

<b>AVVISO n.9651</b>	<b>21 Maggio 2012</b>	<b>SeDeX – INV. CERTIFICATES</b>
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Mittente del comunicato : Borsa Italiana  
Societa' oggetto : BARCLAYS BANK PLC  
dell'Avviso  
Oggetto : Inizio negoziazione 'Investment Certificates –  
Classe B' 'BARCLAYS BANK PLC'

<b><i>Testo del comunicato</i></b>
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Si veda allegato.

<b><i>Disposizioni della Borsa</i></b>
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Strumenti finanziari:	<b>Index Linked Certificates due to September 2012</b>		
Emittente:	BARCLAYS BANK PLC		
Rating Emittente:	Società di rating	Long term	Data report
	Moody's	Aa3	19/05/2010
	Standard & Poor's	AA-	29/01/2010
	Fitch	AA-	29/10/2009
Oggetto:	<b>INIZIO NEGOZIAZIONI IN BORSA</b>		
Data di inizio negoziazioni:	<b>22/05/2012</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.5.1.5 delle Istruzioni		
Operatore incaricato ad assolvere l'impegno di quotazione:	Barclays Bank PLC Member ID Specialist: MM7388		

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

#### **Index Linked Certificates due to September 2012**

Tipo di liquidazione:	monetaria
Modalità di esercizio:	europeo

## **DISPOSIZIONI DELLA BORSA ITALIANA**

Dal giorno 22/05/2012, gli strumenti finanziari "Index Linked Certificates due to September 2012" (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	Local Market TIDM	TIDM	Short Name	Long Name	Sottostante	Data Scadenza	Valore Nominale	Quantità	Lotto Negoziazione	EMS	Prima Barriera %
1	XS0743155938	BA1177	U4TS	BA1177E5SP5XP	BARE5SP5CCXPQB80%E140912	EUROSTOXX50; S&P500	14/09/12	1000	10000	1	3	80

# Final Terms



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## BARCLAYS BANK PLC

*(Incorporated with limited liability in England and Wales)*

## BARCLAYS CAPITAL (CAYMAN) LIMITED

*(Incorporated with limited liability in the Cayman Islands)*

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### GLOBAL STRUCTURED SECURITIES PROGRAMME

for the issue of Securities

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### BARCLAYS BANK PLC

10,000 Index Linked Certificates due September 2012 (the “Certificates”)

Series NX00075466

under the Global Structured Securities Programme

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Issue Price: EUR 1,000 per Security

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This document constitutes the final terms of the Certificates (the “**Final Terms**”) described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”) and is prepared in connection with the Global Structured Securities Programme established by Barclays Bank PLC (the “**Bank**”) and Barclays Capital (Cayman) Limited (“**BCCL**”) and is supplemental to and should be read in conjunction with the Base Prospectus dated 5 August 2011, as supplemented and amended from time to time, which constitutes a base prospectus (the “**Base Prospectus**”) for the purpose of the Prospectus Directive. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the registered office of the Issuer and the specified office of the Issue and Paying Agent for the time being in London, and copies may be obtained from such office. Words and expressions defined in the Base Prospectus and not defined in this document shall bear the same meanings when used herein.

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and does not contain anything likely to affect the import of such information.

Investors should refer to the sections headed “Risk Factors” in the Base Prospectus for a discussion of certain matters that should be considered when making a decision to invest in the Securities.

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Final Terms dated 14 May 2012

The distribution of this document and the offer of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession these Final Terms come are required by the Bank to inform themselves about and to observe any such restrictions. Details of selling restrictions for various jurisdictions are set out in "Purchase and Sale" in the Base Prospectus. In particular, the Securities have not been, and will not be, registered under the US Securities Act of 1933, as amended, and are subject to US tax law requirements. Trading in the Securities has not been approved by the US Commodity Futures Trading Commission under the US Commodity Exchange Act of 1936, as amended. Subject to certain exceptions, the Securities may not at any time be offered, sold or delivered in the United States or to US persons, nor may any US persons at any time trade or maintain a position in such Securities.

INDEX DISCLAIMERS:

**Euro STOXX 50 Index**

The STOXX 50 Index and the trademarks used in the index name are the intellectual property of STOXX Limited, Zurich, Switzerland ("STOXX") and/or its licensors. The STOXX 50 Index is used under license from STOXX. The Securities based on the STOXX 50 Index are in no way sponsored, endorsed, sold or promoted by STOXX and/or its licensors and neither STOXX nor its licensors shall have any liability with respect thereto.

**S&P 500 Index**

The Security is not sponsored, endorsed, sold or promoted by Standard & Poor's Financial Services LLC ("S&P") or its third party licensors. Neither S&P nor its third party licensors make any representation or warranty, express or implied, to the owners of the Securities or any member of the public regarding the advisability of investing in securities generally or in the Securities particularly or the ability of the S&P 500 Index to track general stock market performance. S&P's and its third party licensor's only relationship to the Issuer is the licensing of certain trademarks and trade names of S&P and the third party licensors and of the S&P 500 Index which is determined, composed and calculated by S&P or its third party licensors without regard to the Issuer or the Security. S&P and its third party licensors have no obligation to take the needs of the Issuer or the owners of the Security into consideration in determining, composing or calculating the S&P 500 Index. Neither S&P nor its third party licensors is responsible for and has not participated in the determination of the prices and amount of the Security or the timing of the issuance or sale of the Securities or in the determination or calculation of the equation by which the Security is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Security.

NEITHER S&P, ITS AFFILIATES NOR THEIR THIRD PARTY LICENSORS GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN OR ANY COMMUNICATIONS, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P, ITS AFFILIATES AND THEIR THIRD PARTY LICENSORS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE MARKS, THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P, ITS AFFILIATES OR THEIR THIRD PARTY LICENSORS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL,

PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE.

The S&P 500 Index is a trademark of Standard & Poor's Financial Services LLC, and have been licensed for use by the Issuer.

**Part A**  
**Terms and Conditions of the Securities**

The Securities shall have the following terms and conditions, which shall complete, modify and/or amend the Base Conditions and/or any applicable Relevant Annex(es) set out in the Base Prospectus dated 5 August 2011.

**Parties**

Issuer:	Barclays Bank PLC
Guarantor:	N/A
Managers:	Barclays Bank PLC
Determination Agent:	Barclays Bank PLC
Issue and Paying Agent:	The Bank of New York Mellon
Stabilising Manager:	N/A
Registrar:	N/A
Italian Securities Agent:	N/A
CREST Agent:	N/A
Paying Agents:	N/A
Transfer Agent:	N/A
Exchange Agent:	N/A
Additional Agents:	N/A

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")). THESE FINAL TERMS HAVE BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE SECURITIES OUTSIDE THE UNITED STATES TO NON-US PERSONS IN RELIANCE ON REGULATION S AND FOR LISTING OF THE SECURITIES ON THE RELEVANT STOCK EXCHANGE, IF ANY, AS STATED HEREIN. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE SECURITIES AND DISTRIBUTION OF THESE FINAL TERMS, THE BASE PROSPECTUS AND THE SUPPLEMENTAL PROSPECTUSES, SEE "PURCHASE AND SALE" IN THE BASE PROSPECTUS.



### Provisions relating to Securities

1	Series:	NX00075466
2	Currency:	Euro ("EUR")
3	Notes:	N/A
4	Certificates:	Applicable
	(i) Number of Certificates:	10,000
	(ii) Minimum Tradable Amount:	1 Security
	(iii) Calculation Amount as at the Issue Date:	EUR 1,000
		For the purposes hereof, all references in the Conditions to "Calculation Amount per Security" shall be construed as references to "Calculation Amount" as defined in these Final Terms.
5	Form:	
	(i) Global/Definitive/Uncertificated and dematerialised:	Global Bearer Securities: Permanent Global Security
	(ii) NGN Form:	Applicable
	(iii) Held under the NSS:	N/A
	(iv) CGN Form:	N/A
	(v) CDIs:	N/A
6	Trade Date:	10 May 2012
7	Issue Date:	14 May 2012
8	Redemption Date:	14 September 2012
9	Issue Price:	EUR 1,000 per Security
10	Relevant Stock Exchange:	Securitised Derivatives Market ("SeDeX") operated by Borsa Italiana S.p.A.
11	The following Relevant Annex(es) shall apply to the Securities:	(i) Equity Linked Annex; and (ii) Italian Securities Annex.

### Provisions relating to interest (if any) payable on the Securities

12	Interest:	Applicable
13	Interest Amount:	As per Conditions 4 and 24 of the Base Conditions
14	Interest Rate:	N/A
	(i) Fixed Rate:	9.20 per cent. per annum
	(ii) Floating Rate:	N/A
	(iii) Variable Rate:	N/A
	(iv) Zero Coupon:	N/A

(v)	Bond Linked Securities – Fixed Coupon:	N/A
(vi)	Bond Linked Securities – Pass Through Interest:	N/A
15	Screen Rate Determination:	N/A
16	ISDA Determination:	N/A
17	Margin:	N/A
18	Minimum/Maximum Interest Rate:	N/A
19	Interest Commencement Date:	Issue Date
20	Interest Determination Date:	N/A
21	Interest Calculation Periods:	As defined in Condition 24 of the Base Conditions
(i)	Interest Period End Date:	14 September 2012, without any adjustment in accordance with the Business Day Convention
(i)	Interest calculation method for short or long Interest Calculation Periods:	N/A
22	Interest Payment Dates:	Redemption Date, subject to adjustment in accordance with the Business Day Convention
23	Day Count Fraction:	30/360
24	Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest, if different from those set out in the Base Conditions:	N/A

#### **Provisions relating to Redemption**

25	Settlement Method:	For the purposes of Condition 5.1 of the Base Conditions:  Cash Settlement
26	Settlement Currency:	EUR
27	Settlement Number:	As defined in Condition 24 of the Base Conditions
28	Terms relating to Cash Settled Securities:	
(i)	Final Cash Settlement Amount:	(a) If a Trigger Event has never occurred, the Final Cash Settlement Amount will be a cash amount equal to the Calculation Amount; or  (b) If a Trigger Event has occurred, the Final Cash Settlement Amount will be equal to the lower of either:

- (1) the Calculation Amount, and
- (2) the Calculation Amount multiplied by the Final Price of the Worst Performing Basket Constituent and divided by the Strike Price of the Worst Performing Basket Constituent.

Where:

**“Barrier Period Start Date”** means the Initial Valuation Date.

**“Barrier Period End Date”** means the Final Valuation Date.

**“Barrier Price”** means, in respect of a Basket Constituent, 80 per cent. of the Initial Price of that Basket Constituent.

**“Final Price”** or **“ $V_{(i)Final}$ ”** means, in respect of a Basket Constituent, the Valuation Price of that Basket Constituent on the Final Valuation Date.

**“Final Valuation Date”** means 7 September 2012.

**“Initial Price”** or **“ $V_{(i)Initial}$ ”** means, in respect of a Basket Constituent, the Valuation Price of that Basket Constituent on the Initial Valuation Date.

**“Initial Valuation Date”** means 16 May 2012.

**“Strike Price”** means, in respect of a Basket Constituent, 100 per cent. of the Initial Price of that Basket Constituent.

**“Trigger Event”** will be deemed to have occurred if the Valuation Price of any Basket Constituent, as determined by the Determination Agent, on any Scheduled Trading Day, from and including the Barrier Period Start Date to and including the Barrier Period End Date is less than the Barrier Price for such Basket Constituent.

**“Valuation Price”** means, in respect of the relevant Basket Constituent, the Final Valuation Date and any relevant Scheduled Trading Day, the price of that Basket Constituent at the Valuation Time on such day, as determined by the Determination Agent.

**“Worst Performing Basket Constituent”** means the Basket Constituent with the lowest performance on the Final Valuation Date calculated as follows:

$$V_{(i)Final} / V_{(i)Initial}$$

provided that where more than one Basket Constituent has the same lowest performance, the Determination Agent shall in its sole discretion select which of the Basket Constituents with the same lowest performance will be the Worst Performing Basket Constituent.

	(ii) Early Cash Settlement Amount:	As defined in Condition 24 of the Base Conditions
	(iii) Early Cash Redemption Date:	As defined in Condition 24 of the Base Conditions
29	Terms relating to Physically Delivered Securities:	N/A
30	Nominal Call Event:	N/A
31	Call Option:	N/A
32	Put Option:	N/A
33	Specified Early Redemption Event:	N/A
34	Maximum and Minimum Redemption Requirements:	N/A
35	Additional Disruption Events in addition to those specified in Condition 24 of the Base Conditions and any applicable Relevant Annex:	N/A
36	Share Linked Securities:	N/A
37	Index Linked Securities:	Applicable

(i) Index/Indices (each a “Reference Asset”):	<p>A basket comprised of 2 equity indices, each of which is set out in the Schedule (each, a “Basket Constituent” and together, the “Basket of Indices”).</p> <p>Any Basket Constituent represents a notional investment in such index with a notional investment size of 1 unit of the the relevant Reference Asset Currency (as set out in the Schedule) per index point.</p>
(ii) Future Price Valuation:	N/A
(iii) Exchange-traded Contract:	N/A
(iv) Exchange:	In respect of each Basket Constituent, as set out in the Schedule
(vi) Related Exchange:	In respect of each Basket Constituent, All Exchanges
(vii) Exchange Rate:	N/A
(viii) Weighting for each Reference Asset comprising the Basket of Reference Assets:	N/A
(ix) Index Level of each Reference Asset:	Valuation Price
(x) Valuation Date:	Each Scheduled Trading Day from and including the Initial Valuation Date to and including the Final Valuation Date
(xi) Valuation Time:	<p>(a) In respect of each Basket Constituent where the Exchange is listed as “Multi-exchange Index”, the time at which the official closing level of that Basket Constituent is calculated and published by the Index Sponsor; and</p> <p>(b) In respect of all other Basket Constituents, Valuation Time means the scheduled closing time on the Exchange.</p>
(xii) Averaging:	N/A
(xiii) Additional Disruption Event in respect of Index Linked Securities:	N/A
(xiv) FX Disruption Event:	N/A
(xv) Other adjustments:	N/A
38 Inflation Linked Securities:	N/A
39 FX Linked Securities:	N/A
40 Credit Linked Securities:	N/A

- |    |  |     |
|----|--|-----|
| 41 | Commodity Linked Securities:   | N/A |
| 42 | (a) Barclays Commodity Index Linked Securities ( <i>Section 2 of the Barclays Index Annex</i> ):       | N/A |
|    | (b) Barclays Equity Index Securities ( <i>Section 3 of the Barclays Index Annex</i> ):                 | N/A |
|    | (c) Barclays FX Index Linked Securities ( <i>Section 4 of the Barclays Index Annex</i> ):              | N/A |
|    | (d) Barclays Interest Rate Index Linked Securities ( <i>Section 5 of the Barclays Index Annex</i> ):   | N/A |
|    | (e) Barclays Emerging Market Index Linked Securities ( <i>Section 6 of the Barclays Index Annex</i> ): | N/A |
| 43 | Bond Linked Securities:  | N/A |
| 44 | Fund Linked Securities:  | N/A |

**Provisions relating to Settlement**

- |    |   |     |
|----|---|-----|
| 45 | Settlement in respect of VP Notes, APK Registered Securities, Dutch Securities, Swedish Registered Securities, VPS Registered Securities or Spanish Securities: | N/A |
| 46 | Additional provisions relating to Taxes and Settlement Expenses:  | N/A |

**Definitions**

- |    |                                |   |
|----|--------------------------------|---|
| 47 | Business Day:                  | As defined in Condition 24 of the Base Conditions |
| 48 | Additional Business Centre(s): | N/A   |

**Selling restrictions and provisions relating to certification**

- |    |                              |                                     |
|----|------------------------------|-------------------------------------|
| 49 | Non-US Selling Restrictions: | As described in the Base Prospectus |
| 50 | Applicable TEFRA exemption:  | N/A                                 |

**General**

- |    |                                     |  |
|----|-------------------------------------|--|
| 51 | Business Day Convention:            | Modified Following                       |
| 52 | Relevant Clearing Systems:          | Euroclear<br>Clearstream<br>Monte Titoli |
| 53 | If syndicated, names of Managers:   | N/A                                      |
| 54 | (a) Details relating to Partly Paid | N/A                                      |

	Securities:	
	(b) Details relating to Instalment Notes:	N/A
55	Relevant securities codes:	ISIN: XS0743155938 Common Code: 074315593
56	Modifications to the Master Subscription Agreement and/or Agency Agreement:	N/A
57	Additional Conditions and/or modification to the Conditions of the Securities:	<p><b>For the avoidance of doubt in relation to a delay or postponement of payments and settlement:</b></p> <p>If the determination of a price or level used to calculate any amount payable or deliverable on any payment or settlement date is delayed or postponed pursuant to the terms and conditions of the Securities, payment or settlement will occur on the later of either (i) the scheduled payment or settlement date or (ii) the second Business Day following the date on which such price or level is determined. No additional amounts shall be payable or deliverable by the Issuer because of such postponement.</p> <p>For the purposes hereof, Base Condition 9.7 shall be modified as follows:</p> <p>If the date on which any amount is specified as being or is otherwise determined to be, payable in respect of any Security or Coupon is not (i) a Business Day and (ii) in the case of Definitive Securities only, a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, then payment will not be made until the next succeeding day which is (i) a Business Day and (ii) in the case of Definitive Securities only, also a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign Currency deposits) in the relevant place of presentation, and the holder thereof shall not be entitled to any further payment in respect of such</p>

delay.

**Barclays Indices:**

All references to "Barclays Capital Commodity Index" in the Base Prospectus and in the Conditions shall be construed as references to "Barclays Commodity Index".

All references to "Barclays Capital Equity Index" in the Base Prospectus and in the Conditions shall be construed as references to "Barclays Equity Index".

All references to "Barclays Capital FX Index" in the Base Prospectus and in the Conditions shall be construed as references to "Barclays FX Index".

All references to "Barclays Capital Interest Rate Index" in the Base Prospectus and in the Conditions shall be construed as references to "Barclays Interest Rate Index".

All references to "Barclays Capital Emerging Market Index" in the Base Prospectus and in the Conditions shall be construed as references to "Barclays Emerging Market Index".

All references to "Barclays Capital Index Annex" in the Base Prospectus and in the Conditions shall be construed as references to "Barclays Index Annex".



**Part B**  
**Other Information**

**1 Listing and Admission to Trading**

- |       |   |   |
|-------|---|---|
| (i)   | Listing:  | Italy   |
| (ii)  | Admission to trading:                                       | Application is expected to be made for the Securities to be admitted to trading on SeDeX on or around the Issue Date. |
| (iii) | Estimate of total expenses related to admission to trading: | N/A   |

**2 Ratings**

Ratings:	The Securities have not been individually rated.
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**3 Notification**

The Financial Services Authority of the United Kingdom has provided the *Commissione Nazionale per le Società e la Borsa* (CONSOB) with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.

**4 Interests of Natural and Legal Persons involved in the Issue**

Save as discussed in “Purchase and Sale”, so far as the Issuer is aware, no person involved in the offer of the Securities has an interest material to the offer.

**5 Reasons for the Offer, Estimated Net Proceeds and Total Expenses**

- |       |                           |                 |
|-------|---------------------------|-----------------|
| (i)   | Reasons for the offer:    | General funding |
| (ii)  | Estimated net proceeds:   | N/A             |
| (iii) | Estimated total expenses: | N/A             |

**6 Fixed Rate Securities Only – Yield**

N/A

**7 Floating Rate Securities Only – Historic Interest Rates**

N/A

**8 Performance of Reference Asset(s) or Other Variable, Explanation of Effect on Value of Investment and Associated Risks and Other Information Concerning the Reference Asset(s) and/or Other Underlying**

The Securities are linked to the Euro STOXX 50 Index and S&P 500 Index. Information on the Euro STOXX 50 Index (including past and future performance and volatility) is published on the Bloomberg page "SX5E". Information on the S&P 500 Index (including past and future performance and volatility) is published on the Bloomberg page "SPX".

The Issuer does not intend to provide post-issuance information.

**9 Performance of Rates of Exchange and Explanation of Effect on Value of Investment**

N/A

**10 Operational Information**

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* (together with their addresses) and the relevant identification number(s):

Monte Titoli

Delivery:

Delivery free of payment

Names and addresses of additional Paying Agents(s) (if any):

N/A

Intended to be held in a manner which would allow Eurosystem eligibility:

Yes

Note that the designation "yes" simply means that the Securities are intended upon issue to be deposited with one of the International Central Securities Depositories ("ICSDs") as common safekeeper and does not necessarily mean that the Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem, either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

**11 Offer Information**

N/A

### Schedule

i	Basket Constituent	Bloomberg Code	Index Sponsor	Exchange	Reference Asset Currency
1	Euro Stoxx 50 Index	SX5E	Stoxx Ltd.	Multi-exchange Index	EUR
2	S&P 500 Index	SPX	Standard and Poors	Multi-exchange Index	USD

"Multi-exchange Index" means, in respect of each component security of the Index (each, a "**Component Security**"), the stock exchange on which such Component Security is principally traded, as determined by the Determination Agent.

## TERMS AND CONDITIONS OF THE SECURITIES

### Base Conditions

*The following are the Base Conditions that will apply to the Securities, subject to amendment and as supplemented or varied in accordance with the provisions of the applicable Final Terms and any applicable Relevant Annex specified to be applicable in such Final Terms. Where a Relevant Annex is specified in the applicable Final Terms for any Securities, these Base Conditions shall be subject to contrary provisions contained in such Relevant Annex and will not apply to the extent they are inconsistent with the provisions of such Relevant Annex. In all cases, these Base Conditions and the provisions of such Relevant Annex shall be subject to the applicable Final Terms, and will not apply to the extent they are inconsistent with the provisions of such Final Terms. Words and expressions defined or used in the applicable Final Terms shall have the same meanings where used in these Base Conditions and any applicable Relevant Annex unless the context otherwise requires or unless otherwise stated. All capitalised terms that are not defined in Condition 24 or elsewhere in these Base Conditions will have the meanings given to them in the applicable Relevant Annex or applicable Final Terms. Those definitions will be endorsed on Definitive Securities. References in these Base Conditions or any Relevant Annex to “Securities” are to the Securities of one Series only, not to all Securities that may be issued under the Programme.*

The Securities are issued as notes (“**Notes**”), certificates (“**Certificates**”) or warrants (“**Warrants**”), by Barclays Bank PLC (or any New Bank Issuer substituted in accordance with Condition 17.2, the “**Bank**”) or, with the exception of CREST Securities, Barclays Capital (Cayman) Limited (or any New BCCL Issuer substituted in accordance with Condition 17.1, “**BCCL**”), as specified in the applicable Final Terms, and references to “**Securities**” shall be construed accordingly. CREST Securities will only be issued by the Bank. The Securities issued by BCCL will be guaranteed by the Bank (or any New Guarantor substituted in accordance with Condition 17.2, the “**Guarantor**”) pursuant to a deed of guarantee dated 5 August 2009, as amended and restated from time to time and as most recently amended and restated on 5 August 2011 (or any New Guarantee of a New Guarantor, in either case as further amended and/or supplemented and/or restated as at the Issue Date, the “**Guarantee**”) and references herein to the Guarantor and the Guarantee apply solely to Securities issued by BCCL. Securities are issued pursuant to the Agency Agreement in respect of the Securities and, other than CREST Securities, with the benefit of a Deed of Covenant dated 5 August 2009, as amended and restated from time to time and as most recently amended and restated on 5 August 2011 (as further amended and/or supplemented and/or restated as at the Issue Date, the “**Deed of Covenant**”) executed by the Issuers and the Guarantor.

These Base Conditions include summaries of, and are subject to, the provisions of the Agency Agreement. The Securityholders, holders of interest coupons (and, where applicable, talons for further coupons (“**Talons**”)) (the “**Coupons**”, which term shall be deemed to include Talons) relating to interest bearing Securities in bearer form and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Securities in bearer form of which the principal is payable in instalments are entitled to the benefit of, and are deemed to have notice of and are bound by, the provisions of the Agency Agreement (insofar as they relate to the Securities and/or Coupons), any applicable Relevant Annex and the applicable Final Terms, which are binding on them. Copies of

the Agency Agreement, the Deed of Covenant and the Guarantee are available for inspection at the registered office of the relevant Issuer and the specified offices of the Paying Agents, the Transfer Agents and the Registrars. The determination agent, the issue and paying agent, the registrar, the paying agents, the transfer agents and the CREST agent for the time being are referred to below respectively as the “**Determination Agent**”, the “**Issue and Paying Agent**”, the “**Registrar**”, the “**Paying Agents**”, the “**Transfer Agents**” and the “**CREST Agent**”.

In respect of any issue of Securities that are not CREST Securities, “**Agents**” means the Determination Agent and the Issue and Paying Agent together with, in the case of such Securities in bearer form (“**Bearer Securities**”), the other Paying Agents and, in the case of such Securities in registered form (“**Registered Securities**”), the Registrar and the other Transfer Agents, and any other agent or agents appointed from time to time in respect of such Securities.

Unless otherwise specified in the applicable Final Terms, the initial Agents, in respect of Securities other than CREST Securities, shall be as follows:

- (a) the initial Determination Agent shall be the Bank or Barclays Capital Securities Limited, as specified in the applicable Final Terms;
- (b) the initial Issue and Paying Agent shall be The Bank of New York Mellon (acting through its London branch);
- (c) the initial Registrar in respect of Registered Securities shall be The Bank of New York Mellon (Luxembourg) S.A. (the “**Luxembourg Registrar**”) in respect of Securities that are distributed outside the United States of America and shall be The Bank of New York Mellon (acting through its New York branch) in respect of Securities that are distributed within the United States of America (the “**NY Registrar**” and, together with the Luxembourg Registrar, the “**Registrars**” and each a “**Registrar**”);
- (d) the initial Paying Agents in respect of Bearer Securities shall be the initial Issue and Paying Agent together with The Bank of New York Mellon (Luxembourg) S.A. (the “**Luxembourg Agent**”) in respect of Securities that are distributed outside the United States of America, The Bank of New York Mellon (acting through its Frankfurt branch) (the “**Frankfurt Agent**”) in respect of CBF Securities and The Bank of New York Mellon (acting through its New York branch) in respect of Securities that are distributed within the United States of America (the “**New York Agent**”);
- (e) the initial Transfer Agents in respect of Registered Securities shall be the initial Issue and Paying Agent together with the Luxembourg Agent in respect of Securities that are distributed outside the United States of America and the New York Agent in respect of Securities that are distributed within the United States of America; and
- (f) the initial Exchange Agent shall be The Bank of New York Mellon (acting through its New York branch) in respect of Cleared Securities for which DTC is the Relevant Clearing System.

In respect of any issue of CREST Securities, “**Agents**” shall mean the agent providing certain issuing, registry and paying agency services to the Issuer (the “**CREST Agent**”) together with any other agent or agents appointed from time to time in respect of the CREST Securities (or the then current

Successor (whether direct or indirect) of any such Agent). The initial CREST Agent shall be Computershare Investor Services PLC.

For the purpose of CREST Securities, any reference in these Base Conditions, any applicable Relevant Annex or the applicable Final Terms to a calculation or determination being made by the Determination Agent or the Issue and Paying Agent shall be deemed to be a reference to the Issuer making such calculation or determination. These Base Conditions and the provisions of any applicable Relevant Annex and the applicable Final Terms shall be construed accordingly.

In connection with any issue of Securities, the Issuer may appoint agents other than, or additional to, the Agents specified above. Such other or additional Agents shall be specified in any applicable Relevant Annex or the applicable Final Terms. References in these Base Conditions, any applicable Relevant Annex or the applicable Final Terms to Agents shall be to the initial Agents specified above, as applicable, or as specified in the applicable Final Terms or Relevant Annex, or the then current Successor (whether direct or indirect) of such Agent appointed in accordance with these Base Conditions, any applicable Relevant Annex, the applicable Final Terms and the Agency Agreement with respect to such Securities.

The Securities of any Series are subject to these Base Conditions, as modified and/or supplemented by the terms of any Relevant Annex and the applicable Final Terms. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (that will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the Issue Date, Issue Price, first payment of interest, if applicable, and aggregate nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the applicable Final Terms.

## 1 Form, Title and Transfer

### 1.1 Form

#### (a) *Form of Securities*

Securities will be issued in bearer form as Bearer Securities (with or without Coupons or Receipts, in the case of Instalment Notes) or in registered form as Registered Securities or in dematerialised form as CREST Securities, in each case, as specified in the applicable Final Terms. Bearer Securities may not be exchanged for Registered Securities and *vice versa*. CREST Securities may not be exchanged for Bearer Securities or Registered Securities and Bearer Securities or Registered Securities may not be exchanged for CREST Securities.

Securities will initially be issued in global form (which in respect of Bearer Securities shall be represented by global bearer securities (“**Global Bearer Securities**”) and in respect of Registered Securities shall be represented by global registered securities (“**Global Registered Securities**”), Global Bearer Securities and Global Registered Securities being global securities (“**Global Securities**”)), and may only be exchanged for Securities in definitive form (which in respect of Bearer Securities shall be issued as definitive bearer securities (“**Definitive Bearer Securities**”), and in respect of Registered Securities shall be represented by definitive registered securities (“**Definitive Registered Securities**”),

Definitive Bearer Securities and Definitive Registered Securities being definitive securities (“**Definitive Securities**”), with the terms and conditions endorsed on such Definitive Securities) if specified in the applicable Final Terms, or an Exchange Event occurs and Global Securities are to be exchanged for Definitive Securities in accordance with the terms of the relevant Global Security. The relevant Issuer will promptly give notice to Securityholders in accordance with Condition 16 if an Exchange Event occurs. Definitive Securities will not be issued, either initially or in exchange, for any CREST Securities.

CREST Securities will be issued in dematerialised uncertificated registered form and will be held in uncertificated registered form in accordance with the Uncertificated Regulations. As such, CREST Securities are dematerialised and not constituted by any physical document of title. CREST Securities will be cleared through CREST and are participating securities for the purposes of the Uncertificated Regulations.

(b) *Initial Issue of Global Securities*

If “NGN Form” is specified as applicable in the applicable Final Terms with respect to a Global Bearer Security or the applicable Final Terms specify that a Global Registered Security is to be held under the New Safekeeping Structure (“**NSS**”), such Global Bearer Security or Global Registered Security will be delivered on or prior to the original issue date of the Tranche to a common safekeeper (a “**Common Safekeeper**”). Depositing the Global Bearer Security or the Global Registered Security with the Common Safekeeper does not necessarily mean that the Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

If “CGN Form” is specified in the applicable Final Terms and the Global Security is not a Global Registered Security to be held under the NSS, the Global Security may be delivered on or prior to the original issue date of the Tranche to a common depositary (a “**Common Depositary**”) for the Relevant Clearing System. The Bank may issue Securities in CGN Form in respect of which the Relevant Clearing System shall be Clearstream Frankfurt (“**CBF Securities**”). For the avoidance of doubt, BCCL shall not issue CBF Securities.

If the Global Security is in CGN Form and is not held under the NSS, upon the initial deposit of such Global Security with a Common Depositary (or with CBF in respect of CBF Securities) or registration of Registered Securities in the name of any nominee for the Relevant Clearing System and delivery of the relevant Global Registered Security to the Common Depositary, the Relevant Clearing System will credit each subscriber with a nominal amount of Securities in the case of Notes or with a number of Securities in the case of Certificates or Warrants, equal to the nominal amount or number thereof for which it has subscribed and paid. If the Global Security is in NGN Form, the nominal amount of the Securities in the case of Notes and the number of Securities in the case of Certificates and Warrants shall be the relevant aggregate amount or number from time to time entered in the records of the Relevant Clearing System. For purposes of a Global Security in NGN Form, the records of the Relevant Clearing System shall be conclusive

evidence of the nominal amount of Securities in the case of Notes, or number of Securities in the case of Certificates and Warrants, represented by such Global Security and a statement issued by the Relevant Clearing System at any time shall be conclusive evidence of the records of the Relevant Clearing System at that time.

(c) *Exchange of Global Securities*

Each Series of Bearer Securities issued in compliance with the D Rules will be initially issued in the form of a temporary global security in bearer form (a “**Temporary Global Security**”) and will be exchangeable, free of charge to the holder, on and after its Exchange Date, in whole or in part, upon certification as to non-US beneficial ownership in the form set out in the Agency Agreement for interests in a permanent bearer global security (a “**Permanent Global Security**”).

Each Series of Bearer Securities issued in compliance with the C Rules or in respect of which TEFRA does not apply will be initially issued in the form of a Permanent Global Security.

Each Permanent Global Security will be exchangeable, free of charge to the holder, on or after its Exchange Date, in whole but not in part, for Definitive Securities only upon the occurrence of an Exchange Event.

Temporary Global Securities will not be exchangeable for Definitive Securities.

If the Global Security is a CGN, on or after any due date for exchange, the holder of such Global Security may surrender it or, in the case of a partial exchange, present it for endorsement to or to the order of the Issue and Paying Agent. In exchange for any such Global Security, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Security exchangeable for a Permanent Global Security, deliver, or procure the delivery of, a Permanent Global Security in an aggregate nominal amount or aggregate number, as applicable, equal to that of the whole or that part of the Temporary Global Security that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Security to reflect such exchange or (ii) in the case of a Global Security exchangeable for Definitive Securities, deliver, or procure the delivery of, an equal aggregate nominal amount or aggregate number, as applicable, of duly executed and authenticated Definitive Securities or (iii) if the Global Security is a Global Bearer Security in NGN Form or a Global Registered Security that is held under the NSS, the Issuer will procure that details of such exchange be entered pro rata in the records of the Relevant Clearing System. On exchange in full of each Permanent Global Security, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Securities.

(d) *Registered Securities*

Registered Securities of each Series which are sold in an “offshore transaction” within the meaning of Regulation S under the Securities Act (“**Unrestricted Securities**”) will be represented by interests in a Regulation S Global Security, without Coupons, deposited with, and registered in the name of, a Common Depositary or a Common Safekeeper on behalf of the Relevant Clearing System on its issue date.



Registered Securities of each Series resold pursuant to Rule 144A of the Securities Act (“**Restricted Securities**”) will be represented by a Rule 144A Global Security, without Coupons, deposited with either (i) a custodian for, and registered in the name of a nominee of, DTC or (ii) a Common Depositary or a Common Safekeeper on behalf of the Relevant Clearing System on its issue date.

## 1.2 Denomination and Number

The applicable Final Terms in respect of Securities that are Notes will specify, among other things, the denomination or denominations (each a “**Specified Denomination**”) in which such Securities are issued, the Aggregate Nominal Amount, the Issue Price per Security, the Settlement Currency, the Calculation Amount per Security as at the Issue Date and any Relevant Annexes that apply to the Securities. All Registered Securities of a Series that are Notes shall have the same Specified Denomination.

The applicable Final Terms in respect of Securities that are Certificates or Warrants will specify, among other things, the Settlement Currency of such Securities, the Issue Price per Security or Unit, the number of Securities being issued, the Calculation Amount per Security as at the Issue Date and, where applicable, the number of Warrants or Exercisable Certificates comprising a Unit, if the Securities are Put Securities or Call Securities and identify any Relevant Annexes that apply to the Securities. All Securities of a Series that are Certificates or Warrants shall have the same Calculation Amount per Security as at the Issue Date.

All CREST Securities of a Series that are (a) Notes shall have the same Specified Denomination or (b) Certificates or Warrants shall have the same Calculation Amount per Security as at the Issue Date.

## 1.3 Title

### (a) *General*

Title to Bearer Securities and any Coupons or Receipts, as the case may be, passes by delivery and title to Registered Securities passes by registration in the Register that the Issuer shall procure is kept by the Registrar in accordance with the provisions of the Agency Agreement.

The Issuer, the Guarantor and the relevant Agents shall (except as otherwise required by law or ordered by a court of competent jurisdiction) deem and treat the holder (as defined below) of any Bearer Security, Coupon, Receipt or Registered Security as its absolute owner for all purposes (whether or not such Security is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it (or on the Global Security representing it) or its theft or loss) and no person shall be liable for so treating the holder.

In these Base Conditions, except in respect of CREST Securities, “**Securityholder**” means the bearer of any Bearer Security or the person in whose name a Registered Security is registered, and “**holder**” means, in relation to a Bearer Security, Coupon or Receipt, the bearer of such Bearer Security, Coupon or Receipt and, in relation to a Registered Security, the person in whose name such Registered Security is registered. Any references to “**Noteholder**”, “**Certificateholder**” or “**Warrantholder**” within the Conditions of

Securities issued as Notes, Certificates or Warrants, respectively, shall mean a Securityholder for the purposes of such Securities.

(b) *CREST Securities*

Title to CREST Securities is recorded on the relevant Operator register of corporate securities. The CREST Agent on behalf of the Issuer shall maintain a record of uncertificated corporate securities (the “**Record**”) in relation to CREST Securities and shall procure that the Record is regularly updated to reflect the Operator register of corporate securities in accordance with the rules of the Operator.

Subject to this requirement and to Condition 1.4(i), (i) each person who is for the time being shown in the Record as the holder of a particular nominal amount (in the case of Notes) or number (in the case of Certificates and Warrants) of CREST Securities shall be treated by the Issuer and the Agents as the holder of such nominal amount or number, as the case may be, of CREST Securities for all purposes (and the expressions “**Securityholder**” and “**holder of CREST Securities**” and related expressions shall be construed accordingly for the purpose of the Conditions) and (ii) none of the Issuer or any Agent shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Record which the CREST Agent maintains are in accordance with particulars entered in the Operator register of corporate securities relating to the CREST Securities.

No provision of these Base Conditions, as amended in accordance with any applicable Relevant Annex and/or the applicable Final Terms, shall (notwithstanding anything to the contrary therein) apply or have effect to the extent that it is in any respect inconsistent with (I) the holding of title to CREST Securities in uncertificated form, (II) the transfer of title to CREST Securities by means of a relevant system or (III) the Uncertificated Regulations. Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in the Conditions for a Series of CREST Securities, so long as the CREST Securities are participating securities, (A) the Operator register of corporate securities relating to the CREST Securities shall be maintained at all times in the United Kingdom, (B) the CREST Securities may be issued in uncertificated form in accordance with and subject as provided in the Uncertificated Regulations and (C) for the avoidance of doubt, the Conditions in relation to any CREST Securities shall remain applicable notwithstanding that they are not endorsed on any certificate or document of title for such CREST Securities.

As used in these Base Conditions, each of “**Operator**”, “**Operator register of corporate securities**”, “**participating security**”, “**record of uncertificated corporate securities**” and “**relevant system**” is as defined in the Uncertificated Regulations and the relevant Operator (as such term is defined and used in the Uncertificated Regulations) is Euroclear UK & Ireland Limited or any additional or alternative Operator from time to time and notified to the holders of CREST Securities in accordance with Condition 16.

(c) *CREST Depository Interests*

Where CDIs are specified in the applicable Final Terms for a Series of Securities, investors may hold CREST Depository Interests (“CDIs”) constituted and issued by the CREST Depository and representing indirect interests in such Securities. CDIs will be issued and settled through CREST.

Neither the Securities nor any rights with respect thereto will be issued, held, transferred or settled within CREST otherwise than through the issue, holding, transfer and settlement of CDIs. Holders of CDIs will not be entitled to deal directly in the Securities to which such CDIs relate (the “**Underlying Securities**”). Accordingly, all dealings in Securities represented by a holding of CDIs will be effected through CREST.

CDIs will be constituted and governed by the terms of the CREST Deed Poll. Holders of CDIs will have no rights against the Issuer, any Manager or any Agent in respect of the Underlying Securities, interests therein or the CDIs representing them.

#### **1.4 Transfers**

(a) *Transfer of Bearer Securities*

Subject to Condition 1.4(c), Bearer Securities, Coupons and Receipts will be transferred by delivery.

(b) *Transfer of Registered Securities*

Subject to Condition 1.4(c), Registered Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the relevant Definitive Registered Security or Global Registered Security (provided such Security is not a Cleared Security) representing such Registered Securities to be transferred, together with the form of transfer endorsed on such Definitive Registered Security or Global Registered Security (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Securities represented by a single Definitive Registered Security or Global Registered Security (provided such Security is not a Cleared Security), a new Definitive Registered Security shall be issued to the transferee in respect of the part transferred and a further new Definitive Registered Security or Global Registered Security in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and each Securityholder. A copy of the current regulations will be made available by the Registrar to any Securityholder upon request. For the avoidance of doubt, if Registered Securities are Cleared Securities, then all (and not some only) of the Registered Securities of the same Series shall be Cleared Securities.

***Investors in the Securities are referred to the Sections in the Base Prospectus headed “Purchase and Sale” and “Clearance, Settlement and Transfer Restrictions”.***

(c) *Transfer of Cleared Securities*

Notwithstanding Conditions 1.4(a) and (b), transfers of beneficial interests in Cleared Securities may only be effected in accordance with the Relevant Rules.

If the applicable Final Terms specify that the Securities are to be represented by a Permanent Global Security on issue, the following will apply in respect of transfers of Cleared Securities. These provisions will not prevent the trading of interests in the Securities within the Relevant Clearing System whilst they are held on behalf of such Relevant Clearing System, but will limit the circumstances in which the Securities may be withdrawn from the Relevant Clearing System.

Transfers of the holding of Securities represented by any Global Security pursuant to Condition 1.4(b) may only be made in part:

- (i) if an Exchange Event occurs; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding of Registered Securities pursuant to this Condition 1.4(c), the registered holder has given the Registrar not less than 10 Business Days' notice at its specified office of the registered holder's intention to effect such transfer.

***Investors in the Securities are referred to (i) the Sections in the Base Prospectus headed "Purchase and Sale", "Clearance, Settlement and Transfer Restrictions" and "Book-entry Procedures for Rule 144A Global Securities Deposited with DTC" and (ii) any Relevant Annex specified in the applicable Final Terms.***

(d) *Exercise of Options or Partial Redemption in Respect of Registered Securities*

In the case of an exercise of an Issuer's or Securityholder's option in respect of, or a partial redemption of, a holding of Registered Securities represented by a single Definitive Registered Security or Global Registered Security, as the case may be, a new Definitive Registered Security shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Securities of the same holding having different terms, a separate Definitive Registered Security or Global Registered Security shall be issued in respect of those Registered Securities of that holding that have the same terms. New Definitive Registered Securities shall only be issued against surrender of the relevant existing Definitive Registered Security or Global Registered Security to the Registrar or any Transfer Agent. In the case of a transfer of Registered Securities to a person who is already a holder of Registered Securities, a new Definitive Registered Security representing the enlarged holding shall only be issued against surrender of the Definitive Registered Security or Global Registered Security representing the existing holding.

(e) *Delivery of New Registered Securities*

Each new Definitive Registered Security or Global Registered Security to be issued pursuant to Condition 1.4(b) or (d) shall be available for delivery within three business days of receipt of the form of transfer, the relevant Exercise Notice or notice of

redemption and surrender of the Definitive Registered Security or Global Registered Security, as the case may be. Delivery of a new Definitive Registered Security or Global Registered Security shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer, the relevant Exercise Notice or notice of redemption and surrender of such Definitive Registered Security or Global Registered Security shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant form of transfer, the relevant Exercise Notice, notice of redemption or otherwise in writing shall be mailed by uninsured post at the risk of the holder entitled to the new Definitive Registered Security or Global Registered Security, to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 1.4(e), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar.

(f) *Transfer Free of Charge*

Transfers of Registered Securities will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any Taxes that may be imposed in relation to it (or the giving of such indemnity as the Issuer, the Registrar or the relevant Transfer Agent may require).

(g) *Registered Security Closed Periods*

No Securityholder may require the transfer of a Registered Security to be registered (i) during the period of 15 calendar days ending on the due date for redemption or exercise of that Security, (ii) on any day after the date of any Option Exercise Notice delivered by such Securityholder in respect of such Registered Security, (iii) on any day after the date of any Settlement Election Notice or Delivery Entitlement Instruction (if earlier) delivered by such Securityholder in respect of such Registered Security, (iv) during the period of 15 calendar days before any date on which Securities may be called for redemption by the Issuer at its option pursuant to Condition 5.3 or 5.4, (v) after any such Security has been called for redemption or has been exercised or (vi) during the period of seven calendar days ending on (and including) any Record Date.

(h) *Minimum Tradable Amount*

Global Securities may, if specified in the applicable Final Terms, be subject to a Minimum Tradable Amount, in which case such Securities will, for so long as they are Cleared Securities, be transferable only in a nominal amount in the case of Notes or in a number in the case of Certificates and Warrants, of not less than such Minimum Tradable Amount. Notwithstanding the foregoing, such Securities will only be transferable in accordance with the Relevant Rules.

(i) *Transfer of CREST Securities*

Title to CREST Securities will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to CREST Securities (including,

without limitation, transfers of CREST Securities) in the open market or otherwise must be effected through an account with the Operator subject to and in accordance with the rules and procedures for the time being of the Operator. All transfers of CREST Securities shall be subject to and made in accordance with the Uncertificated Regulations and the rules, procedures and practices in effect of the Operator (the “CREST Requirements”).

Transfers of CREST Securities will be effected without charge by or on behalf of the Issuer, the Operator or the CREST Agent, but upon payment of any Taxes that may be imposed in relation to them (or the giving of such indemnity as the Issuer, the Operator or the CREST Agent may require).

CREST Securities may not be transferred in or into the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act) (I) unless the CREST Securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available, or (II) in a manner that would require the Issuer of the Notes to register under the US Investment Company Act.

(j) *CREST Security Closed Periods*

If, for so long as the CREST Securities are held in CREST, the rules and procedures of the Operator include any closed period in which no Securityholder may require the transfer of a CREST Security to be registered in the Operator register of corporate securities, such closed periods shall apply to the CREST Securities. Details of any such closed period are available from the CREST Agent.

(k) *Minimum Tradable Amount for CREST Securities*

CREST Securities may, if specified in the applicable Final Terms, be subject to a Minimum Tradable Amount, in which case such Securities will, for so long as they are CREST Securities, be transferable only in a nominal amount in the case of Notes or in a number in the case of Certificates and Warrants, of not less than such Minimum Tradable Amount. Notwithstanding the foregoing, such Securities will only be transferable in accordance with the CREST Requirements.

(l) *Cessation of CREST Eligibility*

If at any time a Series of CREST Securities ceases to be held in uncertificated form and/or accepted for clearance through CREST, or notice is received by or on behalf of the Issuer that the CREST Securities will cease to be held in uncertificated form and cleared through CREST and/or CREST is closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statute or otherwise) or announces an intention permanently to cease business or does in fact do so, then such event shall constitute an Additional Disruption Event for the purposes of such Securities and the Issuer shall (in the case of Securities that are Notes or Certificates other than Exercisable Certificates) redeem such Securities in accordance with Condition 5.4(b) or (in the case of Securities that are Warrants or Exercisable Certificates) cancel such Securities in accordance with Condition 6.2(a)(ii).

## 2 Status

The Securities and any Coupons or Receipts relating to them constitute unsecured and unsubordinated obligations of the Issuer and rank equally among themselves. The payment obligations of the Issuer under the Securities and any related Coupons or Receipts will rank equally with all other present and future unsecured and unsubordinated obligations of the Issuer (except for such obligations as may be preferred by provisions of law that are both mandatory and of general application). The Securities do not evidence deposits of the Issuer. The Securities are not insured or guaranteed by any government or government agency.

## 3 Guarantee

### 3.1 Status of the Guarantee

All obligations of BCCL in respect of its Securities and any Coupons or Receipts relating to them are unconditionally and irrevocably guaranteed by the Guarantor pursuant to the Guarantee. The Guarantee constitutes an unsecured and general obligation of the Guarantor and ranks and will rank equally with all other existing and future unsecured obligations of the Guarantor (except for such obligations as may be preferred by provisions of law that are both mandatory and of general application).

### 3.2 Settlement by the Guarantor

If written demand is made of the Guarantor under the Guarantee in respect of Physically Delivered Securities or Securities for which “Issuer Settlement Option” is specified as applicable in the applicable Final Terms, notwithstanding any election by BCCL of a particular Settlement Method in respect thereof, the Guarantor may elect at its sole discretion whether to settle such Securities by Physical Settlement or Cash Settlement. In such circumstances, the Guarantor’s delivery of the relevant Entitlement or its payment of the relevant Settlement Amount, in each case subject to Condition 9.6, in accordance with the terms of the relevant Securities, shall constitute the complete discharge of the Guarantor’s obligations in respect of such Security and the Guarantor shall have no liability or responsibility for any loss suffered or cost incurred by a Securityholder as a result (direct or indirect) of the Guarantor making such election.

## 4 Interest

If the applicable Final Terms specify that interest applies to any Securities, each Security of such Series will bear interest on the applicable Calculation Amount from and including the Interest Commencement Date at a rate or rates per annum (expressed as a percentage) (the “**Interest Rate**”) specified in, or determined in accordance with, the applicable Final Terms. Interest will be payable in arrear on the date or dates specified in the applicable Final Terms (the “**Interest Payment Dates**” and each an “**Interest Payment Date**”). Subject to Condition 8, the Interest Amount payable per Calculation Amount in respect of any Security on any Interest Payment Date will be calculated by the Determination Agent in respect of the immediately preceding Interest Calculation Period and shall be equal to the product of the applicable Interest Rate, the applicable Calculation Amount (determined by reference to the Calculation Amount as at the first day of the relevant Interest Calculation Period unless otherwise specified in the applicable Final Terms) and the Day Count Fraction for the relevant Interest Calculation Period, unless an Interest Amount (or other formula for its calculation) is specified

in respect of such Interest Calculation Period in the applicable Final Terms, in which case the amount of interest payable per Calculation Amount in respect of such Security for such period shall equal such Interest Amount (or be calculated in accordance with such formula). If the applicable Final Terms specify Securities to be Zero Coupon Securities, the Securities of such Series will not bear interest except in respect of any overdue principal following the Redemption Date (or such other date as specified in the applicable Final Terms).

In the case of Partly Paid Securities (other than Partly Paid Securities which are Zero Coupon Securities), interest will accrue as aforesaid on the paid-up Nominal Amount or the appropriate portion of the Calculation Amount of such Securities and otherwise as specified in the applicable Final Terms and the Conditions of such Securities shall be construed accordingly.

Notwithstanding anything to the contrary in this Condition 4, the accrual and/or payment of interest may be contingent on, or calculated by reference to, the performance, price, value or level or other factor relating to one or more Reference Assets if so specified in any applicable Relevant Annex and/or the applicable Final Terms. The interest payable per Calculation Amount, Interest Rate or any Interest Amount, in each case, for an Interest Calculation Period, may be calculated by reference to:

- (a) the number of calendar days in a specified period on which a specified rate and/or price, value or level of one or more Reference Assets has a particular value, is within a specified range or is above/below a specified value, price or level; and/or
- (b) the rate for the immediately preceding interest calculation period; and/or
- (c) a range accrual fraction, multiplier or other factor; and/or
- (d) any other method or formulae.

