Debt Instruments, and shall pay a cash balance to each relevant Holder, in place and instead of this fractional Share, Unit or Debt Instrument, calculated by reference to the trading price of the Share or of the Debt Instrument or the Net Asset Value of the Fund on the Valuation Date.

If an event outside the Issuer's control prevents the transfer of the Shares, Units or Debt Instruments (the **Delivery Failure**), the delivery of the other Shares, Units or Debt Instruments shall not be affected.

The physical settlement of the Shares, Units or Debt Instruments affected by the Delivery Failure shall be made in accordance with the Conditions.

The Issuer may, acting in good faith, substitute Cash Settlement for a Physical Settlement, subject to informing the Holders in accordance with Securities Condition 19

#### **6.10 DETERMINATION OF CREDIT EVENT**

When determining the existence of a Credit Event, the determination shall be made without regard to (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described. If the Calculation Agent determines that an occurrence constitutes a Credit Event such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon, the circumstances described in above.

In determining whether a payment failure has (or may have) occurred, the Calculation Agent may rely on evidence of non-receipt of funds.

#### **6.11 LIABILITIES**

None of the Issuer, any of its Affiliates nor the Guarantor has any duty, obligation or responsibility towards a Holder unless otherwise agreed in writing with that Holder or in these Conditions. In particular, without limiting the foregoing, none of the Issuer, any of its Affiliates nor the Guarantor need provide information to, act on the instruction or request of, find alternative mechanisms for realising money for, or take into account the views of any Holder. In taking action against third parties, the Issuer, its Affiliates and the Guarantor may combine holdings of debt, securities or other interests as they shall see fit and apply proceeds thereof. The Issuer may only waive contractual obligations in respect of the CLNs in writing.

#### **6.12 CURRENCY CONVERSION**

The Issuer or the Calculation Agent, as the case may be, will, when determining the Specified Currency equivalent of amounts denominated or payable in currencies other than the Specified Currency as set out in the Final Terms, do so by reference to the relevant central bank in relation to such Specified Currency at or around the 10.00 a.m. (Paris time) mid spot rate as displayed on the relevant Reuters Page on the relevant date, or in such other commercially reasonable manner as the Issuer or the Calculation Agent, as the case may be, will determine in good faith, in particular the currency rates used by the Calculation Agent.

#### **6.13 CANCELLATION AND PARTIAL SETTLEMENT**

Upon settlement of any CLN, including satisfaction of the Issuer's obligations under Condition 6 and/or, as the case may be, 7, such CLN will be cancelled forthwith save that the CLNs shall be partially redeemed only where a Credit Event has occurred with respect to one or more, but not all, tranches of CLNs.

#### **6.14 PERFORMANCE OF ISSUER'S OBLIGATIONS**

Any obligation of the Issuer may be performed by an Affiliate or a person designated by the Issuer. If an Affiliate and/or a designee performs the obligations of the Issuer hereunder, the Issuer shall be discharged of its obligations to the extent of such performance.

## 6.15 ADDITIONAL PROVISIONS RELATING TO CERTAIN SPECIFIC REFERENCE ENTITIES

### A. Additional provisions applicable if Reference Entity in the applicable Final Terms is “Argentine Republic”

If Argentine Republic is specified as a Reference Entity in the applicable Final terms, the following provisions will apply with respect to this Reference Entity:

Notwithstanding the definition of Obligation in Condition 1.2 and / or 1.3 , any obligation that is a Bond that was issued on or prior to June 1, 2005<sup>1</sup> (other than any Bond constituting a New Security (as defined in the Prospectus Supplement of the Republic of Argentina dated January 10, 2005 as the same may be amended or supplemented) shall not be considered as an Obligation.

Notwithstanding the definition of Deliverable Obligation in Condition 1.2 and / or 1.3 , any obligation that is a Bond that was issued on or prior to June 1, 2005<sup>2</sup> (other than any Bond constituting a New Security (as defined in the Prospectus Supplement of the Republic of Argentina dated January 10, 2005 as the same may be amended or supplemented) shall not be considered as a Deliverable Obligation.

### B. Additional provisions applicable if Reference Entity in the applicable Final Terms is “Hellenic Republic”

If Hellenic Republic is specified as a Reference Entity in the applicable Final terms, the following provisions will apply with respect to this Reference Entity:

Notwithstanding the definition of Obligation in Condition 1.2 and / or 1.3 , any obligation that is type included in Borrowed Money Obligation category and that was issued or incurred, as the case may be on or prior to February 1, 2012 shall not be considered as an Obligation.

Notwithstanding the definition of Deliverable Obligation in Condition 1.2 and / or 1.3 , any obligation that is a Bond or Loan Obligation Category and that was issued or incurred, as the case may be on or prior to February 1, 2012 shall not be considered as a Deliverable Obligation.

### C. Additional provisions applicable if Reference Entity in the applicable Final Terms is “Republic of Hungary”

If Republic of Hungary is specified as a Reference Entity in the applicable Final terms, the following provisions will apply with respect to this Reference Entity:

Notwithstanding the definition of Obligation in Condition 1.2 and / or 1.3 , Obligation shall include any National Bank of Hungary Obligation.