If any Interest Amount payable is a negative number (either due to a negative Interest Rate (whether a Floating Rate, Variable Rate or otherwise) or by operation of a negative Margin that is added to the Interest Rate), the Interest Amount payable shall be deemed to be zero.

Any amendments to this Condition 4 and/or any additional provisions relating to such Securities will be set out in the applicable Final Terms.

#### **4.1 Interest on Fixed Rate Securities**

If “Fixed Rate” is specified as the Interest Rate in the applicable Final Terms, the Interest Rate for each Interest Calculation Period will be the rate specified in the applicable Final Terms.

#### **4.2 Interest on Floating Rate Securities**

Subject to Conditions 4.2(c) and (d), if “Floating Rate” is specified as the Interest Rate in the applicable Final Terms, the Interest Rate for an Interest Calculation Period will be the rate determined by the Determination Agent in the manner specified in the applicable Final Terms pursuant to Condition 4.2(a) or (b) or as otherwise provided in the applicable Final Terms. In respect of any short or long Interest Calculation Period as specified in the applicable Final Terms, the Determination Agent will determine the Interest Rate using Linear Interpolation or such other formula or method (if any) as is specified in the applicable Final Terms.



(a) *ISDA Determination for Floating Rate Securities*

If “ISDA Determination” is specified as applicable in the applicable Final Terms, the Interest Rate for an Interest Calculation Period will be the relevant ISDA Rate. If, with respect to a Reset Date for an Interest Calculation Period, in the opinion of the Determination Agent (i) the ISDA Rate is not published or made available to the market, and/or (ii) the Determination Agent determines that an alternative market rate is in more common usage, the Determination Agent shall determine the Interest Rate for such Interest Calculation Period at its sole and absolute discretion.

(b) *Screen Rate Determination for Floating Rate Securities*

If “Screen Rate Determination” is specified as applicable in the applicable Final Terms, the Interest Rate for an Interest Calculation Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate that appears or appear, as the case may be, on the Relevant Screen Page as at 11:00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question (as specified in the applicable Final Terms or as defined below) relating to such Interest Calculation Period, all as determined by the Determination Agent in accordance with Condition 8. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Determination Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the “Reference Rate” from time to time in respect of Floating Rate Securities is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Interest Rate in respect of such Securities will be determined as provided in the applicable Final Terms.

If, on any Interest Determination Date relating to such Interest Calculation Period, the Relevant Screen Page is not available, or if Condition 4.2(b)(i) applies and no such offered quotation appears on the Relevant Screen Page, or if Condition 4.2(b)(ii) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case, as at the time specified above, subject as provided below, the Determination Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Determination Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate, if the Reference Rate is LIBOR, at approximately 11:00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11:00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Determination Agent with such offered quotations, the Interest Rate for such Interest

Calculation Period shall be the arithmetic mean of such offered quotations as determined by the Determination Agent.

If the preceding paragraph applies and the Determination Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Determination Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11:00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11:00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Settlement Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market, as the case may be, or, if fewer than two of the Reference Banks provide the Determination Agent with such offered rates, the offered rate for deposits in the Settlement Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Settlement Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11:00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11:00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Determination Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market, as the case may be, provided that, if the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate for such Interest Calculation Period shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Minimum or Maximum Interest Rate is to be applied to the relevant Interest Calculation Period from that which applied to the last preceding Interest Calculation Period, the Margin or Minimum or Maximum Interest Rate relating to the relevant Interest Calculation Period, in place of the Margin or Minimum or Maximum Interest Rate relating to that last preceding Interest Calculation Period).

(c) *Margin*

If any Margin is specified in the applicable Final Terms (either (i) generally, or (ii) in relation to one or more Interest Calculation Periods), an adjustment shall be made to all Interest Rates, in the case of (i), or the Interest Rate for the specified Interest Calculation Periods, in the case of (ii), calculated in accordance with Condition 4.2(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to Condition 4.2(d).

(d) *Minimum Interest Rate and/or Maximum Interest Rate*

If any Minimum Interest Rate or Maximum Interest Rate is specified in the applicable Final Terms (either (i) generally, or (ii) in relation to one or more Interest Calculation Periods), then all Interest Rates, in the case of (i), or the Interest Rate for the specified

Interest Calculation Periods, in the case of (ii), shall be subject to such Minimum Interest Rate or Maximum Interest Rate, as applicable.

#### **4.3 Variable Rate Securities**

Each Variable Rate Security bears interest at a rate or rates (the “**Variable Rate**”) determined on the basis of the formula or method specified for such purpose in the applicable Final Terms, as determined by the Determination Agent in accordance with Condition 8.

#### **4.4 Zero Coupon Securities**

If “Zero Coupon” is specified as the Interest Rate in the applicable Final Terms, the Securities will not bear interest and references to interest and Coupons in these Base Conditions are not applicable, provided however that where any such Security is repayable prior to the Redemption Date (or such other date specified in the applicable Final Terms) and is not paid when due, the amount due and payable prior to the Redemption Date shall be the Early Cash Settlement Amount for such Security.

#### **4.5 Accrual of Interest**

Subject to Condition 9.5(c), interest shall cease to accrue on each interest bearing Security on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgement) at the Interest Rate in the manner provided in this Condition 4 to the Relevant Date as if such period was an Interest Calculation Period.

### **5 Redemption of Securities that are Notes or Certificates**

This Condition 5 applies only to Securities that are Notes and Certificates (other than Exercisable Certificates). Any such Securities being redeemed pursuant to this Condition 5 shall, subject to Condition 7, be settled in accordance with the applicable Settlement Method. Notwithstanding anything to the contrary herein, “Cash Settlement” will always apply to CREST Securities.

#### **5.1 Redemption and Redemption by Instalments**

##### *(a) Redemption*

Unless previously redeemed in accordance with this Condition 5 or purchased and cancelled in accordance with Condition 22, each Security will, subject to Conditions 7, 8 and 9, be redeemed in whole:

- (i) if “Cash Settlement” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.1 or is validly elected (or deemed to have been elected) by the Issuer or Securityholder pursuant to Condition 5.1(a)(iv) or (v), at the Final Cash Settlement Amount on the Redemption Date; or
- (ii) if “Physical Settlement” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.1 or is validly elected by the Issuer or Securityholder pursuant to Condition 5.1(a)(iv) or (v), by delivery of the Final Physical Redemption Entitlement on the applicable Final Physical Redemption Date; or

- (iii) if “Cash or Physical Settlement” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.1, and (i) the conditions to cash settlement specified in the applicable Final Terms are satisfied, at the Final Cash Settlement Amount on the Redemption Date, or (ii) the conditions to physical settlement specified in the applicable Final Terms are satisfied, by delivery of the Final Physical Redemption Entitlement on the applicable Final Physical Redemption Date; or
- (iv) if “Issuer Settlement Option” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.1, in accordance with Condition 5.1(a)(i) if the Issuer elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 5.1(a)(ii) if the Issuer elects for Physical Settlement to apply. Notice of the Issuer’s election shall be given to Securityholders in accordance with Condition 16 no later than 10 Business Days prior to the Redemption Date. If notice of such election is not given, Cash Settlement shall be deemed to have been elected to apply to the Securities; or
- (v) if “Securityholder Settlement Option” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.1, in accordance with Condition 5.1(a)(i) if the Securityholder elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 5.1(a)(ii) if the Securityholder elects for Physical Settlement to apply in accordance with Condition 7.1.

(b) *Redemption by Instalments*

If “Details relating to Instalment Notes” is specified to apply in the applicable Final Terms, unless previously redeemed or purchased and cancelled, as provided in Condition 22, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount (“**Instalment Notes**”). The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amounts of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is withheld other than in accordance with applicable laws, regulations or orders of any court of competent jurisdiction or refused on presentation of the related Receipt, in which case such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

## 5.2 Early Redemption at the Option of Securityholders

If “Put Option” is specified to apply in the applicable Final Terms, upon the holder of such Security giving not less than 15 Business Days’ irrevocable notice to the Issuer (or such other notice period as may be specified in the applicable Final Terms) (such period the “**Put Notice Period**”), provided such notice is in the form of an Option Exercise Notice and delivered on any Put Option Exercise Date within the Put Option Exercise Period, the Issuer shall, subject to Conditions 7, 8 and 9 and the conditions to exercise set out below, redeem each Security to which such notice relates in whole (but not in part):

- (a) if “Cash Settlement” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.2 or is validly elected (or deemed to have been

elected) by the Issuer or Securityholder pursuant to Condition 5.2(c) or (d), at its Optional Cash Settlement Amount on the Optional Cash Redemption Date; or

- (b) if “Physical Settlement” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.2 or is validly elected by the Issuer or Securityholder pursuant to Condition 5.2(c) or (d), by delivery of the Optional Physical Redemption Entitlement on the applicable Optional Physical Redemption Date; or
- (c) if “Issuer Settlement Option” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.2, in accordance with Condition 5.2(a) if the Issuer elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 5.2(b) if the Issuer elects for Physical Settlement to apply. Notice of the Issuer’s election shall be given to Securityholders in accordance with Condition 16 no later than 10 Business Days (or such other notice period as may be specified in the applicable Final Terms) prior to the last day of the Put Notice Period. If notice of such election is not given, Cash Settlement shall be deemed to have been elected to apply to the Securities; or
- (d) if “Securityholder Settlement Option” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.2, in accordance with Condition 5.2(a) if the Securityholder elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 5.2(b) if the Securityholder elects for Physical Settlement to apply. The Securityholder must make its settlement election in the relevant Option Exercise Notice.

Notwithstanding anything to the contrary herein, to exercise such option the Securityholder must deposit (in the case of Bearer Securities) the relevant Bearer Securities (together with all unmatured or unexchanged Coupons or Receipts) with any Paying Agent or (in the case of Registered Securities) the relevant Global Registered Security or Definitive Registered Security representing such Registered Securities with the Registrar or any Transfer Agent at its specified office together with the duly completed irrevocable option exercise notice (the “**Option Exercise Notice**”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). If the Securities are Cleared Securities, such option may be exercised by the relevant Securityholder giving an Option Exercise Notice to the Issue and Paying Agent through the Relevant Clearing Systems stating the nominal amount of Notes or number of Certificates in respect of which the Put Option is exercised and the relevant Common Depositary, Common Safekeeper, custodian or nominee shall deposit and surrender the relevant Securities in accordance with the Relevant Rules. No transfers of interests in Cleared Securities in respect of which an Option Exercise Notice has been delivered will be valid and an Option Exercise Notice in respect of Cleared Securities must be accompanied by a copy of instructions given to the Relevant Clearing System by the relevant accountholder that the accountholder’s account be blocked for such purposes. No Securities so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

With respect to Cleared Securities, if “Physical Settlement” is specified as the Settlement Method in the applicable Final Terms (or is elected by the Issuer or Securityholder), the delivery

of the duly completed Option Exercise Notice by the Securityholder to the Issue and Paying Agent through the Relevant Clearing Systems shall be deemed to satisfy the condition precedent to settlement of delivery of a Delivery Entitlement Instruction pursuant to Condition 7, provided that such Option Exercise Notice contains all information necessary for the Relevant Clearing System and the Issuer or its agent to effect physical delivery of the relevant Optional Physical Redemption Entitlement.

Notwithstanding anything to the contrary herein, if the Securities are CREST Securities, such option may be exercised by the relevant Securityholder sending an Option Exercise Notice by way of a Dematerialised Instruction to the Operator (or procuring that such an instruction is sent) in the form obtainable from the Issuer or the CREST Agent. Such Option Exercise Notice must state the nominal amount of Notes or number of Certificates in respect of which the Put Option is exercised and irrevocably instruct the Operator to transfer from the Securityholder's account to the appropriate account of the Issuer in CREST the relevant nominal amount of Notes or number of Certificates to be redeemed, provided that the Option Exercise Notice shall not be effective until such transfer to the Issuer's account is complete.

The right to require redemption of Notes or Certificates that are CREST Securities in accordance with this Condition 5.2 must be exercised in accordance with the CREST Requirements and if there is any inconsistency between the foregoing and the CREST Requirements, the latter shall prevail. No CREST Securities in respect of which such option has been exercised may be withdrawn without the prior consent of the Issuer.

For the avoidance of doubt, if the last day of the relevant Put Notice Period is the same date as the Redemption Date, unless otherwise specified in the applicable Final Terms, the Securities shall be redeemed in accordance with this Condition 5.2.

### **5.3 Early Redemption at the Option of the Issuer or following the Occurrence of a Nominal Call Event**

If "Call Option" or "Nominal Call Event" is specified to apply in the applicable Final Terms, the Issuer may, on giving not less than 15 Business Days' irrevocable notice to Securityholders (such notice an "**Early Redemption Notice**") (or such other notice period as may be specified in the applicable Final Terms) (such period the "**Issuer Notice Period**"), provided that if the notice relates to a Call Option such notice is delivered on any Issuer Option Exercise Date within the Issuer Option Exercise Period and subject to Conditions 7, 8 and 9, redeem some or all of the Securities in whole (but not in part):

- (a) if "Cash Settlement" is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.3 or is validly elected (or deemed to have been elected) by the Issuer or Securityholder pursuant to Condition 5.3(c) or (d), at its Optional Cash Settlement Amount together with accrued interest on the Optional Cash Redemption Date; or
- (b) if "Physical Settlement" is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.3 or is validly elected by the Issuer or Securityholder pursuant to Condition 5.3(c) or (d), by delivery of the Optional Physical Redemption Entitlement on the applicable Optional Physical Redemption Date; or

- (c) if “Issuer Settlement Option” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.3, in accordance with Condition 5.3(a) if the Issuer elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 5.3(b) if the Issuer elects for Physical Settlement to apply. Unless otherwise specified in the applicable Final Terms, the Issuer’s election will be specified in the Early Redemption Notice. If no election is made in the Early Redemption Notice, Cash Settlement shall be deemed to have been elected to apply to the Securities; or
- (d) if “Securityholder Settlement Option” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.3, in accordance with Condition 5.3(a) if the Securityholder elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 5.3(b) if the Securityholder elects for Physical Settlement to apply in accordance with Condition 7.1.

For the avoidance of doubt, if the last day of the relevant Issuer Notice Period is the same date as the Redemption Date, the Securities shall be redeemed in accordance with this Condition 5.3.

*In the event that any option of the Issuer is exercised with respect to some but not all of the Securities of any Series and such Securities are Cleared Securities, the rights of accountholders with the Relevant Clearing System in respect of the Securities will be governed by the standard procedures and Relevant Rules (to be reflected in the records of the Relevant Clearing System as either a pool factor or a reduction in nominal amount or number, as applicable at their discretion).*

#### **5.4 Early Redemption or Adjustment following the Occurrence of an Additional Disruption Event**

If an Additional Disruption Event occurs, the Issuer may, at its sole and absolute discretion:

- (a) request that the Determination Agent determines, at its sole and absolute discretion, whether an appropriate adjustment can be made to the Conditions and any other provisions relating to the Securities to account for the economic effect of such event on the Securities and to preserve substantially the economic effect to the Securityholders of a holding of the relevant Security. If the Determination Agent determines that such adjustment(s) can be made, the Issuer shall determine the effective date of such adjustment(s) and take the necessary steps to effect such adjustment(s). The Issuer shall notify Securityholders of any such adjustment(s) in accordance with Condition 16 as soon as reasonably practicable after the nature and effective date of the adjustments are determined. If the Determination Agent determines that no adjustment that could be made would produce a commercially reasonable result and preserve substantially the economic effect to the Securityholders of a holding of the relevant Security, it shall notify the Issuer of such determination and no adjustment(s) shall be made. None of the Determination Agent, the Issuer or any other party shall be liable to any holder, Securityholder or any other person for any determination and/or adjustment made by the Determination Agent and/or the Issuer pursuant to this Condition 5.4(a); or
- (b) on giving not less than 10 Business Days’ irrevocable notice to Securityholders (or such other notice period as may be specified in the applicable Final Terms) (such period the

“Early Redemption Notice Period”) in accordance with Condition 16 (such notice an “Additional Disruption Event Redemption Notice”), redeem all of the Securities of the relevant Series in whole, subject to Conditions 7, 8 and 9, at their Early Cash Settlement Amount on the Early Cash Redemption Date.

#### **5.5 Early Redemption following the Occurrence of a Specified Early Redemption Event**

If a Specified Early Redemption Event occurs, the Issuer may, or shall if “Automatic Early Redemption” is specified as applicable in the applicable Final Terms, on giving not less than 15 Business Days’ irrevocable notice (a “Specified Early Redemption Notice”) to Securityholders (or such other notice period as may be specified in the applicable Final Terms) (such period the “Specified Early Redemption Notice Period”), subject to Conditions 7, 8 and 9, redeem each Security (in whole or in part):

- (a) if “Cash Settlement” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.5 or is elected (or deemed to have been elected) by the Issuer or the Securityholder pursuant to Condition 5.5(c) or 5.5(d), at its Specified Early Cash Settlement Amount together with accrued interest on the Specified Early Cash Redemption Date; or
- (b) if “Physical Settlement” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.5 or is validly elected by the Issuer or the Securityholder pursuant to Condition 5.5(c) or (d), by delivery of the Specified Early Physical Redemption Entitlement on the applicable Specified Early Physical Redemption Date; or
- (c) if “Issuer Settlement Option” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.5, in accordance with Condition 5.5(a) if the Issuer elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 5.5(b) if the Issuer elects for Physical Settlement to apply. Unless otherwise specified in the applicable Final Terms, the Issuer’s election will be specified in the Specified Early Redemption Notice. If no election is made in the Specified Early Redemption Notice, Cash Settlement shall be deemed to have been elected to apply to the Securities; or
- (d) if “Securityholder Settlement Option” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 5.5, in accordance with Condition 5.5(a) if the Securityholder elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 5.5(b) if the Securityholder elects for Physical Settlement to apply in accordance with Condition 7.1.

#### **5.6 Maximum and Minimum Redemption Requirements**

With respect to the Securities of any Series, additional requirements in respect of their redemption may be specified in the applicable Final Terms, including, but not limited to, the following:



(a) *Restrictions on Securities Redeemable*

If the applicable Final Terms specify a Minimum Number or Minimum Nominal Amount, the number or nominal amount of Securities redeemable at the option of any Securityholder pursuant to Condition 5.2 on any particular Business Day must not be less than such Minimum Number or Minimum Nominal Amount and, if a number or nominal amount greater than such Minimum Number or Minimum Nominal Amount, must be an integral multiple of such Minimum Number or Minimum Nominal Amount.

Any Option Exercise Notice given pursuant to Condition 5.2 which purports to redeem Securities in breach of this Condition 5.6(a) shall be void and of no effect unless the Issuer (having been notified by the Issue and Paying Agent) agrees otherwise.

(b) *Daily Maximum Amount*

If the Issue and Paying Agent determines, in its sole and absolute discretion, that any Option Exercise Notice(s) given pursuant to Condition 5.2 by one or more Securityholders on any Business Day are, in aggregate, in respect of more than the relevant Daily Maximum Amount or Daily Maximum Number (if any), then the Issue and Paying Agent shall, unless the Issuer otherwise directs:

- (i) deem such Option Exercise Notice(s) to apply on such Business Day in respect of the redemption of a nominal amount or number of Securities equal to the relevant Daily Maximum Amount or Daily Maximum Number of such Securities to which they relate (selected, in each case, by the Issue and Paying Agent on a pro rata basis, to the extent possible, failing which such selection to be at the Issue and Paying Agent's sole discretion and in accordance with the Relevant Rules if the Securities are Cleared Securities and, in each case, to ensure that such Securityholder or group of Securityholders submitting an Option Exercise Notice is, notwithstanding the provisions of this Condition 5.6(b)(i), complying with Condition 5.6(a)); and
- (ii) thereafter, deem each successive Business Day to be one on which an Option Exercise Notice has been delivered for the purpose of Condition 5.2 in respect of the remaining Securities (not exceeding such Daily Maximum Amount or Daily Maximum Number on any Business Day) until all Securities to which the original Option Exercise Notice(s) relate(s) have been redeemed,

provided that if on the final day of the Put Option Exercise Period there exists an outstanding nominal amount or number of Securities, in excess of the relevant Daily Maximum Amount or Daily Maximum Number, for which Option Exercise Notices have been given (or deemed to have been given) pursuant to Condition 5.2 on such day, the Issue and Paying Agent shall, at its sole discretion, select on a pro rata basis (to the extent possible) a portion of such Securities to be redeemed such that the maximum nominal amount or number of Securities that may be redeemed without exceeding the relevant Daily Maximum Amount or Daily Maximum Number are redeemed on such day. Option Exercise Notices in respect of any remaining Securities that have not been so selected for redemption shall be void and of no effect and such Securities shall be

redeemed on their Redemption Date, unless the Issuer (having been notified by the Issue and Paying Agent) agrees otherwise.

(c) *Minimum Instalment Amounts and/or Maximum Instalment Amounts*

If any Minimum or Maximum Instalment Amount is specified in the applicable Final Terms then any Instalment Amount shall be subject to such minimum or maximum, as applicable.

## 6 Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates

This Condition 6 applies only to Securities that are Warrants and Certificates which are specified to be exercisable in accordance with this Condition 6 in the applicable Final Terms (“**Exercisable Certificates**”). Any such Securities being exercised or cancelled pursuant to this Condition 6 shall, subject to compliance with the procedures set out in this Condition 6, unless specified otherwise in the applicable Final Terms, be settled, subject to Conditions 7, 8 and 9, in accordance with the applicable Settlement Method. Notwithstanding anything to the contrary herein, “Cash Settlement” will always apply to CREST Securities.

### 6.1 Exercise Period and Expiry

(a) *Exercise Period*

Securities that are Warrants or Exercisable Certificates may be specified in the applicable Final Terms to be American Style, Bermudan Style, European Style or Other Exercise Style. If Securities are specified to be:

- (i) American Style, such Securities will be exercisable on any Exercise Business Day during the Exercise Period;
- (ii) Bermudan Style, such Securities will be exercisable only on the Potential Exercise Business Dates during the Exercise Period and on the Expiration Date;
- (iii) European Style, such Securities will be exercisable only on the Exercise Date being the Expiration Date; or
- (iv) Other Exercise Style, such Securities will be exercisable in accordance with the terms specified for such purpose in the applicable Final Terms,

and for the purpose of this Condition 6 each date on which a Security can be exercised is an “**Eligible Exercise Date**” in respect thereof.

(b) *Multiple Exercise Securities*

If Securities are specified in the applicable Final Terms to be “Multiple Exercise Securities”, then the applicable Exercise Style will be specified as any of (i) American Style, (ii) Bermudan Style or (iii) Other Exercise Style. For the avoidance of doubt, Multiple Exercise Securities are not capable of being European Style.

All Multiple Exercise Securities shall be Cash Settled Securities and shall be designated in the applicable Final Terms to be either “Single Pay” or “Multi-Pay”, where:

- (I) “Single Pay” denotes that each Security may, subject to any Exercise Parameters, be exercised on only one of the applicable Eligible Exercise Dates and following such exercise that Security shall not be capable of being exercised on any subsequent Eligible Exercise Date; and
- (II) “Multi-Pay” denotes that each Security may, subject to any Exercise Parameters, be exercised on all or some only of the applicable Eligible Exercise Dates and any such exercise does not preclude that Security being capable of being exercised on any subsequent Eligible Exercise Date.

The Exercise Parameters, if any, specified in the Final Terms may specify whether such Security can be exercised, in whole or in part, on any Eligible Exercise Date, whether such exercise must be in respect of a specific number of Units and/or any other applicable parameters governing the exercise thereof.

(c) *Expiry*

Except where “Automatic Exercise” is specified as applicable in the applicable Final Terms, any Security with respect to which no valid Security Exercise Notice has been delivered on or prior to (i) 10:00 a.m. London time, if the Securities are not Cleared Securities or (ii) 10:00 a.m. Luxembourg or Brussels time or such other time as determined by the Determination Agent as appropriate for the Relevant Clearing System, if the Securities are Cleared Securities or (iii) 10:00 a.m. London time or such other time as is determined by the Issuer, if the Securities are CREST Securities (the “**CREST Cut-off Time**”), in each case on the Expiration Date shall become void and no amounts shall be payable by the Issuer to the relevant Securityholders in respect of such void Securities.

## 6.2 Cancellation or Adjustment following the Occurrence of an Additional Disruption Event or Cancellation following the Occurrence of a Nominal Call Event or Cancellation following the Occurrence of a Specified Early Cancellation Event

- (a) If an Additional Disruption Event occurs, the Issuer may, at its sole and absolute discretion:
  - (i) request that the Determination Agent determines, at its sole and absolute discretion, whether an appropriate adjustment can be made to the Conditions and any other provision relating to the Securities to account for the economic effect of such event on the Securities and to preserve substantially the economic effect to the Securityholders of a holding of the relevant Security. If the Determination Agent determines that such adjustment(s) can be made, the Issuer shall determine the effective date of such adjustment(s) and take the necessary steps to effect such adjustment(s). The Issuer shall notify Securityholders of any such adjustment(s) in accordance with Condition 16 as soon as reasonably practicable after the nature and effective date of the adjustments is determined. If the Determination Agent determines that no adjustment that could be made would produce a commercially reasonable result and preserve substantially the economic effect to the Securityholders of a holding of the relevant Security, it shall notify the Issuer of such determination and no adjustment(s) shall be made. None of the Determination Agent, the Issuer or any other party shall be liable to any person for

any determination and/or adjustment made by the Determination Agent and/or the Issuer pursuant to this Condition 6.2(a); or

- (ii) on giving not less than 10 Business Days' irrevocable notice to Securityholders (such notice an "**Additional Disruption Event Cancellation Notice**") (or such other notice period as may be specified in the applicable Final Terms) (such period the "**Early Cancellation Notice Period**") in accordance with Condition 16, cancel all of the Securities of the relevant Series in whole but not in part and the Issuer shall, subject to Conditions 7, 8 and 9, pay to each Securityholder in respect of each Security or, if Units are specified in the applicable Final Terms, each such Unit, the Early Cash Settlement Amount on the applicable Early Cancellation Date.
- (b) If a Nominal Call Event occurs, the Issuer may, on giving not less than 15 Business Days' irrevocable notice to Securityholders (such notice a "**Nominal Call Cancellation Notice**") (or such other notice period as may be specified in the applicable Final Terms) (such period the "**Nominal Call Cancellation Notice Period**"), in accordance with Condition 16, cancel all of the Securities of the relevant Series in whole but not in part, subject to Conditions 7, 8 and 9, as follows:
  - (i) if "Cash Settlement" is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 6.2(b) or is validly elected (or deemed to have been elected) by the Issuer or Securityholder pursuant to Condition 6.2(b)(iii) or (iv), at its Early Cash Settlement Amount on the relevant Early Cancellation Date; or
  - (ii) if "Physical Settlement" is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 6.2(b) or is validly elected by the Issuer or Securityholder pursuant to Condition 6.2(b)(iii) or (iv), by delivery of the Early Physical Cancellation Entitlement on the applicable Early Physical Cancellation Date; or
  - (iii) if "Issuer Settlement Option" is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 6.2(b), in accordance with Condition 6.2(b)(i) if the Issuer elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 6.2(b)(ii) if the Issuer elects for Physical Settlement to apply. Unless otherwise specified in the applicable Final Terms, the Issuer's election will be specified in the Nominal Call Cancellation Notice. If no election is made in the Nominal Call Cancellation Notice, Cash Settlement shall be deemed to have been elected to apply to the Securities; or
  - (iv) if "Securityholder Settlement Option" is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 6.2(b), in accordance with Condition 6.2(b)(i) if the Securityholder elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 6.2(b)(ii) if the Securityholder elects for Physical Settlement to apply in accordance with Condition 7.1.

- (c) If a Specified Early Cancellation Event occurs, the Issuer may, or shall if “Automatic Early Cancellation” is specified as applicable in the applicable Final Terms, on giving not less than 15 Business Days’ irrevocable notice (a “**Specified Early Cancellation Notice**”) to Securityholders (or such other notice period as may be specified in the applicable Final Terms) (such period the “**Specified Early Cancellation Notice Period**”) in accordance with Condition 16, subject to Conditions 7, 8 and 9, cancel each Security (in whole or in part):
- (i) if “Cash Settlement” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 6.2(c) or is validly elected (or deemed to have been elected) by the Issuer or the Securityholder pursuant to Condition 6.2(c)(iii) or (c)(iv), at its Specified Early Cash Settlement Amount together with accrued interest on the Specified Early Cash Cancellation Date; or
  - (ii) if “Physical Settlement” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 6.2(c) or is validly elected by the Issuer or the Securityholder pursuant to Condition 6.2(c)(iii) or (c)(iv), by delivery of the Specified Early Physical Cancellation Entitlement on the Specified Early Physical Cancellation Date; or
  - (iii) if “Issuer Settlement Option” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 6.2(c), in accordance with Condition 6.2(c)(i) if the Issuer elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 6.2(c)(ii) if the Issuer elects for Physical Settlement to apply. Unless otherwise specified in the applicable Final Terms, the Issuer’s election will be specified in the Specified Early Cancellation Notice. If no election is made in the Specified Early Cancellation Notice, Cash Settlement shall be deemed to have been elected to apply to the Securities; or
  - (iv) if “Securityholder Settlement Option” is specified as the Settlement Method in the applicable Final Terms for the purposes of this Condition 6.2(c), in accordance with Condition 6.2(c)(i) if the Securityholder elects (or is deemed to have elected) for Cash Settlement to apply or in accordance with Condition 6.2(c)(ii) if the Securityholder elects for Physical Settlement to apply in accordance with Condition 7.1.

### 6.3 Exercise and Cancellation Procedure

(a) *Exercise*

Unless otherwise specified in the applicable Final Terms or automatically exercised in accordance with Condition 6.4, a Securityholder wishing to exercise any of its Securities (other than CREST Securities) on an Eligible Exercise Date must, on or prior to (i) 10:00 a.m. London time, if the Securities are not Cleared Securities or (ii) 10:00 a.m., Luxembourg or Brussels time, if the Securities are Cleared Securities (as appropriate for the Relevant Clearing System), on such Eligible Exercise Date, deposit (in the case of Bearer Securities) the relevant Bearer Securities (together with all unmatured or unexchanged Coupons or Receipts, as the case may be) with any Paying Agent or (in the case of Registered Securities) the relevant Global Registered Security or Definitive

Registered Security representing such Registered Securities with the Registrar or any Transfer Agent at its specified office, together with a duly completed irrevocable exercise notice (a “**Security Exercise Notice**”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). If Units are specified in the applicable Final Terms, the Securities may only be exercised in Units. Each Unit will consist of the number of Warrants or Exercisable Certificates specified in the applicable Final Terms.

If the Securities are Cleared Securities, a Warrant or Exercisable Certificate may be exercised by the relevant Securityholder giving a Security Exercise Notice to the Issue and Paying Agent through the Relevant Clearing Systems in accordance with the Relevant Rules stating the number of Securities or, if applicable, Units to be exercised. No transfers of interests in Cleared Securities in respect of which a Security Exercise Notice has been delivered will be valid and a Security Exercise Notice in respect of Cleared Securities must be accompanied by a copy of instructions given to the Relevant Clearing System by the relevant accountholder that the accountholder’s account be blocked for such purposes.

If “Securityholder Settlement Option” is specified as applicable in the applicable Final Terms, the Securityholder must specify its settlement election in the relevant Security Exercise Notice. If no settlement election is so specified in the relevant Security Exercise Notice, Cash Settlement shall be deemed to have been elected to apply to the Securities.

If “Physical Settlement” is specified in the applicable Final Terms or elected by the Securityholder in the relevant Security Exercise Notice, settlement of the Securities shall be subject to Condition 7.2 and the delivery of a Delivery Entitlement Instruction. A separate Delivery Entitlement Instruction will not be required if the relevant Security Exercise Notice contains all information necessary for the Relevant Clearing System and the Issuer or its agent to effect physical delivery of the relevant Exercise Physical Settlement Entitlement.

If a Security Exercise Notice is delivered after 10:00 a.m., Luxembourg or Brussels time (as appropriate), on a given Eligible Exercise Date, it shall be deemed to have been delivered, as the case may be, on the next Eligible Exercise Date (and, if there is no such date, such Security Exercise Notice shall be of no effect).

If CREST Securities are not automatically exercised in accordance with Condition 6.4, such CREST Securities may be exercised by the relevant Securityholder sending a Security Exercise Notice on or prior to the CREST Cut-off Time on an Eligible Exercise Date by way of a Dematerialised Instruction to the Operator (or procuring that such an instruction is sent) in the form obtainable from the Issuer or the CREST Agent. Such Security Exercise Notice must state the number of Securities or, if applicable, Units being exercised and irrevocably instruct the Operator to transfer from the Securityholder’s account to the appropriate account of the Issuer in CREST the relevant Securities to be exercised, provided that the Security Exercise Notice shall not be effective until such transfer into the Issuer’s account is complete.

If a Security Exercise Notice is delivered in respect of CREST Securities after the CREST Cut-off Time on a given Eligible Exercise Date, it shall be deemed to have been delivered,

as the case may be, on the next Eligible Exercise Date (and, if there is no such date, such Security Exercise Notice shall be of no effect).

The right to exercise such Securities in accordance with this Condition 6.3 must be exercised in accordance with the CREST Requirements and if there is any inconsistency between the foregoing and the rules and procedures of CREST, the latter shall prevail. No CREST Securities in respect of which such option has been exercised may be withdrawn without the prior consent of the Issuer.

Delivery of a Security Exercise Notice on any Eligible Exercise Date shall constitute an irrevocable election by the relevant Securityholder to exercise the Securities specified therein and, thereafter, the exercising Securityholder may not transfer its Securities. In addition, the Securityholder must undertake to pay all Taxes, Settlement Expenses and any Exercise Price and any other applicable amounts, in relation to the Securities (or portion thereof) being exercised.

Any person exercising a Security (other than a Security sold within the United States pursuant to Rule 144A) will be required to represent, *inter alia*, that it is not a US person, the Security is not being exercised within the United States or on behalf of a US person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a US person in connection with any exercise thereof.

(b) *Relevant Settlement Method*

The applicable Final Terms will specify whether the Warrants or Exercisable Certificates are Put Securities or Call Securities.

If an Actual Exercise Date or an Automatic Exercise Date occurs, each of the relevant Securities will, subject to this Condition 6 and Conditions 7, 8 and 9, be exercised as follows:

- (i) if “Cash Settlement” is specified as the Settlement Method in the applicable Final Terms or is elected (or deemed to have been elected) by the Issuer or Securityholder pursuant to Condition 6.3(b)(iii) or (iv), at its Exercise Cash Settlement Amount on the relevant Exercise Cash Settlement Date; or
- (ii) if “Physical Settlement” is specified as the Settlement Method in the applicable Final Terms or is elected by the Issuer or Securityholder pursuant to Condition 6.3(b)(iii) or (iv) by delivery of the Exercise Physical Settlement Entitlement on the applicable Exercise Physical Settlement Date; or
- (iii) if “Issuer Settlement Option” is specified as the Settlement Method in the applicable Final Terms, in accordance with Condition 6.3(b)(i) if the Issuer elects for Cash Settlement to apply or in accordance with Condition 6.3(b)(ii) if the Issuer elects for Physical Settlement to apply. The Issuer’s election will be notified to the relevant Securityholder no later than 10 Business Days prior to the last day of the Exercise Notice Period. If no election is made, Cash Settlement shall be deemed to have been elected to apply to the Securities; or

- (iv) if “Securityholder Settlement Option” is specified as the Settlement Method in the applicable Final Terms, in accordance with Condition 6.3(b)(i) if the Securityholder elects (or is deemed to elect) for Cash Settlement to apply or in accordance with Condition 6.3(b)(ii) if the Securityholder elects for Physical Settlement to apply.

#### 6.4 Automatic Exercise

This Condition 6.4 only applies to Securities for which “Automatic Exercise” is specified as applying in the applicable Final Terms.

##### (a) *Application of Automatic Exercise*

- (i) If a Multiple Exercise Security is designated in the applicable Final Terms as Multi-Pay and an Actual Exercise Date does not occur on any Eligible Exercise Date on which the Securities are determined by the Determination Agent to be In-The-Money, then such Securities will be automatically exercised to the fullest extent possible on such Eligible Exercise Date (in each case, a “**Multiple Automatic Exercise Date**”); and/or
- (ii) with respect to any Security other than a Multiple Exercise Security designated in the applicable Final Terms as Multi-Pay, if an Actual Exercise Date does not occur on or prior to the Expiration Date and the Securities are determined by the Determination Agent to be In-The-Money, then such Securities will be automatically exercised (subject to the Exercise Parameters) on the Expiration Date (in each case, the “**Expiration Automatic Exercise Date**” and, together with each Multiple Automatic Exercise Date, each an “**Automatic Exercise Date**”).

##### (b) *Conditions to Settlement following Automatic Exercise*

If an Automatic Exercise Date occurs with respect to any Security, the Issuer will, as soon as reasonably practicable thereafter, notify Securityholders of the occurrence of such Automatic Exercise Date in accordance with Condition 16 (each such notice an “**Automatic Exercise Notice**”).

For the avoidance of doubt, to receive any relevant Settlement Amount or Entitlement relating to an Automatic Exercise Date, the relevant Securityholder must satisfy all relevant conditions to settlement, including, without limitation, (i) depositing (in the case of Bearer Securities) the relevant Bearer Securities with any Paying Agent or (in the case of Registered Securities) the relevant Global Registered Security or Definitive Registered Security representing such Registered Securities with the Registrar or any Transfer Agent at its specified office, (ii) the condition to settlement in Condition 9.6, and/or (iii) if “Physical Settlement” is specified in the applicable Final Terms or elected, delivery of a valid and complete Delivery Entitlement Instruction.

If the Securities are Cleared Securities, this Condition 6.4 may be satisfied by the relevant Securityholder giving a Security Exercise Notice in accordance with the Relevant Rules to the Issue and Paying Agent through the Relevant Clearing Systems stating the number of Securities or, if applicable, Units in respect of which Automatic Exercise has occurred together with payment and delivery instructions, as applicable, for payment to the Issuer



of the relevant Exercise Price, Taxes and any Settlement Expenses and/or delivery instructions for any Entitlement, as applicable.

Notwithstanding anything to the contrary herein, if the Securities are CREST Securities, the relevant conditions to settlement for the purpose of this Condition 6.4 may be satisfied by the relevant Securityholder sending a Security Exercise Notice by way of a Dematerialised Instruction to the Operator (or procuring that such an instruction is sent) stating the number of Securities or, if applicable, Units in respect of which Automatic Exercise has occurred together with payment instructions for payment to the Issuer of the relevant Exercise Price, Taxes and any Settlement Expenses.

For the avoidance of doubt, Condition 7.3 shall apply to Warrants and Exercisable Certificates in respect of which an Automatic Exercise Date occurs but in relation to which all conditions to settlement to be satisfied by a Securityholder are not satisfied in full on or prior to the Security Settlement Cut-off Date.

## **6.5 Maximum and Minimum Exercise Requirements**

With respect to the Securities of any Series, additional requirements in respect of their exercise may be specified in the applicable Final Terms, including, but not limited to, the following:

### **(a) *Restrictions on Securities Exercisable***

If the applicable Final Terms specify a Minimum Number, the number of Securities exercisable by any Securityholder on any Actual Exercise Date or, where Automatic Exercise applies, the number of Securities held by any Securityholder on the Automatic Exercise Date (in each case, as determined by the Issue and Paying Agent) must not be less than such Minimum Number and, if a number greater than the Minimum Number, must be an integral multiple of such Minimum Number.

Any Security Exercise Notice which purports to exercise Securities in an amount that is less than such Minimum Number shall be void and of no effect and any Automatic Exercise Date which occurs shall not be deemed to have occurred with respect to Securities held by a Securityholder on the Automatic Exercise Date where the number of such Securities (in each case, as determined by the Issue and Paying Agent) is less than such Minimum Number, in each case unless the Issuer agrees otherwise.

### **(b) *Daily Maximum Number in respect of American Style Securities and Bermudan Style Securities***

If the Issue and Paying Agent determines, in its sole and absolute discretion, that Security Exercise Notice(s) given (or deemed to be given) pursuant to Condition 6.3 or 6.4 on any Eligible Exercise Date in respect of a Series of American Style Securities or Bermudan Style Securities are, in aggregate, in respect of more than the Maximum Daily Number (if any), then the Issue and Paying Agent shall, unless the Issuer otherwise directs:

- (i) deem such Security Exercise Notices to apply on such Exercise Business Day in respect of the exercise of a number of Securities equal to the Daily Maximum Number of such Securities to which they relate (selected, in each case, by the Issue and Paying Agent on a pro rata basis, to the extent possible, failing which

such selection to be at the Issue and Paying Agent's sole discretion and in accordance with the Relevant Rules if the Securities are Cleared Securities and, in each case, to ensure that such Securityholder or group of Securityholders submitting a Security Exercise Notice is, notwithstanding the provisions of this Condition 6.5(b), complying with Condition 6.5(a)); and

- (ii) thereafter, deem each successive Exercise Business Day to be one on which a Security Exercise Notice has been delivered for the purpose of this Condition 6.5 in respect of the remaining Securities (not exceeding such Daily Maximum Number on any Exercise Business Day) until all Securities to which the original Security Exercise Notices have been exercised, provided that where any deemed Actual Exercise Date would thereby fall after the Expiration Date, such Actual Exercise Date shall be deemed to be the new Expiration Date.

In any case where more than the Daily Maximum Number of American Style Securities or Bermudan Style Securities are exercised on the same day by Securityholder(s), the order of settlement in respect of such Securities shall be at the sole discretion of the Issue and Paying Agent (in consultation with the Issuer).

## 6.6 Time

All references in this Condition 6 to "Luxembourg or Brussels time" shall, where the Securities are Cleared Securities and the Relevant Clearing System is not Clearstream or Euroclear respectively, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

## 7 Settlement

### 7.1 Settlement at Option of Securityholder

If "Securityholder Settlement Option" is specified as the Settlement Method in the applicable Final Terms, to exercise such settlement option each Securityholder must:

- (a) deposit and surrender (in the case of Bearer Securities) the relevant Bearer Securities (together with all unmatured or unexchanged Talons and Coupons or Receipts) with any Paying Agent or, with respect to Cleared Securities, the Issue and Paying Agent or (in the case of Registered Securities) the relevant Registered Securities with the Registrar or any Transfer Agent at its specified office, provided that if the Securities are Cleared Securities, the relevant Common Depositary, Common Safekeeper, custodian or nominee shall make such deposit and surrender through the Relevant Clearing System in accordance with the Relevant Rules; and
- (b) subject to Condition 7.1(c), deposit with any Paying Agent, Registrar or Transfer Agent, a duly completed settlement irrevocable option election notice (a "**Settlement Election Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) no later than 10 Business Days prior to the Redemption Date, the last day of the relevant Issuer Notice Period, Specified Early Redemption Notice Period or Nominal Call Cancellation Notice Period; or

- (c) with respect to Conditions 5.2 and 6.3 only, make an irrevocable election with respect to settlement in the relevant Option Exercise Notice or Security Exercise Notice, as applicable and such notice shall be deemed to also be a Settlement Election Notice.

If no such settlement election is made in a Settlement Election Notice, Option Exercise Notice or Security Exercise Notice, the relevant Securityholder will be deemed to have elected for Cash Settlement to apply. No Security so deposited and surrendered and Settlement Election Notice, Option Exercise Notice or Security Exercise Notice so deposited may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

## **7.2 Physical Settlement by Delivery of the Entitlement**

### **(a) *Delivery of Entitlement***

The following provisions apply to the delivery of all Entitlements in respect of Securities unless otherwise specified in the applicable Final Terms.

- (i) The Issuer shall, subject to Conditions 7, 8 and 9, on any relevant Physical Delivery Date, deliver or procure the delivery of the relevant Entitlement in respect of each Security or Unit to such account in respect of Cleared Securities in the Relevant Clearing System in accordance with the Relevant Rules and, in respect of all other Securities, such account as may be notified by the relevant Securityholder to the Issuer in the relevant Delivery Entitlement Instruction or Exercise Notice, as applicable, at the risk and expense of the relevant Securityholder. If a Securityholder does not provide the Issuer with sufficient instructions in a timely manner to enable the Issuer and/or the Relevant Clearing System, if applicable, to effect any required delivery of the Entitlement, the due date for such delivery shall be postponed accordingly. The Issuer and the Relevant Clearing System, if applicable, shall determine whether any instructions received by it are sufficient and whether they have been received in time to enable delivery on any given date. As used herein, “**delivery**” means, in relation to any Entitlement, the carrying out of the steps required of the Issuer (or such person as it may procure to make the relevant delivery) in order to effect the transfer of the relevant Entitlement and “**deliver**” shall be construed accordingly. The Issuer shall not be responsible for any delay or failure in the transfer of any Entitlement once such steps have been carried out, whether resulting from settlement periods of clearing systems, acts or omissions of registrars or otherwise and shall have no responsibility for the lawfulness of the acquisition or transfer of the Entitlement or any interest therein by any Securityholder or any other person.
- (ii) No delivery by (or on behalf of) the Issuer of a fraction of any component comprising the Entitlement shall be made. Securities (or, if Units are specified in the applicable Final Terms, Units, as the case may be) redeemed or exercised at the same time by the same Securityholder will be aggregated for the purpose of determining the aggregate Entitlement to be delivered, provided that the aggregate Entitlements in respect of the same Securityholder will be rounded down to the nearest whole unit of the relevant Reference Asset(s) or other component(s) of the Entitlement in such manner as the Determination Agent shall

determine. Where the Entitlement would include a fraction of any component comprising the Entitlement, the relevant Securityholder will be entitled to receive an amount in cash in lieu of such fraction as determined by the Determination Agent in its sole discretion.

- (iii) No Securityholder will be entitled to receive dividends declared or paid in respect of any component of the relevant Entitlement or to any other rights relating to or arising out of any such component of the Entitlement if the record date for the relevant dividend or relevant right in respect of such components and Entitlement falls before the relevant Physical Delivery Date.
  - (iv) If any Exercise Price, Taxes, Settlement Expenses or any other amounts payable by the relevant Securityholder to the Issuer or the Guarantor have not been credited to the relevant Bank Account of the Issue and Paying Agent (in favour of the Issuer or the Guarantor, as applicable) prior to the relevant Physical Delivery Date, then the Issuer and/or the Guarantor shall be under no obligation to deliver or procure delivery of the Entitlement or make any payment of any nature to the relevant Securityholder in respect of the Securities being redeemed or exercised, and the Security Exercise Notice and related Delivery Entitlement Instruction, as the case may be, delivered in respect of such Securities shall thereafter be null and void for all purposes.
  - (v) The Issuer will endeavour to deliver (or procure delivery of) the relevant Entitlement to the Securityholder on the relevant Physical Delivery Date. In the event that a Securityholder requests that delivery of the Entitlement be made at a location or in a method that is different from that specified in the applicable Final Terms, the Issuer may (but is not obliged to), provided that no additional unreimbursed costs are incurred, seek to deliver the Entitlement to such location and/or by such method. The Issuer shall, subject as provided below, on the relevant Physical Delivery Date, deliver or procure the delivery of the Transfer Documentation relating to the Entitlement (or, in the case of a Reference Asset that is an equity unit, the Transfer Documentation in respect of such equity unit) to or to the order of the Securityholder or to such bank or broker as the Securityholder has specified in the relevant Delivery Entitlement Instruction.
  - (vi) All Entitlements will be delivered at the risk of the relevant Securityholder.
- (b) *Settlement Disruption Event*

If, in the opinion of the Determination Agent, delivery of an Entitlement or any portion thereof is (or is likely to become) impossible or impracticable by reason of a Settlement Disruption Event having occurred and continuing on the relevant Physical Delivery Date (the assets comprising such Entitlement or portions thereof (the “**Affected Assets**”)), then such Physical Delivery Date shall be postponed to the first following Relevant Settlement Day in respect of which there is no such Settlement Disruption Event, provided that:

- (i) the Issuer shall attempt to deliver any portion of the Entitlement which does not comprise Affected Assets, on the originally designated Physical Delivery Date;

- (ii) the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by delivering some or all of the Affected Assets using such other commercially reasonable manner as it may select and in such event the relevant Physical Delivery Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner; and
- (iii) in respect of any Affected Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment to the relevant Securityholder of the Disruption Cash Settlement Price on the Disruption Cash Settlement Date.

The Determination Agent shall give notice as soon as practicable to the Securityholders that a Settlement Disruption Event has occurred and payment of the Disruption Cash Settlement Price will be made, subject to Conditions 7, 8 and 9, in such manner as shall be notified, in each case, in accordance with Condition 16. No Securityholder shall be entitled to any additional amount in the event of any delay in the delivery of the Entitlement or payment of the Disruption Cash Settlement Price due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer, the Guarantor and/or the Determination Agent.

(c) *Substitute Assets*

Where “Entitlement Substitution” is specified in the applicable Final Terms, if the Issuer determines in its sole and absolute discretion that (i) all or part of the Entitlement comprises securities, instruments or obligations that are not freely transferable, and/or (ii) it is not able to (or reasonably expects not to be able to) acquire all or part of the Entitlement in the secondary market in time to deliver the Entitlement when due under the Securities as a result of illiquidity, and/or (iii) the price of all or part of the Entitlement has been materially affected as a result of illiquidity (each an “**Entitlement Substitution Event**”), (in each case, such components of the Entitlement constituting the “**Affected Entitlement Components**”), the Issuer may, in its sole and absolute discretion, elect to either:

- (I) substitute for such Affected Entitlement Components, an equivalent value (as determined by the Determination Agent in its sole and absolute discretion) of such other securities, instruments or obligations which the Determination Agent determines, in its sole and absolute discretion, are freely transferable and/or not affected by illiquidity, as applicable (the “**Substitute Asset**” or the “**Substitute Assets**”, as the case may be); or
- (II) not deliver or procure the delivery of the Affected Entitlement Components to the relevant Securityholders, but, subject to Conditions 7, 8 and 9, in lieu thereof to make payment of the Alternate Cash Amount to the relevant Securityholders on the Alternate Cash Amount Settlement Date.

Notification of the determination of an Entitlement Substitution Event and any such election and any relevant Substitute Asset(s), Alternate Cash Amount and Alternate Cash Amount Settlement Date will be given to Securityholders in accordance with Condition 16 by the Issuer as soon as reasonably practicable.