For the purposes of the applicable Final Terms

**National Bank of Hungary Obligation** means any obligation of the national Bank of Hungary (either directly or indirectly or as provider of a Relevant Guarantee) and any Successor (i) which has the Obligation Characteristic “Not Subordinated”, where solely for such purpose of the definition of “Not Subordinated” shall be construed as if the National Bank of Hungary were the Reference Entity and no Reference Obligation has been specified; (ii) which is described by the Obligation Category specified in respect of the Republic of Hungary; (iii) which has each of the Obligation Characteristics specified in respect of the Republic of Hungary and (iv) in relation to which the occurrence or existence of an Event of Default (as defined below) will cause any obligation of the Republic of Hungary in respect of the Obligation Category Borrowed Money to become, with the lapse of any grace period and

<sup>1</sup> Available on the website: [http://mecon.gouv.ar/finanzas/download/us\\_prospectus-and-prospectus-supplement.pdf](http://mecon.gouv.ar/finanzas/download/us_prospectus-and-prospectus-supplement.pdf)

<sup>2</sup> Available on the website: [http://mecon.gouv.ar/finanzas/download/us\\_prospectus-and-prospectus-supplement.pdf](http://mecon.gouv.ar/finanzas/download/us_prospectus-and-prospectus-supplement.pdf)

subject to any other requirements under terms of such Borrowed Money obligation (including requirements as to the amounts of such default), immediately due and payable pursuant to the terms of such Borrowed Money obligation.

Notwithstanding the definition of Deliverable Obligation in Condition 1.2 and / or 1.3, Deliverable Obligation shall also include any National Bank Hungary Deliverable Obligation.

For the purposes of the applicable Final Terms,

**National Bank of Hungary Deliverable Obligation** means any obligation of the national Bank of Hungary (either directly or indirectly or as provided as provider of a Relevant guarantee), any Successor (i) which has the Deliverable Obligation Characteristic “Not Subordinated”, where solely solely for such purpose the definition of “Not Subordinated” shall be construed as if the National Bank of Hungary were the Reference Entity and no Reference Obligation has been specified; (ii) which is described by the Deliverable Obligation Category specified in the Republic of Hungary; (iii) which has each of the Deliverable Obligation Characteristics specified in respect of the Republic of Hungary and (iv) in relation to which the occurrence or existence of an Event of Default (as defined below) will cause any obligation of the Republic of Hungary in respect of the Obligation Category Borrowed Money to become, with the lapse of any grace period and subject to any other requirements under terms of such Borrowed Money obligation (including requirements as to the amounts of such default), immediately due and payable pursuant to the terms of such Borrowed Money obligation.

**Event of Default** means any failure by the National bank of Hungary as issuer or obligor or guarantor of the relevant obligation, to make, when due any payment of principal or premium or prepayment charge or interest, if any on such obligation.

**D. Additional provisions applicable if Reference Entity in the applicable Final Terms is “Russian Federation”**

If Russian Federation is specified as a Reference Entity in the applicable Final terms, the following provisions will apply with respect to this Reference Entity:

Notwithstanding the definition of Obligation in Condition 1.2 and / or 1.3, any obligation that is in the determination of the Calculation Agent, “IANS”, “MINFINS” or “PRINS” shall not be considered as an Obligation.

Notwithstanding the definition of Deliverable Obligation in Condition 1.2 and / or 1.3, any obligation that is in the determination of the Calculation Agent, “IANS”, “MINFINS” or “PRINS” shall not be considered as shall not be considered as a Deliverable Obligation.

“**IANS**” means floating rate interest notes due 2002 and 2015 issued by Vnesheconombank of the USSR pursuant to the Restructuring Agreement and an Exchange Agreement, dated as of 6 October 1997 among Vnesheconombank of the USSR, the closing agent and the Participating creditors named therein.

“**MINFINS**” means International Government Hard Currency Bonds issued by the Ministry of Finance of the Russian Federation representing (i) restructured debt of the former USSR (Series I, II, III, IV and VIII) or (ii) debt of the Russian Federation issued in 1996 (Series VI and VII).

“**PRINS**” means Vnesheconombank’s loans arising under a Restructuring Agreement and an Exchange Agreement dated as of 6 October 1997, among Vnesheconombank of the USSR, the Closing Agent and the Participating Creditors named therein.

**E. Additional provisions applicable if a Reference Entity in the applicable Final Terms is “STMicroelectronics N.V”**

If “STMicroelectronics N.V” is specified as a Reference Entity in the applicable Final Terms, the following provisions will apply with respect to this Reference Entity:

If the applicable Final Terms specify that Cash Settlement is applicable:

With Respect to the Reference Entity “STMicroelectronics N.V”, if the USD 1,217,000,000 Zero Coupon Senior Convertible Bond due 2013 issued by STMicroelectronics N.V is an Obligation; and such Obligation is not immediately due and payable as of the relevant Valuation Date, for the purpose of determining the Quotation Amount of such Obligation, the Outstanding Principal Balance of such Obligation shall be deemed to be the amount payable on the scheduled maturity date of such Obligation.