(d) *Liability*

Redemption or exercise of the Securities, payments by the Issuer, the Guarantor and any Agent and any delivery of an Entitlement, in whole or in part, by or on behalf of the Issuer and/or any Agent will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at such time (including, without limitation, any relevant exchange control laws or regulations and the Relevant Rules) and none of the Issuer, the Guarantor, the Relevant Clearing System or any Agent shall incur any liability whatsoever if it is unable to effect any payments or deliveries contemplated, after using all reasonable efforts, as a result of any such laws, regulations and practices. None of the Issuer, the Guarantor or any Agent shall under any circumstances be liable for any acts or defaults of the Relevant Clearing System in the performance of their respective duties in relation to the Securities or, in relation to the delivery of the Entitlement, the acts or defaults of any relevant Exchange.

### 7.3 Conditions to Settlement

If the Issuer determines in its sole and absolute discretion that any condition to settlement to be satisfied by a Securityholder has not been satisfied in respect of the Securities on or prior to the date on which settlement would otherwise have been scheduled to occur, payment or delivery of the relevant Settlement Amount or Entitlement shall not become due until the date on which all conditions to settlement have been satisfied in full (such Settlement Amount or Entitlement the “**Conditional Settlement Amount**”). No additional amounts shall be payable or deliverable as a result of any such delay or postponement.

The conditions to settlement to be satisfied by a Securityholder include, without limitation, (a) receipt of all instructions, certifications (including pursuant to Condition 7.5) and information by the Issuer, the Issue and Paying Agent and the Relevant Clearing System, as applicable, required by the Issuer, the Issue and Paying Agent and/or the Relevant Clearing System to effect payment or delivery of the relevant Settlement Amount or Entitlement to the Securityholder (or to its order) within the required time period, (b) the condition to settlement in Condition 9.6, (c) the deposit of a duly completed Exercise Notice, Settlement Election Notice, Delivery Entitlement Instruction or any other applicable notice in accordance with the Conditions, as applicable, and (d) the deposit, presentation or surrender of the relevant Security, as applicable.

If the conditions to settlement to be satisfied by a Securityholder have not been satisfied by (i) 10:00 a.m., London time, if the Securities are not Cleared Securities or (ii) 10:00 a.m., Luxembourg or Brussels time, or such other time as determined by the Determination Agent as appropriate for the Relevant Clearing System, on the day that is the number of calendar days equal to the Settlement Number following the Redemption Date, the Final Physical Redemption Date, the Optional Cash Redemption Date, the Optional Physical Redemption Date, the Early Cash Redemption Date, the Specified Early Cash Redemption Date, the Specified Early Physical Redemption Date, the Early Cancellation Date, the Early Physical Cancellation Date, the Actual

Exercise Date, the Automatic Exercise Date or the Physical Delivery Date, as applicable (the “**Security Settlement Cut-off Date**”) as determined by the Determination Agent, the relevant conditions to settlement will not be capable of being satisfied. With effect from the Security Settlement Cut-off Date, the relevant Securityholder shall have no right to receive any payment or delivery of the Conditional Settlement Amount and shall have no claim against the Issuer or the Guarantor in relation thereto.

#### **7.4 Postponement of Payments and Settlement**

If the interest payable in respect of any Interest Calculation Period, any Settlement Amount or any Entitlement is determined by reference to the Valuation Date and/or Averaging Dates and such Valuation Date and/or Averaging Date(s) is affected by a market disruption, price disruption or other disruption as specified in any applicable Relevant Annex or the applicable Final Terms, such Valuation Date and/or Averaging Date(s) may be postponed as specified in any applicable Relevant Annex or the applicable Final Terms. In connection with the postponement of any Valuation Date and/or Averaging Date(s), the relevant Interest Payment Date, the Redemption Date, the Final Physical Redemption Date, the Optional Cash Redemption Date, the Optional Physical Redemption Date, the Early Cash Redemption Date, the Specified Early Cash Redemption Date, the Specified Early Cash Cancellation Date, the Specified Early Physical Redemption Date, the Specified Early Physical Cancellation Date, the Early Cancellation Date, the Early Physical Cancellation Date, the Exercise Cash Settlement Date, the Exercise Physical Settlement Date or the Physical Delivery Date, as applicable, may be postponed as specified in any applicable Relevant Annex or the applicable Final Terms. No additional amounts shall be payable or deliverable by the Issuer or the Guarantor because of such postponement.

#### **7.5 US Certification requirements**

If the Final Terms for Notes or Certificates indicate that Type 1 US Commodities Restrictions apply, the Securityholder must provide the following written certification (or such other form of certification as may be agreed between the Issuer or one of its affiliates and the Securityholder to equivalent effect) as a condition to settlement:

“Neither the person holding the Notes or Certificates that are being redeemed, nor any person on whose behalf the Notes or Certificates that are being redeemed are held, is a US person or a person within the United States or (b) the person redeeming the Notes or Certificates, and each person on whose behalf the Notes or Certificates are being redeemed or who is the beneficial owner thereof, is an Eligible Contract Participant (as such term is defined in the Commodity Exchange Act).

We understand that this certification is required in connection with certain securities, commodities and other legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certification is or might be relevant, we irrevocably authorise you to produce this notice or a copy thereof to any interested party in such proceedings”.

If the Final Terms for Notes or Certificates indicate that Type 2 US Commodities Restrictions apply, the Securityholder must provide the following written certification (or such other form of certification as may be agreed between the Issuer or one of its affiliates and the Securityholder to equivalent effect) as a condition to settlement:

“Neither the person holding the Notes or Certificates that are being redeemed, nor any person on whose behalf the Notes or Certificates that are being redeemed are held, is a US person or a person within the United States.

We understand that this certification is required in connection with certain securities, commodities and other legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certification is or might be relevant, we irrevocably authorise you to produce this notice or a copy thereof to any interested party in such proceedings”.

## **8 Calculations and Publication**

### **8.1 Calculations**

For the purposes of any calculations required pursuant to the Conditions (unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms), (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (b) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (c) all currency amounts that fall due and payable shall be rounded to the nearest unit of such Currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, “unit” means the lowest amount of such Currency that is available as legal tender in the country of such Currency.

### **8.2 Determination and Publication of Interest Rates, Interest Amounts, Instalment Amounts and Amounts in respect of Settlement**

As soon as practicable on such date as the Issue and Paying Agent or, as applicable, the Determination Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation in respect of or in connection with any Security, such Agent shall determine such rate and calculate the relevant interest in respect of the Securities for the relevant Interest Calculation Period and calculate any Settlement Amount, Entitlement, Instalment Amounts or any other relevant amount with respect to a Settlement Method, obtain any required quotation or make such determination or calculation, as the case may be, and cause the interest, Interest Rate and Interest Amount, as applicable, for each Interest Calculation Period and the relevant Interest Payment Date and, if required to be calculated, any Settlement Amount, Entitlement, Instalment Amounts or amount in lieu (in whole or in part) of such Entitlement to be notified to the Issuer, each of the Paying Agents, the Securityholders, any other Agent in respect of the Securities that is to make a payment, delivery or further calculation or determination upon receipt of such information and, if the Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (a) the commencement of the relevant Interest Calculation Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount or (b) in all other cases, the fourth Business Day following such determination.



Where any Interest Payment Date or Interest Period End Date is subject to adjustment pursuant to Condition 8.4, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Calculation Period. If interest bearing Securities become due and payable pursuant to Condition 10, the accrued interest and the Interest Rate payable in respect of the Securities shall nevertheless continue to be calculated as previously in accordance with Condition 4 but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Issue and Paying Agent or, as applicable, the Determination Agent shall (in the absence of manifest error) be final and binding upon all parties.

Where Valuation Date(s) and/or Averaging Date(s) are specified as applicable to the Securities in any applicable Relevant Annex and/or the applicable Final Terms, the interest, Settlement Amounts and/or Entitlements with respect to such Securities may be determined by reference to the level, price, value or performance of one or more Reference Assets and/or such factor as compared to a specified level, price, value, barrier, threshold, trigger or other factor, as specified in any applicable Relevant Annex and/or applicable Final Terms on such Valuation Date(s) and/or Averaging Date(s).

### 8.3 Calculation Amount per Security

#### (a) *General*

If the Settlement Amount or Entitlement relating to a Security (other than in respect of a Multiple Exercise Security that is specified in the applicable Final Terms to be Multi-Pay) is specified or is to be determined by reference to the Calculation Amount per Security specified in the Final Terms, then, on each occasion on which such Security is redeemed or exercised in part, the corresponding Settlement Amount or Entitlement shall be deemed to have been reduced by an amount proportional to the nominal amount or portion of the Security so redeemed or exercised with effect from the date of such partial reduction or exercise.

#### (b) *Notes and Calculation Amount per Security*

Notwithstanding anything to the contrary in the Conditions or the Agency Agreement:

- (i) where the Securities are in the form of Definitive Notes and the applicable Final Terms specify a Calculation Amount per Security in addition to one or more Specified Denominations, then each calculation of an amount payable in respect of a Note hereunder shall be made on the basis of the relevant Calculation Amount per Security and the amount payable on any particular Note shall be equal to the product of (i) the amount produced by such calculation (after applying any applicable rounding in accordance with the Conditions) and (ii) the Calculation Amount Factor of that particular Note, where “**Calculation Amount Factor**” means the number equal to the Specified Denomination of the relevant Note divided by the relevant Calculation Amount per Security;

- (ii) where the Securities are in global form or uncertificated registered form, on any date each calculation of an amount payable in respect of a Note hereunder shall be made on the basis of the aggregate nominal amount of all such Securities outstanding on such date (or the relevant affected portion thereof) divided by the number of such Securities outstanding on such date (or the relevant affected portion thereof), rounded in accordance with the method provided in Condition 8.1 above.

#### **8.4 Business Day Convention**

If (a) there is no numerically corresponding day of the calendar month in which an Interest Period End Date should occur or (b) if any date which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then such date will be adjusted according to the Business Day Convention specified in the applicable Final Terms. If the Business Day Convention is specified to be:

- (i) the “Following”, such date shall be postponed to the next day that is a Business Day;
- (ii) the “Modified Following”, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;
- (iii) the “Nearest”, such date will be the first preceding day that is a Business Day if the relevant date otherwise falls on a day other than a Sunday or a Monday and will be the first following day that is a Business Day if the relevant date otherwise falls on a Sunday or a Monday; or
- (iv) the “Preceding”, such date shall be brought forward to the immediately preceding Business Day.

#### **8.5 Currency**

Where the prices for one or more Reference Assets are quoted in a Currency other than the Settlement Currency, the Determination Agent shall use the Exchange Rate to convert such prices into the Settlement Currency, at such time or times and on such dates as the Determination Agent deems appropriate.

### **9 Payments and Deliveries**

#### **9.1 Definitive Bearer Securities**

Payments of principal and interest and deliveries of any Entitlement in respect of Definitive Bearer Securities will, subject as mentioned below, be made against and subject to the condition to settlement, presentation and surrender (or, in the case of part payment or delivery of any sum or Entitlement due, endorsement) of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relevant Note), the relevant Definitive Bearer Securities (in the case of payments of principal and, in the case of interest, as specified in Condition 9.5(c)) or Coupons (in the case of interest, save as specified in Condition 9.5(c)), as the case may be, at the specified office of any Paying Agent outside the United States (a) if a payment, by a cheque payable in the relevant currency drawn on, or, at the option of the holder,

by transfer to an account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) denominated in such currency with, an Account Bank, subject to certification of non-US beneficial ownership, as applicable or (b) if a delivery, in the manner notified to Securityholders.

Holders of Definitive Bearer Securities will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any such Security as a result of a transfer made in accordance with this Condition 9.1 arriving in such holder's account after the due date for payment.

A record of each payment and delivery made in respect of a Definitive Bearer Security of any Series will be made on the relevant Definitive Bearer Security by or on behalf of the Issue and Paying Agent, and such record shall be *prima facie* evidence that the payment or delivery in question has been made.

Notwithstanding the foregoing, if any Definitive Bearer Securities are denominated in US dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Definitive Bearer Securities in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

## **9.2 Definitive Registered Securities**

Payments of principal (which for the purposes of this Condition 9.2 shall include final Instalment Amounts but not other Instalment Amounts) and deliveries of any Entitlement in respect of each Definitive Registered Security will be made against and subject to the condition to settlement, presentation and surrender of the relevant Definitive Registered Security at the specified office of the Registrar or any of the Transfer Agents and in the manner provided in the immediately following paragraph below.

Payments of interest (which for the purposes of this Condition 9.2 shall include all Instalment Amounts other than final Instalment Amounts) in respect of each Definitive Registered Security will be made on the relevant due date or next succeeding Business Day to the Securityholder (or the first named of joint Securityholders) of the Definitive Registered Security appearing in the Register at the close of business on the relevant Record Date. Payments of interest on each Definitive Registered Security will be made in the relevant currency by cheque drawn on an Account Bank and mailed to the holder (or to the first-named of joint holders) of such Definitive Registered Security at its address appearing in the Register. Upon application in writing by the holder in accordance with Condition 16.2 to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by electronic transfer to an account in the relevant currency maintained by the payee with an Account Bank. Delivery of any Entitlement will be made in the manner notified to Securityholders.

### 9.3 Global Securities

#### (a) *Global Bearer Securities*

No payment or delivery falling due after the Exchange Date will be made on any Global Bearer Securities unless exchange for an interest in a Permanent Global Security or for Definitive Bearer Securities is improperly withheld or refused. Payments on any Temporary Global Security issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-US beneficial ownership in the form set out in the Agency Agreement.

#### (b) *CGNs*

All payments and deliveries in respect of Bearer Securities in CGN Form will be made against and subject to the condition to settlement, presentation for endorsement and, if no further payment or delivery falls to be made in respect of the Global Bearer Securities, surrender of that Global Bearer Security to or to the order of the Issue and Paying Agent or such other Paying Agent as shall have been notified to the Securityholders for such purpose. If the Global Bearer Security is in CGN Form, a record of each payment or delivery so made will be endorsed on each Global Bearer Security, which endorsement will be *prima facie* evidence that such payment or delivery has been made in respect of the Securities. Conditions 11.1(g) and 12(e) will apply to the Definitive Bearer Securities only. Notwithstanding the above, all payments and deliveries in respect of CBF Securities will be made to the persons shown in the records of CBF.

#### (c) *NGNs and Global Securities held under NSS*

If a Global Bearer Security is a Cleared Security in NGN Form or a Global Registered Security is a Cleared Security held under the NSS, the Issuer shall procure that details of each such payment and delivery shall be entered pro rata in the records of the Relevant Clearing System and, in the case of payments of principal or the delivery of any Entitlement, the nominal amount of Securities in the case of Notes or the relevant portion or number of Securities in the case of Certificates and Warrants, recorded in the records of the Relevant Clearing System and represented by the Global Bearer Securities or Global Registered Securities, will be reduced accordingly (if applicable). Payments and deliveries under the Securities in NGN Form will be made to its holder. Each payment and delivery so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the Relevant Clearing System shall not affect such discharge.

#### (d) *Global Registered Securities that are Cleared Securities*

All payments and deliveries in respect of Cleared Securities that are represented by a Global Registered Security will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the due date for payment or delivery, for this purpose the Record Date.

(e) *Relationship of Accountholders and Relevant Clearing Systems*

Each of the persons shown in the records of the Relevant Clearing System as the holder of a Global Security must look solely to the Relevant Clearing System for his share of each payment or delivery made by the Issuer to the bearer of such Global Bearer Security or the holder of the underlying Registered Securities, as the case may be, and in relation to all other rights arising under the Global Securities, subject to and in accordance with the Relevant Rules. Such persons shall have no claim directly against the Issuer or the Guarantor in respect of payments or deliveries due on the Securities for so long as the Securities are represented by such Global Securities and such obligations of the Issuer or Guarantor will be discharged by payment or delivery to the bearer of such Global Bearer Security or the holder of the underlying Registered Security, as the case may be, in respect of each amount so paid or delivered.

(f) *Payments through DTC*

Payments of principal and interest in respect of Global Registered Securities held by a custodian for, and registered in the name of a nominee of, DTC will, if such Global Registered Securities are denominated in US dollars, be made in accordance with the preceding paragraphs. Payments of principal and interest in respect of Global Registered Securities held by a custodian for, and registered in the name of a nominee of, DTC will, if such Global Registered Securities are denominated in a currency other than US dollars, be made or procured to be made by the Exchange Agent in the relevant currency in accordance with the following provisions. The amounts payable by the Exchange Agent or its agent to DTC with respect to such Global Registered Securities will be received in such currency, from the Issuer by the Exchange Agent. The Exchange Agent will make payments by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date of principal, to receive that payment in such currency, provided that the Registrar has received the related notification from DTC on or prior to the fifth DTC business day after the Record Date for the relevant payment of interest or at least 10 DTC business days prior to the relevant payment date of principal, in respect of such payment, and the Registrar has accordingly notified the Exchange Agent in accordance with the Agency Agreement. If DTC does not so notify the Registrar, the relevant payment will be made in US dollars. The Exchange Agent, after conversion of amounts in such currency into US dollars, will deliver such US dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made. “**DTC business day**” means any day on which DTC is open for business.

(g) *No Responsibility*

None of the Issuer, the Guarantor or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments or deliveries made on account of, beneficial ownership interests in Global Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. None of the persons appearing from time to time in the records of the Relevant Clearing System or the Registrar as the holder of any portion of Global Securities shall have any claim directly against the Issuer in respect of any payment or deliveries due on the Global Securities, and the Issuer's obligations to make any such payment or delivery shall be discharged by payment or delivery of the requisite amount to the holder of the Global Bearer Security or the registered holder of the relevant Global Registered Security, as applicable.

**9.4 CREST Securities**

The Issuer shall procure that all payments in respect of CREST Securities are made to the relevant Securityholder's cash memorandum account (as shown in the Operator register of corporate securities as at the close of business on the CREST Business Day immediately prior to the date for payment) for value on the Relevant Date, such payment to be made in accordance with the CREST Requirements.

Each of the persons shown in the Operator register of corporate securities as the holder of a particular nominal amount or number of CREST Securities must look solely to the settlement bank or institution at which its cash memorandum account is held for its share of each such payment so made by or on behalf of the Issuer.

**9.5 Unmatured Coupons and Receipts and Unexchanged Talons**

(a) *Unmatured Coupons and Unexchanged Talons Void*

Upon the due date for redemption of any Definitive Bearer Security, unmatured Coupons and unexchanged Talons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them.

(b) *Requirement for Indemnity*

Where any Definitive Bearer Security is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(c) *Interest after Redemption*

If the due date for redemption of any Definitive Bearer Security is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Definitive Bearer Security. Interest accrued on a Definitive Bearer Security which only bears interest after its date of redemption shall be payable on redemption of such Definitive Bearer Security against presentation thereof.

(d) *Unmatured Receipts Void*

Upon the due date for redemption of any Definitive Bearer Security that is redeemable in instalments, all Receipts relating to such Security having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

#### **9.6 Taxes, Settlement Expenses and Exercise Price Conditions to Settlement**

Payment of any Settlement Amount and delivery of any Entitlement in connection with the redemption, cancellation or exercise of the Securities shall be subject to deduction, or conditional upon payment by the relevant Securityholder(s), of any applicable Taxes and Settlement Expenses and any other amounts payable (including, without limitation, any Exercise Price payable by the Securityholder) as specified in these Base Conditions, any Relevant Annex or the applicable Final Terms. The Issuer shall notify the Securityholder(s) in accordance with Condition 16 of (a) such applicable Taxes, Settlement Expenses, Exercise Price and other amounts payable and (b) the manner in which such amounts shall be paid by the Securityholder(s).

#### **9.7 Payment Days**

If the due date (which, for the avoidance of doubt, will be determined after any applicable adjustment in accordance with a Business Day Convention) for any payment in respect of any Security or Coupon is not a Payment Day, then payment will not be made until the next succeeding Payment Day in the relevant place, and the holder thereof shall not be entitled to any further payment in respect of such delay.

#### **9.8 Payment and Deliveries subject to Laws**

All payments and deliveries in respect of the Securities are subject in all cases to any applicable laws, regulations and directives, but without prejudice to the provisions of Condition 12.

### **10 Events of Default**

If any of the following events occurs and is continuing, (a) the holder of any Security that is not a CREST Security may give notice to the Issue and Paying Agent at its specified office or (b) in respect of a Series of CREST Securities, the holder of any CREST Security may give notice to the Issuer that such Security is, and such Security shall accordingly immediately become, due and repayable at the Early Cash Settlement Amount (and, notwithstanding that “Physical Settlement” is specified as the Settlement Method in the applicable Final Terms or elected for the purposes of Conditions 5, 6 or 7, Cash Settlement shall be deemed to be the Settlement Method):

- (i) any interest or Instalment Amount, as the case may be, on such Securities has not been paid within 14 calendar days of the due date for payment. The Issuer shall not, however, be in default if such sums (“**Withheld Amounts**”) were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such 14-calendar-day period by independent legal advisers; or
- (ii) without prejudice to Condition 7, the Issuer fails to deliver any Entitlement, in relation to the partial exercise or redemption of the Securities (other than on the Expiration Date), on the due

date for delivery and such failure to deliver has not been remedied within 30 calendar days of notice of such failure having been given to the Issuer by any Securityholder, provided that an Event of Default shall not occur under this Condition 10(b)(ii) and any notice of failure shall not be valid if (I) any of the conditions to settlement to be satisfied by the Securityholder have not been so satisfied as at the due date for delivery or the date of such notice of failure, (II) the Issuer has elected to pay the Disruption Cash Settlement Price or Alternate Cash Amount or to deliver Substitute Assets pursuant to Condition 7.2(b) or (c) (unless the failure to deliver relates to such Substitute Assets) or (III) a notice is given to Securityholders pursuant to Condition 16; or

- (iii) the Issuer breaches any provision of such Securities that is materially prejudicial to the interests of the Securityholders, and that breach has not been remedied within 30 calendar days of the Issuer having received notice thereof from Securityholders holding at least one tenth in outstanding nominal amount or number, as the case may be, of the relevant Series demanding remedy; or
- (iv) in the case of Securities issued by BCCL, the Guarantee ceases to be effective; or
- (v) in the case of Securities issued by BCCL, an order is made or an effective resolution is passed for the winding-up of BCCL or the Guarantor (otherwise than in connection with a scheme of reconstruction, merger or amalgamation, the terms of which have previously been approved by an Extraordinary Resolution of the Securityholders); or
- (vi) in the case of Securities issued by the Bank, an order is made or an effective resolution is passed for the winding-up of the Bank (otherwise than in connection with a scheme of reconstruction, merger or amalgamation, the terms of which have previously been approved by an Extraordinary Resolution of the Securityholders).

## 11 Agents

### 11.1 Appointment of Agents

The Issue and Paying Agent, the Paying Agents, the Registrar, the CREST Agent, the Transfer Agents and the Determination Agent act solely as agents of the Issuer and, where applicable, the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Securityholder or holder. The Issuer and, where applicable, the Guarantor reserve the right at any time to vary or terminate the appointment of the Issue and Paying Agent, any other Paying Agent, the Registrar, the CREST Agent, any Transfer Agent or the Determination Agent and to appoint additional or other Paying Agents or Transfer Agents or an additional or other CREST Agent, provided that the Issuer shall at all times maintain (a) an Issue and Paying Agent, (b) a Registrar in relation to Registered Securities, (c) a Transfer Agent in relation to Registered Securities, (d) one or more Determination Agent(s) where the Conditions so require, (e) Paying Agents having specified offices in at least two major European cities, (f) such other agents as may be required by any other stock exchange on which the Securities may be listed, (g) to the extent not already satisfied pursuant to (e) or (f), a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying



with, or introduced in order to conform to, such Directive and (h) a CREST Agent in relation to CREST Securities. Notice of any termination of appointment and of any changes to the specified office of any Agent will be given to Securityholders in accordance with Condition 16.

## **11.2 Modification of Agency Agreement**

### **(a) *Securities that are not CREST Securities***

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement relating to Securities other than CREST Securities if to do so would not in the opinion of the Issuer or Guarantor be expected to be materially prejudicial to the interests of the Securityholders or if such modification is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of any applicable law or to cure, correct or supplement any defective provision contained therein. Any such modification shall be binding on the Securityholders and shall be notified to the Securityholders in accordance with Condition 16 as soon as practicable thereafter, provided that failure to give, or non-receipt of, such notice will not affect the validity or binding nature of such modification.

### **(b) *CREST Securities***

The Agency Agreement in respect of CREST Securities may be amended by the Issuer and the CREST Agent without the consent of the holders of CREST Securities (other than in the case of (v)) but subject, where reasonably practicable, to providing prior notice to holders of CREST Securities in accordance with Condition 16, for the purposes of (i) giving effect to any changes in any CREST Requirements, (ii) curing any ambiguity or reflecting any modification to the Conditions pursuant to Condition 20.1, (iii) curing, correcting or supplementing any defective provisions contained therein, (iv) effecting any amendment in any manner which the Issuer and the CREST Agent may mutually deem necessary or desirable that will not materially adversely affect the interests of the holders of CREST Securities or (v) effecting any other amendment with the prior consent of the requisite majority of Securityholders pursuant to Condition 20.2.

## **11.3 Responsibility of the Issuer, the Guarantor and the Agents**

The Issue and Paying Agent and the Determination Agent, as appropriate, shall have no responsibility or liability to any person for errors or omissions in any calculations, determinations made, or actions taken pursuant to the Conditions, and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer, the Guarantor, the Agents and the Securityholders.

None of the Issuers, the Guarantor or any Agent shall be held responsible for any loss or damage resulting from any legal enactment (domestic or foreign), the intervention of a public authority (domestic or foreign), an act of war, strike, blockade, boycott or lockout or any other similar event or circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts shall also apply if any of such parties itself take such measures or becomes the subject of such measures. Under no circumstances shall any of the Issuers, Guarantor or Agents be liable to pay compensation to any Securityholder for any loss, damage, liability, cost, claim,

action or demand to any Securityholder in the absence of fraud. Furthermore, under no circumstances shall any of the Issuers, Guarantor or Agents be liable to any Securityholder for loss of profit, indirect loss or damage or consequential loss or damage, notwithstanding it having been pre-advised of the possibility of such loss.

Where any of the Issuers, Guarantor or Agents, due to any legal enactment (domestic or foreign), the intervention of a public authority (domestic or foreign), an act of war, strike, blockade, boycott or lockout or any other similar event or circumstance, is prevented from effecting payment or delivery, such payment or delivery may be postponed until the time the event or circumstance impeding payment has ceased, with no obligation to pay or deliver any additional amounts in respect of such postponement.

## 12 Taxation

Except to the extent that the Issuer or the Guarantor is required by law to withhold or deduct amounts for or on account of Tax or to the extent otherwise disclosed in the Conditions, a Securityholder must pay all Taxes arising from or payable in connection with the payment of interest, any Interest Amount or the ownership, transfer, sale, redemption, exercise or cancellation of any Security and/or the delivery or transfer of any Entitlement, or the payment of any Settlement Amount, and Instalment Amount and/or any other payment relating to the Securities, as applicable. Neither the relevant Issuer nor the Guarantor (if applicable) is liable for, or otherwise obliged to pay amounts in respect of, any such Taxes borne by a Securityholder.

Except as otherwise specified in any Relevant Annex or the applicable Final Terms, all payments in respect of the Securities shall be made free and clear of, and without withholding or deduction for, any present or future Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within the Bank Jurisdiction (or any authority or political subdivision thereof or therein having power to tax) or (in the case of Securities issued by BCCL) the BCCL Jurisdiction (or any authority or political subdivision thereof or therein having power to tax) unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net amounts receivable by the relevant holder after such withholding or deduction shall equal the respective amounts that would have been receivable by such holder in the absence of such withholding or deduction. Notwithstanding the above, no Additional Amounts shall be payable with respect to any Security:

- (a) to, or to a third party on behalf of, a holder who is liable to such Taxes in respect of such Securities by reason of his having a connection with the Bank Jurisdiction or the BCCL Jurisdiction (as appropriate) other than the mere holding of the relevant Security or Coupon; or
- (b) to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Security, Coupon or Receipt is presented for payment; or
- (c) presented for payment more than 30 calendar days after the Relevant Date, except to the extent that the holder would have been entitled to an Additional Amount on presenting such Security for such payment on the last day of such 30-day period; or

- (d) where such withholding or deduction is imposed on a payment to an individual and required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) (except in the case of Registered Securities or CREST Securities) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Security, Coupon or Receipt to another Paying Agent without such deduction or withholding; or
- (f) unless it is proved, to the satisfaction of the Issue and Paying Agent or the Paying Agent to whom the Security, Coupon or Receipt is presented or, in respect of CREST Securities, to the satisfaction of the Issuer, that the holder is unable to avoid such withholding or deduction by satisfying any applicable certification, identification or reporting requirements or by making a declaration of non-residence or other similar claim for exemptions to the relevant tax authorities.

The imposition of any withholding or deduction on any payments in respect of the Securities by or on behalf of (i) the Issuer will be an “**Issuer Tax Event**” and (ii) the Guarantor, where the Securities are issued by BCCL, will be a “**Guarantor Tax Event**” if, in either case, such withholding or deduction is required by law.

References in the Conditions to (I) “**principal**” shall be deemed to include any premium payable in respect of the Securities, Settlement Amounts, Instalment Amounts and all other amounts in the nature of principal payable pursuant to Conditions 5 or 6, (II) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (III) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition 12.

### 13 Prescription

Claims against the Issuer and/or the Guarantor, if applicable, for payment in respect of any Security and/or Coupon and/or Receipt (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) of the appropriate Relevant Date in respect of them.

### 14 Replacement of Securities

Should any Security, Coupon or Receipt in respect of any Series be lost, stolen, mutilated, defaced or destroyed, it may, subject to all applicable laws, regulations and any Relevant Stock Exchange or any other relevant authority regulations requirements, be replaced at the specified office of the Issue and Paying Agent, in the case of Bearer Securities, or the Registrar, in the case of Registered Securities, or of such other Paying Agent or Transfer Agent, as may be designated from time to time by the Issuer for such purpose and notice of whose designation is given to Securityholders, in each case on payment by the claimant of the fees, expenses and Taxes incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as the Issuer may require. If any

Security, Coupon or Receipt is mutilated or defaced, it must be surrendered before replacements will be issued. This Condition 14 shall not apply to CREST Securities.

## 15 Unlawfulness or Impracticability

Without duplication or prejudice to Condition 7.2, if the Issuer or the Guarantor determines that the performance of any of its absolute or contingent obligations under the Securities has become illegal or a physical impracticability, in whole or in part, for any reason, the Issuer may redeem or cancel the Securities by giving notice to Securityholders in accordance with Condition 16.

If the Issuer redeems or cancels the Securities, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such Securityholder, which amount shall be the Early Cash Settlement Amount of such Security, notwithstanding such illegality or impracticability as determined by the Determination Agent in its sole and absolute discretion. Payment will be subject to Conditions 7, 8 and 9 and will be made in such manner as shall be notified to the Securityholders in accordance with Condition 16.

## 16 Notices

### 16.1 To Securityholders

All notices to Securityholders will be deemed to have been duly given and valid:

- (a) in the case of Bearer Securities, if published in a daily newspaper of general circulation in England (which is expected to be the *Financial Times*) and will be deemed to have been given on the date of first publication; and/or
- (b) if and so long as Securities are listed on a Relevant Stock Exchange or are admitted to trading by another relevant authority if given in accordance with the rules and regulations of the Relevant Stock Exchange or other relevant authority and will be deemed to have been given on the first date of transmission or publication in accordance with such rules and regulations; and/or
- (c) in the case of Registered Securities, if mailed to the relevant holders of such Registered Securities at their respective designated addresses appearing in the Register and will be deemed delivered on the third weekday (being a day other than a Saturday or a Sunday) after the date of mailing; and/or
- (d) in the case of Cleared Securities, in substitution for publication or mailing as required above, notices to Securityholders may be given to the Relevant Clearing System provided that any publication or other requirements required pursuant to Condition 16.1(b) shall also be complied with if applicable. In such cases, notices will be deemed given on the first date of transmission to the applicable Relevant Clearing System (regardless of any subsequent publication or mailing); and/or
- (e) in the case of CREST Securities, if mailed to the relevant holders of such CREST Securities at their respective designated addresses appearing in the Record on the second CREST Business Day immediately prior to despatch of such notice and will be deemed delivered on the third weekday (being a day other than a Saturday or a Sunday) after the date of mailing or in substitution for mailing, if given to the Operator in which case it will be

deemed delivered on the first date of transmission to the Operator (regardless of any subsequent mailing).

If any publication required pursuant to Condition 16.1(a) or (b) is not practicable, notice shall be validly given if published in another leading English language daily newspaper with circulation in Europe on the date of first publication.

Holders of Coupons or Receipts shall be deemed for all purposes to have notice of the contents of any notice given to holders of Bearer Securities in accordance with this Condition 16.

## **16.2 To the Issuer and the Agents**

In respect of any Series of Securities, all notices to the Issuer and/or the Agents must be sent to the address specified for each such entity in the Agency Agreement or to such other person or place as shall be specified by the Issuer and/or the Agent by notice given to Securityholders in accordance with this Condition 16.

## **16.3 Validity of Notices**

Any determinations as to whether any notice is valid, effective and/or duly completed and in the proper form shall be made (a) in the case of Cleared Securities, by the Issuer and the Relevant Clearing System or (b) in the case of any notice in respect of CREST Securities that is given to the Operator, by the Issuer, the CREST Agent and the Operator or (c) in the case of any other Securities by the Issuer, in consultation with the Issuer and Paying Agent and shall be conclusive and binding on the Issuer, the Guarantor, the Agents and the relevant Securityholder(s).

Any notice determined not to be valid, effective, complete and in proper form shall be null and void unless the Issuer and the Relevant Clearing System, or (in respect of CREST Securities) the Issuer and the Operator, if applicable, agree otherwise. This provision shall not prejudice any right of the person delivering the notice to deliver a new or corrected notice.

The Issuer, Paying Agent, Registrar or Transfer Agent shall use all reasonable endeavours promptly to notify any Securityholder submitting a notice if it is determined that such notice is not valid, effective, complete or in the proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Guarantor, the Relevant Clearing System (in respect of CREST Securities), the Operator or any Agent, as the case may be, shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with any notification to a Securityholder or determination that a notice is not valid, effective, complete or in the proper form.

# **17 Substitution**

## **17.1 The Issuer**

Where the Issuer is BCCL, it shall be entitled at any time and from time to time, without the consent of the Securityholders, to substitute any subsidiary or holding company of the Issuer or any subsidiary of any such holding company in place of the Issuer (or any previously substituted company) (the “**New BCCL Issuer**”) as issuer under the Securities of any Series, provided that (a) the New BCCL Issuer shall assume all obligations of the Issuer (or any previously substituted company) in relation to the Securityholders under or in relation to the

Securities of such Series and (b) the obligations of the New BCCL Issuer shall continue to be guaranteed by the Guarantor.

In the event of any such substitution, any reference in the Conditions of any relevant Securities to the Issuer shall be construed as a reference to the New BCCL Issuer. Such substitution shall be promptly notified to the Securityholders in accordance with Condition 16. In connection with such right of substitution, the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Securityholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with or subject to the jurisdiction of, any particular territory, and no Securityholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Securityholder.

## 17.2 The Bank

The Bank, acting in its capacity as Issuer of the Securities and/or as Guarantor, shall be entitled at any time, without the consent of the Securityholders, to substitute any other entity, the identity of which shall be in the absolute discretion of the Bank in place of the Bank as Issuer or, in relation to Securities issued by BCCL, as Guarantor (the “**New Bank Issuer**” or “**New Guarantor**” respectively) to act as issuer in respect of Securities issued by it and/or as guarantor in respect of the obligations of BCCL under any Series of Securities issued by BCCL that is then outstanding under the Programme and any Series of Securities issued by BCCL thereafter, provided that (a) the New Bank Issuer/New Guarantor’s long-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least the same as Barclays Bank PLC’s long-term rating at the date on which the substitution is to take effect or the New Bank Issuer/New Guarantor has an equivalent long-term rating from another internationally recognised rating agency, (b) any New Guarantor enters into a guarantee on substantially the same terms as the Guarantee (a “**New Guarantee**”), (c) in the case of Securities eligible for sale in the United States to “qualified institutional buyers” in accordance with Rule 144A of the Securities Act, the New Bank Issuer would not be an “investment company” required to register as such under the US Investment Company Act of 1940, as amended, and (d) no event of default as set out in Condition 10 shall occur as a result thereof.

In the event of any such substitution, any reference in the Conditions to the Bank as Issuer or as Guarantor shall be construed as a reference to the New Bank Issuer or New Guarantor and any reference to the Guarantee shall be construed as a reference to the New Guarantee. Such substitution shall be promptly notified to the Securityholders of each Series then outstanding in accordance with Condition 16. In connection with such right of substitution, the Bank, in its capacity as Issuer or Guarantor, as the case may be, shall not be obliged to have regard to the consequences of the exercise of such right for individual Securityholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with or subject to the jurisdiction of, any particular territory, and no Securityholder shall be entitled to claim from the Bank or the New Bank Issuer or New Guarantor any indemnification or payment in respect of any tax consequence of any such substitution upon such Securityholder.

## **18 Governing Law and Jurisdiction**

### **18.1 Governing Law**

Subject as provided in any Relevant Annex, the Securities, Coupons, Receipts and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

### **18.2 Jurisdiction**

Subject as provided in any Relevant Annex, the Courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Securities, Coupons, Receipts and/or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with them (“**Proceedings**”) shall be brought in such courts.

### **18.3 Service of Process**

BCCL irrevocably appoints Barclays Capital Services Limited at its offices for the time being (being at the date hereof at One Churchill Place, London E14 5HP, United Kingdom) as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by BCCL). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, BCCL irrevocably agrees to appoint a substitute process agent and shall immediately notify Securityholders of such appointment in accordance with Condition 16. Nothing shall affect the right to serve process in any other manner permitted by law.

## **19 Severability**

Should any one or more of the provisions contained in the terms and conditions of the Securities be or become invalid, the validity of the remaining provisions shall not be affected in any way.

## **20 Modification and Meetings**

### **20.1 Modifications to the Conditions**

The Issuer may, without the consent of the Securityholders, make any modification to the Conditions of any Securities that in its sole opinion is not materially prejudicial to the interests of the Securityholder or that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the Bank Jurisdiction or (in the case of Securities issued by BCCL) any BCCL Jurisdiction, as the case may be, or to cure, correct or supplement any defective provision contained herein and/or therein. Any such modification shall be binding on the Securityholders and any such modification shall be notified to the Securityholders in accordance with Condition 16 as soon as practicable thereafter. Failure to give, or non-receipt of, such notice will not affect the validity of such modification.

Notwithstanding anything to the contrary herein, the Issuer may make any modification to the Conditions of CREST Securities without the consent of the holders of such CREST Securities if such modification is to give effect to any changes in any of the CREST Requirements. Any

modification of this type shall, where reasonably practicable, be subject to prior notice of the modification having been given to holders of CREST Securities pursuant to Condition 16.

## 20.2 Meetings of Securityholders

### (a) *Definitive Securities in Bearer or Registered Form and CREST Securities*

The Agency Agreement contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of the Conditions or the Agency Agreement. At least 21 calendar days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is to be held) specifying the date, time and place of the meeting shall be given to Securityholders.

Such a meeting may be convened by the Issuer, the Guarantor or Securityholders holding not less than 10 per cent. in nominal amount (in the case of Notes) or number (in the case of Warrants and Certificates) of the Securities for the time being outstanding. The quorum at a meeting of the Securityholders (except for the purpose of passing an Extraordinary Resolution (as defined below)) will be two or more persons holding or representing a clear majority in nominal amount or number of the Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Securities, any Exercise Date or Expiration Date of the Securities or any date for payment of interest or Interest Amounts on the Securities, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption or exercise of, the Securities, (iii) to reduce the rate or rates of interest in respect of the Securities or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Securities, (iv) if a Minimum and/or a Maximum Rate of Interest, or maximum and/or minimum Tradable Amount, Instalment Amount or Entitlement is specified in the applicable Final Terms, to reduce any such minimum and/or maximum, (v) to vary any method of, or basis for, calculating any Settlement Amount or Entitlement (other than as provided for in the Conditions), (vi) to vary the currency or currencies of payment or denomination of the Securities, (vii) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass the Extraordinary Resolution or (viii) to modify or cancel the Guarantee, in which case the quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount (in the case of Notes) or number (in the case of Certificates and Warrants) for the time being outstanding. The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount (in the case of Notes) or number (in the case of Warrants and Certificates) outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting and held in accordance with the terms of the Agency Agreement by a



majority of at least 75 per cent. of the votes cast. Any Extraordinary Resolution duly passed shall be binding on all the Securityholders, regardless of whether they are present at the meeting, save for those Securities that have not been redeemed but in respect of which an Exercise Notice shall have been delivered as described in Condition 5.2 or 6 prior to the date of the meeting. Securities that have not been redeemed but in respect of which an Option Exercise Notice has been delivered as described in Condition 5.2 and Securities that are Warrants or Exercisable Certificates that have not been exercised but in respect of which a Security Exercise Notice has been received as described in Condition 6 will not confer the right to attend or vote at, or join in convening, or be counted in the quorum for, any meeting of the Securityholders.

*These Conditions may be amended, modified or varied in relation to any Series of Securities by the terms of the relevant Final Terms in relation to such Series.*

(b) *Global Securities in Bearer or Registered Form*

The holder of a Permanent Global Security shall (unless such Permanent Global Security represents only one Security) be treated as being two persons for the purposes of any quorum requirements of a meeting of Securityholders and, at any such meeting, the holder of a Permanent Global Security shall be treated as having one vote in respect of each integral currency unit of the Settlement Currency of the Security, in the case of Notes, or in respect of each integral currency unit of the applicable Calculation Amount per Security, in the case of Certificates and Warrants.

## 21 Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Securityholders or holders of Coupons, if applicable, to create and issue further Securities of any Series having the same terms and conditions as the Securities (so that, for the avoidance of doubt, references to “Issue Date” in these Base Conditions shall be to the first issue date of the Securities) and so that the same shall be consolidated and form a single Series with such Securities. References in the Conditions to “Securities” shall be construed accordingly.

## 22 Purchases and Cancellations

The Issuer, the Guarantor and any of their subsidiaries may at any time purchase Securities (provided that all unmatured Coupons or Receipts, as the case may be, relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

All Securities so purchased by or on behalf of the Issuer, the Guarantor or any of their subsidiaries may (but need not) be surrendered for cancellation, in the case of Bearer Securities, by surrendering each such Security together with all unmatured Coupons or Receipts, as the case may be, to the Issue and Paying Agent and, in the case of Registered Securities, by surrendering the Definitive Registered Securities or Global Registered Securities representing such Registered Securities to the Registrar and, in each case, if so surrendered, shall, together with all Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons or Receipts, as the case may be, attached thereto or surrendered therewith). Any Securities so surrendered for cancellation may not be reissued or resold

and the obligations of the Issuer and the Guarantor in respect of any such Securities shall be discharged.

Notwithstanding anything to the contrary above, all CREST Securities so purchased by or on behalf of the Issuer or any of its subsidiaries may (but need not) be cancelled by agreement between the Issuer and the CREST Agent, provided that such cancellation shall be in accordance with the CREST Requirements in effect at the relevant time. Any CREST Securities so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such CREST Securities shall be discharged.

*Cancellation of Securities represented by a Permanent Global Security (other than upon its redemption) will be effected by a reduction in the nominal amount of the relevant Permanent Global Security relating to Securities that are Notes or a reduction in the aggregate number of Certificates, Warrants or Units represented by the relevant Permanent Global Security.*

## 23 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

## 24 Definitions

**“Account Bank”** means, in relation to a payment denominated in a particular currency, a bank in the principal financial centre for such currency as determined by the Determination Agent or, where the relevant payment is denominated in euro, in a city in which banks have access to the TARGET System.

**“Actual Exercise Date”** means an Eligible Exercise Date on which the conditions to exercise set out in Condition 6.3 are satisfied in full.

**“Additional Business Centre”** means each centre specified as such in any applicable Relevant Annex and/or the applicable Final Terms.

**“Additional Disruption Event”** means, with respect to a Series of Securities, (a) each of Change in Law, Currency Disruption Event, Issuer Tax Event and, if the Securities are issued by BCCL, Guarantor Tax Event, (b) Hedging Disruption and Increased Cost of Hedging unless the Relevant Annex and/or the applicable Final Terms specify that such events shall not constitute Additional Disruption Events for the purposes of the Securities, (c) Affected Jurisdiction Hedging Disruption and/or Affected Jurisdiction Increased Cost of Hedging if specified as applicable in the applicable Final Terms, and (d) any other event specified as such in any Relevant Annex and/or in the applicable Final Terms. For the avoidance of doubt, in the event of any inconsistency between any applicable Relevant Annex(es) and the applicable Final Terms, as to what constitutes an Additional Disruption Event for the purposes of the Securities, the Final Terms shall prevail.

**“Affected Jurisdiction”** means the jurisdiction of the Hedge Positions as specified in the applicable Final Terms.

**“Affected Jurisdiction Hedging Disruption”** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to either (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, the Currency risk) of

entering into and performing its obligations with respect to the Securities or (b) freely realise, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions or the Securities between accounts within the Affected Jurisdiction or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction.

**“Affected Jurisdiction Increased Cost of Hedging”** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, the Currency risk) of entering into and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of Hedge Positions or the Securities between accounts within the Affected Jurisdiction or from accounts within the Affected Jurisdiction to accounts outside the Affected Jurisdiction.

**“Affiliate”** means, in relation to any entity (the **“First Entity”**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity, directly or indirectly, under common control with the First Entity. For these purposes, “control” means ownership of a majority of the voting power of an entity.

**“Agency Agreement”** means (a) the English law governed Master Agency Agreement dated 5 August 2009, as most recently amended and restated on 5 August 2011 (and as may be further amended from time to time) between the Bank, BCCL, the Guarantor and certain agents or (b) in respect of CREST Securities, the English law governed CREST Agency Agreement dated 6 August 2010 between the Bank and Computershare Investor Services PLC or (c) such other agency agreement as may be specified in any Relevant Annex or applicable Final Terms in respect of the particular Securities (in each case, as amended and/or supplemented and/or restated as at the Issue Date).

**“Aggregate Nominal Amount”** means, in respect of a Series of Securities that are Notes, on the Issue Date, the aggregate nominal amount of the Securities of such Series specified in the applicable Final Terms and on any date thereafter such amount as reduced by any amortisation or partial redemption on or prior to such date.

**“Alternate Cash Amount”** means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Affected Entitlement Components on or about the Alternate Cash Amount Settlement Date, adjusted to take into account any costs, losses and expenses and any Local Market Expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the redemption, exercise or cancellation of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional). In determining such amount, the Determination Agent may take into account prevailing market prices and/or proprietary pricing models or, where these pricing methods may not yield a commercially reasonable result, may determine such amount in a commercially reasonable manner.

**“Alternate Cash Amount Settlement Date”** means such date as the Issuer may determine in its sole and absolute discretion.

**“Associated Costs”** means, in respect of each Security, an amount determined by the Determination Agent equal to such Security's pro rata proportion of an amount which the Determination Agent determines is appropriate in the context of any financial product which references directly or indirectly such Securities (the **“Related Financial Product”**) to take into account the total amount of any and all actual and anticipated costs associated with or expected to be incurred by the Issuer and/or any hedging counterparty in relation to any Related Financial Product, in each case in connection with or arising as a result of the cancellation of such Securities, including, without limitation, any funding related costs and any costs associated with unwinding the Related Financial Product and/or any hedge positions relating to such Related Financial Product, all as determined by the Determination Agent by reference to such source(s) as it determines appropriate.

**“Averaging Date”** shall have the meaning given to it in the applicable Relevant Annex or the applicable Final Terms.

**“Bank Account”** means the cash account of the Issue and Paying Agent, at the Relevant Clearing System or otherwise, as notified by the Issue and Paying Agent when requested by the relevant Securityholder or Issuer, as the case may be.

**“Bank Jurisdiction”** means, at any time, the jurisdiction of incorporation of the Bank or any New Bank Issuer or New Guarantor substituted therefor in accordance with Condition 17.2.

**“Banking Day”** means, in respect of any city, any day (other than a Saturday or a Sunday) on which commercial banks are generally open for business, including dealings in foreign exchange and foreign currency deposits in that city.

**“BCCL Jurisdiction”** means, at any time, the jurisdiction of incorporation of BCCL or any New BCCL Issuer substituted therefor in accordance with Condition 17.1.

**“Business Day”** means a day which is each of:

- (a) a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign Currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms;
- (b) in respect of Cleared Securities, a Clearing System Business Day for the Relevant Clearing System;
- (c) in relation to any sum payable in a Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign Currency deposits) in the principal financial centre of the country of the relevant Currency (if other than London and any Additional Business Centre specified in the applicable Relevant Annex and/or the applicable Final Terms);
- (d) in relation to any sum payable in euro, a TARGET Business Day; and
- (e) in respect of CREST Securities, a CREST Business Day.

**“Business Day Convention”** means any of the business day conventions specified in Condition 8.4.

**“C Rules”** means the requirements under US Treasury Regulation section 1.163-5(c)(2)(i)(C).

**“Calculation Amount”** means, in respect of a Security that is a (a) Note, the Specified Denomination of such Note unless a Calculation Amount per Security is specified in the applicable Final Terms, in which case it shall be such Calculation Amount per Security or (b) a Certificate or Warrant, the Calculation Amount per Security specified in the applicable Final Terms.

**“Call Security”** means a Warrant or an Exercisable Certificate specified as such in the applicable Final Terms.

**“Cash Settled Security”** means a Security in respect of which Cash Settlement is specified, elected or deemed to have been elected in accordance with the Base Conditions, any applicable Relevant Annex and/or the applicable Final Terms as the method of settlement for such Security.

**“Cash Settlement Multiplier”** means, in respect of a Warrant or an Exercisable Certificate where Cash Settlement is specified or elected as the Settlement Method, where the applicable Final Terms:

- (a) do not specify an Exercise Cash Settlement Amount, one; or
- (b) do specify an Exercise Cash Settlement Amount, such Exercise Cash Settlement Amount.

**“CDI”** means dematerialised depository interests issued, held, settled and transferred through CREST that represent interests in specified Securities.