If the applicable Final Terms specify that Physical Settlement is applicable:

With Respect to the Reference Entity “STMicroelectronics N.V”, if the USD 1,217,000,000 Zero Coupon Senior Convertible Bond due 2013 issued by STMicroelectronics N.V is a Deliverable Obligation; and such Deliverable Obligation is not immediately due and payable as of where such Deliverable Obligation is Delivered, the Outstanding Principal Balance of such Deliverable Obligation shall be deemed to be the amount payable on the scheduled maturity date of such Deliverable Obligation.

## **7. RESTRUCTURING CREDIT EVENT APPLICABLE**

For the purpose of the present Condition 7, the term CLN means, as the case may be, the CLN, the Credit Linked Portion of the Hybrid Securities.

### **7.1 MULTIPLE CREDIT EVENT NOTICES**

Where Restructuring is an applicable Credit Event in relation to any Reference Entity, unless otherwise specified in the Final Terms, upon the occurrence of a Restructuring Credit Event in relation to such Reference Entity:

- (a) the Calculation Agent may deliver Multiple Credit Event Notices with respect to such Restructuring Credit Event, each such notice setting forth the aggregate outstanding principal amount to which such Restructuring Credit Event applies (the **Exercise Amount**);
- (b) the provisions of these Conditions shall be deemed to apply to an aggregate outstanding principal amount equal to the Exercise Amount only and all the provisions shall be construed accordingly; and
- (c) the Exercise Amount in connection with a Credit Event Notice describing a Restructuring must be an amount that is at least 1,000,000 units of the Specified Currency (or, if Japanese Yen 100,000,000 units) in which the aggregate outstanding principal amount is denominated or an integral multiple thereof or the entire aggregate outstanding principal amount

In the case of a First/nth-to-Default CLN, once the Conditions to Settlement have been satisfied in respect of the First/nth Reference Entity where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

### **7.2 RESTRUCTURING MATURITY LIMITATION DATE AND FULLY TRANSFERABLE OBLIGATION APPLICABLE**

If "Restructuring Maturity Limitation Date and Fully Transferable Obligation Applicable" is specified in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement and may be included in the Portfolio only if it:

- (a) is a Fully Transferable Obligation; and
- (b) has a final maturity date not later than the Restructuring Maturity Limitation Date.

### **7.3 MOD R (2014 CLN)**

If "Mod R" is specified in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement and may be included in the Portfolio only if it:

- (a) is a Fully Transferable Obligation; and
- (b) has a final maturity date not later than the Restructuring Maturity Limitation Date.

### **7.4 MODIFIED RESTRUCTURING MATURITY LIMITATION DATE AND CONDITIONALLY TRANSFERABLE OBLIGATION APPLICABLE**

If "Modified Restructuring Maturity Limitation Date and Conditionally Transferable Obligation Applicable" are specified in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it:

- (a) is a Conditionally Transferable Obligation; and
- (b) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

#### **7.5 MOD MOD R (2014 CLN)**

If "Mod Mod R" is specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it:

- (a) is a Conditionally Transferable Obligation; and
- (b) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

#### **7.6 SOVEREIGN REFERENCE ENTITIES**

Solely in respect of a Restructuring Credit Event applicable to a Sovereign Reference Entity, Deliverable Obligation means any Sovereign Restructured Deliverable Obligation that is (i) payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, s applicable (ii) is not subject to any counterclaim or defence or right of set off by or of such Sovereign Reference Entity or as applicable an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than an Qualifying Affiliate Guarantee, capable as of the Physical Settlement Date or the Valuation Date as applicable of immediate assertion or demand by or on behalf of the holder or holders against such Sovereign Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being delivered or valued apart from the giving of any notice of non-payment or similar procedural requirement it being understood that acceleration of the Underlying Obligation shall not be considered a procedural requirement.



## **8. ADDITIONAL PROVISIONS RELATING TO MONOLINE REFERENCE ENTITIES**

For the purpose of the present Condition 8, the term CLN means, as the case may be, the CLN, the Credit Linked Portion of the Hybrid Securities.

### **8.1 INTERPRETATION OF PROVISIONS**

In the event that an Obligation, a Deliverable Obligation or a Valuation Obligation is a Qualifying Policy, the second part of the definition of "Qualifying Guarantee" starting with "If an Obligation" will apply, with references to the Relevant Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:

- (a) the terms "Borrowed Money" and "Bond" shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" shall be construed accordingly;
- (b) references in the definitions of "Assignable Loan" and "Consent Required Loan" to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively
- (c) if "Assignable Loan", "Consent Required Loan", or "Transferable" are specified as Deliverable Obligation Characteristics applicable to the Reference Entity to which these additional terms are applied and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and
- (d) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

### **8.2 OBLIGATION AND DELIVERABLE OBLIGATION**

The definitions of "Obligation" and "Deliverable Obligation" and are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".

### **8.3 OUTSTANDING PRINCIPAL BALANCE**

References in the definition of "Outstanding Principal Balance" in Condition 1.2 and / or 1.3 above to a Guarantee, the Underlying Obligation and the Underlying Obligor shall be deemed to include a Qualifying Policy, the Insured Instrument and the Insured Obligor respectively. Any provisions of an Insured Instrument limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument shall be disregarded for the purpose of the definition of "Outstanding Principal Balance" in Condition 1.2 and / or 1.3 above, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction. By incorporating this provision in a document, no inference should be made as to the interpretation of the "Not Contingent" Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.