**“Change in Law”** means that, on or after the Trade Date (a) due to the adoption or announcement 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 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 Issuer determines in its sole and absolute discretion that (i) it has become illegal for the Issuer and/or any of its Affiliates to hold, acquire, deal in or dispose of the Hedge Positions relating to the Securities or contracts in securities, options, futures, derivatives or foreign exchange relating to such Securities, (ii) the Issuer or any of its Affiliates will incur a materially increased cost in performing their obligations under such Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on their tax position), or (iii) the Issuer or any of its Affiliates will be subjected to materially less favourable regulatory capital treatment with respect to the Securities and any related Hedge Positions, as compared with the regulatory capital treatment applicable to the Securities and any related Hedge Positions as at the Trade Date. For the avoidance of doubt, for the purposes of the foregoing, “any applicable law or regulation” shall include the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any rules and regulations promulgated thereunder and any similar law or regulation (collectively, the **“Wall Street Act”**), and any consequences of a Change in Law as set out herein shall apply to any Change in Law arising from any such act, rule or regulation. Furthermore, any additional capital charges or other regulatory capital requirements imposed in connection with the Wall Street Act, if material, shall constitute “a materially increased cost in performing its obligations under such Transaction” for the purposes of (b)(ii) of this definition.

**“Cleared Securities”** means any Securities that are Global Securities held by a Common Depository, Common Safekeeper or custodian for, or registered in the name of a nominee of, a Relevant Clearing System.

**“Clearing Annex”** means, with respect to any Series of Securities, any Relevant Annex identified as such and specified to apply to such Securities in the applicable Final Terms.

**“Clearing System Business Day”** means, in respect of a Relevant Clearing System, any day on which such Relevant Clearing System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions.

**“Clearstream”** means Clearstream Banking, *société anonyme* and any successor thereto.

**“Clearstream Frankfurt”** or **“CBF”** means Clearstream Banking AG, Frankfurt am Main.

**“Clearstream Frankfurt Rules”** means the General Terms and Business Conditions of Clearstream Frankfurt and the Instructions to Participants of Clearstream Frankfurt, as may be from time to time amended, supplemented or modified.

**“Clearstream Rules”** means the Management Regulations of Clearstream and the Instructions to Participants of Clearstream, as may be from time to time amended, supplemented or modified.

**“Common Depositary”** means, in relation to a particular Series of Securities, whether listed on any Relevant Stock Exchange or elsewhere, such depositary outside the United Kingdom and the United States (and the possessions of the United States) as shall be specified in the applicable Final Terms with respect to such Series of Securities.

**“Conditions”** means, with respect to a Series of Securities, the terms and conditions of the Securities set out in the Base Conditions, subject to amendment and as supplemented or varied in accordance with the provisions of the applicable Final Terms and any applicable Relevant Annex specified therein.

**“CREST”** means the system for the paperless settlement of trades and the holding of uncertificated securities operated by the Operator in accordance with the Uncertificated Regulations, as amended from time to time.

**“CREST Business Day”** means any day on which CREST is open for the acceptance and execution of settlement instructions.

**“CREST Deed Poll”** means a global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated).

**“CREST Depositary”** means CREST Depositary Limited or any successor thereto.

**“CREST Requirements”** has the meaning given to such term in Condition 1.4(i).

**“CREST Security”** means a Security which is specified as a CREST Security in the applicable Final Terms and that is issued and held in uncertificated registered form in accordance with the Uncertificated Regulations.

**“Currency”** means, with respect to a country, the lawful currency of such country.

**“Currency Disruption Event”** means, with respect to a Series of Securities, the occurrence or official declaration of an event impacting one or more Currencies that the Issuer, in its sole and absolute discretion, determines would materially disrupt or impair its ability to meet its obligations in the Settlement Currency or otherwise settle, clear, or hedge such Series of Securities.

**“D Rules”** means the requirements under US Treasury Regulation section 1.163-5(c)(2)(i)(D).

“**Daily Maximum Amount**” means, in relation to any particular Series of Securities that are Notes, the amount specified as such in the relevant Settlement Currency in the applicable Final Terms.

“**Daily Maximum Number**” means, in relation to any particular Series of Securities that are Certificates or Warrants, the number specified as such in the applicable Final Terms.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Security for any period of time (whether or not constituting an Interest Calculation Period, the “**Calculation Period**”):

- (a) if “**Actual/Actual (ICMA)**” or “**Act/Act (ICMA)**” is specified in the applicable Final Terms, a fraction equal to “number of days accrued/number of days in year”, as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the “**ICMA Rule Book**”), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non US dollar denominated straight and convertible bonds issued after 31 December 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period or Compounding Period in respect of which payment is being made;
- (b) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified in the applicable Final Terms, the actual number of calendar days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of calendar days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of calendar days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of calendar days in the Calculation Period divided by 365;
- (d) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of calendar days in the Calculation Period divided by 360;
- (e) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of calendar days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \left( \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360} \right)$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period unless such number would be 31, in which case D1 will be 30; and

“D<sub>2</sub>” 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;

- (f) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of calendar days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \left( \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360} \right)$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period unless such number would be 31, in which case D1 will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31, in which case D2 will be 30;

- (g) if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, the number of calendar days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \left( \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360} \right)$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;



“D<sub>1</sub>” 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 D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 Redemption Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

“**Delivery Entitlement Instruction**” means, with respect to Securities which are to be physically settled by delivery of an Entitlement, a notice delivered by the relevant Securityholder in respect of such Entitlement in the form obtainable from any Paying Agent, in the case of Bearer Securities, or from the Registrar or Transfer Agent, in the case of Registered Securities.

“**Dematerialised Instruction**” means, with respect to CREST Securities, an instruction sent by (or on behalf of) a Securityholder to the Operator in accordance with the rules, procedures and practices of the Operator and CREST in effect at the relevant time.

“**Designated Maturity**” means, in respect of a Reference Rate, the period of time specified in respect of such Reference Rate in the applicable Final Terms.

“**Disrupted Day**” shall have the meaning given to it in any applicable Relevant Annex or in the applicable Final Terms.

“**Disruption Cash Settlement Date**” means the fifth Relevant Settlement Day following the date of the notice of the relevant election to pay the Disruption Cash Settlement Price or such other date as may be specified in the relevant notice.

“**Disruption Cash Settlement Price**” means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount, determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the Disruption Cash Settlement Date (which shall take into account, where some but not all of the Reference Assets comprising the Entitlement have been duly delivered pursuant to Condition 7.2(a), the value of such Reference Assets), adjusted to take into account any costs, losses and expenses and any Local Market Expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the redemption, exercise or cancellation of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional), plus, in the case of Securities that are Warrants or Exercisable Certificates, if already paid, the Exercise Price, Taxes and/or Settlement Expenses, or, where as provided above some Reference Assets have been delivered and a pro rata portion thereof has been paid, such pro rata portion. In determining such amount, the Determination Agent may take into account prevailing market prices and/or proprietary pricing models or, where these pricing methods may not yield a commercially reasonable result, may determine such amount in a commercially reasonable manner.

“**Distribution Compliance Period**” means, subject to the applicable Final Terms, the period that ends 40 calendar days after the completion of the distribution of each Series of Securities, as certified by the relevant Manager (in the case of a non-syndicated issue) or the relevant lead Manager (in the case of a syndicated issue).

“**DTC**” means The Depository Trust Company or any successor thereto.

**“Early Cancellation Date”** means the last day of the relevant Early Cancellation Notice Period or Nominal Call Cancellation Notice Period, as applicable, or such other date specified or determined in accordance with the applicable Final Terms.

**“Early Cancellation Notice Period”** has the meaning given to it in Condition 6.2(a)(ii).

**“Early Cash Redemption Date”** means the last day of the relevant Early Redemption Notice Period or such other date specified or determined in accordance with the applicable Final Terms.

**“Early Cash Settlement Amount”** means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, in respect of any early redemption or cancellation of the Securities, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities following the event triggering the early redemption or cancellation, adjusted to take into account any costs, losses and expenses and any Local Market Expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the early redemption or cancellation of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs plus, if Associated Costs is specified to apply in the applicable Final Terms, any Associated Costs. In determining the Early Cash Settlement Amount, the Determination Agent may take into account prevailing market prices and/or proprietary pricing models or, where these pricing methods may not yield a commercially reasonable result, may estimate such Early Cash Settlement Amount in a commercially reasonable manner. The Early Cash Settlement Amount will be determined by the Determination Agent on or as soon as reasonably practicable following the event giving rise to the early redemption or cancellation of the Securities. For the purposes of calculating any Early Cash Settlement Amount at any time following an Event of Default, the Determination Agent will ignore the effect of such Event of Default upon the market value of the Securities.

**“Early Physical Cancellation Date”** means the date specified as such in the applicable Final Terms or, if no such date is specified, the Relevant Settlement Day following the date on which settlement of a sale of the relevant Reference Assets executed on the last day of the Nominal Call Cancellation Notice Period customarily would take place in the relevant market (or, in respect of Cleared Securities, through the Relevant Clearing System).

**“Early Physical Cancellation Entitlement”** means the quantity of the Reference Asset(s) or, if “Entitlement Substitution” is specified in the applicable Final Terms, the Substitute Asset(s), as applicable, (together with any Transfer Documentation relating thereto) specified in the applicable Final Terms or determined in accordance with the method for such determination specified in the applicable Final Terms by the Determination Agent per Calculation Amount (determined on or about the last day of the relevant Nominal Call Cancellation Notice Period), in each case adjusted to take into account any costs, losses, expenses and any Local Market Expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the cancellation of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional). In determining such amount, the Determination Agent may take into account prevailing market prices and/or proprietary pricing models or, where these pricing methods may not yield a commercially reasonable result, may determine such amount in a commercially reasonable manner.

**“Early Redemption Notice”** has the meaning given to it in Condition 5.3.

**“Early Redemption Notice Period”** has the meaning given to it in Condition 5.4(b).

**“Entitlement”** means the Final Physical Redemption Entitlement, the Optional Physical Redemption Entitlement, the Early Physical Cancellation Entitlement, the Specified Early Physical Redemption Entitlement, the Specified Early Physical Cancellation Entitlement or the Exercise Physical Settlement Entitlement (together with any Transfer Documentation relating thereto) or as may otherwise be specified in the Final Terms.

**“Euroclear”** means Euroclear Bank S.A./N.V or any successor thereto.

**“Euroclear Rules”** means the terms and conditions governing the use of Euroclear and the operating procedures of Euroclear, as may be amended, supplemented or modified from time to time.

**“Euro-zone”** means the region comprising of member states of the European Union that have adopted the euro as the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

**“Event of Default”** means each of the events set out in Condition 10.

**“Exchange Business Day”** has the meaning given to it in any applicable Relevant Annex or the applicable Final Terms.

**“Exchange Date”** means, in relation to a Temporary Global Security, the calendar day falling after the expiry of 40 calendar days after its issue date and, in relation to a Permanent Global Security, a calendar day falling not less than 60 calendar days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issue and Paying Agent is located and (if applicable) in the city in which the Relevant Clearing System is located.

**“Exchange Event”** means in respect of Cleared Securities, that the Issuer has been notified that any Relevant Clearing System has permanently ceased doing business and no successor clearing system is available.

**“Exchange Rate”** means the rate of exchange of the Currency of one country for the Currency of another country, as determined by the Determination Agent unless otherwise specified in the applicable Final Terms.

**“Exercisable Certificates”** has the meaning given to it in Condition 6.

**“Exercise Business Day”** means each date specified as such in the applicable Final Terms, provided that with respect to (a) Cash Settled Securities, each such day shall be a day that is a Business Day and (b) Physically Delivered Securities, each such day shall be a day that is both a Business Day and a Scheduled Trading Day.

**“Exercise Cash Settlement Amount”** means, unless otherwise specified in the applicable Final Terms, an amount determined by the Determination Agent (which, if Units are specified in the applicable Final Terms, shall be in respect of each Unit of Securities) equal to:

- (a) where “Averaging” is specified to be not applicable in the applicable Final Terms:
  - (i) if such Securities are Call Securities, the product of (A) the Settlement Price less the Exercise Price and (B) the Cash Settlement Multiplier;

- (ii) if such Securities are Put Securities, the product of (A) the Exercise Price less the Settlement Price and (B) the Cash Settlement Multiplier; and
  - (iii) if such Securities are Other Exercise Securities, the amount specified or determined in accordance with the applicable Final Terms; or
- (b) where “Averaging” is specified to be applicable in the applicable Final Terms:
- (i) if such Securities are Call Securities, the product of (A) the arithmetic mean of the Settlement Prices for all the Averaging Dates less the Exercise Price and (B) the Cash Settlement Multiplier;
  - (ii) if such Securities are Put Securities, the product of (A) the Exercise Price less the arithmetic mean of the Settlement Prices for all the Averaging Dates and (B) the Cash Settlement Multiplier; and
  - (iii) if such Securities are Other Exercise Securities, the amount specified or determined in accordance with the applicable Final Terms.

**“Exercise Cash Settlement Date”** means, in relation to any Actual Exercise Date or Automatic Exercise Date, the last day of the relevant Exercise Notice Period or such other date specified or determined in accordance with the applicable Final Terms.

**“Exercise Date(s)”** means:

- (a) in respect of Securities that are specified to be American Style, any Exercise Business Day during the Exercise Period;
- (b) in respect of Securities that are specified to be Bermudan Style, the Potential Exercise Business Dates during the Exercise Period and on the Expiration Date;
- (c) in respect of Securities that are specified to be European Style, the Expiration Date; and
- (d) in respect of Securities that are specified to be Other Style, the date(s) specified as such in the applicable Final Terms.

**“Exercise Notice”** means an Option Exercise Notice or a Security Exercise Notice.

**“Exercise Notice Period”** means the period from (and including) the relevant Actual Exercise Date or the date of the relevant Automatic Exercise Notice, as applicable, to (and including) the fifteenth Business Day thereafter.

**“Exercise Parameters”** means, with respect to Multiple Exercise Securities, the parameters specified in the applicable Final Terms.

**“Exercise Period”** means the period specified in the applicable Final Terms.

**“Exercise Physical Settlement Date”** means the date specified as such in the applicable Final Terms or, if no such date is specified, the Relevant Settlement Day following the date on which settlement of a sale of the relevant Reference Assets executed on the last day of the relevant Exercise Notice Period customarily would take place in the relevant market (or, in respect of Cleared Securities, through the Relevant Clearing System).

**“Exercise Physical Settlement Entitlement”** means the quantity of the Reference Asset(s) or, if “Entitlement Substitution” is specified in the applicable Final Terms, the Substitute Asset(s), as applicable, (together with any Transfer Documentation relating thereto) specified in the applicable Final Terms or determined in accordance with the method for such determination specified in the applicable Final Terms by the Determination Agent for each Calculation Amount (determined as at the relevant Actual Exercise Date or Automatic Exercise Date).

**“Exercise Price”** means the price per Security or Unit or other amount, as specified in the applicable Final Terms.

**“Expiration Date”** means:

- (a) in respect of Securities that are specified to be American Style, the last Exercise Business Day of the Exercise Period; and
- (b) in respect of Securities that are specified to be Bermudan Style, European Style or Other Exercise Style, the date specified as such in the applicable Final Terms.

**“Extraordinary Resolution”** means a resolution passed in accordance with the Agency Agreement relating to the relevant Securities.

**“Final Cash Settlement Amount”** means, in relation to a Note or a Certificate, an amount per Calculation Amount (determined as at the Redemption Date) in the Settlement Currency specified, or determined in the manner specified for such purpose, in the applicable Final Terms.

**“Final Physical Redemption Date”** means, in relation to any Final Physical Redemption Entitlement, the Relevant Settlement Day following the date on which settlement of a sale of the relevant Reference Assets executed on the Redemption Date customarily would take place in the relevant market (or, in respect of Cleared Securities, through the Relevant Clearing System) unless otherwise specified in the applicable Final Terms.

**“Final Physical Redemption Entitlement”** means the quantity of the Reference Asset(s) or, if “Entitlement Substitution” is specified in the applicable Final Terms, the Substitute Asset(s), as applicable, (together with any Transfer Documentation relating thereto) for the Calculation Amount (determined as at the Redemption Date) of the Security subject to payment of all sums payable, including Taxes and Settlement Expenses, as provided in Condition 7, as determined by the Determination Agent or such other amount specified, or determined in accordance with the method for determination specified, in the applicable Final Terms.

**“Final Terms”** means, with respect to a Series of Securities, the final terms specified as such for such Securities.

**“Foreign Law Annex”** means, with respect to any Series of Securities, any annex specified as such in the applicable Final Terms.

**“Guarantor Tax Event”** has the meaning given to it in Condition 12 unless otherwise specified in the applicable Final Terms.

**“Hedge Positions”** means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange, (b) stock loan transactions

or (c) other instruments or arrangements (howsoever described) by the Issuer or any of its Affiliates in order to hedge individually, or on a portfolio basis, the Issuer's obligations in respect of the Securities.

**"Hedging Disruption"** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the relevant Series of Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"In-The-Money"** has the meaning given to it in the applicable Final Terms or if not so provided, means (a) with respect to a Security which is to be cash settled, the Security will be deemed to be "In-The-Money" if, and to the extent to that, the Exercise Cash Settlement Amount exceeds zero and (b) with respect to a Security which is to be physically settled, the Security will be deemed to be "In-The-Money" if, and to the extent to that, the value of the Entitlement on the Actual Exercise Date of the relevant Security exceeds the Exercise Price as determined by the Determination Agent.

**"Increased Cost of Hedging"** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the relevant Series of Securities, 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 Issuer shall not be deemed an Increased Cost of Hedging.

**"Instalment Amount"** has the meaning given in Condition 5.1.

**"Instalment Date"** has the meaning given in Condition 5.1.

**"Instalment Notes"** has the meaning given in Condition 5.1.

**"Interest Amount"** means, in respect of an Interest Calculation Period, the amount of interest payable per Calculation Amount (determined as at the first day of such Interest Calculation Period unless otherwise specified in the applicable Final Terms) for that Interest Calculation Period.

**"Interest Calculation Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the next succeeding Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date.

**"Interest Commencement Date"** means, in respect of any interest bearing Security, the Issue Date or such other date as may be set out in the applicable Final Terms.

**"Interest Determination Date"** means, with respect to an Interest Rate and an Interest Calculation Period, the date specified as such in the applicable Final Terms or, if none is so specified:

- (a) the first day of such Interest Calculation Period, if the Relevant Currency is sterling;
- (b) the date falling two TARGET Business Days prior to the first day of such Interest Calculation Period, if the Relevant Currency is euro; or

- (c) in any other case, the date falling two London Banking Days prior to the first day of such Interest Calculation Period,

provided that if “Arrears Setting” is specified as applicable in the applicable Final Terms, the Interest Determination Date in respect of each Interest Calculation Period shall be the first day of the next following Interest Calculation Period or, in the case of the final Interest Calculation Period, the Redemption Date, in each case as determined by the Determination Agent.

“**Interest Period End Date**” means each date specified as such or, if none, each Interest Payment Date, provided that if an Interest Period End Date is specified not to be adjusted or the Interest Rate is Fixed Rate and an adjustment method is not specified, the Interest Period End Date will be each date specified as such or, if none, each Interest Payment Date disregarding any adjustment in accordance with any applicable Business Day Convention.

“**ISDA Definitions**” means the 2006 ISDA Definitions, published by the International Swaps and Derivatives Association, Inc., as amended and updated as at the Issue Date of the Securities.

“**ISDA Rate**” means, in respect of an Interest Calculation Period, a rate as determined by the Determination Agent equal to the Floating Rate that would be determined by the Determination Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the applicable Final Terms;
- (b) the Designated Maturity is the period specified in the applicable Final Terms; and
- (c) the relevant Reset Date is the first day of that Interest Calculation Period unless otherwise specified in the applicable Final Terms,

where, for the purposes of this definition, “**Floating Rate**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions and “**Determination Agent**” shall have the meaning given to the term “**Calculation Agent**” in the ISDA Definitions and the Calculation Agent for this purpose shall be the Determination Agent specified in the Final Terms.

“**Issue Price**” means the price specified as such in the applicable Final Terms.

“**Issuer**” means (a) with respect to CREST Securities, the Bank and (b) with respect to Securities that are not CREST Securities, the Bank or BCCL, as applicable.

“**Issuer Notice Period**” has the meaning given to such term in Condition 5.3.

“**Issuer Option Exercise Date**” means each date that is specified as such in the applicable Final Terms or, if no date is specified, each date that is a Business Day within the Issuer Option Exercise Period.

“**Issuer Option Exercise Period**” means the period specified as such in the applicable Final Terms or, if no such period is specified, the period from (but excluding) the Issue Date to (but excluding) the fifteenth Business Day preceding the Redemption Date.

“**Issuer Settlement Option**” means, in respect of a Security, if specified in the applicable Final Terms that the Issuer may elect whether the Security will be cash settled or physically settled.

**“Issuer Tax Event”** has the meaning given to it in Condition 12 unless otherwise specified in the applicable Final Terms.

**“Linear Interpolation”** means the straight-line interpolation by reference to two rates based on the relevant ISDA Rate or Screen Rate (as applicable), one of which will be determined as if the Specified Duration were the period of time for which rates are available next shorter than the length of the affected Interest Calculation Period and the other of which will be determined as if the Specified Duration were the period of time for which rates are available next longer than the length of such Interest Calculation Period.

**“Local Market Expenses”** means (a) all costs, charges, fees, accruals, withholdings and expenses incurred in the local market of the underlying Reference Asset or any Hedge Position, and (b) all costs, losses and expenses incurred as a result of any foreign exchange suspension or settlement delays or failures in the local market of the underlying Reference Asset or any Hedge Position. In determining such Local Market Expenses, the Determination Agent may take into account (i) the amount and timing of payments or deliveries that the Issuer or its Affiliates (as the case may be) would receive under its Hedge Position(s), (ii) whether the Hedge Positions include illiquid or non-marketable assets (which may be valued at zero) or synthetic hedges (where the mark-to-market may be zero or in-the-money to the relevant counterparty to the Hedge Positions) and (iii) whether the Issuer or its Affiliates would be subject to contingent liabilities, including any requirement to return any distributions or otherwise make any payments.

**“London Stock Exchange”** means London Stock Exchange plc.

**“Margin”** means the percentage rate specified as such in the applicable Final Terms.

**“Minimum Nominal Amount”** means the amount specified as such in the Settlement Currency in the applicable Final Terms.

**“Minimum Number”** means the number specified as such in the applicable Final Terms.

**“Multiplier”** means the number specified as such in the applicable Final Terms.

**“Nominal Amount”** means, in respect of a Security that is a Note, the amount per Security specified as such in the applicable Final Terms, subject to adjustment in accordance with the Conditions of the Security.

**“Nominal Call Event”** means, with respect to a Series of Securities, that on any day (a) the outstanding Aggregate Nominal Amount or outstanding Number of such Securities is less than the Nominal Call Threshold Amount (or the Settlement Currency equivalent thereof) and/or (b) the outstanding Aggregate Nominal Amount or outstanding aggregate Number of Securities divided by the Aggregate Nominal Amount or aggregate number of the Securities as at the first Issue Date of such Securities, respectively, is less than the Nominal Call Threshold Percentage.

**“Nominal Call Threshold Amount”** means the amount specified as such in the applicable Final Terms or, if no such amount is specified, 10 per cent. of the Aggregate Nominal Amount or aggregate Number of Securities as at the first Issue Date of such Securities (or the equivalent amount in the currency of the Securities as determined by the Determination Agent).



**“Nominal Call Threshold Percentage”** means the percentage specified as such in the applicable Final Terms or, if no such amount is specified, 10 per cent.

**“Operator”** has the meaning given to such term in Condition 1.3(b).

**“Operator register of corporate securities”** has the meaning given to such term in Condition 1.3(b).

**“Optional Cash Redemption Date”** means:

- (a) in relation to a Put Option, the last day of the relevant Put Notice Period or such other date specified or determined in accordance with the applicable Final Terms; or
- (b) in relation to a Call Option or Nominal Call Event in respect of Notes or Certificates (other than Exercisable Certificates), the last day of the relevant Issuer Notice Period or such other date specified or determined in accordance with the applicable Final Terms.

**“Optional Cash Settlement Amount”** means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the date the Early Redemption Notice is given by the Issuer or the date the Option Exercise Notice is received by the Issuer, as the case may be, and in any event no later than the last day of the relevant Issuer Notice Period or Put Notice Period, as applicable, (taking into account the event triggering the redemption), adjusted to take into account any costs, losses and expenses and any Local Market Expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the early redemption of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional). In determining such amount, the Determination Agent may take into account prevailing market prices and/or proprietary pricing models or, where these pricing methods may not yield a commercially reasonable result, may determine such amount in a commercially reasonable manner.

**“Option Exercise Notice”** has the meaning given to it in Condition 5.2.

**“Optional Physical Redemption Date”** means, in relation to any Optional Physical Redemption Entitlement, the Relevant Settlement Day following the date on which settlement of a sale of the relevant Reference Assets executed on the last day of the relevant Put Notice Period or Issuer Notice Period, as applicable, customarily would take place in the relevant market (or, in respect of Cleared Securities, through the Relevant Clearing System) unless otherwise specified in the applicable Final Terms.

**“Optional Physical Redemption Entitlement”** means the quantity of the Reference Asset(s) or, if “Entitlement Substitution” is specified in the applicable Final Terms, the Substitute Asset(s), as applicable, (together with any Transfer Documentation relating thereto) specified in the applicable Final Terms or determined in accordance with the method for such determination specified in the applicable Final Terms by the Determination Agent per Calculation Amount (determined on or about the relevant Optional Physical Redemption Date), in each case, adjusted to take into account any costs, losses and expenses and any Local Market Expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the early redemption of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional). In determining such amount, the Determination Agent may take into

account prevailing market prices and/or proprietary pricing models or, where these pricing methods may not yield a commercially reasonable result, may determine such amount in a commercially reasonable manner.

**“Partly Paid Securities”** means Securities identified as such in the applicable Final Terms and in respect of which the Issue Price is payable in two or more instalments.

**“Payment Day”** means any day which is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign Currency deposits) in:
  - (i) the relevant place of presentation (except in respect of Global Bearer Securities that are Cleared Securities);
  - (ii) London; or
  - (iii) any Additional Business Centre specified in the applicable Final Terms; and
- (b) either:
  - (i) in relation to any sum payable in a Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign Currency deposits) in the principal financial centre of the country of the relevant Currency; or
  - (ii) in relation to any sum payable in euro, a day on which the TARGET System is open.

**“Physical Delivery Date”** means, in relation to any Entitlement to be delivered, subject to compliance with the provisions of Condition 7 in respect of any Security, the relevant Final Physical Redemption Date, Optional Physical Redemption Date, Specified Early Physical Redemption Date or Exercise Physical Settlement Date, or each other date as may be specified in the applicable Final Terms.

**“Physically Delivered Security”** means a Security in respect of which Physical Settlement is specified or elected in accordance with the Base Conditions, any applicable Relevant Annex and/or the applicable Final Terms as the method of settlement for such Security.

**“Potential Exercise Business Dates”** mean each date specified as such in the applicable Final Terms.

**“Proceedings”** has the meaning given it in Condition 18.2.

**“Product Annex”** means, with respect to any Series of Securities, any annex specified as such in the applicable Final Terms.

**“Programme”** means the Global Structured Securities Programme as defined in, established by and contemplated in the Agency Agreement, as the same may be from time to time amended, supplemented or modified.

**“Put Notice Period”** has the meaning given to such term in Condition 5.2.

**“Put Option Exercise Date”** means each date that is specified as such in the applicable Final Terms or, if no date is specified, each date that is a Business Day within the Put Option Exercise Period.

**“Put Option Exercise Period”** means the period specified as such in the applicable Final Terms or, if no such period is specified, the period from (but excluding) the Issue Date to (but excluding) the fifteenth Business Day preceding the Redemption Date.

**“Put Security”** means a Warrant or an Exercisable Certificate specified as such in the applicable Final Terms.

**“Record Date”** means, in relation to a payment under a Registered Security, the fifteenth calendar day (whether or not such fifteenth calendar day is a business day) before the relevant due date for such payment, except that, with respect to Cleared Securities that are represented by a Global Registered Security, it shall be the day specified in Condition 9.3(d).

**“record of uncertificated corporate securities”** has the meaning given to such term in Condition 1.3(b).

**“Redemption Date”** means, in respect of any Series of Securities that are Notes or Certificates, the date specified as such in the applicable Final Terms.

**“Reference Asset(s)”** means, in relation to a particular Series of Securities, as appropriate, a single index or a basket of indices, a single share or basket of shares, a single debt instrument or a basket of debt instruments, a single currency or basket of currencies, a single commodity or a basket of commodities, a single fund or basket of funds, an FX rate or basket of FX rates, an interest rate or basket of interest rates, an inflation measure or basket of inflation measures or any other underlying asset(s) specified as such in the applicable Final Terms.

**“Reference Banks”** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market, in each case selected by the Determination Agent.

**“Reference Rate”** means the rate specified as such in the applicable Final Terms.

**“Register”** means, with respect to any Registered Securities, the register of holders of such Securities maintained by the applicable Registrar.

**“Regulation S Global Security”** means a Regulation S Security in global form.

**“Relevant Annex”** means, with respect to any Series of Securities, any Clearing Annex, Product Annex, Foreign Law Annex or other such annex specified as such in the applicable Final Terms.

**“Relevant Clearing System”** means, as appropriate, Euroclear, Clearstream, Clearstream Frankfurt (in respect of Frankfurt Securities only), DTC (except in respect of Securities that are Exercisable Certificates) and/or such other clearing system specified in any applicable Relevant Annex or in the applicable Final Terms, as the case may be, through which interests in Securities are to be held and/or through an account at which such Securities are to be cleared.

**“Relevant Date”** means, in respect of any Security, Coupon or Receipt, the date on which payment or delivery in respect of it first becomes due (or would have first become due if all conditions to settlement had been satisfied) or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date five calendar days after that on which notice is duly given to the Securityholders that, upon further

presentation of the Security, Coupon or Receipt being made in accordance with these Base Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

**“Relevant Rules”** means the Rules of the Relevant Clearing System.

**“Relevant Screen Page”** means such Reuters screen page as specified in the applicable Final Terms (or the relevant screen page of such other service or services as may be nominated as the information vendor for the purpose of displaying comparable rates in succession thereto) or such other equivalent information vending service as is so specified.

**“Relevant Settlement Day”** means a Clearing System Business Day unless otherwise specified in the applicable Relevant Annex or Final Terms.

**“Relevant Stock Exchange”** means, in respect of any Series of Securities, the stock exchange upon which such Securities are listed as specified in the applicable Final Terms, if any.

**“relevant system”** has the meaning given to such term in Condition 1.3(b).

**“Relevant Time”** means the time specified in the applicable Final Terms.

**“Rules”** means the Clearstream Rules, the Clearstream Frankfurt Rules, the Euroclear Rules and/or the terms and conditions and any procedures governing the use of such other Relevant Clearing System as may be specified in the Final Terms relating to a particular issue of Securities.

**“Securities Act”** means the United States Securities Act of 1933, as amended.

**“Security”** or **“Securities”** means any Notes, Certificates or Warrants which may from time to time be issued under the Programme. Unless the context otherwise requires, any reference to “Security” shall be deemed to refer to a Note having a nominal amount equal to the relevant Specified Denomination or to a single Certificate or Warrant.

**“Security Exercise Notice”** has the meaning given to it in Condition 6.3(a).

**“Securityholder Settlement Option”** means, in respect of a Security if specified in the applicable Final Terms, that the Securityholder may elect whether the Security will be cash settled or physically settled.

**“Series”** means the Securities of each original issue together with the Securities of any further issues expressed to be consolidated to form a single Series with the Securities of an original issue.

**“Settlement Amount”** means the Final Cash Settlement Amount, the Optional Cash Settlement Amount, the Alternate Cash Settlement Amount, the Early Cash Settlement Amount, the Specified Early Cash Settlement Amount, the Exercise Cash Settlement Amount or the Disruption Cash Settlement Price, as applicable.

**“Settlement Currency”** means the Currency specified as such in the applicable Final Terms.

**“Settlement Disruption Event”** means, in the opinion of the Determination Agent, that an event beyond the control of the Issuer or the Guarantor, if applicable, has occurred as a result of which the Issuer or the Guarantor, as the case may be, cannot make delivery of the Reference Assets.

**“Settlement Election Notice”** has the meaning given to it in Condition 7.1(b).

**“Settlement Expenses”** means, in respect of any Security or Securities, any costs, fees and expenses or other amounts (other than in relation to Taxes) payable by a Securityholder per Calculation Amount on or in respect of or in connection with the redemption, exercise or settlement of such Security or Securities as determined by the Determination Agent in its sole and absolute discretion.

**“Settlement Method”** means, in respect of a Security, the method specified as such in the applicable Final Terms.

**“Settlement Number”** means, in respect of a Series of Securities, 180 unless otherwise specified in the applicable Final Terms.

**“Settlement Price”** means, unless otherwise specified in the applicable Final Terms, in relation to each Warrant, Exercisable Certificate or, if Units are specified in the applicable Final Terms, each Unit, in respect of which Cash Settlement is specified or elected as the Settlement Method:

- (a) in the case of Securities relating to a basket of Reference Assets, an amount equal to the sum of the values calculated for each Reference Asset at the official closing price (or the price at the Relevant Time on the relevant Valuation Date or an Averaging Date if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Reference Asset on (i) if “Averaging” is not specified in the applicable Final Terms, the Valuation Date or (ii) if “Averaging” is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction (or if, in the opinion of the Determination Agent, any such official closing price (or the price at the Relevant Time on the relevant Valuation Date or such Averaging Date if so specified in the applicable Final Terms) cannot be so determined and the relevant Valuation Date or Averaging Date is not a Disrupted Day, an amount determined by the Determination Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the relevant Valuation Date or such Averaging Date if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the relevant Valuation Date or such Averaging Date if so specified in the applicable Final Terms) for the relevant Reference Asset whose official closing price (or the price at the Relevant Time on the relevant Valuation Date or such Averaging Date if so specified in the applicable Final Terms) cannot be determined based, at the Determination Agent’s discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Determination Agent) engaged in the trading of the relevant Reference Asset or on such other factors as the Determination Agent shall decide), multiplied by the relevant Multiplier, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Determination Agent; and
- (b) in the case of Securities relating to a single Reference Asset, an amount equal to the official closing price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Reference Asset on (i) if “Averaging” is not specified in the applicable Final Terms, the Valuation Date or (ii) if “Averaging” is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequent published correction (or if, in the opinion

of the Determination Agent, any such official closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Determination Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Reference Asset based, at the Determination Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Determination Agent) engaged in the trading of the Reference Asset or on such other factors as the Determination Agent shall decide), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Determination Agent.

**"Specified Duration"** means the duration specified as such or, if none, a period equal to the corresponding Interest Calculation Period, ignoring any adjustment made in accordance with any Business Day convention.

**"Specified Early Cancellation Event"** means each event specified as such in the applicable Final Terms.

**"Specified Early Cancellation Notice"** has the meaning given to it in Condition 6.2(c).

**"Specified Early Cancellation Notice Period"** has the meaning given to it in Condition 6.2(c).

**"Specified Early Cash Cancellation Date"** means the last day of the Specified Early Cancellation Notice Period or such other date specified or determined in accordance with the applicable Final Terms.

**"Specified Early Cash Redemption Date"** means the last day of the Specified Early Redemption Notice Period or such other date specified or determined in accordance with the applicable Final Terms.

**"Specified Early Cash Settlement Amount"** means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the date the Specified Early Redemption Notice or Specified Early Cancellation Notice, as possible, is given by the Issuer, and in any event no later than the last day of the Specified Early Redemption Notice Period or Specified Early Cancellation Notice Period, as applicable, adjusted to take into account any costs, losses, expenses and any Local Market Expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the early redemption of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional) plus, if Associated Costs is specified to apply in the applicable Final Terms, any Associated Costs. In determining such amount, the Determination Agent may take into account prevailing market prices and/or proprietary pricing models or, where these pricing methods

may not yield a commercially reasonable result, may determine such amount in a commercially reasonable manner.

**“Specified Early Physical Cancellation Date”** means, in relation to any Specified Early Physical Cancellation Entitlement to be delivered, the Relevant Settlement Day following the date on which settlement of a sale of the relevant Reference Assets executed on the last day of the Specified Early Cancellation Notice Period customarily would take place in the relevant market (or, in respect of Cleared Securities, through the Relevant Clearing System) unless otherwise specified in the applicable Final Terms.

**“Specified Early Physical Cancellation Entitlement”** means the quantity of the Reference Asset(s) or, if “Entitlement Substitution” is specified in the applicable Final Terms, the Substitute Asset(s), as applicable, (together with any Transfer Documentation relating thereto) specified in the applicable Final Terms or determined in accordance with the method for such determination specified in the applicable Final Terms by the Determination Agent per Calculation Amount (determined immediately prior to the relevant Specified Early Physical Cancellation Date), in each case, adjusted to take into account any costs, losses and expenses and any Local Market Expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the early redemption of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional). In determining such amount, the Determination Agent may take into account prevailing market prices and/or proprietary pricing models or, where these pricing methods may not yield a commercially reasonable result, may determine such amount in a commercially reasonable manner.

**“Specified Early Physical Redemption Date”** means, in relation to any Specified Early Physical Redemption Entitlement to be delivered, the Relevant Settlement Day following the date on which settlement of a sale of the relevant Reference Assets executed on the last day of the Specified Early Redemption Notice Period customarily would take place in the relevant market (or, in respect of Cleared Securities, through the Relevant Clearing System) unless otherwise specified in the applicable Final Terms.

**“Specified Early Physical Redemption Entitlement”** means the quantity of the Reference Asset(s) or, if “Entitlement Substitution” is specified in the applicable Final Terms, the Substitute Asset(s), as applicable, (together with any Transfer Documentation relating thereto) specified in the applicable Final Terms or determined in accordance with the method for such determination specified in the applicable Final Terms by the Determination Agent per Calculation Amount (determined immediately prior to the relevant Specified Early Physical Redemption Date), in each case, adjusted to take into account any costs, losses and expenses and any Local Market Expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the early redemption of the Securities, including (without duplication or limitation) hedging termination and funding breakage costs (whether actual or notional). In determining such amount, the Determination Agent may take into account prevailing market prices and/or proprietary pricing models or, where these pricing methods may not yield a commercially reasonable result, may determine such amount in a commercially reasonable manner.

**“Specified Early Redemption Event”** means each event specified as such in the applicable Final Terms.

**“Successor”** means, in relation to any Agent or such other or further person as may from time to time be appointed by the Issuer in respect of Securities, the person identified as the successor to such Agent or other person by the Determination Agent (or, if the successor relates to the Determination Agent, the Issuer) in its sole and absolute discretion. Notice of any Successor identified shall be given to Securityholders as soon as reasonably practicable after such identification in accordance with Condition 16.

**“TARGET Business Day”** means a day on which the TARGET System is operating.

**“TARGET System”** means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (**“TARGET2”**) (or, if such system ceases to be operative, such other system (if any) determined by the Determination Agent to be a suitable replacement).

**“Taxes”** means any tax, duty, impost, levy, charge or contribution in the nature of taxation or any withholding or deduction for or on account thereof, including (but not limited to) any applicable stock exchange tax, turnover tax, stamp duty, stamp duty reserve tax and/or other taxes, duties, assessments or governmental charges of whatever nature chargeable or payable and includes any interest and penalties in respect thereof.

**“TEFRA”** means the US Tax Equity and Fiscal Responsibility Act of 1982.

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

**“Transfer Documentation”** means, for each Series of Securities, such documentation as is generally acceptable for settlement of transfer of Reference Assets on any Related Exchange or through the Relevant Clearing System, including, without limitation, stock notes and/or stock transfer forms in the case of settlement on the London Stock Exchange.

**“Uncertificated Regulations”** means the United Kingdom Uncertificated Securities Regulations 2001 (SI 2001/3755) including any modification or re-enactment thereof from time to time in force.

**“Units”** means, in respect of Warrants and Exercisable Certificates, the number of Warrants or Exercisable Certificates specified in the applicable Final Terms.

**“Valuation Date”** has the meaning given to it in any applicable Relevant Annex or the applicable Final Terms.

**“Valuation Time”** means the time specified as such in any applicable Relevant Annex.

**“Variable Rate”** has the meaning given to it in Condition 4.3.



## **EQUITY LINKED ANNEX**

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## **PART A**

### **DESCRIPTION AND RISK FACTORS**

#### **1 Brief Description of Equity Linked Securities**

Equity Linked Securities are Securities where (i) in relation to Notes and Certificates (other than Exercisable Certificates), the payments of interest and/or repayment of principal and/or amount deliverable on redemption and/or the exercise of any Put Option or Call Option or (ii) in relation to Exercisable Certificates and Warrants, the exercise of the Securities or the amount payable or deliverable on exercise or (iii) any additional amounts payable or deliverable in respect of such Securities, as indicated in the applicable Final Terms, will be calculated by reference to and/or contingent upon the performance of a share, fund, unit, depositary, receipt, interest, equity interest or other equity unit, an equity index or a basket of shares, equity interests, equity units or equity indices over a period of time or on certain dates.

#### **2 Risk Factors Relating to Equity Linked Securities**

Equity Linked Securities have a different risk profile to ordinary unsecured debt securities. The return on an Equity Linked Security is linked to the performance of a Share or an Index or a Basket of Shares or a Basket of Indices underlying that Equity Linked Security. Investing in an Equity Linked Security is not equivalent to investing directly in any underlying Share or the components of any underlying Index.

This section describes additional factors to which prospective investors should have regard when considering an investment in Equity Linked Securities. Prospective investors are also referred to the factors set out in the section headed “Risk Factors” of the Base Prospectus.

##### **2.1 Certain Considerations Associated with Equity Linked Securities**

In the case of Share Linked Securities, no issuer of, or other legal arrangement giving rise to, such Shares will have participated in the preparation of the applicable Final Terms or in establishing the terms of the relevant Securities and none of BCCL, the Bank or any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of, or such other legal arrangement giving rise to, Shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in any applicable Final Terms) that would affect the trading price of the relevant Share(s) will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of, or of other legal arrangement giving rise to, Shares could affect the trading price of the Share and therefore the trading price of the Equity Linked Securities.

Due to the character of the particular markets on which most equity securities or debt instruments are traded, the absence of last sale information and the limited availability of quotations for such equity securities or debt instruments may make it difficult for many

investors to obtain timely, accurate data for the price or yield of such equity securities or debt instrument.

Except as otherwise provided in the Conditions relating to Physically Delivered Securities that are Equity Linked Securities, Securityholders will not have any voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant Shares to which such Securities relate.

In the case of Index Linked Securities, fluctuations in the value of the relevant Index or basket of underlying Indices (including the prices of any Component included in such Index or Basket of Indices) will affect the value of the related Equity Linked Securities.

Where the Equity Linked Securities are Physically Delivered Securities, the Determination Agent may determine that a Settlement Disruption Event is subsisting and may exercise its right to pay the relevant Settlement Amount in lieu of delivering the relevant Reference Assets. Such a determination may have an adverse effect on the value of the relevant Equity Linked Securities.

**2.2 Certain Considerations Associated with Securities relating to a Share or Shares issued or created by a Share Company and listed on a recognised exchange that is a fund, pooled investment vehicle, collective investment scheme, partnership, trust or other similar legal arrangement (“ETF”)**

Where the Securities are linked to an ETF or a basket of ETFs and the investment objective of such ETF(s) is to track the performance of a share or an index, the investors of such Securities are exposed to the performance of such ETF(s) rather than the underlying share or index such ETF(s) tracks. The investors will bear the risk that such ETFs may not reflect the actual return such investors would obtain if they actually owned the share or the index underlying such ETFs. Accordingly, investors who purchase Equity Linked Securities that are linked to ETF(s) may receive a lower payment upon redemption or exercise or cancellation of such Securities than such investors would have received if they had invested in the share or the index underlying such ETF(s) directly.

No assurance can be given that such managers will succeed in meeting the investment objectives of the ETF(s), that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which such ETF(s) has or may invest will prove accurate.

**2.3 Certain Considerations Associated with Securities relating to American Depositary Receipts (“ADRs”) and Global Depositary Receipts (“GDRs”) (or Basket of ADRs and/or GDRs)**

Investors who purchase Equity Linked Securities that are linked to ADRs or GDRs may receive a Settlement Amount that does not reflect the actual return such investors would obtain if they actually owned the shares underlying such ADRs or GDRs. Accordingly, investors who purchase Securities that are linked to ADRs or GDRs may receive a lower payment upon redemption, exercise or cancellation of such Securities than such investors would have received if they had invested in the shares underlying such ADRs or GDRs directly.

The issuer of the shares underlying the ADRs or GDRs may make distributions in respect of their shares that are not passed on to the owners of ADRs or GDRs, which can affect the value of the Equity Linked Securities linked to such ADRs and GDRs.

In respect of Physically Delivered Securities that are linked to ADRs or GDRs, in the event that investors receive ADRs or GDRs as a result of physical settlement, depending on the jurisdiction under which such ADRs or GDRs have been issued and the jurisdiction to which the agreement relating to such ADRs or GDRs is subject, it cannot be ruled out that the corresponding jurisdiction does not recognise the investor holding such ADRs or GDRs as the actual beneficial owners of the underlying shares.

## 2.4 Index construction

Equity indices can be formed of three major types:

- (i) “Price Return”, where the index tracks movements in price of the constituents of the index. When exposed to a Price Return index, Securityholders lose the benefit of any dividends paid by the constituents of the index and hence would underperform a position where they invested directly in the constituents of the index and received the dividends or where they invested in a Total Return version of the index.
- (ii) “Total Return”, where the index tracks movements in price of the constituents of the indices and reinvests any dividends that would be earned by investing directly in the constituents of the index.
- (iii) “Excess Return”, where the index tracks the Total Return less a cash return. Each day, the Total Return index is reduced by a cash rate determined based on the currency of the index and an applicable rate for the cost to borrow cash in the currency of the index. In the event of high interest rates, these types of indices may substantially underperform both Total Return and Price Return versions of the same index.

In general, there are a number of differently constructed indices:

- (i) Long only, where the index tracks the relevant return on a basket of shares.
- (ii) Long-short, where the index tracks the long return of a portfolio less the short return of another portfolio. This would naturally give an Excess Return, so a cash return would be added in order to make the index Total Return.
- (iii) Rolling futures indices, where the investment is one or a collection of futures with a rolling mechanism. This would naturally give an Excess Return, so a cash return would be added in order to make the index Total Return.

Furthermore, a volatility control mechanism may be added as an additional feature whereby the exposure to the index may be substantially decreased in the event of volatile index performance and increased in the event of less volatile index performance (“**Volatility Control**”). A version of an index with a Volatility Control may substantially underperform the non-Volatility Control version particularly in the case of volatile and rising markets where the lower exposure of the Volatility Control version of the index may lead to less participation in any upside.

Some indices may be calculated net of applicable costs and fees. Please contact the relevant Issuer for further details.

## PART B

### ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED SECURITIES

*The terms and conditions applicable to Equity Linked Securities shall comprise the Base Conditions and the additional terms and conditions set out below (the “**Equity Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Base Conditions and the Equity Linked Conditions set out below, the Equity Linked Conditions shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Equity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail. This Equity Linked Annex is a Product Annex and a Relevant Annex for the purposes of the Base Conditions and any Securities specified to be Equity Linked Securities in the applicable Final Terms. Capitalised terms used herein but not otherwise defined shall have the meanings given to them in the Base Conditions or the applicable Final Terms.*

#### 1 Index Modification, Cancellation, Disruption or Adjustment Event

The following provisions will apply to all Index Linked Securities.

##### 1.1 Index Adjustment Events

If:

- 1.1.1 on or prior to any date on which the level of an Index is to be calculated, including, without limitation, any Averaging Date or Valuation Date (a “**Determination Date**”), in respect of Index Linked Securities, the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies 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 capitalisation and other routine events) (an “**Index Modification**”) or permanently cancels the Index and no successor Index exists (an “**Index Cancellation**”); or
- 1.1.2 on any Determination Date in respect of Index Linked Securities the Index Sponsor fails to calculate and announce a relevant Index (an “**Index Disruption**” and, together with an Index Modification and an Index Cancellation, an “**Index Adjustment Event**”),

then the Determination Agent shall on each relevant Determination Date determine if such Index Adjustment Event has a material effect on the relevant Securities and, if so, shall calculate the level of that Index by using, in lieu of a published level for the relevant Index, the level for that Index as at that Determination Date as determined by the Determination Agent in accordance with the formula for and method of calculating that Index last in effect prior to that Index Adjustment Event, but using only those securities that constituted the relevant Index immediately prior to that Index Adjustment Event (other than those securities that have since ceased to be listed on any relevant Exchange).

In the event that the Determination Agent determines that it can no longer continue to calculate such Index, the Determination Agent may, in its sole discretion, deem such Index Adjustment Event to constitute an Additional Disruption Event for the purposes of these

provisions and shall adjust, redeem, cancel and/or take any other necessary action in accordance with the applicable provisions of Condition 5 or 6 of the Base Conditions, as the case may be, in respect of the Securities.

#### **1.2 Successor Index Sponsor or Substitution of Index with substantially similar calculation**

If an Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the “**Successor Index Sponsor**”) acceptable to the Determination Agent or (ii) replaced by a successor index (the “**Successor Index**”) using, in the determination of the Determination Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then (1) the index as calculated and announced by the Successor Index Sponsor or (2) the Successor Index will be deemed to be the Index.

#### **1.3 Correction of an Index**

If the level of an Index published on any Determination Date and used or to be used by the Determination Agent to determine the relevant Index value is subsequently corrected and the correction is published by the Index Sponsor or a Successor Index Sponsor prior to the second Exchange Business Day preceding the Redemption Date, any Optional Cash Redemption Date, any Optional Physical Redemption Date, any Early Cash Redemption Date, any Early Cancellation Date, any Early Physical Cancellation Date, any Specified Early Cash Redemption Date, the Specified Early Cash Cancellation Date, any Specified Early Physical Redemption Date, the Specified Early Physical Cancellation Date, any Exercise Date, the Expiration Date, any Exercise Cash Settlement Date or any Physical Delivery Date, the Determination Agent shall recalculate the relevant Settlement Amount, Entitlement or other relevant amount, as the case may be, using such corrected level of the relevant Index. The Determination Agent shall notify the Issuer and the Issue and Paying Agent shall notify the Securityholders of (i) that correction and (ii) the amount, if any, that is payable or deliverable as a result of that correction.

#### **1.4 Error in Index Calculation**

Notwithstanding anything to the contrary in these Equity Linked Conditions, if, on any Determination Date there is, in the reasonable opinion of the Determination Agent, a manifest error in the calculation of an Index by the Index Sponsor (as manifested in the level of the Index published by the Index Sponsor), the Determination Agent may calculate the level of such Index in lieu of using the level published on such date by the Index Sponsor. Such calculation will be determined in accordance with the methodology and formula for calculating the Index used by the Index Sponsor.

Where the Determination Agent calculates the level of the Index in accordance with the preceding paragraph, it shall give notice in writing to the Securityholder in accordance with the Base Conditions of the Index level so calculated no later than 10 Business Days after the relevant Determination Date.

If the Index Sponsor continues to calculate the Index with manifest error for more than three Scheduled Trading Days, then the Determination Agent may make such adjustments to the terms of the Security as it may in its sole discretion determine, including, without limitation, selecting an alternative index to replace the Index and/or replicating the constituents of the relevant Index and/or calculating the relevant Index in accordance with the formula for and

method of calculating that Index last in effect prior to the relevant event and/or adjusting the constituents and weightings of the Index.

For the avoidance of doubt, where a correction to the level of the Index is published by the Index Sponsor as described in Equity Linked Condition 1.3 after the Determination Agent has calculated the level of the Index pursuant to this Equity Linked Condition 1.4, the Determination Agent may, notwithstanding any such calculation, recalculate the relevant Settlement Amount, Entitlement or other relevant amount, as the case may be, using such corrected level of the relevant Index. The Determination Agent shall give notice in writing to the Securityholder in accordance with Condition 16 of the Base Conditions of such recalculation no later than 10 Business Days after the correction to the level of the Index is published by the Index Sponsor.

Where such correction is published after the Determination Agent has adjusted the terms of the Security pursuant to this Equity Linked Condition 1.4, Equity Linked Condition 1.3 shall not apply and the terms of the adjustment in accordance with this Equity Linked Condition 1.4 shall prevail.

## **1.5 Futures Price Valuation**

If “Futures Price Valuation” is specified as applicable in respect of an Index in the relevant Final Terms, then, notwithstanding any other provisions of these Equity Linked Conditions, the following provisions will apply to the valuation of that Index on the Valuation Date:

1.5.1 For the purposes of determining the level of the Index, on the Valuation Date:

- (i) in respect of a Security linked to an Index, the level of the Index will be the Official Settlement Price on the Valuation Date; and
- (ii) in respect of a Security linked to a basket of Indices, the level in respect of each Index for which Futures Price Valuation is stated to be applicable will be the Official Settlement Price (weighted or adjusted to that Index as provided for in the Final Terms) on the Valuation Date.

Where:

“**Official Settlement Price**” means the official settlement price (howsoever described under the rules of the relevant exchange or its clearing house) of any of the relevant Exchange-traded Contracts published by the exchange or its clearing house.

“**Exchange-traded Contract**” means, in relation to an Index, a contract specified as such for that Index in the related Final Terms. For this purpose, the parties shall specify the futures or options contract by reference to (1) the Index to which it relates, (2) the delivery month of such contract and (3) the exchange on which it is traded.

“**Valuation Date**” means, for the purposes of this Equity Linked Condition 1.5 only, a day on which the Official Settlement Price is published and, in all cases, except for Equity Linked Condition 1.5.3, irrespective of whether such day is a Disrupted Day.

### **1.5.2 Adjustments of the Exchange-traded Contract**

In the event that the terms of the Exchange-traded Contract are changed or modified by the relevant exchange or clearing house, the Determination Agent shall, if necessary,



adjust the Settlement Amount or the Entitlement or any other term of the Security as the Determination Agent deems fit to preserve the economic equivalent of any payment or payments (assuming satisfaction of each applicable condition precedent) in respect of the Security that would have been required after the date of such change.

#### **1.5.3 Non-Commencement or Discontinuance of the Exchange-traded Contract**

If there is no Official Settlement Price as a result of the fact that trading in the Exchange-traded Contract never commences or is permanently discontinued at any time on or prior to a Valuation Date, the Official Settlement Price for that Valuation Date shall be deemed to be the level of the relevant Index at the close of the regular trading session on the relevant Exchange on the Valuation Date. If this Equity Linked Condition 1.5.3 applies, then the relevant Valuation Date shall mean the date that, but for the non-commencement or discontinuance of the Exchange-traded Contract, would have been the date of publishing the Official Settlement Price unless such day is a Disrupted Day, in which case the provisions of Equity Linked Condition 3 shall apply.

#### **1.5.4 Corrections of the Official Settlement Price**

If the Official Settlement Price for any Valuation Date is corrected and the correction is published by the relevant exchange or clearing house within one settlement cycle for the related Exchange-traded Contract after the original publication, either party may notify the other party of that correction and the Determination Agent will determine the amount that is payable as a result of that correction and, to the extent necessary, will adjust the terms of the Index Linked Security to account for such correction.

## **2 Share Adjustments or Disruptions**

The following conditions will apply to all Share Linked Securities.

### **2.1 Potential Adjustment Events**

The Issuer may at any time determine that a Potential Adjustment Event has occurred. Following such determination by the Issuer of any Potential Adjustment Event, the Determination Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (i) make the corresponding adjustment(s), relevant to the exercise, settlement, payment or other terms of the Securities as the Determination Agent determines appropriate to account for the diluting or concentrative effect of such Potential Adjustment Event (the “**Adjustment(s)**”) and (ii) determine the effective date(s) of the Adjustment(s). The Determination Agent may (but need not) determine the appropriate Adjustment(s) by reference to the Adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on that options exchange.

Any adjustment to the terms of the Securities following a Potential Adjustment Event shall take into account the economic cost of any taxes, duties, levies, fees or registration payable by or on behalf of the Issuer or any of its relevant Affiliates or a foreign investor charged on subscription, acquisition or receipt of any Shares or other securities received as a result of the Potential Adjustment Event, such calculations to be determined and carried out by the Determination Agent in good faith.

Notwithstanding the above, the Issuer may, alternatively, on giving notice to the Securityholders in accordance with Condition 16 of the Base Conditions, elect, in lieu of the Determination Agent making an Adjustment in respect of a Potential Adjustment Event, to deliver to each Securityholder one or more additional Securities (the “**Adjustment Event Securities**”) and/or pay to each Securityholder a cash amount (the “**Adjustment Event Amount**”) to account for the diluting or concentrative effect of such Potential Adjustment Event. Where the Issuer elects to deliver Adjustment Event Securities, such Adjustment Event Securities will be issued on the same (or substantially the same) terms as the relevant Securities as the Determination Agent may determine. In such notice the Issuer will set out the amount of Securities to be delivered and/or cash to be paid and the manner in which such delivery and/or payment is to be made.

For the avoidance of doubt, if the Issuer determines and declares that a certain event constitutes a Potential Adjustment Event, then Equity Linked Condition 6 shall not apply in respect of such event.

## **2.2 Merger Events**

Following the occurrence of any Merger Event (as determined by the Determination Agent in its sole discretion), the Issuer shall, in its sole discretion, deem such Merger Event to constitute an Additional Disruption Event for the purposes of these provisions and shall adjust, redeem, cancel and/or take any other necessary action in accordance with the applicable provisions of Condition 5 or 6 of the Base Conditions, as the case may be, in respect of the Securities.

## **2.3 Nationalisation, Insolvency and Delisting**

Following the occurrence of any Nationalisation, Insolvency or Delisting (as determined by the Determination Agent in its sole discretion), the Issuer shall, in its sole discretion, deem such Nationalisation, Insolvency or Delisting, as the case may be, to constitute an Additional Disruption Event for the purposes of these provisions and shall adjust, redeem, cancel and/or take any other necessary action in accordance with the applicable provisions of Condition 5 or 6 of the Base Conditions, as the case may be, in respect of the Securities.

## **2.4 Tender Offers**

Following the occurrence of any Tender Offer (as determined by the Determination Agent in its absolute discretion), the Issuer shall, in its sole discretion, deem such Tender Offer to constitute an Additional Disruption Event for the purposes of these provisions and shall adjust, redeem, cancel and/or take any other necessary action in accordance with the applicable provisions of Condition 5 or 6 of the Base Conditions, as the case may be, in respect of the Securities.

## **2.5 Substitution of Shares**

2.5.1 If “Substitution of Shares – Standard” is specified as applicable in the applicable Final Terms, if any Share shall be affected by a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting, as the case may be, (the “**Affected Shares**”), then without prejudice to the rights that the Issuer has under the Securities (as described above), the Issuer or the Determination Agent on its behalf shall have the discretion to substitute the Affected Shares with substitute shares (the “**Substitute Shares**”) as selected by the Determination Agent in its sole discretion for inclusion in the Basket of Shares as at the Announcement Date or the Tender Offer Date, as the case may be.

The Substitute Shares shall have such criteria as the Determination Agent deems appropriate, including, but not limited to, the following:

- (i) the Substitute Shares shall be of the same broad economic sector as the Share Company of the Affected Shares;
- (ii) the issuer of the Substitute Share shall be of a similar international standing and creditworthiness as the Share Company of the Affected Shares; and
- (iii) the Substitute Share shall not be a Share already in the Basket of Shares.

The Initial Price of the Substitute Shares shall be determined in accordance with the following:

$$\text{Initial Price} = \text{Substitute Price} \times (\text{Affected Share}(k) / \text{Affected Share}(j))$$

where:

**“Substitute Price”** means the official closing price per Share of the relevant Substitute Shares as at the Valuation Time on the dates on which the Affected Share(j) is determined or, if such date is not a Scheduled Trading Date on the relevant Exchange in respect of the Substitute Shares, the following Scheduled Trading Date of the Substitute Shares;

**“Affected Share(k)”** means the “Initial Price” per Share of the relevant Affected Shares as specified in the applicable Final Terms; and

**“Affected Share(j)”** means the last closing price per Share of the Affected Shares on or prior to the Announcement Date or the Tender Offer Date (as the case may be).

The Determination Agent shall notify the Securityholders as soon as practicable after the selection of the Substitute Shares; the failure by the Determination Agent to give such notice shall not, however, prejudice or invalidate the Substitute Shares being included as at the time and date specified above.

If “Physical Settlement” is specified in the Settlement Method in the applicable Final Terms or is elected by the Issuer or Securityholder pursuant to Condition 5 or 6 of the Base Conditions (as the case may be), Entitlement Substitution shall be deemed to be applicable with respect to a series of Share Linked Securities.

- 2.5.2 If “Substitution of Shares – ETF underlying” is specified as applicable in the applicable Final Terms, on the occurrence of a Merger Event, Tender Offer, Nationalisation, Insolvency Filing, Insolvency, Delisting or the Share is otherwise cancelled or an announcement has been made for it to be cancelled for whatever reason, as the case may be, (together the **“Extraordinary Events”** and each an **“Extraordinary Event”**), then without prejudice to the rights that the Issuer has under the Securities, the Issuer or the Determination Agent on its behalf shall have the discretion to substitute the Share with a Replacement Security (as defined and more particularly set out below) as selected by the Determination Agent in its sole discretion as at the Announcement Date or the Tender Offer Date or such other date as the Determination Agent may deem appropriate, as the case may be.

If an Extraordinary Events occurs, the Determination Agent shall have the discretion to substitute the Share with shares, units or other interests of an exchange-traded fund or other financial security, index or instrument (each a “**Replacement Security**”) that the Determination Agent determines, in its sole discretion, is comparable to the discontinued Share (or discontinued Replacement Security). If a Replacement Security is selected, that Replacement Security will be substituted for the discontinued Share (or discontinued Replacement Security) at such time and on such date as the Determination Agent determines and be deemed to be the Share for all purposes of the Securities after the substitution.

Upon the substitution by the Determination Agent of a Replacement Security, the Determination Agent may adjust any variable in the terms of the Securities (including, without limitation, any variable relating to the price of the shares, units or other interests in the Share, the number of such shares, units or other interests outstanding, created or redeemed or any dividend or other distribution made in respect of such shares, units or other interests) as, in the good faith judgement of the Determination Agent, may be, and for such time as may be, necessary to render the Replacement Security comparable to the shares or other interests of the discontinued Share (or discontinued Replacement Security) for purposes of the Securities.

Upon any substitution by the Determination Agent of a Replacement Security, the Determination Agent shall notify the Securityholders as soon as practicable after the selection of the Replacement Security; the failure to give such notice by the Determination Agent shall not, however, invalidate the Replacement Security being selected and substituted as at the time and date as specified above.

### **3 Consequences of Disrupted Days following a Market Disruption Event**

- 3.1 If, in the opinion of the Determination Agent, any Valuation Date is a Disrupted Day, then:
  - 3.1.1 in the case of a Share Linked Security referencing a Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day, in which case that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that it is a Disrupted Day, and the Determination Agent shall determine in a commercially reasonable manner the relevant Exchange-traded or quoted price (the “**Traded Price**”) for such Share that would have prevailed on that eighth Scheduled Trading Day but for that Disrupted Day; or
  - 3.1.2 in the case of an Index Linked Security referencing an Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the Disrupted Days, would have been the Valuation Date (the “**Scheduled Valuation Date**”) is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Determination Agent shall determine the level of the Index in the manner set out in the applicable Final Terms or, if not set out or not practicable, shall determine the level of the Index as at the Valuation Time on the eighth Scheduled Trading Day in

accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Traded Price as at the Valuation Time on that eighth Scheduled Trading Day of each security comprised 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 determination made in a commercially reasonable manner of the Traded Price for the relevant security as at the Valuation Time on that eighth Scheduled Trading Day); or

- 3.1.3 in the case of a Security referencing a Basket or Baskets of Indices and/or Shares, the Valuation Date for each Index or Share, as the case may be, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index or Share affected by the occurrence of a Disrupted Day (each an “**Affected Index**” or an “**Affected Share**”, as the case may be) shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index or Affected Share, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Affected Index or Affected Share. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for that Affected Index or Affected Share, notwithstanding the fact that such day is a Disrupted Day and (ii) in relation to (1) the Affected Share, the Determination Agent shall determine the relevant Traded Price for such Share that would have prevailed on that eighth Scheduled Trading Day but for the Disrupted Day and (2) the Affected Index, the Determination Agent shall determine the level for such Index in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level for that Index as at the Valuation Time on the eighth Scheduled Trading Day determined in accordance with the formula for and method of calculating that Affected Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange-traded or quoted price as at the Valuation Time on that eighth Scheduled Trading Day of each security comprised in that Affected 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 determination made in a commercially reasonable manner of the Traded Price for the relevant security as at the Valuation Time on that eighth Scheduled Trading Day.

## 4 Adjustments

If the Issuer requests that the Determination Agent determine whether an appropriate adjustment can be made in accordance with Condition 5 or 6 of the Base Conditions, as the case may be, the Issuer shall not be obliged to make any adjustment that it does not think is appropriate and none of the Determination Agent, the Issuer or any other party shall be liable for the Issuer making or failing to make any such adjustment.

In particular, notwithstanding that an adjustment is required to be made by the provisions set out in these Equity Linked Conditions in respect of any event affecting a Share Company or its Shares, or an Index or its Index Sponsor, the Issuer reserves the right not to make that adjustment if, at the time the adjustment is to be made pursuant thereto, an option or future on the relevant Share or Index is traded on any Futures or Options Exchange and no adjustment is made by that Futures or Options Exchange to the entitlement under that traded option or future in respect of that event.

## **5 FX Disruption Event**

- 5.1 If “FX Disruption Event” is specified as applying in the applicable Final Terms, upon the occurrence of an FX Disruption Event, the Issuer may in its sole and absolute discretion take any one or more of the actions described below:
- 5.1.1 make payment of the relevant Settlement Amount and/or any other amount payable by the Issuer pursuant to the Conditions in the Specified Currency instead of the Settlement Currency, the amount payable in the Specified Currency being determined by the Determination Agent in its sole and absolute discretion; or
  - 5.1.2 deduct an amount calculated by the Determination Agent in its sole and absolute discretion as representing the applicable charge or deduction arising in connection with the FX Disruption Event from the relevant Settlement Amount and/or any other amount payable by the Issuer pursuant to the Conditions; or
  - 5.1.3 postpone the relevant Redemption Date, Optional Cash Redemption Date, Early Cash Redemption Date, Early Cancellation Date, Exercise Cash Settlement Date, payment of the Disruption Cash Settlement Price and/or payment of any other amount payable by the Issuer pursuant to the Conditions until, in the determination of the Determination Agent, an FX Disruption Event is no longer subsisting.
- 5.2 Upon the occurrence of an FX Disruption Event, the Issuer shall give notice as soon as practicable to the Securityholders in accordance with Condition 16 of the Base Conditions stating the occurrence of the FX Disruption Event, giving details thereof and the action proposed to be taken in relation thereto.

## **6 Dividends and Rights Issue Provisions for Market Access Products**

In the case of Share Linked Securities which are Cash Settled Securities referencing a Share, if “Market Access Dividend” and “Rights Issue Provisions” are specified as applying in the applicable Final Terms, the following provisions shall apply to such Securities:

### **6.1 Cash Dividends**

- 6.1.1 In the event that on or after the Issue Date a Cash Dividend is declared by the Share Company, notwithstanding any provisions in these Equity Linked Conditions to the contrary, the Determination Agent shall (i) calculate the relevant Distributed Amount and (ii) determine the relevant Expected Dividend Date.
- 6.1.2 The Issuer shall give notice to Securityholders in accordance with Condition 16 of the Base Conditions of the Cash Dividend and the Expected Dividend Date.
- 6.1.3 Subject as provided below, the Issuer shall pay to each Securityholder on the Cash Dividend Payment Date an amount equal to its pro rata share of the Cash Dividend Amount on the Cash Dividend Payment Date, provided that if the relevant Dividend Date has not occurred prior to the earlier of (i) the date that falls six months after the Expected Dividend Date or (ii) the Redemption Date, Optional Cash Redemption Date, Optional Physical Redemption Date, Early Cash Redemption Date, Specified Early Cash Redemption Date, Specified Early Physical Redemption Date, Early Cancellation Date,

Early Physical Cancellation Date, Exercise Cash Settlement Date or Physical Delivery Date, as applicable, the Issuer shall not be obliged to pay the relevant Cash Dividend Amount and the Issuer shall have no further obligation in respect thereof.

- 6.1.4 In order to receive the Cash Dividend Amount, in relation to Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC), a Securityholder must deliver to the Relevant Clearing System, with a copy to the Issue and Paying Agent, a duly completed notice (a “**Cash Dividend Notice**”) in the applicable form set out in Schedule 9 to the Master Agency Agreement (as amended from time to time) on or prior to the Cash Dividend Notice Cut-off Date. A Cash Dividend Notice may only be delivered in such manner as is acceptable to the Relevant Clearing System.
- 6.1.5 In order to receive the Cash Dividend Amount, in relation to Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of DTC, a Securityholder must deliver, through computerised instruction through DTC (via its DWAC function), to the New York Agent, with a copy to the Issue and Paying Agent, a duly completed notice (a “**Cash Dividend Notice**”) in the applicable form set out in Schedule 9 to the Master Agency Agreement (as amended from time to time) on or prior to the Cash Dividend Notice Cut-off Date.
- 6.1.6 In the case of Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC), upon receipt of a Cash Dividend Notice, the Relevant Clearing System shall (subject to its rules and procedures) verify that the person delivering the Cash Dividend Notice is the Securityholder of the Securities described therein according to the books of the Relevant Clearing System. Subject thereto, the Relevant Clearing System will (subject to its rules and procedures) confirm to the Issue and Paying Agent the Series number and number of Securities the subject of such notice, the relevant account details and the details for the payment of the Cash Dividend Amount of each Security that is the subject of such notice. Upon receipt of such confirmation, the Issue and Paying Agent will inform the Issuer thereof and the Issuer shall pay the relevant Cash Dividend Amount to the relevant Securityholder’s account at the Relevant Clearing System specified by such Securityholder in the Cash Dividend Notice.
- 6.1.7 In the case of Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of, DTC, upon receipt of a Cash Dividend Notice, the New York Agent shall verify that the person delivering the Cash Dividend Notice is the Securityholder according to the records of DTC. Subject thereto, the New York Agent shall notify the Issuer of the Series number and the number of Securities the subject of such notice, the account details and the details for the payment of the Cash Dividend Amount of each Security that is the subject of such notice, and the Issuer shall pay the relevant Cash Dividend Amount to the relevant Securityholder’s account at DTC specified by such Securityholder in the Cash Dividend Notice.

- 6.1.8 In the event that a Securityholder fails to deliver a duly completed Cash Dividend Notice on or prior to the Cash Dividend Notice Cut-off Date as provided above, such Securityholder's right to receive the Cash Dividend Amount in respect of its Securities shall lapse and the relevant Issuer shall have no further liability in respect thereof.
- 6.1.9 A Cash Dividend Notice may not be withdrawn after receipt thereof by the Relevant Clearing System or the New York Agent, as the case may be, and after delivery of a Cash Dividend Notice the relevant Securityholder may not transfer the Securities which are the subject of such Cash Dividend Notice until after the payment of the relevant Cash Dividend Amounts in respect of the relevant Securities.

*Securityholders should note that, in the event that a duly completed Cash Dividend Notice is duly delivered as provided above, the Issuer's only obligation in respect thereof is to pay the relevant Cash Dividend Amount(s) to the account (in the case of Securities represented by a Permanent Global Security, Regulation S Global Security or Rule 144A Global Security, with the Relevant Clearing System, as applicable) specified in such Cash Dividend Notice and to no other person or account.*

## 6.2 Stock Dividends

- 6.2.1 In the event that a Stock Dividend is declared by the Share Company on or after the Issue Date, notwithstanding any provision in these Equity Linked Conditions to the contrary, the Determination Agent shall calculate (i) the relevant Share Number, (ii) the relevant Ex-Dividend Date and (iii) the relevant Expected Stock Delivery Date.
- 6.2.2 The Determination Agent shall give notice to the Securityholders in accordance with Condition 16 of the Base Conditions of the Stock Dividend, the Ex-Dividend Date and the Expected Stock Delivery Date.
- 6.2.3 In the event that the Stock Delivery Date falls on or prior to the Stock Dividend Cut-off Date, the Issuer shall, subject as provided below, deliver to each Securityholder an amount of Securities equal to the New Security Amount in respect of each Security held by him as soon as practicable after the Stock Delivery Date.
- 6.2.4 In the event that the Stock Delivery Date falls after the Stock Dividend Cut-off Date, the Issuer shall, subject as provided below, pay to each Securityholder the Cash Amount in respect of each Security held by him on the Cash Amount Payment Date, provided that if the relevant Stock Delivery Date has not occurred on or prior to the relevant Redemption Date, Optional Cash Redemption Date, Optional Physical Redemption Date, Early Cash Redemption Date, Specified Early Physical Redemption Date, Early Cancellation Date, Exercise Cash Settlement Date or Physical Delivery Date, as applicable, the Issuer shall not be obliged to pay the relevant Cash Amount(s) and the Issuer shall have no further obligation in respect thereof.
- 6.2.5 In order to receive the New Security Amount or the Cash Amount, as the case may be, in relation to Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC), a Securityholder must deliver to the Relevant Clearing System, with a copy to the



Issue and Paying Agent, a duly completed notice (a “**Stock Dividend Notice**”) in the applicable form set out in Schedule 9 to the Master Agency Agreement (as amended from time to time) on or prior to the Stock Dividend Notice Cut-off Date. A Stock Dividend Notice may only be delivered in such manner as is acceptable to the Relevant Clearing System.

- 6.2.6 In order to receive the New Security Amount or the Cash Amount, as the case may be, in relation to Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of, DTC, a Securityholder must deliver, through computerised instruction through DTC (via its DWAC function), to the New York Agent, with a copy to the Issue and Paying Agent, a duly completed notice (a “**Stock Dividend Notice**”) in the applicable form set out in Schedule 9 to the Master Agency Agreement (as amended from time to time) on or prior to the Stock Dividend Notice Cut-off Date.
- 6.2.7 In the case of Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC), upon receipt of a Stock Dividend Notice, the Relevant Clearing System, as the case may be, shall (subject to its rules and procedures) verify that the person delivering the Stock Dividend Notice is the Securityholder of the Securities described therein according to the books of the Relevant Clearing System. Subject thereto, the Relevant Clearing System will (subject to its rules and procedures) confirm to the Issue and Paying Agent the Series number and number of Securities the subject of such notice, the relevant account details and the details for the delivery of the New Security Amount or payment of the Cash Amount, as the case may be, of each Security that is the subject of such notice. Upon receipt of such confirmation, the Issue and Paying Agent will inform the Issuer thereof and the Issuer shall deliver the New Security Amount to the relevant Securityholder’s securities account or pay the relevant Cash Amount to the relevant Securityholder’s cash account, as the case may be, at the Relevant Clearing System specified by such Securityholder in the Stock Dividend Notice.
- 6.2.8 In the case of Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of, DTC, upon receipt of a Stock Dividend Notice, the New York Agent shall verify that the person delivering the Stock Dividend Notice is the Securityholder according to the records of DTC. Subject thereto, the New York Agent shall notify the Issuer of the Series number and the number of Securities the subject of such notice, the account details and the details for the delivery of the New Security Amount or payment of the Cash Amount, as the case may be, of each Security that is the subject of such notice and the Issuer shall deliver the New Security Amount to the relevant Securityholder’s securities account or pay the relevant Cash Amount to the relevant Securityholder’s cash account at DTC specified by such Securityholder in the Stock Dividend Notice.
- 6.2.9 In the event that a Securityholder fails to deliver a Stock Dividend Notice prior to the Stock Dividend Notice Cut-off Date as provided above, such Securityholder’s right to receive the New Security Amount or the Cash Amount in respect of its Securities shall lapse and the Issuer shall have no further liability in respect thereof.

- 6.2.10 A Stock Dividend Notice may not be withdrawn after receipt thereof by the Relevant Clearing System or the New York Agent, as the case may be, and, after delivery of the Stock Dividend Notice, the relevant Securityholder may not transfer the Securities which are the subject of such Stock Dividend Notice until after the delivery of the New Security Amounts or payment of the Cash Amounts, as the case may be, in respect of the relevant Securities.
- 6.2.11 Delivery of the New Security Amount in respect of each Security is subject to compliance with all applicable securities laws and, in the event that any such delivery of the New Security Amount would result in non-compliance with any applicable securities laws, in lieu of such delivery, the Issuer shall pay to the relevant Securityholder the Cash Amount.

*Securityholders should note that, in the event that a duly completed Stock Dividend Notice is duly delivered as provided above, the Issuer's only obligation in respect thereof is to deliver the relevant New Security Amount(s) or to pay the relevant Cash Amount(s), as the case may be, in each case as provided above and to no other person or account.*

### 6.3 Rights Issue

- 6.3.1 In the event that the Determination Agent determines that a Rights Issue Event has occurred on or after the Issue Date, notwithstanding any provision in these Equity Linked Conditions to the contrary, the Determination Agent shall determine (i) the relevant Rights Date, (ii) the relevant Ex-Rights Date, (iii) the relevant Rights Share Number, (iv) the relevant Subscription Price and (v) the Expected Rights Delivery Date.
- 6.3.2 The Issuer shall give notice to the Securityholders in accordance with Condition 16 of the Base Conditions of the occurrence of a Rights Issue Event, the Subscription Price and the Expected Rights Delivery Date.
- 6.3.3 In the event that the Rights Delivery Date falls on or prior to the Rights Cut-off Date, the Issuer shall, subject as provided below, deliver to each Securityholder an amount of Securities equal to the Rights Security Amount in respect of each Security held by him as soon as practicable after the Rights Delivery Date.
- 6.3.4 In the event that the Rights Delivery Date falls after the Rights Cut-off Date, the Issuer shall, subject as provided below, pay to each Securityholder the Rights Cash Amount in respect of each Security held by him on the Rights Cash Amount Payment Date, provided that if the relevant Rights Delivery Date has not occurred on or prior to the relevant Redemption Date, Optional Cash Redemption Date, Optional Physical Redemption Date, Early Cash Redemption Date, Specified Early Physical Redemption Date, Early Cancellation Date, Exercise Cash Settlement Date or Physical Delivery Date, as applicable, the Issuer shall have no obligation to pay the relevant Rights Cash Amount(s) and the Issuer shall have no further obligation in respect thereof.
- 6.3.5 In order to receive the Rights Security Amount or the Rights Cash Amount, as the case may be, in relation to Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than

DTC), a Securityholder must (i) deliver to the Relevant Clearing System, with a copy to the Issue and Paying Agent, a duly completed notice (a “**Common Depositary Rights Notice**”) in the applicable form set out in out in Schedule 9 to the Master Agency Agreement (as amended from time to time) and (ii) pay to the Issuer the relevant Rights Amount, in each case on or prior to the Rights Subscription Cut-off Date. A Rights Notice may only be delivered in such manner as is acceptable to the Relevant Clearing System.

- 6.3.6 In order to receive the Rights Security Amount or the Rights Cash Amount, as the case may be, in relation to Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of, DTC, a Securityholder must (i) deliver, through computerised instruction through DTC (via its DWAC function), to the New York Agent, with a copy to the Issue and Paying Agent, a duly completed notice (a “**DTC Rights Notice**”) in the applicable form set out in out in Schedule 9 to the Master Agency Agreement (as amended from time to time) and (ii) pay to the Issuer the relevant Rights Amount, in each case on or prior to the Rights Subscription Cut-off Date.
- 6.3.7 In the case of Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC), upon receipt of a Rights Notice, the Relevant Clearing System shall (subject to its rules and procedures) verify that the person delivering the Rights Notice is the Securityholder of the Securities described therein according to the books of the Relevant Clearing System. Subject thereto, the Relevant Clearing System will (subject to its rules and procedures) confirm to the Issue and Paying Agent the Series number and number of Securities the subject of such notice, the relevant account details and the details for the delivery of the Rights Security Amount or payment of the Rights Cash Amount, as the case may be, of each Security that is the subject of such notice. Upon receipt of such confirmation, the Issue and Paying Agent will inform the Issuer thereof and, subject to the receipt of the relevant Rights Amount, the Issuer shall deliver the Rights Security Amount to the relevant Securityholder’s securities account or pay the relevant Rights Cash Amount to the relevant Securityholder’s cash account, as the case may be, at the Relevant Clearing System specified by such Securityholder in the Rights Notice.
- 6.3.8 In the case of Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of, DTC, upon receipt of a Rights Notice, the New York Agent shall verify that the person delivering the Rights Notice is the Securityholder according to the records of DTC. Subject thereto, the New York Agent shall notify the Issuer of the Series number and the number of Securities the subject of such notice, the details and the account details for the delivery of the Rights Security Amount or payment of the Rights Cash Amount, as the case may be, of each Security that is the subject of such notice and, subject to the receipt of the relevant Rights Amount, the Issuer shall deliver the Rights Security Amount to the relevant Securityholder’s securities account or pay the relevant Rights Cash Amount to the relevant Securityholder’s cash account at DTC specified by such Securityholder in the Rights Notice.
- 6.3.9 In the event that a Securityholder fails to deliver a duly completed Rights Notice and pay the relevant Rights Amount prior to the Rights Subscription Notice Cut-off Date as

provided above, such Securityholder's rights to receive the Rights Security Amount or the Rights Cash Amount, as the case may be, in respect of its Securities shall lapse and the Issuer shall have no further liability in respect thereof.

- 6.3.10 A Rights Notice may not be withdrawn after receipt thereof by the Relevant Clearing System or the New York Agent and, after delivery of a Rights Notice, the relevant Securityholder may not transfer the Securities which are the subject of such Rights Notice until after the delivery of the Rights Security Amounts or payment of the Rights Cash Amounts, as the case may be, in respect of the relevant Securities.
- 6.3.11 Delivery of the Rights Security Amount in respect of each Security is subject to compliance with all applicable securities laws and, in the event that any such delivery of the Rights Security Amount would result in non-compliance with any applicable securities laws, in lieu of such delivery, the Issuer shall pay to the relevant Securityholder the Rights Cash Amount.

*Securityholders should note that, in the event that a duly completed Rights Notice is duly delivered and the relevant Rights Amount(s) are paid by or on behalf of the relevant Securityholder, in each case as provided above, the Issuer's only obligation in respect of such Rights Notice is to deliver the relevant Rights Security Amount(s) or pay the relevant Rights Cash Amount(s) as provided above and to no other person or account.*

#### 6.4 General

- 6.4.1 Any determination as to whether a Cash Dividend Notice, a Stock Dividend Notice or a Rights Notice is duly completed and in proper form shall be made, in the case of Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC) or, in the case of Securities represented by a Rule 144A Global Security held by a custodian on behalf of DTC, by the New York Agent, in each case, in consultation with the Issue and Paying Agent, and shall be conclusive and binding on the Issuer, the Guarantor, the Agents and the relevant Securityholder. Subject as set out below, any Cash Dividend Notice, Stock Dividend Notice or Rights Notice so determined to be incomplete or not in proper form, or which is not copied to the Issue and Paying Agent immediately after being delivered or sent to the Relevant Clearing System or the New York Agent, as the case may be, as provided above, shall be null and void.
- 6.4.2 If a Cash Dividend Notice, a Stock Dividend Notice or a Rights Notice is subsequently corrected to the satisfaction of the Relevant Clearing System or the New York Agent, as the case may be, in consultation with the Issue and Paying Agent, it shall be deemed to be a new Cash Dividend Notice, Stock Dividend Notice or Rights Notice, as the case may be, submitted at the time such correction was delivered to the Relevant Clearing System or the New York Agent, as the case may be, with a copy to the Issue and Paying Agent.
- 6.4.3 The Relevant Clearing System or the New York Agent, as the case may be, shall (subject to its rules and procedures) notify the Securityholder submitting a Cash Dividend Notice, a Stock Dividend Notice or a Rights Notice if, in consultation with the Issue and Paying

Agent, it has determined that such Cash Dividend Notice, Stock Dividend Notice or Rights Notice, as the case may be, is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, (where the Issuer is BCCL) the Guarantor, the Issue and Paying Agent, the Relevant Clearing System or the New York Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

- 6.4.4 Copies of the Cash Dividend Notice, Stock Dividend Notice and Rights Notice may be obtained during normal business hours from the specified offices of the Agents.
- 6.4.5 In the event that a Stock Dividend is declared by the Share Company as provided in Equity Linked Condition 6.2 or the Determination Agent determines that a Rights Issue Event has occurred as provided in Equity Linked Condition 6.3 above, the Issuer shall not be bound by the provisions in the Conditions with respect to giving of notice or issuing of new Securities or payment of Cash Amount or Rights Cash Amount, as the case may be, if the Issuer determines in its sole and absolute discretion that (i) there is insufficient investment quota available to the Issuer or any of its relevant Affiliates to take up the Stock Dividend or Rights Issue or the Issuer or any of its relevant Affiliates is otherwise restricted in obtaining, holding or dealing in the Shares resulting from the Stock Dividend or Rights Issue Event or (ii) the Issuer or any of its relevant Affiliates is not given sufficient notice of the Stock Dividend or Rights Issue Event by the Share Company or any other relevant agents or intermediaries to enable the Issuer to notify the Securityholders and perform any action required in connection with such Stock Dividend or Rights Issue Event.

## **7 Notice of Adjustments**

All determinations made by the Determination Agent pursuant to these Equity Linked Conditions shall be conclusive and binding on the Securityholders, the Guarantor (where the Securities are issued by BCCL), the Issue and Paying Agent and the Issuers, except in the case of manifest error. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 16 of the Base Conditions, provided that failure to give, or non-receipt of, such notice will not affect the validity or binding nature of such adjustment.

## **8 Additional Disruption Events**

Each of Increased Cost of Stock Borrow, Loss of Stock Borrow, Fund Disruption Event, Foreign Ownership Event and Insolvency Filing shall constitute Additional Disruption Events with respect to a series of Equity Linked Securities if so specified in the relevant Final Terms.

**PART C**  
**DEFINITIONS APPLICABLE TO EQUITY LINKED SECURITIES**

**1 Definitions Relating to Equity Linked Securities**

**“Announcement Date”** means (a) in respect of a Merger Event or Nationalisation or Delisting, the date of the first public announcement of a firm intention, in the case of a Merger Event, to merge or to make an offer and, in the case of a Nationalisation, to nationalise (whether or not amended or on the terms originally announced) and, in the case of a Delisting, the date of the first public announcement by the Exchange that the relevant shares will cease to be listed, traded or publicly quoted that leads to the Merger Event or the Nationalisation or Delisting, as the case may be and (b) in respect of an Insolvency, the date of the first public announcement of the termination, dissolution or institution of a proceeding, presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency, in each case as determined by the Determination Agent.

**“Averaging Date”** means, in respect of a Valuation Date or Actual Exercise Date (as the case may be), each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Determination Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if “Omission” is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level, price or amount, provided that, if, through the operation of this provision no Averaging Date would occur in respect of such Valuation Date or Actual Exercise Date, then the provisions of the definition of “Valuation Date” and Equity Linked Condition 3 (as applicable) will apply for the purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Valuation Date or Actual Exercise Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if “Postponement” is specified as applying in the applicable Final Terms, then the provisions of the definition of “Valuation Date” and Equity Linked Condition 3 (as applicable) will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “Modified Postponement” is specified as applying in the applicable Final Terms then:
  - (i) where the Securities reference a single Reference Asset, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as at the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Valuation Date or Actual Exercise Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) and (B) the Determination Agent shall determine the

relevant level or price for that Averaging Date in accordance with paragraph (a) of the definition of “Valuation Date” and Equity Linked Condition 3 (as applicable); and

- (ii) where the Securities reference a basket or portfolio of Reference Assets, the Averaging Date for each Reference Asset not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the “**Scheduled Averaging Date**”) and the Averaging Date for a Reference Asset affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Reference Asset. If the first succeeding Valid Date in relation to such Reference Asset has not occurred as at the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Valuation Date or Actual Exercise Date, then (A) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Reference Asset and (B) the Determination Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with paragraph (b) of the definition of “Valuation Date” and Equity Linked Condition 3 (as applicable).

For the purposes of this definition, “**Valid Date**” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in relation to the Valuation Date or Actual Exercise Date does not or is not deemed to occur.

“**Basket of Indices**” means, in relation to a Series of Securities, a basket composed of each Index specified in the applicable Final Terms in the relative proportions indicated in the applicable Final Terms.

“**Basket of Shares**” means, in relation to a Series of Securities, a basket composed of Shares of each Share Company specified in the applicable Final Terms in the relative proportions and numbers of Shares specified.

“**Cash Amount**” means, in respect of a Security and a Stock Dividend, an amount calculated by the Determination Agent equal to the share of (a) the market value of the Distributed Shares determined by the Determination Agent in its sole and absolute discretion less (b) Taxes and Expenses, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis (as determined on or about the relevant Stock Delivery Date), as the case may be, such amount, if an FX Disruption Event has not occurred on or prior to the relevant Stock Delivery Date, to be converted into the Settlement Currency at the Dividend Exchange Rate on the Stock Delivery Date.

“**Cash Amount Payment Date**” means, in respect of a Stock Dividend, the date falling 10 Business Days after the relevant Stock Delivery Date.

“**Cash Dividend**” means any cash dividend to be paid by the Share Company in respect of the Shares.

“**Cash Dividend Amount**” means, in respect of a Security, an amount calculated by the Determination Agent equal to the share of (a) the Distributed Amount less (b) Taxes and Expenses, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis (as determined on or about the relevant Dividend Date), as the case may be, such amount, if an

FX Disruption Event has not occurred on or prior to the relevant Dividend Date, to be converted into the Settlement Currency at the Dividend Exchange Rate on the Dividend Date.

**“Cash Dividend Notice Cut-Off Date”** means the day falling three Business Days prior to the Expected Dividend Date.

**“Cash Dividend Payment Date”** means, in respect of a Cash Dividend, the fifth Business Day following the Dividend Date in respect of such Cash Dividend.

**“Component”** means, in relation to an Index, any Share which comprises such Index.

**“Delisting”** means, in respect of any Shares, that the relevant 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 Event or Tender Offer) and are not immediately relisted, retraded or requoted 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).

**“Disrupted Day”** means:

- (a) except with respect to a Multi-exchange Index, any Scheduled Trading Day on which a relevant Exchange or Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; and
- (b) with respect to any Multi-exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index, (ii) the Related Exchange fails to open for trading during its regular trading session, or (iii) a Market Disruption Event has occurred.

**“Distributed Amount”** means, in respect of a Cash Dividend, the amount of such dividend payable by the Share Company in respect of one Share, as determined by the Determination Agent in its sole and absolute discretion.

**“Distributed Shares”** means the Share Number less one.

**“Dividend Date”** means, in respect of a Cash Dividend, the date on which such Cash Dividend would be received by a foreign investor in the Shares as determined by the Determination Agent in its sole and absolute discretion.

**“Dividend Exchange Rate”** means the rate specified as such in the applicable Final Terms.

**“Early Closure”** means:

- (a) except with respect to a Multi-exchange Index, the closure on any Exchange Business Day of the relevant Exchange (or in the case of an Index Linked Security, any relevant Exchange(s) relating to Components that comprise 20 per cent. or more of the level of the relevant Index) or any Related Exchange(s) prior to its Scheduled Closing Time, unless such earlier closing time is announced by such Exchange(s) or any 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 Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline of orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; and



- (b) with respect to any Multi-exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component or the Related Exchange prior to its Scheduled Closing Time, unless such earlier closing 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 Related Exchange (as the case may be) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

**“Equity Linked Security”** means a Security that is a Share Linked Security or an Index Linked Security or a combination of both, as more fully described in Part A of the Equity Linked Annex.

**“Exchange”** means:

- (a) (i) in respect of an Index relating to Index Linked Securities other than a Multi-exchange Index, each exchange or quotation system specified as such for such Index or Indices in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Components underlying such Index or Indices has temporarily relocated, provided that the Determination Agent has determined that there is comparable liquidity relative to the Components underlying such Index or Indices on such temporary substitute exchange or quotation system as on the original Exchange and (ii) with respect to any Multi-exchange Index, and in respect of each Component, the principal stock exchange on which such Component is principally traded, as determined by the Determination Agent; and
- (b) in respect of a Share relating to Share Linked Securities, each Exchange or quotation system specified as such for such 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 the Share has temporarily relocated, provided that the Determination 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 Business Day”** means:

- (a) except with respect to a Multi-exchange Index, any Scheduled Trading Day on which each Exchange is open for trading during its regular trading sessions, notwithstanding any such Exchange closing prior to its Scheduled Closing Time; and
- (b) with respect to a Multi-exchange Index, any Scheduled Trading Day on which: (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding any Exchange or the Related Exchange closing prior to its Scheduled Closing Time.

**“Exchange Disruption”** means:

- (a) except with respect to a Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange (or, in the case of Index Linked Securities, on any relevant Exchange(s) relating to

Components that comprise 20 per cent. or more of the level of the relevant Index) or (ii) to effect transactions in, or obtain market values for, futures and options contracts relating to the Components or the relevant Index on any relevant Related Exchange; and

- (b) with respect to any Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination 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; or (ii) futures or options contracts relating to the Index on the Related Exchange.

**“Ex-Dividend Date”** means, in respect of a Stock Dividend, the date on which the Shares are to trade on the Exchange ex-dividend, as determined by the Determination Agent in its sole and absolute discretion.

**“Expected Dividend Date”** means, in respect of a Cash Dividend, the date on which such Cash Dividend is expected to be paid by the Share Company, as determined by the Determination Agent in its sole and absolute discretion.

**“Expected Rights Delivery Date”** means, in respect of a Rights Issue, the date on which the Share Company is expected to make delivery of the new Shares to holders of Shares pursuant to the relevant Rights Issue, as determined by the Determination Agent in its sole and absolute discretion.

**“Expected Stock Delivery Date”** means, in respect of a Stock Dividend, the date on which the Share Company is expected to make delivery of the Stock Dividend, as determined by the Determination Agent in its sole and absolute discretion.

**“Expenses”** means, in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges, transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the redemption of such Security and/or delivery or transfer of the Relevant Assets.

**“Ex-Rights Date”** means, in respect of a Rights Issue Event, the date on which the Shares are to trade on the Exchange ex-rights, as determined by the Determination Agent.

**“FX Disruption Event”** means:

- (a) the determination by the Determination Agent of the occurrence of any event on or prior to the relevant Payment Date that has or would have the effect of preventing or delaying the Issuer and/or any of its Affiliates directly or indirectly from:
  - (i) converting the Specified Currency into the Settlement Currency through customary legal channels;
  - (ii) converting the Specified Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in the Specified Jurisdiction;
  - (iii) delivering the Settlement Currency from accounts inside the Specified Jurisdiction to accounts outside the Specified Jurisdiction or between accounts inside the Specified Jurisdiction or to a party that is a non-resident of the Specified Jurisdiction; or

- (iv) delivering the Specified Currency from accounts inside the Specified Jurisdiction to accounts outside the Specified Jurisdiction or between accounts inside the Specified Jurisdiction or to a party that is a non-resident of the Specified Jurisdiction; or
- (b) the Determination Agent determines that the government of the Specified Jurisdiction has given public notice of its intention to impose any capital controls which the Determination Agent determines are likely to materially affect the Issuer's ability to hedge its obligations with respect to the Securities, maintain such hedge or to unwind such hedge.

**"Foreign Ownership Event"** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to hold, acquire, establish, re-establish, substitute or maintain any Hedge Positions, due to any foreign ownership restriction imposed by the issuer of and/or counterparty to such Hedge Positions, or any court, tribunal or regulatory authority having competent jurisdiction with respect to the ability of the Issuer and/or any of its Affiliates to hold, acquire, maintain or own such Hedge Positions.

**"Fund Disruption Event"** means any of the following:

- (a) the Shares are reclassified or the Share Company is acquired by, or aggregated into, another fund, depository bank, pooled investment vehicle, collective investment scheme, partnership, trust or other similar legal arrangement whose mandate, risk-profile and/or benchmarks are different from the mandate, risk-profile and/or benchmark of the Share Company as stated as at the Trade Date;
- (b) there is a material change in the Share Company, the constitutional documents of the Share Company or the mandate, risk profile or investment guidelines or objectives of the Share Company as stated as at the Trade Date;
- (c) there is a material breach of the investment, borrowing or stock lending restrictions of the Share Company;
- (d) the director, trustee and/or investment manager of the Share Company, in accordance with the provisions of the constitutional documents of the Share Company, requires the Issuer to redeem or transfer such Shares held by the Issuer or its Affiliates;
- (e) the currency denomination of the Shares is amended in accordance with the constitutional documents of the Share Company;
- (f) any change in the regulatory or tax treatment applicable to the Share Company or the Shares, as applicable, which could have a negative effect on the Issuer or its Affiliates if it were the holder of such Shares;
- (g) the activities of the Share Company, the director, the trustee and/or the investment manager of the Share Company or any service provider of the Share Company is placed under review by its regulators for reasons of wrongdoing, breach of any rule or regulation or other similar reason or any disciplinary action is taken in respect of such director, trustee and/or investment manager or service provider, as the case may be, by its regulators;
- (h) a change in national, international, financial, political or economic conditions or currency exchange rate or exchange controls;

- (i) a material change or prospective material change in the size, nature, management or frequency of trading of the Shares or any other characteristics of the Share Company;
- (j) the occurrence or existence of any event, circumstance or cause beyond the control of the Issuer that has had or would be expected to have a material adverse effect on (i) the hedge positions of the Issuer and/or its Affiliates or their ability to hedge their positions or (ii) the cost which the Issuer and/or its Affiliates incurs in hedging its position, in each case with respect to the Share Company;
- (k) in relation to the events in paragraphs (a) to (f) above, there is an announcement by or on behalf of the Share Company or by the Exchange that such an event will occur; or
- (l) an illegality occurs or the relevant authorisation or licence is revoked in respect of the directors, the trustee and/or the investment manager of the Share Company and/or the Share Company.

**“Futures or Options Exchange”** means the relevant exchange in options or futures contracts on the relevant Share or Shares or the relevant Index or Indices, as the case may be, as determined by the Determination Agent in its absolute discretion.

**“Hedging Shares”** means the number of Shares (in the case of Share Linked Securities) or Components comprised in an Index (in the case of Index Linked Securities) that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Securities.

**“Increased Cost of Stock Borrow”** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Share (in the case of Share Linked Securities) or any component comprised in an Index (in the case of Index Linked Securities) that is greater than the Initial Stock Loan Rate.

**“Index”** means an index or indices (including, but not limited to, a proprietary index created by the Issuer or an associate of the Issuer) specified in the applicable Final Terms.

**“Index Level”** has the meaning given in the applicable Final Terms.

**“Index Linked Security”** means a Security, payments or deliveries in respect of which will be contingent on and/or calculated by reference to an Index or a Basket of Indices, as the case may be, as specified in the applicable Final Terms.

**“Index Sponsor”** means, in relation to an Index, the corporation or entity that is responsible for setting and reviewing the rules and procedures, and the methods of calculation and adjustments, if any, related to such Index.

**“Initial Stock Loan Rate”** means, in respect of a Share (in the case of Share Linked Securities) or a Component comprised in an Index (in the case of Index Linked Securities), the initial stock loan rate specified in relation to such Share in the applicable Final Terms.

**“Insolvency”** means, by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, termination or winding-up of, or any analogous proceeding affecting, a Share Company, (a) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (b) the holders of the Shares of that Share Company become legally prohibited from transferring them or (c) the Share Company is dissolved, terminated or ceases to exist, as the case may be.

**“Insolvency Filing”** means that a Share 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 organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement 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, or it has a resolution passed or an announcement published for its dissolution or termination, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company shall not be deemed an Insolvency Filing.

**“Loss of Stock Borrow”** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share (in the case of Share Linked Securities) or any Components comprised in an Index (in the case of Index Linked Securities) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**“Market Disruption Event”** means:

- (a) except with respect to a Multi-exchange Index, the occurrence or existence of:
  - (i) a Trading Disruption, which the Determination Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time;
  - (ii) an Exchange Disruption, which the Determination Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time;
  - (iii) an Early Closure; or
  - (iv) any event, which the Determination Agent determines is material, which disrupts or impairs the ability of the Issuer or of any market participants to effect transactions in, or obtain market values for, futures, options or derivatives contracts relating to the Reference Asset (including any proprietary index created by the Issuer or an associate of the Issuer);
- (b) with respect to a Multi-exchange Index, when both of the following are satisfied:
  - (i) the occurrence or existence, in respect of any Component, of:
    - (A) a Trading Disruption in respect of such Component, which the Determination 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;
    - (B) an Exchange Disruption in respect of such Component, which the Determination 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; OR
    - (C) an Early Closure in respect of such Component; AND
  - (ii) the aggregate of all Components in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR

- (c) In all cases, the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (i) a Trading Disruption; (ii) an Exchange Disruption, which, in either case, the Determination Agent determines is material, at any time during the one-hour period that ends at the Valuation Time in respect of the Related Exchange; or (iii) an Early Closure, in each case in respect of such futures or options contracts.