### **8.4 DELIVER**

The term "deliver" with respect to an obligation that is a Qualifying Policy means to deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised

custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and "delivery" and "delivered" will be construed accordingly

## **8.5 PROVISIONS FOR DETERMINING A SUCCESSOR**

The definition of "Successor" in Condition 1.2 and / or 1.3 is hereby amended by adding "or Qualifying Policy" after each occurrence of "a Relevant Guarantee" and by adding "or provider of a Qualifying Policy" after "as guarantor or guarantors".

## **8.6 ORIGINAL NON-STANDARD REFERENCE OBLIGATION, SUBSTITUTE REFERENCE OBLIGATION AND SUBSTITUTION EVENT**

The definitions of "Original Non-Standard Reference Obligation", "Substitute Reference Obligation" and "Substitution Event" in Condition 1.2 and / or 1.3 are hereby amended by adding "or Qualifying Policy" after "a guarantee".

## **8.7 RESTRUCTURING**

(a) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (a)(i) to (v) of the definition of "Restructuring" in Condition 1.3 are amended to read as follows:

- (i) a reduction in the rate or amount of the Instrument Payments described in the definition thereof that are guaranteed or insured by the Qualifying Policy (including by way of redenomination);
- (ii) a reduction in the amount of the Instrument Payments described in the definition thereof that are guaranteed or insured by the Qualifying Policy (including by way of redenomination);
- (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of the Instrument Payments described in the definition thereof or (B) the payment of the Instrument Payments described in the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
- (iv) a change in the ranking in priority of payment of (A) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (B) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
- (v) any change in the currency of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which, in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

(b) Subparagraph (b)(iv) of the definition of "Restructuring" in Condition 1.3 is deleted in its entirety and replaced by the following:

"the occurrence of, agreement to or announcement of any of the events described in paragraphs (a)(i) to (a)(v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of paragraph (a)(v) above only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another

currency and occurs as a result of action taken by a Governmental Authority or a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority or, in the case of Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy”.

- (b) The definition of "*Restructuring*" is amended and the Paragraphs (c) and (d) of the definition of "*Restructuring*" in Condition 1.3 are deleted in their entirety and replaced by the following:

“(c) For the purposes of paragraphs (a) and (b) above and, unless Multiple Holder Obligation is specified as “Not Applicable” in the applicable Final Terms, paragraph (f) below and the definition of Multiple Holder Obligation, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in paragraph (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in paragraph (b) above shall continue to refer to the Reference Entity.

(d) If an exchange has occurred, the determination as to whether one of the events described under paragraphs (a)(i) to (a)(v) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

(e) For the purposes of paragraphs (a) and (b) above and, unless Multiple Holder Obligation is specified as “*Not Applicable*” in the applicable Final Terms, paragraph (f) below and the definition of Multiple Holder Obligation, the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in paragraph (a) above shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in paragraph (b) above shall continue to refer to the Reference Entity.

(f) Unless Multiple Holder Obligation is specified as “Not Applicable” in the applicable Final Terms, then, notwithstanding anything to the contrary in paragraphs (a), (b), (c) and (e) above, the occurrence of, agreement to or announcement of any of the events described in paragraphs (a)(i) to (a)(v) above shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.”

## **8.8 FULLY TRANSFERABLE OBLIGATION AND CONDITIONALLY TRANSFERABLE OBLIGATION**

In the event that a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument. References in the definition of Conditionally Transferable Obligation to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "final maturity date", as such term is used in the definition of Restructuring Maturity Limitation Date, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Interest Balance will occur.

## 9. INTERPRETATION

If the Obligation Characteristic "Listed" is specified in the Final Terms, the Final Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if the relevant Obligation constitutes or, in the case of a Qualifying Affiliate Guarantee or Qualifying Guarantee, as the case may be, is in respect of, Bonds (as set out in the Final Terms).

If (i) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified in the Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if the relevant Obligation constitutes or, in the case of a Qualifying Affiliate Guarantee or Qualifying Guarantee, as the case may be, is in respect of, Bonds (as set out in the Final Terms); (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that the relevant obligation constitutes or, in the case of a Qualifying Affiliate Guarantee or Qualifying Guarantee, as the case may be, is in respect of, obligations other than Loans (as set out in the Final Terms)); or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if the relevant Obligation constitutes or, in the case of a Qualifying Affiliate Guarantee or Qualifying Guarantee, as the case may be, is in respect of, Loans (as set out in the Final Terms).