In addition:

- (1) for the purposes of determining whether a Market Disruption Event exists in respect of an Index which is not a Multi-exchange Index at any time, if a Market Disruption Event occurs in respect of a security included in such Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based in a comparison of (x) the portion of the level of such Index attributable to that security to (y) the overall level of such Index, in each case immediately before the Market Disruption Event occurred; and
- (2) for the purposes of determining whether a Market Disruption Event exists in respect of an Index which is a Multi-exchange Index at any time, if a Market Disruption Event occurs in respect of a Component included in such Index at any 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, in each case using the official opening weightings as published by the Index Sponsor as part of the market “opening data”.

**“Maximum Stock Loan Rate”** means, in respect of a Share (in the case of Share Linked Securities) or a Component comprised in an Index (in the case of Index Linked Securities), the rate specified as such in the applicable Final Terms.

**“Merger Date”** means, in respect of a Merger Event, the date upon which all holders of the relevant Shares (other than, in the case of a takeover offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

**“Merger Event”** means, in respect of any relevant Shares, any:

- (a) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer 20 per cent. or more of such Shares outstanding;
- (b) consolidation, amalgamation, merger or binding share exchange of the Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which results in a reclassification or change of less than 20 per cent. of the relevant Shares outstanding);
- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity for such Shares that results in a transfer of or an irrevocable commitment to transfer 20 per cent. or more of such Shares (other than such Shares owned or controlled by the offeror); or
- (d) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share 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 per cent. of the outstanding Shares immediately following such event,

if, in each case, the date on which the Determination Agent determines that such event occurs is on or before, in the case of Physically Delivered Securities, the Physical Delivery Date or, in any other case, the Determination Date in respect of the relevant Security.

**“Multi-exchange Index”** means any Index specified as such in the applicable Final Terms.

**“Nationalisation”** means that all the Shares or all the assets or substantially all the assets of the Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**“New Security Amount”** means, in respect of each Security, an amount of Securities calculated by the Determination Agent equal to the share of (a) the Distributed Shares less (b) Shares with a market value determined by the Determination Agent in its sole and absolute discretion on such day selected by the Determination Agent falling on or after the relevant Stock Delivery Date equal to the sum of Taxes and Expenses, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis (as determined on or about the relevant Stock Delivery Date), as the case may be, provided that, where a Securityholder delivers a Stock Dividend Notice in respect of more than one Security, the New Security Amount shall be aggregated in respect of such Securities, provided further that the aggregate New Security Amounts will be rounded down to the nearest whole number and a cash adjustment (calculated by the Determination Agent in its sole and absolute discretion) shall be paid by the Issuer in lieu of the amount of Securities so rounded down.

**“Number of Shares”** means, in the case of (i) a Share Linked Security referencing a Share, the number of Shares specified as such in the applicable Final Terms and (ii) a Share Linked Security referencing a Basket of Shares, the number of Shares of each Share Company comprised in the Basket of Securities, as specified in the applicable Final Terms.

**“Payment Date”** means a day on which a payment is due in respect of the Equity Linked Securities.

**“Potential Adjustment Event”** means any of the following or a declaration by the Share Company of the terms of any of the following:

- (a) a subdivision, consolidation or reclassification of the relevant Shares (other than a Merger Event) or a free distribution or dividend of any such Shares to existing holders of the relevant Shares by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (i) additional Shares, (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of dissolution, liquidation or termination of the Share Company equally or proportionately with such payments to holders of such Shares, (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off or other similar transaction or (iv) 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 Determination Agent;
- (c) an amount per Share which the Determination Agent determines should be characterised as an extraordinary dividend;

- (d) a call by the Share Company in respect of the relevant Shares that are not fully paid;
- (e) a repurchase by the Share 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;
- (f) in respect of the Share 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 Share 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 Determination Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

**“Related Exchange”** means, subject to the proviso below, in respect of a Reference Asset, each exchange or quotation system specified as such for such Reference Asset 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 and options contracts relating to such Reference Asset has temporarily relocated (provided that the Determination Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Reference Asset 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 Determination Agent) on the overall market for futures or options contracts relating to such Reference Asset.

**“Relevant Settlement Day”** means a Scheduled Trading Day and Clearing System Business Day.

**“Rights Amount”** means, in respect of a Security and a Rights Issue Event, an amount calculated by the Determination Agent equal to the share of the Subscription Price, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis, as the case may be, provided that where a Securityholder delivers a Rights Notice in respect of more than one Security, the Rights Amount shall be aggregated in respect of such Securities.

**“Rights Cash Amount”** means, in respect of a Security and a Rights Issue Event, an amount calculated by the Determination Agent equal to the share of (a) the market value of the number of Shares equal to the Rights Share Number determined by the Determination Agent in its sole and absolute discretion less (b) Taxes and Expenses, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis (as determined on or about the relevant Rights Delivery Date), as the case may be, such amount, if an FX Disruption Event has not occurred on or prior to the relevant Rights Delivery Date, to be converted into the Settlement Currency at the Dividend Exchange Rate on the Rights Delivery Date.

**“Rights Cash Amount Payment Date”** means, in respect of a Rights Issue Event, the date falling 10 Business Days after the relevant Rights Delivery Date.



**“Rights Cut-off Date”** means the day falling four calendar months prior to the Redemption Date, Optional Cash Redemption Date, Optional Physical Redemption Date, Early Cash Redemption Date, Early Cancellation Date, Specified Early Cash Redemption Date, the Specified Early Cash Cancellation Date, Specified Early Physical Redemption Date, the Specified Early Physical Cancellation Date, Early Physical Cancellation Date, Exercise Cash Settlement Date or Physical Delivery Date, as applicable.

**“Rights Date”** means, in respect of a Rights Issue Event, the date by which the relevant rights must be subscribed, as determined by the Determination Agent in its sole and absolute discretion.

**“Rights Delivery Date”** means, in respect of a Rights Issue, the date on which the Rights Security Amounts would be received by a foreign investor in Shares, as determined by the Determination Agent in its sole and absolute discretion.

**“Rights Issue”** means, in the determination of the Determination Agent, a rights issue (howsoever described) by the Share Company.

**“Rights Issue Event”** means, in the determination of the Determination Agent, the announcement of a Rights Issue by the Share Company.

**“Rights Notice”** means a Common Depositary Rights Notice, a DTC Rights Notice or a Register Rights Notice.

**“Rights Security Amount”** means, in respect of each Security, an amount of Securities calculated by the Determination Agent with an aggregate market value equal to the difference of (a) the Rights Share Number less (b) the number of Shares with an aggregate market value, as determined by the Determination Agent in its sole and absolute discretion, on such day selected by the Determination Agent falling on or after the relevant Rights Delivery Date, equal to the sum of the Taxes and Expenses, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis (as determined on or about the Rights Delivery Date), as the case may be, provided that where a Securityholder delivers a Rights Notice in respect of more than one Security, the Rights Security Amount shall be aggregated in respect of such Securities, provided further that the aggregate Rights Security Amounts will be rounded down to the nearest whole number and a cash adjustment (calculated by the Determination Agent in its sole and absolute discretion) shall be paid by the Issuer in lieu of the amount of Securities so rounded down.

**“Rights Share Number”** means, in respect of a Rights Issue Event, the number of new Shares that a Securityholder of one Share may subscribe pursuant to the relevant Rights Issue, as determined by the Determination Agent in its sole and absolute discretion.

**“Rights Subscription Cut-off Date”** means a day falling 10 Business Days prior to the relevant Rights Date.

**“Scheduled Closing Time”** means, in respect of any Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours or other trading outside regular trading session hours.

**“Scheduled Trading Day”** means:

- (a) except with respect to a Multi-exchange Index, any day on which each Exchange and each Related Exchange are scheduled to open for trading for their respective regular trading sessions, provided that a day shall be a Scheduled Trading Day if it is known at any time before that day each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions on that day. Conversely, a day shall not be a Scheduled Trading Day if it is known at any time before that day that the Exchange or Related Exchange is not scheduled to be open for trading for its regular trading session on that day; and
- (b) with respect to any Multi-exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session, provided that a day shall be a Scheduled Trading Day if it is known at any time before that day that the Related Exchange is scheduled to be open for trading for its regular trading session on that day. Conversely, a day shall not be a Scheduled Trading Day if it is known at any time before that day that the Related Exchange is not scheduled to be open for trading for its regular trading session on that day.

**“Scheduled Valuation Date”** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**“Share”** means, in relation to an Equity Linked Security, a share, a unit, a depositary receipt, an interest or an equity unit to which such Security relates.

**“Share Company”** means, in the case of an Equity Linked Security, the company, the depositary bank, the fund, the pooled investment vehicle, the collective investment scheme, the partnership, the trust or other legal arrangement that has issued or gave rise to the relevant Share.

**“Share Linked Security”** means a Security, payments or deliveries in respect of which will be contingent on and/or calculated by reference to a Share or a Basket of Shares, as the case may be, as specified in the applicable Final Terms.

**“Share Number”** means, in respect of a Stock Dividend, the number of Shares that a holder of one Share would hold after such Stock Dividend, as determined by the Determination Agent in its sole and absolute discretion.

**“Specified Currency”** means the currency or currencies specified in the applicable Final Terms.

**“Specified Jurisdiction”** means the jurisdiction specified in the applicable Final Terms, provided that if the Specified Currency is specified to be euro in the applicable Final Terms, Specified Jurisdiction is to mean any of the Euro-zone countries.

**“Stock Delivery Date”** means, in respect of a Stock Dividend, the date on which the Stock Dividend would be received by a foreign investor in the Shares, as determined by the Determination Agent in its sole and absolute discretion.

**“Stock Dividend”** means any dividend in the form of Shares to be delivered by the Share Company in respect of the Shares.

**“Stock Dividend Cut-Off Date”** means the day falling four calendar months prior to the Redemption Date, Optional Cash Redemption Date, Optional Physical Redemption Date, Early Cash Redemption Date, Specified Early Physical Redemption Date, the Specified Early Physical Cancellation Date,

Specified Early Cash Redemption Date, the Specified Early Cash Cancellation Date, Early Cancellation Date, Early Physical Cancellation Date, Exercise Cash Settlement Date or Physical Delivery Date, as applicable.

**“Stock Dividend Notice Cut-Off Date”** means the day falling 10 Business Days prior to the relevant Expected Stock Delivery Date.

**“Subscription Price”** means, in respect of a Rights Issue Event, an amount calculated by the Determination Agent in its sole and absolute discretion equal to the amount that a holder of a Share would have to pay to exercise its rights to subscribe for one new Share under the relevant Rights Issue.

**“Tender Offer”** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person 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 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Company as determined by the Determination Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Determination Agent deems relevant.

**“Tender Offer Date”** means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Determination Agent).

**“Trading Disruption”** means:

- (a) except with respect to a Multi-exchange Index, any suspension of, impairment of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange or, in the case of an Index Linked Security, on any relevant Exchange(s) relating to any Component that comprise 20 per cent. or more of the level of the relevant Index or Indices or (ii) in futures or options contracts relating to the Shares or the relevant Index or Indices on any relevant Related Exchange; and
- (b) with respect to any Multi-exchange Index, any suspension of, impairment of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to any Component on the Exchange in respect of such Component or (ii) in futures or options contracts relating to the Index (or any Component thereof) on the Related Exchange.

For the avoidance of doubt, the following events shall be deemed to be a suspension or limitation of trading for the purposes of a Trading Disruption, as determined by the Determination Agent: (i) a price change exceeding limits set by the relevant Exchange; (ii) an imbalance of orders; or (iii) a disparity in bid prices and ask prices.

**“Valuation Date”** means, unless otherwise specified in the applicable Final Terms, in the case of:

- (a) a particular Series of Securities that references a Share or an Index, the date specified as such in the applicable Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), unless there is a Disrupted Day in respect of such Share or Index on that date, in which event Equity Linked Condition 3 (as applicable) will apply; and

- (b) a particular Series of Securities that references a Basket of Shares and/or a Basket of Indices, the date specified as such in the applicable Final Terms (or, if such date is not a Scheduled Trading Date for a Share or an Index in such Basket of Shares or Basket of Indices (as the case may be), the date determined in the manner set out in the applicable Final Terms, or, if not set out, the next following Scheduled Trading Day for all Shares and/or Indices in such Basket of Shares and/or Basket of Indices), unless there is a Disrupted Day in respect of any relevant Share or Index on that date, in which event Equity Linked Condition 3 (as applicable) will apply,

provided that, in each case, where the Securities are redeemed pursuant to Condition 5, the date will be the second Business Day preceding the relevant Redemption Date, Optional Cash Redemption Date, the Exercise Cash Settlement Date or Early Cash Redemption Date, unless otherwise specified in the applicable Final Terms.

**“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 relevant Exchange on the Valuation Date or Averaging Date, as the case may be, in relation to each Index or Share to be valued. 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. In relation to a Multi-exchange Index, “Valuation Time” means (a) for the purposes of determining whether a Market Disruption Event has occurred: (i) in respect of any Component, the Scheduled Closing Time on the Exchange in respect of such Component, and (ii) in respect of any options contracts or future contracts on the relevant Index, the close of trading on the Related Exchange; and (b) in all other circumstances, the time at which the official closing level of the relevant Index is calculated and published by the Index Sponsor.

## **EQUITY LINKED ANNEX**

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## **PART A**

### **DESCRIPTION AND RISK FACTORS**

#### **1 Brief Description of Equity Linked Securities**

Equity Linked Securities are Securities where (i) in relation to Notes and Certificates (other than Exercisable Certificates), the payments of interest and/or repayment of principal and/or amount deliverable on redemption and/or the exercise of any Put Option or Call Option or (ii) in relation to Exercisable Certificates and Warrants, the exercise of the Securities or the amount payable or deliverable on exercise or (iii) any additional amounts payable or deliverable in respect of such Securities, as indicated in the applicable Final Terms, will be calculated by reference to and/or contingent upon the performance of a share, fund, unit, depositary, receipt, interest, equity interest or other equity unit, an equity index or a basket of shares, equity interests, equity units or equity indices over a period of time or on certain dates.

#### **2 Risk Factors Relating to Equity Linked Securities**

Equity Linked Securities have a different risk profile to ordinary unsecured debt securities. The return on an Equity Linked Security is linked to the performance of a Share or an Index or a Basket of Shares or a Basket of Indices underlying that Equity Linked Security. Investing in an Equity Linked Security is not equivalent to investing directly in any underlying Share or the components of any underlying Index.

This section describes additional factors to which prospective investors should have regard when considering an investment in Equity Linked Securities. Prospective investors are also referred to the factors set out in the section headed “Risk Factors” of the Base Prospectus.

##### **2.1 Certain Considerations Associated with Equity Linked Securities**

In the case of Share Linked Securities, no issuer of, or other legal arrangement giving rise to, such Shares will have participated in the preparation of the applicable Final Terms or in establishing the terms of the relevant Securities and none of BCCL, the Bank or any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of, or such other legal arrangement giving rise to, Shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in any applicable Final Terms) that would affect the trading price of the relevant Share(s) will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of, or of other legal arrangement giving rise to, Shares could affect the trading price of the Share and therefore the trading price of the Equity Linked Securities.

Due to the character of the particular markets on which most equity securities or debt instruments are traded, the absence of last sale information and the limited availability of quotations for such equity securities or debt instruments may make it difficult for many

investors to obtain timely, accurate data for the price or yield of such equity securities or debt instrument.

Except as otherwise provided in the Conditions relating to Physically Delivered Securities that are Equity Linked Securities, Securityholders will not have any voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant Shares to which such Securities relate.

In the case of Index Linked Securities, fluctuations in the value of the relevant Index or basket of underlying Indices (including the prices of any Component included in such Index or Basket of Indices) will affect the value of the related Equity Linked Securities.

Where the Equity Linked Securities are Physically Delivered Securities, the Determination Agent may determine that a Settlement Disruption Event is subsisting and may exercise its right to pay the relevant Settlement Amount in lieu of delivering the relevant Reference Assets. Such a determination may have an adverse effect on the value of the relevant Equity Linked Securities.

## **2.2 Certain Considerations Associated with Securities relating to a Share or Shares issued or created by a Share Company and listed on a recognised exchange that is a fund, pooled investment vehicle, collective investment scheme, partnership, trust or other similar legal arrangement (“ETF”)**

Where the Securities are linked to an ETF or a basket of ETFs and the investment objective of such ETF(s) is to track the performance of a share or an index, the investors of such Securities are exposed to the performance of such ETF(s) rather than the underlying share or index such ETF(s) tracks. The investors will bear the risk that such ETFs may not reflect the actual return such investors would obtain if they actually owned the share or the index underlying such ETFs. Accordingly, investors who purchase Equity Linked Securities that are linked to ETF(s) may receive a lower payment upon redemption or exercise or cancellation of such Securities than such investors would have received if they had invested in the share or the index underlying such ETF(s) directly.

No assurance can be given that such managers will succeed in meeting the investment objectives of the ETF(s), that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which such ETF(s) has or may invest will prove accurate.

## **2.3 Certain Considerations Associated with Securities relating to American Depositary Receipts (“ADRs”) and Global Depositary Receipts (“GDRs”) (or Basket of ADRs and/or GDRs)**

Investors who purchase Equity Linked Securities that are linked to ADRs or GDRs may receive a Settlement Amount that does not reflect the actual return such investors would obtain if they actually owned the shares underlying such ADRs or GDRs. Accordingly, investors who purchase Securities that are linked to ADRs or GDRs may receive a lower payment upon redemption, exercise or cancellation of such Securities than such investors would have received if they had invested in the shares underlying such ADRs or GDRs directly.

The issuer of the shares underlying the ADRs or GDRs may make distributions in respect of their shares that are not passed on to the owners of ADRs or GDRs, which can affect the value of the Equity Linked Securities linked to such ADRs and GDRs.

In respect of Physically Delivered Securities that are linked to ADRs or GDRs, in the event that investors receive ADRs or GDRs as a result of physical settlement, depending on the jurisdiction under which such ADRs or GDRs have been issued and the jurisdiction to which the agreement relating to such ADRs or GDRs is subject, it cannot be ruled out that the corresponding jurisdiction does not recognise the investor holding such ADRs or GDRs as the actual beneficial owners of the underlying shares.

## 2.4 Index construction

Equity indices can be formed of three major types:

- (i) “Price Return”, where the index tracks movements in price of the constituents of the index. When exposed to a Price Return index, Securityholders lose the benefit of any dividends paid by the constituents of the index and hence would underperform a position where they invested directly in the constituents of the index and received the dividends or where they invested in a Total Return version of the index.
- (ii) “Total Return”, where the index tracks movements in price of the constituents of the indices and reinvests any dividends that would be earned by investing directly in the constituents of the index.
- (iii) “Excess Return”, where the index tracks the Total Return less a cash return. Each day, the Total Return index is reduced by a cash rate determined based on the currency of the index and an applicable rate for the cost to borrow cash in the currency of the index. In the event of high interest rates, these types of indices may substantially underperform both Total Return and Price Return versions of the same index.

In general, there are a number of differently constructed indices:

- (i) Long only, where the index tracks the relevant return on a basket of shares.
- (ii) Long-short, where the index tracks the long return of a portfolio less the short return of another portfolio. This would naturally give an Excess Return, so a cash return would be added in order to make the index Total Return.
- (iii) Rolling futures indices, where the investment is one or a collection of futures with a rolling mechanism. This would naturally give an Excess Return, so a cash return would be added in order to make the index Total Return.

Furthermore, a volatility control mechanism may be added as an additional feature whereby the exposure to the index may be substantially decreased in the event of volatile index performance and increased in the event of less volatile index performance (“**Volatility Control**”). A version of an index with a Volatility Control may substantially underperform the non-Volatility Control version particularly in the case of volatile and rising markets where the lower exposure of the Volatility Control version of the index may lead to less participation in any upside.



Some indices may be calculated net of applicable costs and fees. Please contact the relevant Issuer for further details.

**PART B**  
**ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED SECURITIES**

*The terms and conditions applicable to Equity Linked Securities shall comprise the Base Conditions and the additional terms and conditions set out below (the “**Equity Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Base Conditions and the Equity Linked Conditions set out below, the Equity Linked Conditions shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Equity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail. This Equity Linked Annex is a Product Annex and a Relevant Annex for the purposes of the Base Conditions and any Securities specified to be Equity Linked Securities in the applicable Final Terms. Capitalised terms used herein but not otherwise defined shall have the meanings given to them in the Base Conditions or the applicable Final Terms.*

**1 Index Modification, Cancellation, Disruption or Adjustment Event**

The following provisions will apply to all Index Linked Securities.

**1.1 Index Adjustment Events**

If:

- 1.1.1 on or prior to any date on which the level of an Index is to be calculated, including, without limitation, any Averaging Date or Valuation Date (a “**Determination Date**”), in respect of Index Linked Securities, the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies 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 capitalisation and other routine events) (an “**Index Modification**”) or permanently cancels the Index and no successor Index exists (an “**Index Cancellation**”); or
- 1.1.2 on any Determination Date in respect of Index Linked Securities the Index Sponsor fails to calculate and announce a relevant Index (an “**Index Disruption**” and, together with an Index Modification and an Index Cancellation, an “**Index Adjustment Event**”),

then the Determination Agent shall on each relevant Determination Date determine if such Index Adjustment Event has a material effect on the relevant Securities and, if so, shall calculate the level of that Index by using, in lieu of a published level for the relevant Index, the level for that Index as at that Determination Date as determined by the Determination Agent in accordance with the formula for and method of calculating that Index last in effect prior to that Index Adjustment Event, but using only those securities that constituted the relevant Index immediately prior to that Index Adjustment Event (other than those securities that have since ceased to be listed on any relevant Exchange).

In the event that the Determination Agent determines that it can no longer continue to calculate such Index, the Determination Agent may, in its sole discretion, deem such Index Adjustment Event to constitute an Additional Disruption Event for the purposes of these

provisions and shall adjust, redeem, cancel and/or take any other necessary action in accordance with the applicable provisions of Condition 5 or 6 of the Base Conditions, as the case may be, in respect of the Securities.

#### **1.2 Successor Index Sponsor or Substitution of Index with substantially similar calculation**

If an Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the “**Successor Index Sponsor**”) acceptable to the Determination Agent or (ii) replaced by a successor index (the “**Successor Index**”) using, in the determination of the Determination Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then (1) the index as calculated and announced by the Successor Index Sponsor or (2) the Successor Index will be deemed to be the Index.

#### **1.3 Correction of an Index**

If the level of an Index published on any Determination Date and used or to be used by the Determination Agent to determine the relevant Index value is subsequently corrected and the correction is published by the Index Sponsor or a Successor Index Sponsor prior to the second Exchange Business Day preceding the Redemption Date, any Optional Cash Redemption Date, any Optional Physical Redemption Date, any Early Cash Redemption Date, any Early Cancellation Date, any Early Physical Cancellation Date, any Specified Early Cash Redemption Date, the Specified Early Cash Cancellation Date, any Specified Early Physical Redemption Date, the Specified Early Physical Cancellation Date, any Exercise Date, the Expiration Date, any Exercise Cash Settlement Date or any Physical Delivery Date, the Determination Agent shall recalculate the relevant Settlement Amount, Entitlement or other relevant amount, as the case may be, using such corrected level of the relevant Index. The Determination Agent shall notify the Issuer and the Issue and Paying Agent shall notify the Securityholders of (i) that correction and (ii) the amount, if any, that is payable or deliverable as a result of that correction.

#### **1.4 Error in Index Calculation**

Notwithstanding anything to the contrary in these Equity Linked Conditions, if, on any Determination Date there is, in the reasonable opinion of the Determination Agent, a manifest error in the calculation of an Index by the Index Sponsor (as manifested in the level of the Index published by the Index Sponsor), the Determination Agent may calculate the level of such Index in lieu of using the level published on such date by the Index Sponsor. Such calculation will be determined in accordance with the methodology and formula for calculating the Index used by the Index Sponsor.

Where the Determination Agent calculates the level of the Index in accordance with the preceding paragraph, it shall give notice in writing to the Securityholder in accordance with the Base Conditions of the Index level so calculated no later than 10 Business Days after the relevant Determination Date.

If the Index Sponsor continues to calculate the Index with manifest error for more than three Scheduled Trading Days, then the Determination Agent may make such adjustments to the terms of the Security as it may in its sole discretion determine, including, without limitation, selecting an alternative index to replace the Index and/or replicating the constituents of the relevant Index and/or calculating the relevant Index in accordance with the formula for and

method of calculating that Index last in effect prior to the relevant event and/or adjusting the constituents and weightings of the Index.

For the avoidance of doubt, where a correction to the level of the Index is published by the Index Sponsor as described in Equity Linked Condition 1.3 after the Determination Agent has calculated the level of the Index pursuant to this Equity Linked Condition 1.4, the Determination Agent may, notwithstanding any such calculation, recalculate the relevant Settlement Amount, Entitlement or other relevant amount, as the case may be, using such corrected level of the relevant Index. The Determination Agent shall give notice in writing to the Securityholder in accordance with Condition 16 of the Base Conditions of such recalculation no later than 10 Business Days after the correction to the level of the Index is published by the Index Sponsor.

Where such correction is published after the Determination Agent has adjusted the terms of the Security pursuant to this Equity Linked Condition 1.4, Equity Linked Condition 1.3 shall not apply and the terms of the adjustment in accordance with this Equity Linked Condition 1.4 shall prevail.

## **1.5 Futures Price Valuation**

If “Futures Price Valuation” is specified as applicable in respect of an Index in the relevant Final Terms, then, notwithstanding any other provisions of these Equity Linked Conditions, the following provisions will apply to the valuation of that Index on the Valuation Date:

1.5.1 For the purposes of determining the level of the Index, on the Valuation Date:

- (i) in respect of a Security linked to an Index, the level of the Index will be the Official Settlement Price on the Valuation Date; and
- (ii) in respect of a Security linked to a basket of Indices, the level in respect of each Index for which Futures Price Valuation is stated to be applicable will be the Official Settlement Price (weighted or adjusted to that Index as provided for in the Final Terms) on the Valuation Date.

Where:

“**Official Settlement Price**” means the official settlement price (howsoever described under the rules of the relevant exchange or its clearing house) of any of the relevant Exchange-traded Contracts published by the exchange or its clearing house.

“**Exchange-traded Contract**” means, in relation to an Index, a contract specified as such for that Index in the related Final Terms. For this purpose, the parties shall specify the futures or options contract by reference to (1) the Index to which it relates, (2) the delivery month of such contract and (3) the exchange on which it is traded.

“**Valuation Date**” means, for the purposes of this Equity Linked Condition 1.5 only, a day on which the Official Settlement Price is published and, in all cases, except for Equity Linked Condition 1.5.3, irrespective of whether such day is a Disrupted Day.

### **1.5.2 Adjustments of the Exchange-traded Contract**

In the event that the terms of the Exchange-traded Contract are changed or modified by the relevant exchange or clearing house, the Determination Agent shall, if necessary,

adjust the Settlement Amount or the Entitlement or any other term of the Security as the Determination Agent deems fit to preserve the economic equivalent of any payment or payments (assuming satisfaction of each applicable condition precedent) in respect of the Security that would have been required after the date of such change.

#### **1.5.3 Non-Commencement or Discontinuance of the Exchange-traded Contract**

If there is no Official Settlement Price as a result of the fact that trading in the Exchange-traded Contract never commences or is permanently discontinued at any time on or prior to a Valuation Date, the Official Settlement Price for that Valuation Date shall be deemed to be the level of the relevant Index at the close of the regular trading session on the relevant Exchange on the Valuation Date. If this Equity Linked Condition 1.5.3 applies, then the relevant Valuation Date shall mean the date that, but for the non-commencement or discontinuance of the Exchange-traded Contract, would have been the date of publishing the Official Settlement Price unless such day is a Disrupted Day, in which case the provisions of Equity Linked Condition 3 shall apply.

#### **1.5.4 Corrections of the Official Settlement Price**

If the Official Settlement Price for any Valuation Date is corrected and the correction is published by the relevant exchange or clearing house within one settlement cycle for the related Exchange-traded Contract after the original publication, either party may notify the other party of that correction and the Determination Agent will determine the amount that is payable as a result of that correction and, to the extent necessary, will adjust the terms of the Index Linked Security to account for such correction.

## **2 Share Adjustments or Disruptions**

The following conditions will apply to all Share Linked Securities.

### **2.1 Potential Adjustment Events**

The Issuer may at any time determine that a Potential Adjustment Event has occurred. Following such determination by the Issuer of any Potential Adjustment Event, the Determination Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (i) make the corresponding adjustment(s), relevant to the exercise, settlement, payment or other terms of the Securities as the Determination Agent determines appropriate to account for the diluting or concentrative effect of such Potential Adjustment Event (the “**Adjustment(s)**”) and (ii) determine the effective date(s) of the Adjustment(s). The Determination Agent may (but need not) determine the appropriate Adjustment(s) by reference to the Adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on that options exchange.

Any adjustment to the terms of the Securities following a Potential Adjustment Event shall take into account the economic cost of any taxes, duties, levies, fees or registration payable by or on behalf of the Issuer or any of its relevant Affiliates or a foreign investor charged on subscription, acquisition or receipt of any Shares or other securities received as a result of the Potential Adjustment Event, such calculations to be determined and carried out by the Determination Agent in good faith.

Notwithstanding the above, the Issuer may, alternatively, on giving notice to the Securityholders in accordance with Condition 16 of the Base Conditions, elect, in lieu of the Determination Agent making an Adjustment in respect of a Potential Adjustment Event, to deliver to each Securityholder one or more additional Securities (the “**Adjustment Event Securities**”) and/or pay to each Securityholder a cash amount (the “**Adjustment Event Amount**”) to account for the diluting or concentrative effect of such Potential Adjustment Event. Where the Issuer elects to deliver Adjustment Event Securities, such Adjustment Event Securities will be issued on the same (or substantially the same) terms as the relevant Securities as the Determination Agent may determine. In such notice the Issuer will set out the amount of Securities to be delivered and/or cash to be paid and the manner in which such delivery and/or payment is to be made.

For the avoidance of doubt, if the Issuer determines and declares that a certain event constitutes a Potential Adjustment Event, then Equity Linked Condition 6 shall not apply in respect of such event.

## **2.2 Merger Events**

Following the occurrence of any Merger Event (as determined by the Determination Agent in its sole discretion), the Issuer shall, in its sole discretion, deem such Merger Event to constitute an Additional Disruption Event for the purposes of these provisions and shall adjust, redeem, cancel and/or take any other necessary action in accordance with the applicable provisions of Condition 5 or 6 of the Base Conditions, as the case may be, in respect of the Securities.

## **2.3 Nationalisation, Insolvency and Delisting**

Following the occurrence of any Nationalisation, Insolvency or Delisting (as determined by the Determination Agent in its sole discretion), the Issuer shall, in its sole discretion, deem such Nationalisation, Insolvency or Delisting, as the case may be, to constitute an Additional Disruption Event for the purposes of these provisions and shall adjust, redeem, cancel and/or take any other necessary action in accordance with the applicable provisions of Condition 5 or 6 of the Base Conditions, as the case may be, in respect of the Securities.

## **2.4 Tender Offers**

Following the occurrence of any Tender Offer (as determined by the Determination Agent in its absolute discretion), the Issuer shall, in its sole discretion, deem such Tender Offer to constitute an Additional Disruption Event for the purposes of these provisions and shall adjust, redeem, cancel and/or take any other necessary action in accordance with the applicable provisions of Condition 5 or 6 of the Base Conditions, as the case may be, in respect of the Securities.

## **2.5 Substitution of Shares**

2.5.1 If “Substitution of Shares – Standard” is specified as applicable in the applicable Final Terms, if any Share shall be affected by a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting, as the case may be, (the “**Affected Shares**”), then without prejudice to the rights that the Issuer has under the Securities (as described above), the Issuer or the Determination Agent on its behalf shall have the discretion to substitute the Affected Shares with substitute shares (the “**Substitute Shares**”) as selected by the Determination Agent in its sole discretion for inclusion in the Basket of Shares as at the Announcement Date or the Tender Offer Date, as the case may be.

The Substitute Shares shall have such criteria as the Determination Agent deems appropriate, including, but not limited to, the following:

- (i) the Substitute Shares shall be of the same broad economic sector as the Share Company of the Affected Shares;
- (ii) the issuer of the Substitute Share shall be of a similar international standing and creditworthiness as the Share Company of the Affected Shares; and
- (iii) the Substitute Share shall not be a Share already in the Basket of Shares.

The Initial Price of the Substitute Shares shall be determined in accordance with the following:

$$\text{Initial Price} = \text{Substitute Price} \times (\text{Affected Share}(k) / \text{Affected Share}(j))$$

where:

**“Substitute Price”** means the official closing price per Share of the relevant Substitute Shares as at the Valuation Time on the dates on which the Affected Share(j) is determined or, if such date is not a Scheduled Trading Date on the relevant Exchange in respect of the Substitute Shares, the following Scheduled Trading Date of the Substitute Shares;

**“Affected Share(k)”** means the “Initial Price” per Share of the relevant Affected Shares as specified in the applicable Final Terms; and

**“Affected Share(j)”** means the last closing price per Share of the Affected Shares on or prior to the Announcement Date or the Tender Offer Date (as the case may be).

The Determination Agent shall notify the Securityholders as soon as practicable after the selection of the Substitute Shares; the failure by the Determination Agent to give such notice shall not, however, prejudice or invalidate the Substitute Shares being included as at the time and date specified above.

If “Physical Settlement” is specified in the Settlement Method in the applicable Final Terms or is elected by the Issuer or Securityholder pursuant to Condition 5 or 6 of the Base Conditions (as the case may be), Entitlement Substitution shall be deemed to be applicable with respect to a series of Share Linked Securities.

- 2.5.2 If “Substitution of Shares – ETF underlying” is specified as applicable in the applicable Final Terms, on the occurrence of a Merger Event, Tender Offer, Nationalisation, Insolvency Filing, Insolvency, Delisting or the Share is otherwise cancelled or an announcement has been made for it to be cancelled for whatever reason, as the case may be, (together the **“Extraordinary Events”** and each an **“Extraordinary Event”**), then without prejudice to the rights that the Issuer has under the Securities, the Issuer or the Determination Agent on its behalf shall have the discretion to substitute the Share with a Replacement Security (as defined and more particularly set out below) as selected by the Determination Agent in its sole discretion as at the Announcement Date or the Tender Offer Date or such other date as the Determination Agent may deem appropriate, as the case may be.

If an Extraordinary Events occurs, the Determination Agent shall have the discretion to substitute the Share with shares, units or other interests of an exchange-traded fund or other financial security, index or instrument (each a “**Replacement Security**”) that the Determination Agent determines, in its sole discretion, is comparable to the discontinued Share (or discontinued Replacement Security). If a Replacement Security is selected, that Replacement Security will be substituted for the discontinued Share (or discontinued Replacement Security) at such time and on such date as the Determination Agent determines and be deemed to be the Share for all purposes of the Securities after the substitution.

Upon the substitution by the Determination Agent of a Replacement Security, the Determination Agent may adjust any variable in the terms of the Securities (including, without limitation, any variable relating to the price of the shares, units or other interests in the Share, the number of such shares, units or other interests outstanding, created or redeemed or any dividend or other distribution made in respect of such shares, units or other interests) as, in the good faith judgement of the Determination Agent, may be, and for such time as may be, necessary to render the Replacement Security comparable to the shares or other interests of the discontinued Share (or discontinued Replacement Security) for purposes of the Securities.

Upon any substitution by the Determination Agent of a Replacement Security, the Determination Agent shall notify the Securityholders as soon as practicable after the selection of the Replacement Security; the failure to give such notice by the Determination Agent shall not, however, invalidate the Replacement Security being selected and substituted as at the time and date as specified above.

### 3 Consequences of Disrupted Days following a Market Disruption Event

- 3.1 If, in the opinion of the Determination Agent, any Valuation Date is a Disrupted Day, then:
  - 3.1.1 in the case of a Share Linked Security referencing a Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day, in which case that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that it is a Disrupted Day, and the Determination Agent shall determine in a commercially reasonable manner the relevant Exchange-traded or quoted price (the “**Traded Price**”) for such Share that would have prevailed on that eighth Scheduled Trading Day but for that Disrupted Day; or
  - 3.1.2 in the case of an Index Linked Security referencing an Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the Disrupted Days, would have been the Valuation Date (the “**Scheduled Valuation Date**”) is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Determination Agent shall determine the level of the Index in the manner set out in the applicable Final Terms or, if not set out or not practicable, shall determine the level of the Index as at the Valuation Time on the eighth Scheduled Trading Day in



accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Traded Price as at the Valuation Time on that eighth Scheduled Trading Day of each security comprised 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 determination made in a commercially reasonable manner of the Traded Price for the relevant security as at the Valuation Time on that eighth Scheduled Trading Day); or

- 3.1.3 in the case of a Security referencing a Basket or Baskets of Indices and/or Shares, the Valuation Date for each Index or Share, as the case may be, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index or Share affected by the occurrence of a Disrupted Day (each an “**Affected Index**” or an “**Affected Share**”, as the case may be) shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index or Affected Share, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Affected Index or Affected Share. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for that Affected Index or Affected Share, notwithstanding the fact that such day is a Disrupted Day and (ii) in relation to (1) the Affected Share, the Determination Agent shall determine the relevant Traded Price for such Share that would have prevailed on that eighth Scheduled Trading Day but for the Disrupted Day and (2) the Affected Index, the Determination Agent shall determine the level for such Index in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level for that Index as at the Valuation Time on the eighth Scheduled Trading Day determined in accordance with the formula for and method of calculating that Affected Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange-traded or quoted price as at the Valuation Time on that eighth Scheduled Trading Day of each security comprised in that Affected 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 determination made in a commercially reasonable manner of the Traded Price for the relevant security as at the Valuation Time on that eighth Scheduled Trading Day.

## 4 Adjustments

If the Issuer requests that the Determination Agent determine whether an appropriate adjustment can be made in accordance with Condition 5 or 6 of the Base Conditions, as the case may be, the Issuer shall not be obliged to make any adjustment that it does not think is appropriate and none of the Determination Agent, the Issuer or any other party shall be liable for the Issuer making or failing to make any such adjustment.

In particular, notwithstanding that an adjustment is required to be made by the provisions set out in these Equity Linked Conditions in respect of any event affecting a Share Company or its Shares, or an Index or its Index Sponsor, the Issuer reserves the right not to make that adjustment if, at the time the adjustment is to be made pursuant thereto, an option or future on the relevant Share or Index is traded on any Futures or Options Exchange and no adjustment is made by that Futures or Options Exchange to the entitlement under that traded option or future in respect of that event.

## **5 FX Disruption Event**

- 5.1 If “FX Disruption Event” is specified as applying in the applicable Final Terms, upon the occurrence of an FX Disruption Event, the Issuer may in its sole and absolute discretion take any one or more of the actions described below:
- 5.1.1 make payment of the relevant Settlement Amount and/or any other amount payable by the Issuer pursuant to the Conditions in the Specified Currency instead of the Settlement Currency, the amount payable in the Specified Currency being determined by the Determination Agent in its sole and absolute discretion; or
  - 5.1.2 deduct an amount calculated by the Determination Agent in its sole and absolute discretion as representing the applicable charge or deduction arising in connection with the FX Disruption Event from the relevant Settlement Amount and/or any other amount payable by the Issuer pursuant to the Conditions; or
  - 5.1.3 postpone the relevant Redemption Date, Optional Cash Redemption Date, Early Cash Redemption Date, Early Cancellation Date, Exercise Cash Settlement Date, payment of the Disruption Cash Settlement Price and/or payment of any other amount payable by the Issuer pursuant to the Conditions until, in the determination of the Determination Agent, an FX Disruption Event is no longer subsisting.
- 5.2 Upon the occurrence of an FX Disruption Event, the Issuer shall give notice as soon as practicable to the Securityholders in accordance with Condition 16 of the Base Conditions stating the occurrence of the FX Disruption Event, giving details thereof and the action proposed to be taken in relation thereto.

## **6 Dividends and Rights Issue Provisions for Market Access Products**

In the case of Share Linked Securities which are Cash Settled Securities referencing a Share, if “Market Access Dividend” and “Rights Issue Provisions” are specified as applying in the applicable Final Terms, the following provisions shall apply to such Securities:

### **6.1 Cash Dividends**

- 6.1.1 In the event that on or after the Issue Date a Cash Dividend is declared by the Share Company, notwithstanding any provisions in these Equity Linked Conditions to the contrary, the Determination Agent shall (i) calculate the relevant Distributed Amount and (ii) determine the relevant Expected Dividend Date.
- 6.1.2 The Issuer shall give notice to Securityholders in accordance with Condition 16 of the Base Conditions of the Cash Dividend and the Expected Dividend Date.
- 6.1.3 Subject as provided below, the Issuer shall pay to each Securityholder on the Cash Dividend Payment Date an amount equal to its pro rata share of the Cash Dividend Amount on the Cash Dividend Payment Date, provided that if the relevant Dividend Date has not occurred prior to the earlier of (i) the date that falls six months after the Expected Dividend Date or (ii) the Redemption Date, Optional Cash Redemption Date, Optional Physical Redemption Date, Early Cash Redemption Date, Specified Early Cash Redemption Date, Specified Early Physical Redemption Date, Early Cancellation Date,

Early Physical Cancellation Date, Exercise Cash Settlement Date or Physical Delivery Date, as applicable, the Issuer shall not be obliged to pay the relevant Cash Dividend Amount and the Issuer shall have no further obligation in respect thereof.

- 6.1.4 In order to receive the Cash Dividend Amount, in relation to Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC), a Securityholder must deliver to the Relevant Clearing System, with a copy to the Issue and Paying Agent, a duly completed notice (a “**Cash Dividend Notice**”) in the applicable form set out in Schedule 9 to the Master Agency Agreement (as amended from time to time) on or prior to the Cash Dividend Notice Cut-off Date. A Cash Dividend Notice may only be delivered in such manner as is acceptable to the Relevant Clearing System.
- 6.1.5 In order to receive the Cash Dividend Amount, in relation to Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of DTC, a Securityholder must deliver, through computerised instruction through DTC (via its DWAC function), to the New York Agent, with a copy to the Issue and Paying Agent, a duly completed notice (a “**Cash Dividend Notice**”) in the applicable form set out in Schedule 9 to the Master Agency Agreement (as amended from time to time) on or prior to the Cash Dividend Notice Cut-off Date.
- 6.1.6 In the case of Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC), upon receipt of a Cash Dividend Notice, the Relevant Clearing System shall (subject to its rules and procedures) verify that the person delivering the Cash Dividend Notice is the Securityholder of the Securities described therein according to the books of the Relevant Clearing System. Subject thereto, the Relevant Clearing System will (subject to its rules and procedures) confirm to the Issue and Paying Agent the Series number and number of Securities the subject of such notice, the relevant account details and the details for the payment of the Cash Dividend Amount of each Security that is the subject of such notice. Upon receipt of such confirmation, the Issue and Paying Agent will inform the Issuer thereof and the Issuer shall pay the relevant Cash Dividend Amount to the relevant Securityholder’s account at the Relevant Clearing System specified by such Securityholder in the Cash Dividend Notice.
- 6.1.7 In the case of Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of, DTC, upon receipt of a Cash Dividend Notice, the New York Agent shall verify that the person delivering the Cash Dividend Notice is the Securityholder according to the records of DTC. Subject thereto, the New York Agent shall notify the Issuer of the Series number and the number of Securities the subject of such notice, the account details and the details for the payment of the Cash Dividend Amount of each Security that is the subject of such notice, and the Issuer shall pay the relevant Cash Dividend Amount to the relevant Securityholder’s account at DTC specified by such Securityholder in the Cash Dividend Notice.

- 6.1.8 In the event that a Securityholder fails to deliver a duly completed Cash Dividend Notice on or prior to the Cash Dividend Notice Cut-off Date as provided above, such Securityholder's right to receive the Cash Dividend Amount in respect of its Securities shall lapse and the relevant Issuer shall have no further liability in respect thereof.
- 6.1.9 A Cash Dividend Notice may not be withdrawn after receipt thereof by the Relevant Clearing System or the New York Agent, as the case may be, and after delivery of a Cash Dividend Notice the relevant Securityholder may not transfer the Securities which are the subject of such Cash Dividend Notice until after the payment of the relevant Cash Dividend Amounts in respect of the relevant Securities.

*Securityholders should note that, in the event that a duly completed Cash Dividend Notice is duly delivered as provided above, the Issuer's only obligation in respect thereof is to pay the relevant Cash Dividend Amount(s) to the account (in the case of Securities represented by a Permanent Global Security, Regulation S Global Security or Rule 144A Global Security, with the Relevant Clearing System, as applicable) specified in such Cash Dividend Notice and to no other person or account.*

## 6.2 Stock Dividends

- 6.2.1 In the event that a Stock Dividend is declared by the Share Company on or after the Issue Date, notwithstanding any provision in these Equity Linked Conditions to the contrary, the Determination Agent shall calculate (i) the relevant Share Number, (ii) the relevant Ex-Dividend Date and (iii) the relevant Expected Stock Delivery Date.
- 6.2.2 The Determination Agent shall give notice to the Securityholders in accordance with Condition 16 of the Base Conditions of the Stock Dividend, the Ex-Dividend Date and the Expected Stock Delivery Date.
- 6.2.3 In the event that the Stock Delivery Date falls on or prior to the Stock Dividend Cut-off Date, the Issuer shall, subject as provided below, deliver to each Securityholder an amount of Securities equal to the New Security Amount in respect of each Security held by him as soon as practicable after the Stock Delivery Date.
- 6.2.4 In the event that the Stock Delivery Date falls after the Stock Dividend Cut-off Date, the Issuer shall, subject as provided below, pay to each Securityholder the Cash Amount in respect of each Security held by him on the Cash Amount Payment Date, provided that if the relevant Stock Delivery Date has not occurred on or prior to the relevant Redemption Date, Optional Cash Redemption Date, Optional Physical Redemption Date, Early Cash Redemption Date, Specified Early Physical Redemption Date, Early Cancellation Date, Exercise Cash Settlement Date or Physical Delivery Date, as applicable, the Issuer shall not be obliged to pay the relevant Cash Amount(s) and the Issuer shall have no further obligation in respect thereof.
- 6.2.5 In order to receive the New Security Amount or the Cash Amount, as the case may be, in relation to Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC), a Securityholder must deliver to the Relevant Clearing System, with a copy to the

Issue and Paying Agent, a duly completed notice (a “**Stock Dividend Notice**”) in the applicable form set out in Schedule 9 to the Master Agency Agreement (as amended from time to time) on or prior to the Stock Dividend Notice Cut-off Date. A Stock Dividend Notice may only be delivered in such manner as is acceptable to the Relevant Clearing System.

- 6.2.6 In order to receive the New Security Amount or the Cash Amount, as the case may be, in relation to Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of, DTC, a Securityholder must deliver, through computerised instruction through DTC (via its DWAC function), to the New York Agent, with a copy to the Issue and Paying Agent, a duly completed notice (a “**Stock Dividend Notice**”) in the applicable form set out in Schedule 9 to the Master Agency Agreement (as amended from time to time) on or prior to the Stock Dividend Notice Cut-off Date.
- 6.2.7 In the case of Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC), upon receipt of a Stock Dividend Notice, the Relevant Clearing System, as the case may be, shall (subject to its rules and procedures) verify that the person delivering the Stock Dividend Notice is the Securityholder of the Securities described therein according to the books of the Relevant Clearing System. Subject thereto, the Relevant Clearing System will (subject to its rules and procedures) confirm to the Issue and Paying Agent the Series number and number of Securities the subject of such notice, the relevant account details and the details for the delivery of the New Security Amount or payment of the Cash Amount, as the case may be, of each Security that is the subject of such notice. Upon receipt of such confirmation, the Issue and Paying Agent will inform the Issuer thereof and the Issuer shall deliver the New Security Amount to the relevant Securityholder’s securities account or pay the relevant Cash Amount to the relevant Securityholder’s cash account, as the case may be, at the Relevant Clearing System specified by such Securityholder in the Stock Dividend Notice.
- 6.2.8 In the case of Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of, DTC, upon receipt of a Stock Dividend Notice, the New York Agent shall verify that the person delivering the Stock Dividend Notice is the Securityholder according to the records of DTC. Subject thereto, the New York Agent shall notify the Issuer of the Series number and the number of Securities the subject of such notice, the account details and the details for the delivery of the New Security Amount or payment of the Cash Amount, as the case may be, of each Security that is the subject of such notice and the Issuer shall deliver the New Security Amount to the relevant Securityholder’s securities account or pay the relevant Cash Amount to the relevant Securityholder’s cash account at DTC specified by such Securityholder in the Stock Dividend Notice.
- 6.2.9 In the event that a Securityholder fails to deliver a Stock Dividend Notice prior to the Stock Dividend Notice Cut-off Date as provided above, such Securityholder’s right to receive the New Security Amount or the Cash Amount in respect of its Securities shall lapse and the Issuer shall have no further liability in respect thereof.

- 6.2.10 A Stock Dividend Notice may not be withdrawn after receipt thereof by the Relevant Clearing System or the New York Agent, as the case may be, and, after delivery of the Stock Dividend Notice, the relevant Securityholder may not transfer the Securities which are the subject of such Stock Dividend Notice until after the delivery of the New Security Amounts or payment of the Cash Amounts, as the case may be, in respect of the relevant Securities.
- 6.2.11 Delivery of the New Security Amount in respect of each Security is subject to compliance with all applicable securities laws and, in the event that any such delivery of the New Security Amount would result in non-compliance with any applicable securities laws, in lieu of such delivery, the Issuer shall pay to the relevant Securityholder the Cash Amount.