If the relevant Obligation constitutes or, in the case of a Qualifying Affiliate Guarantee or Qualifying Guarantee, as the case may be, is in respect of, any of Borrowed Money, Loan or Bond or Loan Loans (as set out in the Final Terms) and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

In the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:

- (a) For purposes of determining whether such obligation is Borrowed Money, Bond or Loan, the Qualifying Guarantee shall be deemed to satisfy the relevant definitions as those that describe the Underlying Obligation
- (b) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Final Terms from the following list: Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (c) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic of Not Subordinated, if specified in the Final Terms.
- (d) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Final Terms from the following list: Listed, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

- (e) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (f) The terms "Outstanding Principal Balance" and "Due and Payable Amount", when used in connection with Qualifying Guarantees are to be interpreted to be the then "Outstanding Principal Balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

## **10. NO REQUIREMENT FOR LOSS**

Nothing in the Conditions shall require the Issuer to hold the whole or any part of any Reference Obligation at any time and this Supplement will apply irrespective of the Issuer's credit exposure to the Reference Entity or the Reference Obligation, and the Issuer need not suffer any loss nor provide evidence of any loss as the result of the occurrence of a Credit Event.

## **11. TAXATION AND DELIVERY EXPENSES**

Notwithstanding anything to the contrary in the Conditions, the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any CLN and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. For the avoidance of doubt the Issuer shall have no obligation to 'gross up' payments hereunder and shall be entitled to reduce any amount payable by it by, or reduce the amount of Deliverable Obligations deliverable by it by an amount of any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. All expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, and/or other taxes or duties arising from the holding, delivery and/or transfer of Obligations or any other assets in connection with the issue or performance of the CLNs shall be for the account of the Holders (the **Delivery Expenses**).

## **12. CALCULATION AGENT**

The Issuer reserves the right at any time to vary or terminate the appointment of the Calculation Agent provided that it shall at all times maintain a Calculation Agent. Notice of any such termination or appointment will promptly be given to the Holders in accordance with Condition 19.

Subject to the express provisions of this CLN, if any provision of this CLN Base Prospectus permits a determination or calculation to be made by the Calculation Agent, acting in any capacity, during a particular period of time, it may make it at any time during that period and no failure or delay to make it at a particular time within such period shall be deemed to be a waiver of its ability to make it later in that period or in any subsequent period during which it may make it.

The Calculation Agent is acting solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, any Holder, and any determination and/or calculation by the Calculation Agent shall, in the absence of manifest error, be final and binding on the Issuer and the Holders.

## **13. PAYMENTS**

### **13.1 PAYMENT METHOD**

Any Payment of principal and interest in respect of the Securities shall, in the case of administered account Securities, be made by transfer to an account denominated in the Settlement Currency and opened with the relevant Accredited Financial Intermediaries on behalf of the Holders and, in the case of Securities in pure registered form, to an account denominated in the Settlement Currency with a bank specified by the relevant Holders. All payments validly made to such Account Custodians shall discharge the Issuer from its payment obligations.

### **13.2 PAYMENTS SUBJECT TO TAX LEGISLATION**

All payments shall be subject to (i) all legislation, regulations, or directives, particularly those of a fiscal nature; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between

the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such intergovernmental agreement). No commission or fee shall be borne by the Holders at the time of such payments.

### 13.3 DESIGNATION OF THE AGENTS

The Financial Agent, the Paying Agents, the Calculation Agent and the Pledged Account Custodian initially designated by the Issuer, as well as their respective designated offices, are listed at the end of this document. The Financial Agent and the Paying Agents act solely as agents of the Issuer, and the Calculation Agents as independent experts and, in any event, are not bound by any obligation as an agent with regard to the Holders. The Issuer reserves the right to amend or terminate at any time the agency capacity of the Financial Agent, any paying agent, the Calculation Agent or the Pledged Account Custodian, and to appoint additional Financial Agent or Agents, Paying Agent or Agents, Calculation Agent or Agents, or Pledged Account Custodian or Custodians provided that there are, at any time:

- (a) a Financial Agent;
- (b) one or more Registrars and/or Calculation Agents when required by the Conditions;
- (c) a Paying Agent in Luxembourg as long as the securities are listed on the Luxembourg Stock Exchange;
- (d) if the conclusions reached by the ECOFIN Council during its deliberations of 26 and 27 November 2000 are implemented, a paying agent that has its offices in a Member State of the EU, which shall not force said paying agent to make a withholding or deduction in accordance with the European Directive on the taxation of savings (a paying agent that may be one of those cited in (c) above);
- (e) a Principal Paying Agent in Paris;
- (f) a Pledged Account Custodian; and
- (g) any other agent that may be required by any other equity market on which the Securities are listed for trading.

Any such amendment or change to a designated office must be made known in a notice sent immediately to the Holders in accordance with the provisions of Condition 19.

### 13.4 BUSINESS DAYS FOR PAYMENT

If any payment date in respect of any Security is not a business day, the Holder may not claim any payment until the following business day, nor any other sum because of this postponement, subject to the applicable Business Day Convention. In this paragraph, **Business Day** means a day (other than Saturday or Sunday) (1) on which Euroclear France, Clearstream Luxembourg or Euroclear or any other settlement-delivery system or depositary used for the relevant Securities (as applicable) operates, (2) on which the banks and foreign exchange markets are open in the countries indicated as **Additional Financial Markets** in the Final Terms, and (3) (a) in the case of a payment in a currency other than the euro, when the payment must be made by wire transfer to an account with a bank in the relevant currency, a day on which exchange transactions may be performed in said currency on the principal financial market of the country in which this currency is legal tender, or (b) in the case of a payment in Euros, a day that is a TARGET 2 Business Day.