*Securityholders should note that, in the event that a duly completed Stock Dividend Notice is duly delivered as provided above, the Issuer's only obligation in respect thereof is to deliver the relevant New Security Amount(s) or to pay the relevant Cash Amount(s), as the case may be, in each case as provided above and to no other person or account.*

### 6.3 Rights Issue

- 6.3.1 In the event that the Determination Agent determines that a Rights Issue Event has occurred on or after the Issue Date, notwithstanding any provision in these Equity Linked Conditions to the contrary, the Determination Agent shall determine (i) the relevant Rights Date, (ii) the relevant Ex-Rights Date, (iii) the relevant Rights Share Number, (iv) the relevant Subscription Price and (v) the Expected Rights Delivery Date.
- 6.3.2 The Issuer shall give notice to the Securityholders in accordance with Condition 16 of the Base Conditions of the occurrence of a Rights Issue Event, the Subscription Price and the Expected Rights Delivery Date.
- 6.3.3 In the event that the Rights Delivery Date falls on or prior to the Rights Cut-off Date, the Issuer shall, subject as provided below, deliver to each Securityholder an amount of Securities equal to the Rights Security Amount in respect of each Security held by him as soon as practicable after the Rights Delivery Date.
- 6.3.4 In the event that the Rights Delivery Date falls after the Rights Cut-off Date, the Issuer shall, subject as provided below, pay to each Securityholder the Rights Cash Amount in respect of each Security held by him on the Rights Cash Amount Payment Date, provided that if the relevant Rights Delivery Date has not occurred on or prior to the relevant Redemption Date, Optional Cash Redemption Date, Optional Physical Redemption Date, Early Cash Redemption Date, Specified Early Physical Redemption Date, Early Cancellation Date, Exercise Cash Settlement Date or Physical Delivery Date, as applicable, the Issuer shall have no obligation to pay the relevant Rights Cash Amount(s) and the Issuer shall have no further obligation in respect thereof.
- 6.3.5 In order to receive the Rights Security Amount or the Rights Cash Amount, as the case may be, in relation to Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than

DTC), a Securityholder must (i) deliver to the Relevant Clearing System, with a copy to the Issue and Paying Agent, a duly completed notice (a “**Common Depositary Rights Notice**”) in the applicable form set out in out in Schedule 9 to the Master Agency Agreement (as amended from time to time) and (ii) pay to the Issuer the relevant Rights Amount, in each case on or prior to the Rights Subscription Cut-off Date. A Rights Notice may only be delivered in such manner as is acceptable to the Relevant Clearing System.

- 6.3.6 In order to receive the Rights Security Amount or the Rights Cash Amount, as the case may be, in relation to Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of, DTC, a Securityholder must (i) deliver, through computerised instruction through DTC (via its DWAC function), to the New York Agent, with a copy to the Issue and Paying Agent, a duly completed notice (a “**DTC Rights Notice**”) in the applicable form set out in out in Schedule 9 to the Master Agency Agreement (as amended from time to time) and (ii) pay to the Issuer the relevant Rights Amount, in each case on or prior to the Rights Subscription Cut-off Date.
- 6.3.7 In the case of Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC), upon receipt of a Rights Notice, the Relevant Clearing System shall (subject to its rules and procedures) verify that the person delivering the Rights Notice is the Securityholder of the Securities described therein according to the books of the Relevant Clearing System. Subject thereto, the Relevant Clearing System will (subject to its rules and procedures) confirm to the Issue and Paying Agent the Series number and number of Securities the subject of such notice, the relevant account details and the details for the delivery of the Rights Security Amount or payment of the Rights Cash Amount, as the case may be, of each Security that is the subject of such notice. Upon receipt of such confirmation, the Issue and Paying Agent will inform the Issuer thereof and, subject to the receipt of the relevant Rights Amount, the Issuer shall deliver the Rights Security Amount to the relevant Securityholder’s securities account or pay the relevant Rights Cash Amount to the relevant Securityholder’s cash account, as the case may be, at the Relevant Clearing System specified by such Securityholder in the Rights Notice.
- 6.3.8 In the case of Securities represented by a Rule 144A Global Security held by a custodian for, and registered in the name of, DTC, upon receipt of a Rights Notice, the New York Agent shall verify that the person delivering the Rights Notice is the Securityholder according to the records of DTC. Subject thereto, the New York Agent shall notify the Issuer of the Series number and the number of Securities the subject of such notice, the details and the account details for the delivery of the Rights Security Amount or payment of the Rights Cash Amount, as the case may be, of each Security that is the subject of such notice and, subject to the receipt of the relevant Rights Amount, the Issuer shall deliver the Rights Security Amount to the relevant Securityholder’s securities account or pay the relevant Rights Cash Amount to the relevant Securityholder’s cash account at DTC specified by such Securityholder in the Rights Notice.
- 6.3.9 In the event that a Securityholder fails to deliver a duly completed Rights Notice and pay the relevant Rights Amount prior to the Rights Subscription Notice Cut-off Date as

provided above, such Securityholder's rights to receive the Rights Security Amount or the Rights Cash Amount, as the case may be, in respect of its Securities shall lapse and the Issuer shall have no further liability in respect thereof.

- 6.3.10 A Rights Notice may not be withdrawn after receipt thereof by the Relevant Clearing System or the New York Agent and, after delivery of a Rights Notice, the relevant Securityholder may not transfer the Securities which are the subject of such Rights Notice until after the delivery of the Rights Security Amounts or payment of the Rights Cash Amounts, as the case may be, in respect of the relevant Securities.
- 6.3.11 Delivery of the Rights Security Amount in respect of each Security is subject to compliance with all applicable securities laws and, in the event that any such delivery of the Rights Security Amount would result in non-compliance with any applicable securities laws, in lieu of such delivery, the Issuer shall pay to the relevant Securityholder the Rights Cash Amount.

*Securityholders should note that, in the event that a duly completed Rights Notice is duly delivered and the relevant Rights Amount(s) are paid by or on behalf of the relevant Securityholder, in each case as provided above, the Issuer's only obligation in respect of such Rights Notice is to deliver the relevant Rights Security Amount(s) or pay the relevant Rights Cash Amount(s) as provided above and to no other person or account.*

#### 6.4 General

- 6.4.1 Any determination as to whether a Cash Dividend Notice, a Stock Dividend Notice or a Rights Notice is duly completed and in proper form shall be made, in the case of Securities represented by a Global Bearer Security, a Regulation S Global Security or a Rule 144A Global Security held by a Common Depositary, Common Safekeeper, custodian or nominee on behalf of a Relevant Clearing System (other than DTC) or, in the case of Securities represented by a Rule 144A Global Security held by a custodian on behalf of DTC, by the New York Agent, in each case, in consultation with the Issue and Paying Agent, and shall be conclusive and binding on the Issuer, the Guarantor, the Agents and the relevant Securityholder. Subject as set out below, any Cash Dividend Notice, Stock Dividend Notice or Rights Notice so determined to be incomplete or not in proper form, or which is not copied to the Issue and Paying Agent immediately after being delivered or sent to the Relevant Clearing System or the New York Agent, as the case may be, as provided above, shall be null and void.
- 6.4.2 If a Cash Dividend Notice, a Stock Dividend Notice or a Rights Notice is subsequently corrected to the satisfaction of the Relevant Clearing System or the New York Agent, as the case may be, in consultation with the Issue and Paying Agent, it shall be deemed to be a new Cash Dividend Notice, Stock Dividend Notice or Rights Notice, as the case may be, submitted at the time such correction was delivered to the Relevant Clearing System or the New York Agent, as the case may be, with a copy to the Issue and Paying Agent.
- 6.4.3 The Relevant Clearing System or the New York Agent, as the case may be, shall (subject to its rules and procedures) notify the Securityholder submitting a Cash Dividend Notice, a Stock Dividend Notice or a Rights Notice if, in consultation with the Issue and Paying



Agent, it has determined that such Cash Dividend Notice, Stock Dividend Notice or Rights Notice, as the case may be, is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, (where the Issuer is BCCL) the Guarantor, the Issue and Paying Agent, the Relevant Clearing System or the New York Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

6.4.4 Copies of the Cash Dividend Notice, Stock Dividend Notice and Rights Notice may be obtained during normal business hours from the specified offices of the Agents.

6.4.5 In the event that a Stock Dividend is declared by the Share Company as provided in Equity Linked Condition 6.2 or the Determination Agent determines that a Rights Issue Event has occurred as provided in Equity Linked Condition 6.3 above, the Issuer shall not be bound by the provisions in the Conditions with respect to giving of notice or issuing of new Securities or payment of Cash Amount or Rights Cash Amount, as the case may be, if the Issuer determines in its sole and absolute discretion that (i) there is insufficient investment quota available to the Issuer or any of its relevant Affiliates to take up the Stock Dividend or Rights Issue or the Issuer or any of its relevant Affiliates is otherwise restricted in obtaining, holding or dealing in the Shares resulting from the Stock Dividend or Rights Issue Event or (ii) the Issuer or any of its relevant Affiliates is not given sufficient notice of the Stock Dividend or Rights Issue Event by the Share Company or any other relevant agents or intermediaries to enable the Issuer to notify the Securityholders and perform any action required in connection with such Stock Dividend or Rights Issue Event.

## **7 Notice of Adjustments**

All determinations made by the Determination Agent pursuant to these Equity Linked Conditions shall be conclusive and binding on the Securityholders, the Guarantor (where the Securities are issued by BCCL), the Issue and Paying Agent and the Issuers, except in the case of manifest error. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 16 of the Base Conditions, provided that failure to give, or non-receipt of, such notice will not affect the validity or binding nature of such adjustment.

## **8 Additional Disruption Events**

Each of Increased Cost of Stock Borrow, Loss of Stock Borrow, Fund Disruption Event, Foreign Ownership Event and Insolvency Filing shall constitute Additional Disruption Events with respect to a series of Equity Linked Securities if so specified in the relevant Final Terms.

**PART C**  
**DEFINITIONS APPLICABLE TO EQUITY LINKED SECURITIES**

**1 Definitions Relating to Equity Linked Securities**

**“Announcement Date”** means (a) in respect of a Merger Event or Nationalisation or Delisting, the date of the first public announcement of a firm intention, in the case of a Merger Event, to merge or to make an offer and, in the case of a Nationalisation, to nationalise (whether or not amended or on the terms originally announced) and, in the case of a Delisting, the date of the first public announcement by the Exchange that the relevant shares will cease to be listed, traded or publicly quoted that leads to the Merger Event or the Nationalisation or Delisting, as the case may be and (b) in respect of an Insolvency, the date of the first public announcement of the termination, dissolution or institution of a proceeding, presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency, in each case as determined by the Determination Agent.

**“Averaging Date”** means, in respect of a Valuation Date or Actual Exercise Date (as the case may be), each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Determination Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if “Omission” is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level, price or amount, provided that, if, through the operation of this provision no Averaging Date would occur in respect of such Valuation Date or Actual Exercise Date, then the provisions of the definition of “Valuation Date” and Equity Linked Condition 3 (as applicable) will apply for the purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Valuation Date or Actual Exercise Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if “Postponement” is specified as applying in the applicable Final Terms, then the provisions of the definition of “Valuation Date” and Equity Linked Condition 3 (as applicable) will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “Modified Postponement” is specified as applying in the applicable Final Terms then:
  - (i) where the Securities reference a single Reference Asset, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as at the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Valuation Date or Actual Exercise Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) and (B) the Determination Agent shall determine the

relevant level or price for that Averaging Date in accordance with paragraph (a) of the definition of “Valuation Date” and Equity Linked Condition 3 (as applicable); and

- (ii) where the Securities reference a basket or portfolio of Reference Assets, the Averaging Date for each Reference Asset not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the “**Scheduled Averaging Date**”) and the Averaging Date for a Reference Asset affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Reference Asset. If the first succeeding Valid Date in relation to such Reference Asset has not occurred as at the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Valuation Date or Actual Exercise Date, then (A) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Reference Asset and (B) the Determination Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with paragraph (b) of the definition of “Valuation Date” and Equity Linked Condition 3 (as applicable).

For the purposes of this definition, “**Valid Date**” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in relation to the Valuation Date or Actual Exercise Date does not or is not deemed to occur.

“**Basket of Indices**” means, in relation to a Series of Securities, a basket composed of each Index specified in the applicable Final Terms in the relative proportions indicated in the applicable Final Terms.

“**Basket of Shares**” means, in relation to a Series of Securities, a basket composed of Shares of each Share Company specified in the applicable Final Terms in the relative proportions and numbers of Shares specified.

“**Cash Amount**” means, in respect of a Security and a Stock Dividend, an amount calculated by the Determination Agent equal to the share of (a) the market value of the Distributed Shares determined by the Determination Agent in its sole and absolute discretion less (b) Taxes and Expenses, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis (as determined on or about the relevant Stock Delivery Date), as the case may be, such amount, if an FX Disruption Event has not occurred on or prior to the relevant Stock Delivery Date, to be converted into the Settlement Currency at the Dividend Exchange Rate on the Stock Delivery Date.

“**Cash Amount Payment Date**” means, in respect of a Stock Dividend, the date falling 10 Business Days after the relevant Stock Delivery Date.

“**Cash Dividend**” means any cash dividend to be paid by the Share Company in respect of the Shares.

“**Cash Dividend Amount**” means, in respect of a Security, an amount calculated by the Determination Agent equal to the share of (a) the Distributed Amount less (b) Taxes and Expenses, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis (as determined on or about the relevant Dividend Date), as the case may be, such amount, if an

FX Disruption Event has not occurred on or prior to the relevant Dividend Date, to be converted into the Settlement Currency at the Dividend Exchange Rate on the Dividend Date.

**“Cash Dividend Notice Cut-Off Date”** means the day falling three Business Days prior to the Expected Dividend Date.

**“Cash Dividend Payment Date”** means, in respect of a Cash Dividend, the fifth Business Day following the Dividend Date in respect of such Cash Dividend.

**“Component”** means, in relation to an Index, any Share which comprises such Index.

**“Delisting”** means, in respect of any Shares, that the relevant 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 Event or Tender Offer) and are not immediately relisted, retraded or requoted 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).

**“Disrupted Day”** means:

- (a) except with respect to a Multi-exchange Index, any Scheduled Trading Day on which a relevant Exchange or Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; and
- (b) with respect to any Multi-exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index, (ii) the Related Exchange fails to open for trading during its regular trading session, or (iii) a Market Disruption Event has occurred.

**“Distributed Amount”** means, in respect of a Cash Dividend, the amount of such dividend payable by the Share Company in respect of one Share, as determined by the Determination Agent in its sole and absolute discretion.

**“Distributed Shares”** means the Share Number less one.

**“Dividend Date”** means, in respect of a Cash Dividend, the date on which such Cash Dividend would be received by a foreign investor in the Shares as determined by the Determination Agent in its sole and absolute discretion.

**“Dividend Exchange Rate”** means the rate specified as such in the applicable Final Terms.

**“Early Closure”** means:

- (a) except with respect to a Multi-exchange Index, the closure on any Exchange Business Day of the relevant Exchange (or in the case of an Index Linked Security, any relevant Exchange(s) relating to Components that comprise 20 per cent. or more of the level of the relevant Index) or any Related Exchange(s) prior to its Scheduled Closing Time, unless such earlier closing time is announced by such Exchange(s) or any 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 Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline of orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; and

- (b) with respect to any Multi-exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component or the Related Exchange prior to its Scheduled Closing Time, unless such earlier closing 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 Related Exchange (as the case may be) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

**“Equity Linked Security”** means a Security that is a Share Linked Security or an Index Linked Security or a combination of both, as more fully described in Part A of the Equity Linked Annex.

**“Exchange”** means:

- (a) (i) in respect of an Index relating to Index Linked Securities other than a Multi-exchange Index, each exchange or quotation system specified as such for such Index or Indices in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Components underlying such Index or Indices has temporarily relocated, provided that the Determination Agent has determined that there is comparable liquidity relative to the Components underlying such Index or Indices on such temporary substitute exchange or quotation system as on the original Exchange and (ii) with respect to any Multi-exchange Index, and in respect of each Component, the principal stock exchange on which such Component is principally traded, as determined by the Determination Agent; and
- (b) in respect of a Share relating to Share Linked Securities, each Exchange or quotation system specified as such for such 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 the Share has temporarily relocated, provided that the Determination 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 Business Day”** means:

- (a) except with respect to a Multi-exchange Index, any Scheduled Trading Day on which each Exchange is open for trading during its regular trading sessions, notwithstanding any such Exchange closing prior to its Scheduled Closing Time; and
- (b) with respect to a Multi-exchange Index, any Scheduled Trading Day on which: (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding any Exchange or the Related Exchange closing prior to its Scheduled Closing Time.

**“Exchange Disruption”** means:

- (a) except with respect to a Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange (or, in the case of Index Linked Securities, on any relevant Exchange(s) relating to

Components that comprise 20 per cent. or more of the level of the relevant Index) or (ii) to effect transactions in, or obtain market values for, futures and options contracts relating to the Components or the relevant Index on any relevant Related Exchange; and

- (b) with respect to any Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination 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; or (ii) futures or options contracts relating to the Index on the Related Exchange.

**“Ex-Dividend Date”** means, in respect of a Stock Dividend, the date on which the Shares are to trade on the Exchange ex-dividend, as determined by the Determination Agent in its sole and absolute discretion.

**“Expected Dividend Date”** means, in respect of a Cash Dividend, the date on which such Cash Dividend is expected to be paid by the Share Company, as determined by the Determination Agent in its sole and absolute discretion.

**“Expected Rights Delivery Date”** means, in respect of a Rights Issue, the date on which the Share Company is expected to make delivery of the new Shares to holders of Shares pursuant to the relevant Rights Issue, as determined by the Determination Agent in its sole and absolute discretion.

**“Expected Stock Delivery Date”** means, in respect of a Stock Dividend, the date on which the Share Company is expected to make delivery of the Stock Dividend, as determined by the Determination Agent in its sole and absolute discretion.

**“Expenses”** means, in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges, transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the redemption of such Security and/or delivery or transfer of the Relevant Assets.

**“Ex-Rights Date”** means, in respect of a Rights Issue Event, the date on which the Shares are to trade on the Exchange ex-rights, as determined by the Determination Agent.

**“FX Disruption Event”** means:

- (a) the determination by the Determination Agent of the occurrence of any event on or prior to the relevant Payment Date that has or would have the effect of preventing or delaying the Issuer and/or any of its Affiliates directly or indirectly from:
  - (i) converting the Specified Currency into the Settlement Currency through customary legal channels;
  - (ii) converting the Specified Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in the Specified Jurisdiction;
  - (iii) delivering the Settlement Currency from accounts inside the Specified Jurisdiction to accounts outside the Specified Jurisdiction or between accounts inside the Specified Jurisdiction or to a party that is a non-resident of the Specified Jurisdiction; or

- (iv) delivering the Specified Currency from accounts inside the Specified Jurisdiction to accounts outside the Specified Jurisdiction or between accounts inside the Specified Jurisdiction or to a party that is a non-resident of the Specified Jurisdiction; or
- (b) the Determination Agent determines that the government of the Specified Jurisdiction has given public notice of its intention to impose any capital controls which the Determination Agent determines are likely to materially affect the Issuer's ability to hedge its obligations with respect to the Securities, maintain such hedge or to unwind such hedge.

**"Foreign Ownership Event"** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to hold, acquire, establish, re-establish, substitute or maintain any Hedge Positions, due to any foreign ownership restriction imposed by the issuer of and/or counterparty to such Hedge Positions, or any court, tribunal or regulatory authority having competent jurisdiction with respect to the ability of the Issuer and/or any of its Affiliates to hold, acquire, maintain or own such Hedge Positions.

**"Fund Disruption Event"** means any of the following:

- (a) the Shares are reclassified or the Share Company is acquired by, or aggregated into, another fund, depository bank, pooled investment vehicle, collective investment scheme, partnership, trust or other similar legal arrangement whose mandate, risk-profile and/or benchmarks are different from the mandate, risk-profile and/or benchmark of the Share Company as stated as at the Trade Date;
- (b) there is a material change in the Share Company, the constitutional documents of the Share Company or the mandate, risk profile or investment guidelines or objectives of the Share Company as stated as at the Trade Date;
- (c) there is a material breach of the investment, borrowing or stock lending restrictions of the Share Company;
- (d) the director, trustee and/or investment manager of the Share Company, in accordance with the provisions of the constitutional documents of the Share Company, requires the Issuer to redeem or transfer such Shares held by the Issuer or its Affiliates;
- (e) the currency denomination of the Shares is amended in accordance with the constitutional documents of the Share Company;
- (f) any change in the regulatory or tax treatment applicable to the Share Company or the Shares, as applicable, which could have a negative effect on the Issuer or its Affiliates if it were the holder of such Shares;
- (g) the activities of the Share Company, the director, the trustee and/or the investment manager of the Share Company or any service provider of the Share Company is placed under review by its regulators for reasons of wrongdoing, breach of any rule or regulation or other similar reason or any disciplinary action is taken in respect of such director, trustee and/or investment manager or service provider, as the case may be, by its regulators;
- (h) a change in national, international, financial, political or economic conditions or currency exchange rate or exchange controls;

- (i) a material change or prospective material change in the size, nature, management or frequency of trading of the Shares or any other characteristics of the Share Company;
- (j) the occurrence or existence of any event, circumstance or cause beyond the control of the Issuer that has had or would be expected to have a material adverse effect on (i) the hedge positions of the Issuer and/or its Affiliates or their ability to hedge their positions or (ii) the cost which the Issuer and/or its Affiliates incurs in hedging its position, in each case with respect to the Share Company;
- (k) in relation to the events in paragraphs (a) to (f) above, there is an announcement by or on behalf of the Share Company or by the Exchange that such an event will occur; or
- (l) an illegality occurs or the relevant authorisation or licence is revoked in respect of the directors, the trustee and/or the investment manager of the Share Company and/or the Share Company.

**“Futures or Options Exchange”** means the relevant exchange in options or futures contracts on the relevant Share or Shares or the relevant Index or Indices, as the case may be, as determined by the Determination Agent in its absolute discretion.

**“Hedging Shares”** means the number of Shares (in the case of Share Linked Securities) or Components comprised in an Index (in the case of Index Linked Securities) that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Securities.

**“Increased Cost of Stock Borrow”** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Share (in the case of Share Linked Securities) or any component comprised in an Index (in the case of Index Linked Securities) that is greater than the Initial Stock Loan Rate.

**“Index”** means an index or indices (including, but not limited to, a proprietary index created by the Issuer or an associate of the Issuer) specified in the applicable Final Terms.

**“Index Level”** has the meaning given in the applicable Final Terms.

**“Index Linked Security”** means a Security, payments or deliveries in respect of which will be contingent on and/or calculated by reference to an Index or a Basket of Indices, as the case may be, as specified in the applicable Final Terms.

**“Index Sponsor”** means, in relation to an Index, the corporation or entity that is responsible for setting and reviewing the rules and procedures, and the methods of calculation and adjustments, if any, related to such Index.

**“Initial Stock Loan Rate”** means, in respect of a Share (in the case of Share Linked Securities) or a Component comprised in an Index (in the case of Index Linked Securities), the initial stock loan rate specified in relation to such Share in the applicable Final Terms.

**“Insolvency”** means, by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, termination or winding-up of, or any analogous proceeding affecting, a Share Company, (a) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (b) the holders of the Shares of that Share Company become legally prohibited from transferring them or (c) the Share Company is dissolved, terminated or ceases to exist, as the case may be.



**“Insolvency Filing”** means that a Share 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 organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement 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, or it has a resolution passed or an announcement published for its dissolution or termination, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company shall not be deemed an Insolvency Filing.

**“Loss of Stock Borrow”** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share (in the case of Share Linked Securities) or any Components comprised in an Index (in the case of Index Linked Securities) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**“Market Disruption Event”** means:

- (a) except with respect to a Multi-exchange Index, the occurrence or existence of:
  - (i) a Trading Disruption, which the Determination Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time;
  - (ii) an Exchange Disruption, which the Determination Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time;
  - (iii) an Early Closure; or
  - (iv) any event, which the Determination Agent determines is material, which disrupts or impairs the ability of the Issuer or of any market participants to effect transactions in, or obtain market values for, futures, options or derivatives contracts relating to the Reference Asset (including any proprietary index created by the Issuer or an associate of the Issuer);
- (b) with respect to a Multi-exchange Index, when both of the following are satisfied:
  - (i) the occurrence or existence, in respect of any Component, of:
    - (A) a Trading Disruption in respect of such Component, which the Determination 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;
    - (B) an Exchange Disruption in respect of such Component, which the Determination 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; OR
    - (C) an Early Closure in respect of such Component; AND
  - (ii) the aggregate of all Components in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR

- (c) In all cases, the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (i) a Trading Disruption; (ii) an Exchange Disruption, which, in either case, the Determination Agent determines is material, at any time during the one-hour period that ends at the Valuation Time in respect of the Related Exchange; or (iii) an Early Closure, in each case in respect of such futures or options contracts.

In addition:

- (1) for the purposes of determining whether a Market Disruption Event exists in respect of an Index which is not a Multi-exchange Index at any time, if a Market Disruption Event occurs in respect of a security included in such Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based in a comparison of (x) the portion of the level of such Index attributable to that security to (y) the overall level of such Index, in each case immediately before the Market Disruption Event occurred; and
- (2) for the purposes of determining whether a Market Disruption Event exists in respect of an Index which is a Multi-exchange Index at any time, if a Market Disruption Event occurs in respect of a Component included in such Index at any 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, in each case using the official opening weightings as published by the Index Sponsor as part of the market “opening data”.

**“Maximum Stock Loan Rate”** means, in respect of a Share (in the case of Share Linked Securities) or a Component comprised in an Index (in the case of Index Linked Securities), the rate specified as such in the applicable Final Terms.

**“Merger Date”** means, in respect of a Merger Event, the date upon which all holders of the relevant Shares (other than, in the case of a takeover offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

**“Merger Event”** means, in respect of any relevant Shares, any:

- (a) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer 20 per cent. or more of such Shares outstanding;
- (b) consolidation, amalgamation, merger or binding share exchange of the Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which results in a reclassification or change of less than 20 per cent. of the relevant Shares outstanding);
- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity for such Shares that results in a transfer of or an irrevocable commitment to transfer 20 per cent. or more of such Shares (other than such Shares owned or controlled by the offeror); or
- (d) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share 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 per cent. of the outstanding Shares immediately following such event,

if, in each case, the date on which the Determination Agent determines that such event occurs is on or before, in the case of Physically Delivered Securities, the Physical Delivery Date or, in any other case, the Determination Date in respect of the relevant Security.

**“Multi-exchange Index”** means any Index specified as such in the applicable Final Terms.

**“Nationalisation”** means that all the Shares or all the assets or substantially all the assets of the Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**“New Security Amount”** means, in respect of each Security, an amount of Securities calculated by the Determination Agent equal to the share of (a) the Distributed Shares less (b) Shares with a market value determined by the Determination Agent in its sole and absolute discretion on such day selected by the Determination Agent falling on or after the relevant Stock Delivery Date equal to the sum of Taxes and Expenses, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis (as determined on or about the relevant Stock Delivery Date), as the case may be, provided that, where a Securityholder delivers a Stock Dividend Notice in respect of more than one Security, the New Security Amount shall be aggregated in respect of such Securities, provided further that the aggregate New Security Amounts will be rounded down to the nearest whole number and a cash adjustment (calculated by the Determination Agent in its sole and absolute discretion) shall be paid by the Issuer in lieu of the amount of Securities so rounded down.

**“Number of Shares”** means, in the case of (i) a Share Linked Security referencing a Share, the number of Shares specified as such in the applicable Final Terms and (ii) a Share Linked Security referencing a Basket of Shares, the number of Shares of each Share Company comprised in the Basket of Securities, as specified in the applicable Final Terms.

**“Payment Date”** means a day on which a payment is due in respect of the Equity Linked Securities.

**“Potential Adjustment Event”** means any of the following or a declaration by the Share Company of the terms of any of the following:

- (a) a subdivision, consolidation or reclassification of the relevant Shares (other than a Merger Event) or a free distribution or dividend of any such Shares to existing holders of the relevant Shares by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (i) additional Shares, (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of dissolution, liquidation or termination of the Share Company equally or proportionately with such payments to holders of such Shares, (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off or other similar transaction or (iv) 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 Determination Agent;
- (c) an amount per Share which the Determination Agent determines should be characterised as an extraordinary dividend;

- (d) a call by the Share Company in respect of the relevant Shares that are not fully paid;
- (e) a repurchase by the Share 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;
- (f) in respect of the Share 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 Share 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 Determination Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

**“Related Exchange”** means, subject to the proviso below, in respect of a Reference Asset, each exchange or quotation system specified as such for such Reference Asset 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 and options contracts relating to such Reference Asset has temporarily relocated (provided that the Determination Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Reference Asset 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 Determination Agent) on the overall market for futures or options contracts relating to such Reference Asset.

**“Relevant Settlement Day”** means a Scheduled Trading Day and Clearing System Business Day.

**“Rights Amount”** means, in respect of a Security and a Rights Issue Event, an amount calculated by the Determination Agent equal to the share of the Subscription Price, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis, as the case may be, provided that where a Securityholder delivers a Rights Notice in respect of more than one Security, the Rights Amount shall be aggregated in respect of such Securities.

**“Rights Cash Amount”** means, in respect of a Security and a Rights Issue Event, an amount calculated by the Determination Agent equal to the share of (a) the market value of the number of Shares equal to the Rights Share Number determined by the Determination Agent in its sole and absolute discretion less (b) Taxes and Expenses, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis (as determined on or about the relevant Rights Delivery Date), as the case may be, such amount, if an FX Disruption Event has not occurred on or prior to the relevant Rights Delivery Date, to be converted into the Settlement Currency at the Dividend Exchange Rate on the Rights Delivery Date.

**“Rights Cash Amount Payment Date”** means, in respect of a Rights Issue Event, the date falling 10 Business Days after the relevant Rights Delivery Date.

**“Rights Cut-off Date”** means the day falling four calendar months prior to the Redemption Date, Optional Cash Redemption Date, Optional Physical Redemption Date, Early Cash Redemption Date, Early Cancellation Date, Specified Early Cash Redemption Date, the Specified Early Cash Cancellation Date, Specified Early Physical Redemption Date, the Specified Early Physical Cancellation Date, Early Physical Cancellation Date, Exercise Cash Settlement Date or Physical Delivery Date, as applicable.

**“Rights Date”** means, in respect of a Rights Issue Event, the date by which the relevant rights must be subscribed, as determined by the Determination Agent in its sole and absolute discretion.

**“Rights Delivery Date”** means, in respect of a Rights Issue, the date on which the Rights Security Amounts would be received by a foreign investor in Shares, as determined by the Determination Agent in its sole and absolute discretion.

**“Rights Issue”** means, in the determination of the Determination Agent, a rights issue (howsoever described) by the Share Company.

**“Rights Issue Event”** means, in the determination of the Determination Agent, the announcement of a Rights Issue by the Share Company.

**“Rights Notice”** means a Common Depositary Rights Notice, a DTC Rights Notice or a Register Rights Notice.

**“Rights Security Amount”** means, in respect of each Security, an amount of Securities calculated by the Determination Agent with an aggregate market value equal to the difference of (a) the Rights Share Number less (b) the number of Shares with an aggregate market value, as determined by the Determination Agent in its sole and absolute discretion, on such day selected by the Determination Agent falling on or after the relevant Rights Delivery Date, equal to the sum of the Taxes and Expenses, attributable to such Security on a per Specified Denomination basis or on a per Calculation Amount per Security basis (as determined on or about the Rights Delivery Date), as the case may be, provided that where a Securityholder delivers a Rights Notice in respect of more than one Security, the Rights Security Amount shall be aggregated in respect of such Securities, provided further that the aggregate Rights Security Amounts will be rounded down to the nearest whole number and a cash adjustment (calculated by the Determination Agent in its sole and absolute discretion) shall be paid by the Issuer in lieu of the amount of Securities so rounded down.

**“Rights Share Number”** means, in respect of a Rights Issue Event, the number of new Shares that a Securityholder of one Share may subscribe pursuant to the relevant Rights Issue, as determined by the Determination Agent in its sole and absolute discretion.

**“Rights Subscription Cut-off Date”** means a day falling 10 Business Days prior to the relevant Rights Date.

**“Scheduled Closing Time”** means, in respect of any Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours or other trading outside regular trading session hours.

**“Scheduled Trading Day”** means:

- (a) except with respect to a Multi-exchange Index, any day on which each Exchange and each Related Exchange are scheduled to open for trading for their respective regular trading sessions, provided that a day shall be a Scheduled Trading Day if it is known at any time before that day each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions on that day. Conversely, a day shall not be a Scheduled Trading Day if it is known at any time before that day that the Exchange or Related Exchange is not scheduled to be open for trading for its regular trading session on that day; and
- (b) with respect to any Multi-exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session, provided that a day shall be a Scheduled Trading Day if it is known at any time before that day that the Related Exchange is scheduled to be open for trading for its regular trading session on that day. Conversely, a day shall not be a Scheduled Trading Day if it is known at any time before that day that the Related Exchange is not scheduled to be open for trading for its regular trading session on that day.

**“Scheduled Valuation Date”** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**“Share”** means, in relation to an Equity Linked Security, a share, a unit, a depositary receipt, an interest or an equity unit to which such Security relates.

**“Share Company”** means, in the case of an Equity Linked Security, the company, the depositary bank, the fund, the pooled investment vehicle, the collective investment scheme, the partnership, the trust or other legal arrangement that has issued or gave rise to the relevant Share.

**“Share Linked Security”** means a Security, payments or deliveries in respect of which will be contingent on and/or calculated by reference to a Share or a Basket of Shares, as the case may be, as specified in the applicable Final Terms.

**“Share Number”** means, in respect of a Stock Dividend, the number of Shares that a holder of one Share would hold after such Stock Dividend, as determined by the Determination Agent in its sole and absolute discretion.

**“Specified Currency”** means the currency or currencies specified in the applicable Final Terms.

**“Specified Jurisdiction”** means the jurisdiction specified in the applicable Final Terms, provided that if the Specified Currency is specified to be euro in the applicable Final Terms, Specified Jurisdiction is to mean any of the Euro-zone countries.

**“Stock Delivery Date”** means, in respect of a Stock Dividend, the date on which the Stock Dividend would be received by a foreign investor in the Shares, as determined by the Determination Agent in its sole and absolute discretion.

**“Stock Dividend”** means any dividend in the form of Shares to be delivered by the Share Company in respect of the Shares.

**“Stock Dividend Cut-Off Date”** means the day falling four calendar months prior to the Redemption Date, Optional Cash Redemption Date, Optional Physical Redemption Date, Early Cash Redemption Date, Specified Early Physical Redemption Date, the Specified Early Physical Cancellation Date,

Specified Early Cash Redemption Date, the Specified Early Cash Cancellation Date, Early Cancellation Date, Early Physical Cancellation Date, Exercise Cash Settlement Date or Physical Delivery Date, as applicable.

**“Stock Dividend Notice Cut-Off Date”** means the day falling 10 Business Days prior to the relevant Expected Stock Delivery Date.

**“Subscription Price”** means, in respect of a Rights Issue Event, an amount calculated by the Determination Agent in its sole and absolute discretion equal to the amount that a holder of a Share would have to pay to exercise its rights to subscribe for one new Share under the relevant Rights Issue.

**“Tender Offer”** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person 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 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Company as determined by the Determination Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Determination Agent deems relevant.

**“Tender Offer Date”** means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Determination Agent).

**“Trading Disruption”** means:

- (a) except with respect to a Multi-exchange Index, any suspension of, impairment of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange or, in the case of an Index Linked Security, on any relevant Exchange(s) relating to any Component that comprise 20 per cent. or more of the level of the relevant Index or Indices or (ii) in futures or options contracts relating to the Shares or the relevant Index or Indices on any relevant Related Exchange; and
- (b) with respect to any Multi-exchange Index, any suspension of, impairment of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to any Component on the Exchange in respect of such Component or (ii) in futures or options contracts relating to the Index (or any Component thereof) on the Related Exchange.

For the avoidance of doubt, the following events shall be deemed to be a suspension or limitation of trading for the purposes of a Trading Disruption, as determined by the Determination Agent: (i) a price change exceeding limits set by the relevant Exchange; (ii) an imbalance of orders; or (iii) a disparity in bid prices and ask prices.

**“Valuation Date”** means, unless otherwise specified in the applicable Final Terms, in the case of:

- (a) a particular Series of Securities that references a Share or an Index, the date specified as such in the applicable Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), unless there is a Disrupted Day in respect of such Share or Index on that date, in which event Equity Linked Condition 3 (as applicable) will apply; and

- (b) a particular Series of Securities that references a Basket of Shares and/or a Basket of Indices, the date specified as such in the applicable Final Terms (or, if such date is not a Scheduled Trading Date for a Share or an Index in such Basket of Shares or Basket of Indices (as the case may be), the date determined in the manner set out in the applicable Final Terms, or, if not set out, the next following Scheduled Trading Day for all Shares and/or Indices in such Basket of Shares and/or Basket of Indices), unless there is a Disrupted Day in respect of any relevant Share or Index on that date, in which event Equity Linked Condition 3 (as applicable) will apply,

provided that, in each case, where the Securities are redeemed pursuant to Condition 5, the date will be the second Business Day preceding the relevant Redemption Date, Optional Cash Redemption Date, the Exercise Cash Settlement Date or Early Cash Redemption Date, unless otherwise specified in the applicable Final Terms.

**“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 relevant Exchange on the Valuation Date or Averaging Date, as the case may be, in relation to each Index or Share to be valued. 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. In relation to a Multi-exchange Index, “Valuation Time” means (a) for the purposes of determining whether a Market Disruption Event has occurred: (i) in respect of any Component, the Scheduled Closing Time on the Exchange in respect of such Component, and (ii) in respect of any options contracts or future contracts on the relevant Index, the close of trading on the Related Exchange; and (b) in all other circumstances, the time at which the official closing level of the relevant Index is calculated and published by the Index Sponsor.



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## Part A

### Brief Description of Italian Securities

Italian Securities are Securities which are specified to be "Italian Securities" in the applicable Final Terms. Italian Securities may take the form of Notes, Warrants or Certificates which are offered to the public in Italy ("**Italian Offered Securities**") and/or Warrants or Exercisable Certificates which are to be listed on the Italian Stock Exchange and admitted to trading on the electronic "Securitised Derivatives Market" (the "**SeDeX**") organised and managed by the Italian Stock Exchange, or in respect of which the Issuer reserves the right to apply for listing on the Italian Stock Exchange and admission to trading on the SeDeX ("**Italian Listed Securities**") and/or Warrants or Exercisable Certificates which are to be issued in dematerialised form, as specified below ("**Italian Dematerialised Securities**"), as indicated in the applicable Final Terms.

Italian Dematerialised Securities will be cleared through Monte Titoli S.p.A. and issued in registered, uncertificated and dematerialised form, in accordance with the Financial Services Act (*Testo Unico della Finanza*) and the relevant implementing legislation, as amended from time to time. Italian Dematerialised Securities will be issued in book-entry form and registered in the books of Monte Titoli S.p.A. As such, Italian Dematerialised Securities are not constituted by any physical document of title and no Global Security or Definitive Security shall be issued in respect thereof, provided however that a holder of Italian Dematerialised Securities has the right to obtain certification of such holding pursuant to articles 83-quinquies and 83-novies, paragraph 1, letter b) of the Financial Services Act. The Deed of Covenant shall not apply to Italian Dematerialised Securities.

Italian Securities will only be issued by the Bank. BCCL will not issue Italian Securities. Any reference in this Base Prospectus to "Issuer", "Issuers", "relevant Issuer", "an Issuer" or "any Issuer" shall be construed accordingly.

Italian Listed Securities and Italian Dematerialised Securities will only be either European Style Warrants, American Style Warrants or Exercisable Certificates and Cash Settlement and Automatic Exercise will apply thereto.

Italian Securities which are Warrants or Exercisable Certificates may also, if so specified in the applicable Final Terms, provide (i) that the Issuer has the right to cancel the relevant Securities during a specified period and/or (ii) that a Securityholder may exercise some or all of the Securities held by such Securityholder following the occurrence of an Early Exercise Trigger Event.

The Italian Securities Agent in respect of Italian Dematerialised Securities will be specified in the applicable Final Terms and shall be appointed pursuant to the agency agreement specified in the applicable Final Terms. Any such agency agreement may be governed by Italian Law and shall be an "Agency Agreement" for the purposes of the Base Conditions.

## **Part B**

### **Risk Factors relating to Italian Securities**

This section describes additional factors to which prospective investors should have regard when considering an investment in Italian Securities. Prospective investors are also referred to the factors set out in the section headed "Risk Factors" of the Base Prospectus.

#### **1. Option Risk**

Italian Securities are financial instruments which may include option rights and which, therefore, have many characteristics in common with options. Transactions in options involve a high level of risk. Investors who intend to trade in options must first of all understand the types of contracts in which they intend to trade (for example, call options and put options). An investment in options constitutes a highly volatile investment and there is a high probability that the option may have no value at expiration. In such circumstances, an investor would lose the entire purchase price of the options (known as the "**premium**").

The amount which may be payable on redemption, exercise or any early redemption or early termination will depend on the value of options included in the Italian Securities. Prior to the expiration of an Italian Security, variations in the value of the relevant options may reduce the value of such Italian Security.

An investor who is considering the purchase of a call option over a Reference Asset, the market price of which is significantly lower than the price at which the exercise of the option would have a value greater than zero (known as "deep out of the money"), must consider the fact that the possibility that the exercise of the option will be profitable is remote. Likewise, an investor who is considering the purchase of a put option over a Reference Asset, the market price of which is significantly higher than the price at which the exercise of the option would have a value greater than zero must consider the fact that the possibility that the exercise of the option will be profitable is remote.

#### **2. Valuation of Italian Securities in the secondary market**

Investors should note that, in certain circumstances immediately following an issue of Italian Securities, the secondary market price of such Italian Securities may be less than the Issue Price if the Issue Price included commissions and/or fees paid by the Issuer to the relevant distributor(s).

Where so specified in the Final Terms, the liquidity of Italian Securities may be supported by one or more entities active in the secondary market (e.g. specialist, liquidity provider, price maker) pursuant to agreements entered into with the Issuer and/or any Manager and/or any distributor, whereby such entities undertake to purchase the relevant Securities in the secondary market at a price calculated according to pre-determined conditions and for a pre-determined maximum amount.

Therefore, in such case, there is a risk that the purchase price of the relevant Securities may be primarily affected by the activity of such entities where the purchase price is formulated according to pre-determined criteria (such as, without limitation, the creditworthiness of the Issuer on the issue date of the relevant Securities). In that case, the price may not reflect all the market variables and may not be indicative of such variables (for instance, it might not reflect changes in the creditworthiness of

the Issuer compared to that as at the issue date of the relevant Securities) and may, therefore, appear to be higher, or much higher, than the price that would have formed in the market independently.

### **3. Potential conflicts of interest relating to distributors**

Potential conflicts of interest may arise in relation to Italian Offered Securities as the manager(s) and any distributor(s) will act pursuant to a mandate granted by the Issuer and will receive commissions and/or fees on the basis of the services performed and the outcome of the placement of the Italian Offered Securities.

Any further risk factors relating to additional conflicts of interest with respect to the Italian Offered Securities will be specified in the applicable Final Terms.

### **4. Possible illiquidity of Italian Offered Securities in the secondary market where there is no offer to institutional investors**

There may be less liquidity in the secondary market for Italian Offered Securities if the Italian Offered Securities are exclusively offered to retail investors without any offer being made to institutional investors.

In respect of Italian Offered Securities which are also Italian Listed Securities, after the listing of such Securities on the SeDeX, the Issuer (or an entity on behalf of the Issuer) will, for so long as the rules of the SeDeX so require, display continuous "bid" and "offer" prices for such Securities, in accordance with the rules of the SeDeX.

The appointment of an entity acting as market-maker or liquidity provider with respect to the Italian Offered Securities on the secondary market, may, under certain circumstances, have an impact on the price of the Italian Offered Securities on the secondary market.

### **5. Certain considerations relating to public offers of Italian Offered Securities**

In respect of Italian Offered Securities, under certain circumstances indicated in the applicable Final Terms, the Issuer and/or the other entities indicated in the Final Terms, will have the right to withdraw the offer and the offer will be deemed to be null and void in accordance with the terms set out in the applicable Final Terms. In such a case, investors who have already paid or delivered the subscription amounts in respect of such Italian Offered Securities will be entitled to the reimbursement of such subscription amounts but there may be a time lag in making any reimbursements, no amount will be payable as compensation and the applicant may be subject to reinvestment risk.

Unless otherwise provided in the applicable Final Terms, an offer of Italian Offered Securities may be terminated early by the Issuer and/or such other entities as are specified in the applicable Final Terms, even if the maximum amount for subscription in relation to such offer specified in the applicable Final Terms has not been reached, by suspending the acceptance of further subscription requests and by giving notice as soon as possible to the public in the manner specified in the applicable Final Terms. Any such early closure will have an impact on the aggregate number of the Italian Offered Securities issued and the liquidity of such Securities.

Unless otherwise provided in the relevant Final Terms, an offer of Italian Offered Securities may be extended by the Issuer and/or such other entities as are specified in the applicable Final Terms which may result in a postponement of the issue date of such Securities and the terms of such Securities may be further amended to reflect such postponement (which, for the avoidance of doubt, may

include a postponement of the maturity date or expiration date, as the case may be, of the relevant Securities). Any such extension and (if applicable) delay of the issue date and amendment will be communicated to the public in the manner specified in the applicable Final Terms.

In the event the Issuer publishes a supplement to the Base Prospectus which gives rise to walk-away rights in relation to an issue of Italian Offered Securities, pursuant to the Prospectus Directive and Article 94, paragraph 7, 95-bis paragraph 2 and 113, paragraph 2 of the Financial Services Act, the issue date of such Securities may be postponed and the terms of such Securities may be further amended to reflect such postponement (which, for the avoidance of doubt, may include a postponement of the maturity date or expiration date, as the case may be, of the relevant Securities). Any such delay and/or amendment will be communicated to the public in the manner specified in the applicable Final Terms.

Investors should note that, if the issue date and/or the maturity date or expiration date, as the case may be, of an issue of Italian Offered Securities are postponed, the payment of the amounts which are due under such Securities would be made on dates which are different from the dates initially considered by investors and this would have an impact on such investor's investment plan. In addition, where the issue date of an issue of Italian Offered Securities is postponed, any amounts which were held by the relevant Distributor(s) as intended payment of the relevant offer price in respect of the relevant subscribed Securities may or may not accrue interest to the delayed issue date, but this will depend on the agreement between the investor and the relevant Distributor. Investors should therefore check the terms of their agreement with the relevant Distributor to determine whether any such interest would be payable.

#### **6. Securities with foreign exchange risks – emerging market jurisdictions**

Prospective investors should be aware that the risks set out in the risk factor headed "Securities with foreign exchange risks" in the section headed "Risk Factors" of the Base Prospectus may be amplified in respect of Italian Securities where any relevant currency is the currency of an emerging market jurisdiction.

#### **7. Securities may be cancelled prior to the Expiration Date**

If the applicable Final Terms for an issue of Italian Securities provides that the Issuer has a right to cancel such Securities by giving notice during the specified Issuer Call Notice Period and a Security is so cancelled, depending on the prevailing market conditions and the relevant terms of such Security in relation to the cancellation, the relevant Settlement Amount in respect of such Security may be lower than the purchase price of such Security paid by the Securityholder and may be zero. As a consequence, the Securityholder may not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive in respect of a cancellation may only be able to reinvest such monies in securities with a lower yield than the cancelled Securities.

#### **8. Risks relating to modifications to the Conditions of Italian Securities**

The Conditions of Italian Securities may be modified in order to comply with amendments to any applicable laws and regulations (including, *inter alia*, any regulations of the Commissione Nazionale per le Società e la Borsa ("CONSOB"), the rules of the markets organised and managed by Borsa Italiana S.p.A., the instructions relating thereto and interpretations of such regulations, rules and

instructions, and all the regulations and rules of any other stock exchange, market or quotation system, trading facility or clearing system applicable to such Italian Securities).

**Part C**  
**Additional Terms and Conditions for Italian Securities**

**PART C1 – BASE CONDITIONS**

*Italian Securities will only be issued by the Bank. BCCL will not issue Italian Securities and references in the Conditions of Italian Securities to the “Issuer” shall be construed to refer only to the Bank.*

**I. AMENDMENTS TO THE BASE CONDITIONS IN RESPECT OF ITALIAN LISTED SECURITIES:**

In respect of Italian Listed Securities, the Base Conditions shall be amended as follows:

**1 Amendments to Condition 6.2 of the Base Conditions**

Condition 6.2 of the Base Conditions (*Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates – Cancellation or Adjustment following the occurrence of an Additional Disruption Event or Cancellation following the occurrence of a Nominal Call Event or Cancellation following the occurrence of a Specified Early Cancellation Event*) shall be amended by:

- 1.1 the deletion of the words “at its sole and absolute discretion” in Condition 6.2(a) thereof and the substitution of the words “in good faith and in a reasonable manner” therefor;
- 1.2 the deletion of the words “at its sole and absolute discretion” in Condition 6.2(a)(i) thereof and the substitution of the words “in good faith and in a reasonable manner” therefor;
- 1.3 the deletion of the word “commercially” in Condition 6.2(a)(i) thereof; and

**2 Amendments to Condition 6.3 of the Base Conditions**

Condition 6.3(a) of the Base Conditions (*Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates – Exercise and Cancellation Procedure – Exercise*) shall be amended by:

- 2.1 the deletion of the words “, Settlement Expenses,” in the fourth line of the penultimate paragraph thereof.

**3 Amendments to Condition 6.4 of the Base Conditions**

Condition 6.4 of the Base Conditions (*Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates – Automatic Exercise*) shall be amended by:

- 3.1 the addition of the words “and to the provisions of Condition 6.4(c)” after the words “(subject to the Exercise Parameters” in Condition 6.4(a)(ii);
- 3.2 the addition of the following as a new penultimate paragraph in Condition 6.4(b):

“Notwithstanding the above, if the Securities are Italian Listed Securities, the relevant conditions to settlement for the purpose of this Condition 6.4 will be satisfied by (a) receipt of all instructions, certifications and information by the Issuer, the Issue and Paying Agent (in the case of Securities other than Italian Dematerialised Securities), the Italian Securities Agent (in the case of Italian Dematerialised Securities) and the Relevant Clearing System to effect payment of the relevant Settlement Amount to the Securityholder (or to its order) within the required time period, (b) the condition to settlement in Condition 9.6 being satisfied, (c) the



deposit of a duly completed Security Exercise Notice (in the form available from any Paying Agent, the Registrar or any Transfer Agent (in respect of Securities other than Italian Dematerialised Securities) or from the Italian Securities Agent (in respect of Italian Dematerialised Securities) and which includes, for the avoidance of doubt, the representations required pursuant to Condition 6.3 of the Base Conditions) in accordance with the Conditions and (d) in respect of Securities other than Italian Dematerialised Securities, the deposit, presentation or surrender of the relevant Security, as applicable.”.