### 13.5 LATE PAYMENT OR DELIVERY

- (h) In the event of late payment by the Issuer of any sum due in respect of the Securities that do not give entitlement to payment of interest, the Issuer must pay each Holder concerned late payment interest that will automatically be due without prior formal demand and will be calculated on said sum from the date on which the payment should have been made (inclusive) to the effective payment date (exclusive) at the EONIA rate or any other rate indicated in the Final Terms. Such interest shall be capitalised if it remains due for a period greater than one year.

- (i) In the event of late delivery of any Deliverable Underlying due on CLN or all or part of the Quantity of Shares, Units or Debt Instruments due on Certificates, the Issuer must pay to each relevant Holder late payment interest that shall be automatically due without prior formal demand and will be calculated on the value of said Deliverable Underlying or said Quantity of Shares, Units or Debt Instruments from the scheduled delivery date (inclusive) to the effective delivery date (exclusive), at the EONIA rate or any other rate indicated in the Final Terms. Such interest shall be capitalised if it remains due for a period greater than one year.

#### **14. EARLY TERMINATION EVENT**

Any Holder may, by sending a written notice to the Financial Agent (with a copy to the Issuer), trigger the settlement (in the case of Certificates) or settlement (in the case of CLN and Hybrid Securities) of each of the Securities he holds if one of the following events or circumstances occur:

- (a) (x) failure to pay the principal or (y) failure to pay the interest by the Issuer for more than fifteen (15) days from the date on which said payment is due and payable; or
- (b) failure by the Issuer to perform any one of its obligations in respect of the Securities, failure by the Guarantor to perform any one of its obligations in respect of the Exane Guarantee, failure by the Pledgor to perform any one of its obligations with respect to the Pledge (this failure may, however, be invoked only by a Holder that is a beneficiary of the relevant Pledge), if such failure is not corrected within forty five (45) days from the date the Financial Agent receives the notice of said failure given by the Holder of the relevant Securities; or
- (c) a liquidator, a provisional liquidator, an official receiver or an ad hoc agent, acting pursuant to the company law governing the Issuer or a significant portion of its assets, liabilities or holdings is appointed, or any person benefiting from a security interest takes possession of all or part of the assets or holdings of the Issuer, or the Issuer takes measures to obtain protection or obtains protection from its creditors pursuant to the governing legislation, or the Issuer generally ceases to make its payments, or ceases or threatens to cease operating its business, but excluding a merger or reorganisation operation during which all the Issuer's assets are transferred and in which all liabilities and debt (including the Securities) of the Issuer are assumed by another entity which may continue the activity of the Issuer; or
- (d) the Guarantor requests the appointment of a mediator, reaches an amicable settlement with its creditors, has ceased to make payments, or a court ruling has ordered the liquidation of the Guarantor or approved a plan for full assignment of the Guarantor's business pursuant to court-ordered receivership proceeding, or the Guarantor is the subject of similar proceedings or, in the absence of legal proceedings, the Guarantor reaches a composition with its creditors, or a resolution is approved by the Guarantor to liquidate or dissolve the Guarantor, but excluding a merger or reorganisation operation during which all the Guarantor's assets are transferred, or the major portion of the Guarantor's liabilities and debt (including the Securities) is assumed by another entity that continues the Guarantor's business; or
- (e) the Exane Guarantee (or the Pledge, although this failure may be invoked only by a Holder benefiting from the relevant Pledge) would be declared null and void, or claimed as such by the Guarantor.

The Early Settlement Amount for each Security shall be due upon receipt of this formal notice, with the Issuer not requiring any other notice, unless, at the time of this receipt, none of the events or circumstances cited in this Condition have occurred.

The occurrence of events or circumstances described above shall be notified by the Pledged Account Custodian to the Holders in accordance with Condition 19 as soon as it has knowledge of said events or circumstances.

#### **15. COLLECTIVE ORGANISATION OF HOLDERS**

As each Security constitutes a separate claim, there shall be no collective organisation of Holders.



## **16. TAXATION**

Withholding tax: All payments of principal, interest and other revenues in respect of the Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or charges of whatever nature imposed, levied, collected, withheld or assessed by or within any jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

No gross-up: If any applicable law should require that payments of principal or interest or other revenues in respect of any Security, be subject to any such withholding tax or deduction, neither the Issuer, nor the Guarantor, nor the Pledgor will be required to pay any additional amounts in respect of any such withholding tax or deduction.

The Issuer and the Guarantor/Pledgor shall not assume any liability or obligation for the payment of any taxes, duties, rights, tax withholdings at source or other charges which may result from the ownership or transfer of the Securities, and all payments made by the Issuer or, if applicable, by the Guarantor and Pledgor, shall be made subject to all taxes, duties, rights, tax withholdings at source or other charges that may have to be discharged, paid, taken or deducted.

## **17. STATUTE OF LIMITATIONS**

Actions brought against the Issuer in respect of the Securities or interest shall be time barred on the expiry of a period of five (5) years (for the principal) or five years (for interest) from the relevant due date.

## **18. PURCHASES AND HOLDING OR CANCELLATION**

The Issuer may at any time make purchases of Securities on the stock market, through a public offer or in any other manner.

All Securities purchased by or on behalf of the Issuer may, at the option of the Issuer, be held or cancelled in accordance with applicable laws and regulations.

Securities purchased by the Issuer for cancellation, shall be cancelled by transfer to an account pursuant to the rules and procedures of Euroclear France and provided they are transferred. All such Securities, in the same manner as all Securities settled by the Issuer, shall be immediately cancelled (as well as all rights to the payment of interest and other amounts in respect of said Securities). Securities so cancelled or transferred for cancellation may not be re-issued or resold, and the Issuer shall be discharged from any obligation in respect of such Securities.

## **19. NOTICES AND NOTIFICATIONS**

Notices to be sent to Holders pursuant to these Conditions may be delivered to Euroclear France, Euroclear, Clearstream Luxembourg or to any other central depository(ies), common depository or depository (the **System**) on which the Securities are cleared at that time and as specified in the Final Terms. Such a notice shall be considered to have been validly served as of the date on which the System receives the notice. However, as long as Securities are listed on any equity market and the rules of this market so require, notices must also be published on the website of the relevant Regulated Market, which will, in principle, be the website of Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) in the case of the Luxembourg Stock Exchange.

If such publication cannot, in practice, be made, the notice shall be deemed to have been validly given if it is published in a recognised English language daily newspaper widely distributed in Europe. The Holders shall be considered to have been informed of the content of such notices on the publication date or, if the notice is published several times on different dates, on the first publication date.

## 20. SUBSTITUTION OF THE ISSUER

The Issuer, or any company that had previously been substituted for it, may at any time, without the consent of the Holders, substitute as principal debtor of the obligations arising from the Securities any company (the **Substitute Issuer**), which may be the Issuer or another company, provided that:

- (a) the Guarantor and the Issuer unconditionally and irrevocably guarantee the performance of the obligations of the Substitute Issuer in respect of the Securities, to the benefit of the Holders, that the Holders benefiting from the Pledge shall also continue to benefit therefrom, and that the Guarantor and the Pledgor are not in a state of cessation of payments;
- (b) all measures, conditions and formalities that must be taken, satisfied and performed (including obtaining all consents necessary) in order to guarantee that the Securities constitute for the Substitute Issuer legal and enforceable obligations, shall have been taken, satisfied and performed respectively and shall be in full force and effect;
- (c) such a substitution has no unfavourable tax impact for the Holders;
- (d) the Substitute Issuer shall become a party to the Agency Agreement, with all appropriate corresponding changes, in the same way as if it had been a party thereto originally;
- (e) the Issuer must have advised the Holders of such substitution at least thirty (30) days in advance in accordance with Condition 19;
- (f) if the Securities are subject to a Moody's rating, any substitution of the Issuer shall also be notified to Moody's in the conditions described in subparagraph (e) above. The Substitution of the Issuer will take place upon a prior written notice to Moody's confirming that this substitution will not cause the deterioration of the Certificate rating in effect.

## 21. SUBSTITUTION OF THE GUARANTOR

The Guarantor may at any time, without the consent of the Holders, substitute as joint debtor of the obligations arising from the Securities any other company (the **Substitute Guarantor**), provided that:

- (a) the Guarantor unconditionally and irrevocably guarantees the performance of the obligations of the Substitute Guarantor in respect of the Securities, to the benefit of the Holders, that the Holders benefiting from the Pledge shall also continue to benefit therefrom, and that the Substitute Guarantor and the Pledgor are not in a state of cessation of payments;
- (b) all measures, conditions and formalities that must be taken, satisfied and performed (including obtaining all consents necessary) in order to guarantee that the Securities constitute for the Substitute Guarantor legal and enforceable obligations, shall have been taken, satisfied and performed respectively and shall be in full force and effect;
- (c) such a substitution has no unfavourable impact for the Holders;
- (d) the Issuer must have advised the Holders of such substitution at least thirty (30) days in advance in accordance with Condition 19;
- (e) if the Securities are subject to a Moody's rating, any substitution of the Guarantor shall also be notified to Moody's in the conditions described in subparagraph (d) above. The Substitution of the Guarantor will take place upon a prior written notice to Moody's confirming that this substitution will not cause the deterioration of the Certificate rating in effect.

## **22. SUBSEQUENT ISSUES**

The Issuer shall have the option, without the consent of the Holders, to issue additional Securities identical in all respects (or identical in all respects, with the exception of the first interest payment) to the existing Securities of the same Series, which shall have the same ISIN code.

## **23. GOVERNING LAW AND JURISDICTION**

### **23.1 GOVERNING LAW**

The Securities shall be governed by French law and shall be construed in accordance with French law.

In case of any inconsistency between the French and the English versions of the Securities Conditions, the French version of the Securities Conditions shall prevail.

### **23.2 JURISDICTION**

Any claim against the Issuer or the Guarantor in respect of the Securities must be brought before the competent courts within the jurisdiction of the Paris Court of Appeal. The Issuer elects domicile at the registered offices of the Guarantor for any instrument, formality or procedure filed against it or to which it is a party in respect of the Securities.

## **24. USE OF PROCEEDS**

The net proceeds from each issue of Securities will be applied by the Issuer for its general corporate purposes. A substantial portion of the proceeds from each issue of Securities will be used to establish various hedge financial instruments in respect of such Securities. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

# CONDITIONS OF THE FIRST DEMAND GUARANTEE OF EXANE DERIVATIVES

## in respect of the Securities issued by Exane Finance

*Unofficial free translation for information purposes only of the French language version. In the event of any discrepancies, ambiguity or conflict between the French text and this translation, the French text shall prevail.*

Exane Finance (the **Issuer**) may issue under or outside its debt issuance programme (i) any securities either (a) linked to one or more, or a combination of, shares, indices, units or shares of collective investment schemes, futures contracts, exchange rates, debt instruments, listed options or commodities (the **Certificates**), or (b) linked to the creditworthiness of one or more reference entity/ies (the **Credit Linked Notes** or **CLN**), or (c) indexed to a combination of one or more Underlyings of the Certificates with one or more credit events in respect of one or more reference entities of the CLN (the **Hybrid Securities**) (together, the **Complex Debt Securities**), (ii) any bonds either (a) linked to one or more, or a combination of, shares, indices, units or shares of collective investment schemes, futures contracts, exchange rates, debt instruments, listed options or commodities (the **Bonds**), or (b) linked to the creditworthiness of one or more reference entity/ies (the **Credit Linked Notes** or **CLN**), or (c) linked to a combination of one or more Underlyings of the Bonds with one or more credit events in respect of one or more reference entities of the CLN (the **Hybrid Securities**) (together the **Complex Bonds**) and (iii) any warrants (together with the Complex Debt Securities and the Complex Bonds, the **Exane Securities**). The manager of Exane Derivatives has authorised Exane Derivatives (the **Guarantor**) to grant an Exane Guarantee in favour of the Holders of Exane Securities (the **Holder**s).

### 1. Exane Guarantee

The Guarantor hereby unconditionally and irrevocably guarantees, to the extent authorised by its Management, that, in the event of the Issuer's failure to pay when due (whether this date is the normal date, or whether it results from an early settlement or any other reason) any amount due on Exane Securities, for any reason whatsoever, it shall pay the said amount to the Holders in the payment currency required, by immediately making the funds available at the payment location required before the closing of banking operations on said date. All the Guarantor's payments must be made in accordance with the relevant Exane Securities conditions.

### 2. Joint liability of the guarantor and the Issuer

The Guarantor hereby recognises that it is bound absolutely by the obligations defined hereinafter, and cannot claim to benefit from any legal circumstance constituting an exemption from liability or grounds for defence of a guarantor. For this purpose, the Guarantor recognises that it shall not be discharged, nor shall its liability be reduced, at any time, by payment terms, a waiver or an agreement given to the Issuer or to any other person, or by the failure of enforcement proceedings brought against the Issuer or any other person. In addition, the Guarantor recognises (1) that it shall not be discharged from its obligations if the Issuer's obligations become null and void because of a problem with the capacity, limitation or absence of authority of the Issuer (which includes a lack of capacity of the persons who have entered into the agreement on behalf or in the name of the Issuer), (2) that its obligations pursuant to this Exane Guarantee shall remain in force and shall continue to produce their effects notwithstanding the dissolution, merger, consolidation or reorganisation of the Issuer, or if bankruptcy proceedings are initiated against the Issuer, or any other procedure similar to the receivership or liquidation of the Issuer, (3) that it shall not invoke any right of subrogation in the rights of the Holders and that it shall not initiate any procedure to obtain the execution of a right or any demand against the Issuer as long as amounts remain due by the Issuer in respect of Exane Securities, (4) that its obligations under this Exane Guarantee shall not be dependent upon or subject to the validity or the enforcement of any other security granted by the Issuer or any other person to the Holders, nor to the existence or the creation of any security to the benefit of the Holders; and (5) that notice or formal demand by the Issuer or any other person is not a condition precedent to a payment by the Guarantor under this Exane Guarantee.

### 3. Extension of the Guarantor's liability

The obligations of the Guarantor under this Exane Guarantee shall remain in force and shall continue to produce all their effects as long as amounts remain due on Exane Securities.

#### **4. Settlement by the Issuer**

If a payment received by a Holder is declared null and void pursuant to any rule governing bankruptcy proceedings or any other procedure similar to the receivership or liquidation of the Issuer, such payment shall not be deducted from the Guarantor's obligations and this Exane Guarantee shall continue to apply as if such payment were still due from the Issuer.

#### **5. Enforceability of the Conditions**

The Guarantor undertakes to comply with the conditions of the relevant Exane Securities.

#### **6. Governing law and jurisdiction**

This Exane Guarantee shall be governed by and construed in accordance with French law. The Guarantor hereby agrees for the exclusive benefit of the Holders, that the competent courts within the jurisdiction of the Paris Court of Appeal shall have jurisdiction to rule on any action or proceeding with respect to this Exane Guarantee.

Signed in Paris, 3rd June 2013

**EXANE DERIVATIVES**

By: Bertrand LEONARD,

*Deputy CEO of Exane Derivatives Gérance, Manager of Exane Derivatives*