3.3 the addition of the following as a new Condition 6.4(c) after Condition 6.4(b) of the Base Conditions:

“(c) Italian Listed Securities

For so long as the Securities are admitted to listing on the Italian Stock Exchange and to trading on the Electronic Securitised Derivatives Market (SeDeX) of Borsa Italiana S.p.A., then at any time prior to the Renouncement Notice Cut-Off Time, any Securityholder may renounce Automatic Exercise of any Securities held by such Securityholder in accordance with the rules of the Italian Stock Exchange applicable from time to time by the giving of a duly completed Renouncement Notice (a) to the Relevant Clearing System, with a copy to the Issuer and the Issue and Paying Agent, in the case of Securities other than Italian Dematerialised Securities; and (b) to the Italian Securities Agent, in the case of Italian Dematerialised Securities. Once delivered a Renouncement Notice shall be irrevocable and a Securityholder will not transfer the Securities the subject of the Renouncement Notice. If a duly completed Renouncement Notice is validly delivered prior to the Renouncement Notice Cut-off Time, the relevant Securityholder will not be entitled to receive any amounts payable by the Issuer in respect of relevant Securities and the Issuer shall have no further liability in respect of such amounts.

Any determination as to whether a Renouncement Notice is valid, effective and/or duly completed and in proper form shall be made by (a) the Relevant Clearing System (in consultation with the Issuer and the Issue and Paying Agent), in the case of Securities other than Italian Dematerialised Securities; or (b) the Italian Securities Agent (in consultation with Monte Titoli S.p.A.), in the case of Italian Dematerialised Securities) and shall be conclusive and binding on the Issuer, the Agents and the relevant Securityholder(s), as the case may be.

Subject as follows, any Renouncement Notice determined not to be valid, effective, complete and in proper form shall be null and void unless the Issuer and, in the case of Italian Dematerialised Securities, the Italian Securities Agent agree otherwise. This provision shall not prejudice any right of the person delivering the notice to deliver a new or corrected notice.

The Issuer or, in the case of Italian Dematerialised Securities, the Italian Securities Agent shall use all reasonable endeavours promptly to notify any Securityholder submitting a Renouncement Notice if it is determined that such Renouncement Notice is not valid, effective, complete or in the proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Relevant Clearing System, or any Agent, as the case may be, shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with any notification to a Securityholder or determination that a Renouncement Notice is not valid, effective, complete or in the proper form.”.

#### **4 Amendments to Condition 7.3 of the Base Conditions**

The third paragraph of Condition 7.3 of the Base Conditions (*Settlement – Conditions to Settlement*) shall not apply to Italian Listed Securities.

#### **5 Amendments to Condition 9.6 of the Base Conditions**

Condition 9.6 of the Base Conditions (*Taxes, Settlement Expenses and Exercise Price Conditions to Settlement*) shall be amended by:

- 5.1 the deletion of the words “, Settlement Expenses” in the heading thereof;
- 5.2 the deletion of the words “and Settlement Expenses” after the words “applicable Taxes” in the third line thereof; and
- 5.3 the deletion of the words “Settlement Expenses,” after the words “such applicable Taxes,” in the penultimate line thereof.

#### **6 Amendments to Condition 15 of the Base Conditions**

Condition 15 of the Base Conditions (*Unlawfulness or impracticability*) shall be amended by the deletion of the words “in its sole and absolute discretion” and the substitution of the words “in good faith and in a reasonable manner” therefor.

#### **7 Amendments to Condition 17 of the Base Conditions**

Condition 17.2 of the Base Conditions (*Substitution – The Bank*) shall be amended by the insertion of the following as a new third paragraph thereof:

“The provisions of this Condition 17.2 shall not apply to the Securities for so long as (a) the Securities are admitted to listing on Borsa Italiana S.p.A. and to trading on the Electronic Securitised Derivatives Market (SeDeX) of Borsa Italiana S.p.A. and (b) the rules of Borsa Italiana S.p.A., as interpreted by it, so require.”

#### **8 Amendments to Condition 24 of the Base Conditions**

Condition 24 of the Base Conditions (*Definitions*) shall be amended by:

- 8.1 the deletion of the definition of “Additional Disruption Event” therein and the substitution of the following therefor:

““**Additional Disruption Event**” means, with respect to a Series of Securities, each of Change in Law and Issuer Tax Event. For the avoidance of doubt, in the event of any inconsistency between any applicable Relevant Annex(es) and the applicable Final Terms as to what constitutes an Additional Disruption Event for the purposes of the Securities, the Final Terms shall prevail.”;

- 8.2 the deletion of the definition of “Change in Law” therein and the substitution of the following therefor:

““**Change in Law**” means that, on or after the Trade Date (a) due to the adoption or announcement 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 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 Issuer determines in good faith and in a reasonable manner that it has become illegal for the Issuer and/or any of its Affiliates to hold, acquire, deal in or dispose of the Hedge Positions relating to the Securities or contracts in securities, options, futures, derivatives or foreign exchange relating to such Securities.”;

- 8.3 the deletion of the definition of “Disruption Cash Settlement Price” therein and the substitution of the following therefor:

“**Disruption Cash Settlement Price**” means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount, determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the Disruption Cash Settlement Date (which shall take into account, where some but not all of the Reference Assets comprising the Entitlement have been duly delivered pursuant to Condition 7.2(a), the value of such Reference Assets).”;

- 8.4 the deletion of the definition of “Early Cash Settlement Amount” therein and the substitution of the following therefor:

“**Early Cash Settlement Amount**” means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, in respect of any early redemption or cancellation of the Securities, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities following the event triggering the early redemption or cancellation. In determining the Early Cash Settlement Amount, the Determination Agent may take into account prevailing market prices and/or exchange rates and/or the price or level of any Reference Asset(s) The Early Cash Settlement Amount will be determined by the Determination Agent on or as soon as reasonably practicable following the event giving rise to the early redemption or cancellation of the Securities. For the purposes of calculating any Early Cash Settlement Amount at any time following an Event of Default, the Determination Agent will ignore the effect of such Event of Default upon the market value of the Securities.”;

- 8.5 the deletion of the definition of “Local Market Expenses” therein;

- 8.6 the deletion of the definition of “Settlement Amount” therein and the substitution of the following therefor:

“**Settlement Amount**” means the Final Cash Settlement Amount, the Optional Cash Settlement Amount, the Alternate Cash Settlement Amount, the Early Cash Settlement Amount, the Specified Early Cash Settlement Amount, the Trigger Early Cash Settlement Amount, the Issuer Call Optional Cash Settlement Amount, the Exercise Cash Settlement Amount, or the Disruption Cash Settlement Price, as applicable.”;

- 8.7 the deletion of the definition of “Settlement Expenses” therein;

- 8.8 the deletion of the definition of “Specified Early Cash Settlement Amount” therein and the substitution of the following therefor:

“**Specified Early Cash Settlement Amount**” means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount

determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the date the Specified Early Redemption Notice or Specified Early Cancellation Notice, as possible, is given by the Issuer, and in any event no later than the last day of the Specified Early Redemption Notice Period or Specified Early Cancellation Notice Period, as applicable. In determining the Specified Early Cash Settlement Amount, the Determination Agent may take into account prevailing market prices and/or exchange rates and/or the price or level of any Reference Asset(s).”; and

8.9 the insertion of the following definitions in alphabetical order:

“**Italian Stock Exchange**” means the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A.

“**Renouncement Notice**” means a notice to be completed in accordance with the Rules of the Italian Stock Exchange and delivered as provided in Condition 6.4 of the Base Conditions, which allows the relevant Securityholder to renounce Automatic Exercise of the Securities.

“**Renouncement Notice Cut-Off Time**” means, in respect of a Series of Securities, the time on a designated date, specified as the Renouncement Notice Cut-off Time in the applicable Final Terms, which shall be the latest time at which a Securityholder can deliver a duly completed Renouncement Notice in accordance with the Conditions.

## II. AMENDMENTS TO THE BASE CONDITIONS IN RESPECT OF ITALIAN DEMATERIALISED SECURITIES:

In respect of Italian Dematerialised Securities, the Base Conditions shall be amended as follows:

### 1 Amendments to Condition 1.1 of the Base Conditions

Condition 1.1(a) of the Base Conditions (*Form, Title and Transfer – Form – Form of Securities*) shall be amended by the addition of the following paragraph as a new final paragraph thereof:

“Notwithstanding the above, the Issuer may issue Securities cleared through Monte Titoli S.p.A. in registered, uncertificated and dematerialised form, which are issued in accordance with the Financial Services Act (*Test Unico della Finanza*) and the relevant implementing legislation, as amended from time to time. In such circumstances, the Securities will be specified to be “Italian Dematerialised Securities” in the applicable Final Terms. Italian Dematerialised Securities will be issued in book-entry form and registered in the books of Monte Titoli S.p.A. As such, Italian Dematerialised Securities are not constituted by any physical document of title and no Global Security or Definitive Security shall be issued in respect thereof and these Base Conditions shall be construed accordingly.”.

### 2 Amendments to Condition 1.2 of the Base Conditions

Condition 1.2 of the Base Conditions (*Form, Title and Transfer – Denomination and Number*) shall be amended by the addition of the following as a new final paragraph thereof:

“All Italian Dematerialised Securities of a Series shall have the same Calculation Amount per Security as at the Issue Date.”.

### 3 Amendments to Condition 1.3 of the Base Conditions

Condition 1.3(a) of the Base Conditions (*Title – General*) shall be amended by the addition of the following as a new final paragraph thereof:

“Notwithstanding the above, if the Securities are Italian Dematerialised Securities, “**Securityholder**” and “**holder**” means the person who is for the time being shown in the records of Monte Titoli S.p.A. as the holder of a particular number of the Securities (in which regard, any certificate, record or other document issued by Monte Titoli S.p.A. as to the number of Securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error. Any such person shall (except as otherwise required by law) be treated for all purposes by the Issuer and the relevant Agents as the holder thereof and as the person entitled to exercise the rights represented thereby notwithstanding any notice to the contrary. The Issuer shall cause the Italian Dematerialised Securities to be dematerialised and centralised with Monte Titoli S.p.A. pursuant to the Financial Services Act (*Testo Unico della Finanza*) and the relevant implementing legislation, as amended from time to time.”.

#### **4 Amendment to Condition 1.4 of the Base Conditions**

Condition 1.4 of the Base Conditions (*Form, Title and Transfer – Transfers*) shall be amended by:

- 4.1 the addition of the following as a new final subparagraph (m) thereof:

“(m) *Transfer of Italian Dematerialised Securities*

“Title to Italian Dematerialised Securities passes upon registration of the transfer in the accounts of Monte Titoli S.p.A.”.

#### **5 Amendments to Condition 6.3 of the Base Conditions**

Condition 6.3(a) of the Base Conditions (*Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates – Exercise and Cancellation Procedure – Exercise*) shall be amended by:

- 5.1 the insertion of the following as a new paragraph after the eighth paragraph thereof:

“Notwithstanding the above, if the Securities are Italian Dematerialised Securities, then a Securityholder wishing to exercise any of its Securities must, on or prior to 10:00 a.m., Milan time on an Eligible Exercise Date, deliver a Security Exercise Notice to the Italian Securities Agent through the Relevant Clearing System in accordance with the Relevant Rules. Such Security Exercise Notice must state the number of Securities or, if applicable, Units being exercised. No transfer of interests in Italian Dematerialised Securities in respect of which a Security Exercise Notice has been delivered will be valid. On receipt of a Security Exercise Notice, the Italian Securities Agent shall verify that the person exercising the Italian Dematerialised Securities is the holder thereof according to the records of Monte Titoli S.p.A. Subject thereto, Monte Titoli S.p.A. will confirm to the Italian Securities Agent the series number and the number of Italian Dematerialised Securities being exercised and the account details for the payment of the Settlement Amount. Upon such verification, the Italian Securities Agent will inform the Issuer thereof. Monte Titoli S.p.A. will on or before the settlement date debit the securities account of the relevant Securityholder with the Securities being exercised and accordingly reduce the number of Italian Dematerialised Securities of the relevant series by the cancellation *pro tanto* of the Italian Dematerialised Securities so exercised. If a Security Exercise Notice is delivered after 10:00 a.m., Milan time on a given Eligible Exercise Date, it shall be deemed to be delivered on the next Eligible Exercise Date (and, if there is no such date, such

Italian Dematerialised Security will be automatically exercised on the Expiration Date as provided in Condition 6.4 of the Base Conditions).”

## **6 Amendments to Condition 7.3 of the Base Conditions**

Condition 7.3 of the Base Conditions (*Settlement – Conditions to Settlement*) shall be amended by:

- 6.1 the insertion of the words “in respect of Securities other than Italian Dematerialised Securities” at the beginning of sub-paragraph (d) of the second paragraph thereof;
- 6.2 where the Securities are not also Italian Listed Securities, the insertion of the words “or Italian Dematerialised Securities” after the words “not Cleared Securities” in the second line of the third paragraph thereof.

## **7 Insertion of a new Condition 9.4A of the Base Conditions**

Condition 9 of the Base Conditions (*Payments and Deliveries*) shall be amended by the insertion of the following as a new Condition 9.4A thereof, and all subsequent Conditions (and related cross-references to them) shall be renumbered accordingly:

### **“9.4A Italian Dematerialised Securities**

The Issuer shall procure that all payments in respect of Italian Dematerialised Securities are made by credit or transfer to the relevant Securityholder’s account in accordance with the Rules of Monte Titoli S.p.A. The Issuer will be discharged by payment to, or to the order of, Monte Titoli S.p.A. in respect of the amount so paid. Each of the persons shown in the records of Monte Titoli S.p.A. as the holder of a particular amount of the Italian Dematerialised Securities must look solely to Monte Titoli S.p.A for his share of each such payment so made to, or to the order of, Monte Titoli S.p.A.”

## **8 Amendments to Condition 11 of the Base Conditions**

Condition 11.1 of the Base Conditions (*Appointment of Agents*) shall be amended by:

- 8.1 the insertion of the words “, the Italian Securities Agent” after “Transfer Agents on the first and second lines thereof and the words “any Transfer Agent” on the sixth line thereof;
- 8.2 the insertion of the words “or Italian Securities Agent” after the words “additional or other CREST Agent” on the seventh line thereof;
- 8.3 the insertion of the words “and (ix) an Italian Securities Agent where the Securities are Italian Dematerialised Securities”.

## **9 Amendments to Condition 14 of the Base Conditions**

Condition 14 of the Base Conditions (*Replacement of Securities*) shall not apply to Italian Dematerialised Securities.

## **10 Amendments to Condition 16 of the Base Conditions**

Condition 16 of the Base Conditions (*Notices*) shall be amended by:

- 10.1 the insertion of the following as a new Condition 16.1(f):

“and/or (f) in the case of Dematerialised Italian Securities, notices to Securityholders may be given to the Relevant Clearing System provided that any publication or other requirements

required pursuant to Condition 16.1(b) shall also be complied with if applicable and provided further that, in the case of Italian Dematerialised Securities which are also Italian Listed Securities, any notices shall be published by the Italian Stock Exchange. In such cases notices will be deemed given on the first date of transmission to the applicable Relevant Clearing System (regardless of any subsequent publication or mailing).”;

10.2 the deletion of Condition 16.3 and substitution of the following therefor:

“Any determinations as to whether any notice is valid, effective and/or duly completed and in the proper form shall be made by the Italian Securities Agent (in consultation with the Relevant Clearing System) and shall be conclusive and binding on the Issuer, the Agents and the relevant Securityholder(s).

Any notice determined not to be valid, effective, complete and in proper form shall be null and void unless the Issuer and the Italian Securities Agent agree otherwise. This provision shall not prejudice any right of the person delivering the notice to deliver a new or corrected notice.

The Italian Securities Agent shall use all reasonable endeavours promptly to notify any Securityholder submitting a notice if it is determined that such notice is not valid, effective, complete or in the proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Relevant Clearing System, or any Agent, as the case may be, shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with any notification to a Securityholder or determination that a notice is not valid, effective, complete or in the proper form.”.

## 11 Amendments to Condition 20 of the Base Conditions

Condition 20.2 of the Base Conditions (*Modifications and Meetings – Meetings of Securityholders*) shall be amended by the insertion of the following as a new Condition 20.2(c) thereof:

“Notwithstanding the above, if the Securities are Italian Dematerialised Securities, the relevant Agency Agreement contains provisions for convening meetings of the Securityholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in such Agency Agreement) of a modification to the Conditions or such Agency Agreement.”.

## 12 Amendments to Condition 22 of the Base Conditions

Condition 22 of the Base Conditions (*Purchases and Cancellations*) shall be amended by the insertion of the following paragraph after the penultimate paragraph thereof:

“Notwithstanding the above, Italian Dematerialised Securities so purchased by or on behalf of the Issuer or any of its subsidiaries may (but need not) be cancelled in accordance with the Relevant Rules. Any Italian Dematerialised Securities so cancelled may not be re-issued or resold and the obligations of the Issuer in respect of any such Italian Dematerialised Securities shall be discharged.”

## 13 Amendments to Condition 24 of the Base Conditions

Condition 24 of the Base Conditions (*Definitions*) shall be amended by:

- 13.1 the insertion of the words “or Italian Dematerialised Securities” after the words “Cleared Securities” in sub-paragraph (b) of the definition of “Business Day”;

- 13.2 the insertion of the words “or Italian Dematerialised Securities” after the words “Cleared Securities” in sub-paragraph (a)(i) of the definition of “Payment Day”;
- 13.3 the insertion of the following definition in alphabetical order:

“**Italian Securities Agent**” means the entity specified in the applicable Final Terms and appointed pursuant to the Agency Agreement specified therein, or any Successor.

“**Relevant Clearing System**” means Monte Titoli S.p.A. and/or such other clearing system specified in any applicable Relevant Annex or in the applicable Final Terms, as the case may be, through which interests in Securities are to be held and/or through an account at which the Securities are to be cleared.”

### III. AMENDMENTS TO THE BASE CONDITIONS IN RESPECT OF ITALIAN SECURITIES FOR WHICH “ISSUER CALL” AND/OR “EARLY EXERCISE TRIGGER EVENT” IS/ARE SPECIFIED AS “APPLICABLE” IN THE APPLICABLE FINAL TERMS:

In respect of Italian Securities which are Warrants or Exercisable Certificates for which “Issuer Call” and/or “Early Exercise Trigger Event” is/are specified as “Applicable” in the applicable Final Terms, the Base Conditions shall be amended as follows:

#### 1 Amendments to Condition 6.2 of the Base Conditions

Condition 6.2 of the Base Conditions (*Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates – Cancellation or Adjustment following the occurrence of an Additional Disruption Event or Cancellation following the occurrence of a Nominal Call Event or Cancellation following the occurrence of a Specified Early Cancellation Event*) shall be amended by:

- 1.1 the amendment of the title thereof to read: “Cancellation or Adjustment following the occurrence of an Additional Disruption Event or Cancellation following the occurrence of a Nominal Call Event or Cancellation following the occurrence of a Specified Early Cancellation Event or Cancellation at the option of the Issuer or Cancellation following the occurrence of an Early Exercise Trigger Event”;
- 1.2 the insertion of the following paragraph as paragraphs (d) and (e) thereof:

- (i) “(d) In relation to Italian Securities, if “Call Option” is specified as applicable in the applicable Final Terms, the Issuer may, on giving not less than 15 Business Days’ irrevocable notice to Securityholders (such notice an “**Issuer Call Cancellation Notice**”) (or such other notice period as may be specified in the applicable Final Terms) (such period, the “**Issuer Call Notice Period**”) in accordance with Condition 16, provided that such notice is delivered within the Issuer Call Option Exercise Period, cancel some or all of the Securities (in whole but not in part), subject to Conditions 7, 8 and 9 at its Issuer Call Optional Cash Settlement Amount together with accrued interest (if applicable) on the relevant Optional Cash Settlement Date.

*In the event that any option of the Issuer is exercised with respect to some but not all of the Securities of any Series and any such Securities are Cleared Securities or Italian Dematerialised Securities, the rights of accountholders*



*with the Relevant Clearing System in respect of the Securities will be governed by the standard procedures and Relevant Rules (to be reflected in the records of the Relevant Clearing Systems as either a pool factor or a reduction in number, as applicable at their discretion);*

- (e) In relation to Italian Securities, if “Early Exercise Trigger Event” is specified as applicable in the applicable Final Terms and an Early Exercise Trigger Event occurs, the Issuer shall give notice (a “**Trigger Event Notice**”) to Securityholders in accordance with Condition 16 and any Securityholder may, on any of the dates specified in the relevant Trigger Event Notice, exercise some or all of the Securities held by it by the delivery of a Security Exercise Notice in accordance with Condition 6.3(a) of the Base Conditions. Any such date on which the Securities may be exercised shall also be an “**Eligible Exercise Date**” for the purposes of the Conditions.

Following such exercise, each relevant Security will be settled by the Issuer at its Trigger Early Cash Settlement Amount specified in the applicable Final Terms on the Trigger Early Cash Settlement Date specified in the applicable Final Terms.”.

## **2 Amendments to Condition 7.3 of the Base Conditions**

Condition 7.3 of the Base Conditions (*Settlement – Conditions to Settlement*) shall be amended by:

- 2.1 the insertion of the words “, the Trigger Early Cash Settlement Date, the Issuer Call Optional Cash Settlement Date” after the words “the Early Physical Cancellation Date” in the eighth line of the final paragraph thereof.

## **3 Amendments to Condition 24 of the Base Conditions**

Condition 24 of the Base Conditions (*Definitions*) shall be amended by:

- 3.1 the insertion of the following definitions in alphabetical order:

““**Issuer Call Cancellation Notice**” as defined in Condition 6.2(d).

“**Issuer Call Notice Period**” as defined in Condition 6.2(d).

“**Issuer Call Optional Cash Settlement Amount**” means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the date the Issuer Call Cancellation Notice is given by the Issuer and in any event no later than the last day of the relevant Issuer Call Notice Period. In determining the Issuer Call Optional Cash Settlement Amount, the Determination Agent may take into account prevailing market prices and/or exchange rates and/or the price or level of any Reference Asset(s).

“**Issuer Call Option Exercise Period**” means the period specified as such in the applicable Final Terms.

“Optional Cash Settlement Date” means the last day of the relevant Issuer Call Notice Period or such other date specified in or determined in accordance with the applicable Final Terms.

“Trigger Early Cash Settlement Amount” is as defined in the applicable Final Terms.

“Trigger Early Cash Settlement Date” is as defined in the applicable Final Terms.”

#### IV. AMENDMENTS TO THE BASE CONDITIONS IN RESPECT OF ALL ITALIAN SECURITIES:

##### 1 Amendments to Condition 20 of the Base Conditions

Condition 20.1 (*Modification and Meetings – Modifications to the Conditions*) shall be amended by the insertion of the following as the final paragraph thereof:

“Notwithstanding the above, if the Securities are Italian Securities, the Conditions may also be modified in order to comply with amendments to any applicable laws and regulations (including, *inter alia*, any regulations of the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”), the rules of the markets organised and managed by Borsa Italiana S.p.A., the instructions relating thereto and interpretations of such regulations, rules and instructions, and all the regulations and rules of any other stock exchange, market or quotation system, trading facility or clearing system applicable to such Italian Securities)”.

## **PART C2 – COMMODITY LINKED ANNEX**

### **Amendments to the Commodity Linked Annex in respect of Italian Listed Securities**

In respect of Italian Listed Securities, Part A “Description and Risk Factors”, Part B “Additional Terms and Conditions for Commodity Linked Securities” and Part C “Definitions and Interpretation Applicable to Commodity Linked Securities” shall be amended as follows:

#### **1 Description and Risk Factors**

The word “commercially” shall be deleted from the Risk Factor headed “If a Commodity Market Disruption Event has occurred or exists on a pricing date, the determination of the value of a Relevant Commodity or Commodity Index may be delayed or postponed and as a consequence the redemption or exercise of the Commodity Linked Securities” in Part A of the Commodity Linked Annex.

#### **2 Additional Terms and Conditions for Commodity Linked Securities**

The only Commodity Business Day Convention applicable to Italian Securities is the Following Commodity Business Day Convention. Accordingly, the definitions of “Modified Following”, “Nearest” and “Preceding” in Commodity Linked Condition 7 (*Commodity Business Day Convention*) of the shall not be relevant for the purpose of the Securities.

#### **3 Definitions and Interpretation Applicable to Commodity Linked Securities**

The word “commercially” in subsection (b)(iv) of the definition of “Disruption Fallback” in Section 2 (*Terms relating to Commodity Market Disruption Events and Disruption Fallback*) of Part C of the Commodity Linked Annex shall be deleted.

## PART C3 – EQUITY LINKED ANNEX

### Amendments to the Equity Linked Annex in respect of Italian Listed Securities

In respect of Italian Listed Securities, Part B “Additional Terms and Conditions for Equity Linked Securities” and Part C “Definitions and Interpretation Applicable to Equity Linked Securities” of the Equity Linked Annex shall be amended as follows:

#### 1 Additional Terms and Conditions for Equity Linked Securities

- 1.1 the word “substantially” in the title and in the third line of Equity Linked Condition 1.2 (*Successor Index Sponsor or Substitution of Index with substantially similar calculation*) shall be deleted;
- 1.2 Equity Linked Condition 1.5 (*Futures Price Valuation*) shall be deleted;
- 1.3 Equity Linked Condition 2.1 (*Potential Adjustment Events*) shall be deleted and the following substituted therefor:

##### “2.1 Potential Adjustment Events

The Issuer may at any time determine and declare that a Potential Adjustment Event has occurred. Following such declaration by the Issuer of any Potential Adjustment Event, the Determination Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (i) make the corresponding adjustment(s), relevant to the exercise, settlement, payment or other terms of the Securities as the Determination Agent determines appropriate to account for the diluting or concentrative effect of such Potential Adjustment Event (the “**Adjustment(s)**”) and (ii) determine the effective date(s) of the Adjustment(s). The Determination Agent may (but need not) determine the appropriate Adjustment(s) by reference to the Adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on that options exchange.

Notwithstanding the above, the Issuer may alternatively, on giving notice to the Securityholders in accordance with Condition 16 of the Base Conditions, elect, in lieu of the Determination Agent making an Adjustment in respect of a Potential Adjustment Event, to deliver to each Securityholder one or more additional Securities (the “**Adjustment Event Securities**”) and/or pay to each Securityholder a cash amount (the “**Adjustment Event Amount**”) to account for the diluting or concentrative effect of such Potential Adjustment Event. Where the Issuer elects to deliver Adjustment Event Securities, such Adjustment Event Securities will be issued on the same (or substantially the same) terms as the relevant Securities as the Determination Agent may determine. In such notice the Issuer will set out the amount of Securities to be delivered and/or cash to be paid and the manner in which such delivery and/or payment is to be made.

For the avoidance of doubt, if the Issuer determines and declares that a certain event constitutes a Potential Adjustment Event, then Equity Linked Condition 6 below shall not apply in respect of such event.”;

- 1.4 Equity Linked Condition 2.5.1 (*Substitution of Shares*) shall be deleted and the following substituted therefor:

“2.5.1 If “Substitution of Shares - Standard” is specified as applicable in the applicable Final Terms, if any Share shall be affected by a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting, as the case may be, (the “**Affected Shares**”) then without prejudice to the rights that the Securityholder has under the Securities (as described above), the Issuer or the Determination Agent on its behalf shall have the discretion to substitute the Affected Shares with substitute shares (the “**Substitute Shares**”) as selected by the Determination Agent in its sole discretion for inclusion in the Basket of Shares as of the Announcement Date or the Tender Offer Date, as the case may be.

The Substitute Shares shall have such criteria as the Determination Agent deems appropriate including, but not limited to, the following:

- (i) the Substitute Shares shall be of same broad economic sector as the Share Company of the Affected Shares;
- (ii) the issuer of the Substitute Share shall be of a similar international standing and creditworthiness as the Share Company of the Affected Shares;
- (iii) the Substitute Share shall be listed on a stock exchange, market or quotation system which, for so long as the Italian Securities are admitted to listing on Borsa Italiana S.p.A. and to trading on the Electronic Securitised Derivatives Market (SeDeX) of Borsa Italiana S.p.A., is acceptable to Borsa Italiana S.p.A.; and
- (iv) the Substitute Share shall not be a Share already in the Basket of Shares.

The Initial Price of the Substitute Shares shall be determined in accordance with the following:

$$\text{Initial Price} = \text{Substitute Price} \times (\text{Affected Share}(k) / \text{Affected Share}(j))$$

where:

“**Substitute Price**” means the official closing price per Share of the relevant Substitute Shares as of the Valuation Time on the dates on which the Affected Share(j) is determined or if such date is not a Scheduled Trading Date on the relevant Exchange in respect of the Substitute Shares, the following Scheduled Trading Date of the Substitute Shares;

“**Affected Share(k)**” means the “Initial Price” of the relevant Affected Shares as specified in the applicable Final Terms; and

“**Affected Share(j)**” means the last closing price per Share of the Affected Shares on or prior to the Announcement Date or the Tender Offer Date (as the case may be).

The Determination Agent shall notify the Securityholders as soon as practicable after the selection of the Substitute Shares and the failure by the Determination Agent to give such notice shall not however prejudice or invalidate the Substitute Shares being included as of the time and date specified above.

If Physical Settlement is specified in the Settlement Method in the applicable Final Terms or is elected by the Issuer or Securityholder pursuant to Condition 5 or 6 of the

Base Conditions (as the case may be), Entitlement Substitution shall be deemed to be applicable with respect to a series of Share Linked Securities.”;

- 1.5 Equity Linked Condition 3.1 (*Consequences of Disrupted Days following a Market Disruption Event*) shall be amended by the deletion of the word “commercially” in:
  - a) the fifth line of Condition 3.1.1 thereof;
  - b) the penultimate line of Condition 3.1.2 thereof; and
  - c) the penultimate line of Condition 3.1.3 thereof;
- 1.6 Equity Linked Condition 5 (*FX Disruption Event*) shall be amended by the deletion of Condition 5.1.2 thereof and the subsequent Equity Linked Condition 5.1.3 (and any related cross-references) shall be renumbered accordingly; and
- 1.7 no Additional Disruption Events shall be applicable to Italian Securities. Accordingly, Equity Linked Condition 8 (*Additional Disruption Events*) shall not be relevant for the purpose of the Securities.

## **2 Definitions and Interpretation applicable to Equity Linked Securities**

- 2.1 the words “in its sole and absolute discretion” shall be deleted in the definition of “Cash Amount” in Section 1 and the words “in a reasonable manner” substituted therefor;
- 2.2 the words “and Expenses” shall be deleted in the definition of “Cash Amount” in Section 1;
- 2.3 the definition of “Expenses” in Section 1 shall be deleted and the following substituted therefor:

“**Expenses**” means, in respect of a Security, all Taxes arising in connection with the redemption of such Security and/or delivery or transfer of the Relevant Assets.

## Part D Italian Tax Disclosure

### PART D1 – NOTES

*The following is a summary of current Italian law and practice relating to the taxation of Italian Securities that take the form of Notes (the “Italian Notes”). The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Italian Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Italian Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Italian Notes.*

*This summary does not describe the tax consequences for an investor with respect to Italian Notes that will be redeemed by physical delivery. This summary does not describe the tax consequences for an investor with respect to Italian Notes that provide payout linked to the profits of the Issuer, profits of other company of the group or profits of the business in relation to which they are issued. Prospective investors are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Italian Notes and receiving payments of yield, principal and/or other amounts under the Italian Notes, including in particular the effect of any state, regional or local tax laws.*

#### **Tax treatment of Italian Notes qualifying as debentures similar to bonds**

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (“Decree 239”), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Italian Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers.

For these purposes, debentures similar to bonds are defined as debt instruments that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for internal payments) and that do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control on the management.

#### *Italian Resident investor*

Where the Italian Notes have an original maturity of at least 18 months and an Italian resident investor is (i) an individual not engaged in an entrepreneurial activity to which the Italian Notes are connected (unless he has opted for the application of the “*risparmio gestito*” regime – see “Capital Gains Tax” below), (ii) a non-commercial partnership pursuant to article 5 of the Italian Income Consolidated Code (“**TUIR**”) (with the exception of general partnership, limited partnership and similar entities), (iii)

a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Italian Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as “*imposta sostitutiva*”, levied at the rate of 12.5 per cent. In the event that the investor described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Italian Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident investor is a company or similar commercial entity pursuant to article 73 of TUIR or a permanent establishment in Italy of a foreign company to which the Italian Notes are effectively connected and the Italian Notes are deposited with an authorised intermediary, interest, premium and other income from the Italian Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant investor's income tax return and are therefore subject to general Italian corporate taxation (“IRES” levied at the rate of 27.5 per cent.) and, in certain circumstances, depending on the “status” of the investor, also to the regional tax on productive activities (“IRAP”, generally levied at the rate of 3.90 per cent., even though regional surcharges may apply).

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (subject to the regime provided for by Law No. 77 of 23 March 1983, a “Fund”) or a SICAV, and the Italian Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Bonds will not be subject to *imposta sostitutiva* but must be included in the management result of the Fund or the SICAV. The Fund or SICAV will not be subject to taxation on such result, but a substitutive tax of 12.5 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the “**Collective Investment Fund Substitutive Tax**”).

Where an Italian resident investor is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Italian Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Italian Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* (“SIMs”), fiduciary companies, *Società di gestione del risparmio* (“SGRs”), stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each, an “Intermediary”).

For the Intermediary to be entitled to apply the *imposta sostitutiva*, it must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Italian Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Italian Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Italian Notes.

Where the Italian Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a investor. If interest and other proceeds on the Italian Notes are not collected through an Intermediary or any entity paying interest and as such no *imposta*



*sostitutiva* is levied, the Italian resident beneficial owners listed above under (i) to (iv) will be required to include interest and other proceeds in their yearly income tax return and subject them to a final substitute tax at a rate of 12.5 per cent.

If the Italian Notes are issued for an original maturity of less than 18 months, the *imposta sostitutiva* applies at the rate of 27 per cent. The 27 per cent. *imposta sostitutiva* is also applied to any payment of interest or premium relating to the Italian Notes made to (i) Italian pension funds, (ii) Italian Funds and (iii) Italian SICAVs.

#### *Non-Italian Resident investor*

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident investor of interest or premium relating to the Italian Notes provided that, if the Italian Notes are held in Italy, the non-Italian resident investor declares itself to be a non-Italian resident according to Italian tax regulations.

#### *Early redemption*

Without prejudice to the above provisions, in the event that Italian Notes having an original maturity of at least 18 (eighteen) months are redeemed, prior to 18 (eighteen) months from their Issue Date, or, at certain conditions, if repurchased by the Issuer within this period (Resolution No. 11 of 31 January 2011 of Italian Revenue Agency (*Agenzia delle Entrate*)) Italian resident investors will be required to pay, by way of a withholding to be applied by the Italian Intermediary responsible for payment of interest or the redemption of the Italian Notes, an amount equal to 20 per cent. of the interest and other amounts accrued.

#### *Capital Gains Tax*

Where the Italian resident investor is (i) an individual not engaged in an entrepreneurial activity to which the Italian Notes are connected, (ii) a non-commercial partnership, pursuant to article 5 of TUIR (with the exception of general partnership, limited partnership and similar entities) (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of Italian Notes are subject to a 12.5 per cent. substitute tax (*imposta sostitutiva*).

The recipient may opt for three different taxation criteria.

- (1) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Italian Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any off-settable capital loss, realised by the Italian resident individual holding the Italian Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Italian Notes carried out during any given tax year. Italian resident individuals holding the Italian Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (2) As an alternative to the tax declaration regime, Italian resident individuals holding the Italian Notes not in connection with an entrepreneurial activity may elect to pay the *imposta*

*sostitutiva* separately on capital gains realised on each sale or redemption of the Italian Notes (the “*risparmio amministrato*” regime provided for by article 6 of Decree No. 461). Such separate taxation of capital gains is allowed subject to (i) the Italian Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant investor. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Italian Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the investor or using funds provided by the investor for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Italian Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the investor is not required to declare the capital gains in the annual tax return.

- (3) Any capital gains realised or accrued by Italian resident individuals holding the Italian Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Italian Notes, to an authorised intermediary and have validly opted for the so-called “*risparmio gestito*” regime (regime provided for by article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the investor is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident investor is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Italian Notes are effectively connected, capital gains arising from the Italian Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant investor's income tax return and are therefore subject to Italian corporate tax and, in certain circumstances, depending on the "status" of the investor, also as a part of the net value of production for IRAP purposes.

Any capital gains realised by an investor which is a Fund or a SICAV will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund or SICAV, but subsequent distributions in favour of unitholders or shareholders may subject to the Collective Investment Fund Substitute Tax.

Any capital gains realised by an investor which is an Italian pension fund (subject to the regime provided by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. ad hoc substitute tax.

Capital gains realised by non-Italian resident beneficial owner are not subject to Italian taxation provided that the Italian Notes (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside Italy.

The provisions of the applicable tax treaties against double taxation entered into by Italy apply if more favourable and all relevant conditions are met.

#### **Tax treatment of Italian Notes qualifying as Atypical securities**

Italian Notes that cannot be qualified as securitised derivatives or instruments similar to bonds under TUIR could be considered 'atypical' securities pursuant to article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Italian Notes may be subject to an Italian withholding tax, levied at the rate of 27 per cent.

The 27 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident holder of the Italian Notes and to an Italian resident holder of the Italian Notes which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

The withholding is levied by the Italian intermediary appointed by the Issuer, intervening in the collection of the relevant income or in the negotiation or repurchasing of the Italian Notes.

#### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

#### **Transfer Tax**

Article 37 of Law Decree No 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of EUR 168; and (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### **Implementation in Italy of the EU Savings Directive**

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (“**Decree No. 84**”). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

## PART D2 – WARRANTS AND CERTIFICATES

*The following is a summary of current Italian law and practice relating to the taxation of Italian Securities that take the form of Warrants or Certificates (the “Italian Warrants and Certificates”). The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of Italian Warrants and Certificates and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Italian Warrants and Certificates are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of Italian Warrants and Certificates.*

*This summary does not describe the tax consequences for an investor with respect to Italian Warrants and Certificates that will be redeemed by physical delivery. This summary does not describe the tax consequences for an investor with respect to Italian Warrants and Certificates that provide payout linked to the profits of the Issuer, profits of other company of the group or profits of the business in relation to which they are issued. Prospective investors are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Italian Warrants and Certificates and receiving payments of yield, principal and/or other amounts under Italian Warrants and Certificates, including in particular the effect of any state, regional or local tax laws.*

### *Securitised derivatives*

Pursuant to the generally followed interpretation if the Italian Warrants and Certificates qualifies as securitised derivatives, where the Italian resident investor is (i) an individual not engaged in an entrepreneurial activity to which the Italian Warrants and Certificates are connected, (ii) a non-commercial partnership, pursuant to article 5 of TUIR (with the exception of general partnership, limited partnership and similar entities) (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of Italian Warrants and Certificates are subject to a 12.5 per cent. substitute tax (*imposta sostitutiva*) (article 67 of Presidential Decree No. 917 of 22 December 1986 (the “TUIR”) and Legislative Decree No. 461 of 21 November 1997 (“Decree No. 461”). The recipient may opt for three different taxation criteria.

- (1) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Italian Warrants and Certificates are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any off-settable capital loss, realised by the Italian resident individual holding the Italian Warrants and Certificates not in connection with an entrepreneurial activity pursuant to all sales or redemptions of Italian Warrants and Certificates carried out during any given tax year. Italian resident individuals holding Italian Warrants and Certificates not in

connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

- (2) As an alternative to the tax declaration regime, Italian resident individuals holding Italian Warrants and Certificates not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of Italian Warrants and Certificates (the “*risparmio amministrato*” regime provided for by article 6 of Decree No. 461). Such separate taxation of capital gains is allowed subject to (i) the Italian Warrants and Certificates being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant investor. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of Italian Warrants and Certificates (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the investor or using funds provided by the investor for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of Italian Warrants and Certificates results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the investor is not required to declare the capital gains in the annual tax return.
- (3) Any capital gains realised or accrued by Italian resident individuals holding Italian Warrants and Certificates not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Italian Warrants and Certificates, to an authorised intermediary and have validly opted for the so-called “*risparmio gestito*” regime (regime provided for by article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the investor is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident investor is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Italian Warrants and Certificates are effectively connected, capital gains arising from Italian Warrants and Certificates will not be subject to *imposta sostitutiva*, but must be included in the relevant investor's income tax return and are therefore subject to Italian corporate tax and, in certain circumstances, depending on the “status” of the investor, also as a part of the net value of production for IRAP purposes.

Any capital gains realised by a investor which is an open-ended or close-ended investment fund (subject to the tax regime provided by Law No. 77 of 23 March 1983, a “Fund”) or a SICAV will be

included in the result of the relevant portfolio accrued and will not be subject neither to substitutive tax nor to any other income tax in the hands of the Fund or the SICAV.

Any capital gains realised by an investor which is an Italian pension fund (subject to the regime provided by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. *ad hoc* substitute tax.

Capital gains realised by non-Italian resident beneficial owner are not subject to Italian taxation provided that Italian Warrants and Certificates (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside of Italy.

The provisions of the applicable tax treaties against double taxation entered into by Italy apply if more favourable and all relevant conditions are met.

In accordance with a different interpretation of current tax law, it is possible that Italian Warrants and Certificates would be considered as "atypical securities" pursuant to article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Italian Warrants and Certificates may be subject to the tax treatment applicable to the "atypical Securities" as indicated below.

#### *Atypical Securities*

Payments relating to atypical securities may be subject to an Italian withholding tax levied at the rate of 27 per cent.

The 27 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident holder of the Italian Warrants and Certificates and to an Italian resident holder of the Italian Warrants and Certificates which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

The withholding is levied by the Italian intermediary appointed by the Issuer, intervening in the collection of the relevant income or in the negotiation or repurchasing of the Italian Warrants and Certificates.

#### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and

- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

### **Transfer Tax**

Article 37 of Law Decree No 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of EUR 168; and (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### **Implementation in Italy of the EU Savings Directive**

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (“**Decree No. 84**”). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.



## ITALIAN SECURITIES ANNEX

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## Part A

### Brief Description of Italian Securities

Italian Securities are Securities which are specified to be "Italian Securities" in the applicable Final Terms. Italian Securities may take the form of Notes, Warrants or Certificates which are offered to the public in Italy ("**Italian Offered Securities**") and/or Warrants or Exercisable Certificates which are to be listed on the Italian Stock Exchange and admitted to trading on the electronic "Securitised Derivatives Market" (the "**SeDeX**") organised and managed by the Italian Stock Exchange, or in respect of which the Issuer reserves the right to apply for listing on the Italian Stock Exchange and admission to trading on the SeDeX ("**Italian Listed Securities**") and/or Warrants or Exercisable Certificates which are to be issued in dematerialised form, as specified below ("**Italian Dematerialised Securities**"), as indicated in the applicable Final Terms.

Italian Dematerialised Securities will be cleared through Monte Titoli S.p.A. and issued in registered, uncertificated and dematerialised form, in accordance with the Financial Services Act (*Testo Unico della Finanza*) and the relevant implementing legislation, as amended from time to time. Italian Dematerialised Securities will be issued in book-entry form and registered in the books of Monte Titoli S.p.A. As such, Italian Dematerialised Securities are not constituted by any physical document of title and no Global Security or Definitive Security shall be issued in respect thereof, provided however that a holder of Italian Dematerialised Securities has the right to obtain certification of such holding pursuant to articles 83-quinquies and 83-novies, paragraph 1, letter b) of the Financial Services Act. The Deed of Covenant shall not apply to Italian Dematerialised Securities.

Italian Securities will only be issued by the Bank. BCCL will not issue Italian Securities. Any reference in this Base Prospectus to "Issuer", "Issuers", "relevant Issuer", "an Issuer" or "any Issuer" shall be construed accordingly.

Italian Listed Securities and Italian Dematerialised Securities will only be either European Style Warrants, American Style Warrants or Exercisable Certificates and Cash Settlement and Automatic Exercise will apply thereto.

Italian Securities which are Warrants or Exercisable Certificates may also, if so specified in the applicable Final Terms, provide (i) that the Issuer has the right to cancel the relevant Securities during a specified period and/or (ii) that a Securityholder may exercise some or all of the Securities held by such Securityholder following the occurrence of an Early Exercise Trigger Event.

The Italian Securities Agent in respect of Italian Dematerialised Securities will be specified in the applicable Final Terms and shall be appointed pursuant to the agency agreement specified in the applicable Final Terms. Any such agency agreement may be governed by Italian Law and shall be an "Agency Agreement" for the purposes of the Base Conditions.

## **Part B**

### **Risk Factors relating to Italian Securities**

This section describes additional factors to which prospective investors should have regard when considering an investment in Italian Securities. Prospective investors are also referred to the factors set out in the section headed "Risk Factors" of the Base Prospectus.

#### **1. Option Risk**

Italian Securities are financial instruments which may include option rights and which, therefore, have many characteristics in common with options. Transactions in options involve a high level of risk. Investors who intend to trade in options must first of all understand the types of contracts in which they intend to trade (for example, call options and put options). An investment in options constitutes a highly volatile investment and there is a high probability that the option may have no value at expiration. In such circumstances, an investor would lose the entire purchase price of the options (known as the "**premium**").

The amount which may be payable on redemption, exercise or any early redemption or early termination will depend on the value of options included in the Italian Securities. Prior to the expiration of an Italian Security, variations in the value of the relevant options may reduce the value of such Italian Security.

An investor who is considering the purchase of a call option over a Reference Asset, the market price of which is significantly lower than the price at which the exercise of the option would have a value greater than zero (known as "deep out of the money"), must consider the fact that the possibility that the exercise of the option will be profitable is remote. Likewise, an investor who is considering the purchase of a put option over a Reference Asset, the market price of which is significantly higher than the price at which the exercise of the option would have a value greater than zero must consider the fact that the possibility that the exercise of the option will be profitable is remote.

#### **2. Valuation of Italian Securities in the secondary market**

Investors should note that, in certain circumstances immediately following an issue of Italian Securities, the secondary market price of such Italian Securities may be less than the Issue Price if the Issue Price included commissions and/or fees paid by the Issuer to the relevant distributor(s).

Where so specified in the Final Terms, the liquidity of Italian Securities may be supported by one or more entities active in the secondary market (e.g. specialist, liquidity provider, price maker) pursuant to agreements entered into with the Issuer and/or any Manager and/or any distributor, whereby such entities undertake to purchase the relevant Securities in the secondary market at a price calculated according to pre-determined conditions and for a pre-determined maximum amount.

Therefore, in such case, there is a risk that the purchase price of the relevant Securities may be primarily affected by the activity of such entities where the purchase price is formulated according to pre-determined criteria (such as, without limitation, the creditworthiness of the Issuer on the issue date of the relevant Securities). In that case, the price may not reflect all the market variables and may not be indicative of such variables (for instance, it might not reflect changes in the creditworthiness of

the Issuer compared to that as at the issue date of the relevant Securities) and may, therefore, appear to be higher, or much higher, than the price that would have formed in the market independently.

### **3. Potential conflicts of interest relating to distributors**

Potential conflicts of interest may arise in relation to Italian Offered Securities as the manager(s) and any distributor(s) will act pursuant to a mandate granted by the Issuer and will receive commissions and/or fees on the basis of the services performed and the outcome of the placement of the Italian Offered Securities.

Any further risk factors relating to additional conflicts of interest with respect to the Italian Offered Securities will be specified in the applicable Final Terms.

### **4. Possible illiquidity of Italian Offered Securities in the secondary market where there is no offer to institutional investors**

There may be less liquidity in the secondary market for Italian Offered Securities if the Italian Offered Securities are exclusively offered to retail investors without any offer being made to institutional investors.

In respect of Italian Offered Securities which are also Italian Listed Securities, after the listing of such Securities on the SeDeX, the Issuer (or an entity on behalf of the Issuer) will, for so long as the rules of the SeDeX so require, display continuous "bid" and "offer" prices for such Securities, in accordance with the rules of the SeDeX.

The appointment of an entity acting as market-maker or liquidity provider with respect to the Italian Offered Securities on the secondary market, may, under certain circumstances, have an impact on the price of the Italian Offered Securities on the secondary market.

### **5. Certain considerations relating to public offers of Italian Offered Securities**

In respect of Italian Offered Securities, under certain circumstances indicated in the applicable Final Terms, the Issuer and/or the other entities indicated in the Final Terms, will have the right to withdraw the offer and the offer will be deemed to be null and void in accordance with the terms set out in the applicable Final Terms. In such a case, investors who have already paid or delivered the subscription amounts in respect of such Italian Offered Securities will be entitled to the reimbursement of such subscription amounts but there may be a time lag in making any reimbursements, no amount will be payable as compensation and the applicant may be subject to reinvestment risk.

Unless otherwise provided in the applicable Final Terms, an offer of Italian Offered Securities may be terminated early by the Issuer and/or such other entities as are specified in the applicable Final Terms, even if the maximum amount for subscription in relation to such offer specified in the applicable Final Terms has not been reached, by suspending the acceptance of further subscription requests and by giving notice as soon as possible to the public in the manner specified in the applicable Final Terms. Any such early closure will have an impact on the aggregate number of the Italian Offered Securities issued and the liquidity of such Securities.

Unless otherwise provided in the relevant Final Terms, an offer of Italian Offered Securities may be extended by the Issuer and/or such other entities as are specified in the applicable Final Terms which may result in a postponement of the issue date of such Securities and the terms of such Securities may be further amended to reflect such postponement (which, for the avoidance of doubt, may

include a postponement of the maturity date or expiration date, as the case may be, of the relevant Securities). Any such extension and (if applicable) delay of the issue date and amendment will be communicated to the public in the manner specified in the applicable Final Terms.

In the event the Issuer publishes a supplement to the Base Prospectus which gives rise to walk-away rights in relation to an issue of Italian Offered Securities, pursuant to the Prospectus Directive and Article 94, paragraph 7, 95-bis paragraph 2 and 113, paragraph 2 of the Financial Services Act, the issue date of such Securities may be postponed and the terms of such Securities may be further amended to reflect such postponement (which, for the avoidance of doubt, may include a postponement of the maturity date or expiration date, as the case may be, of the relevant Securities). Any such delay and/or amendment will be communicated to the public in the manner specified in the applicable Final Terms.

Investors should note that, if the issue date and/or the maturity date or expiration date, as the case may be, of an issue of Italian Offered Securities are postponed, the payment of the amounts which are due under such Securities would be made on dates which are different from the dates initially considered by investors and this would have an impact on such investor's investment plan. In addition, where the issue date of an issue of Italian Offered Securities is postponed, any amounts which were held by the relevant Distributor(s) as intended payment of the relevant offer price in respect of the relevant subscribed Securities may or may not accrue interest to the delayed issue date, but this will depend on the agreement between the investor and the relevant Distributor. Investors should therefore check the terms of their agreement with the relevant Distributor to determine whether any such interest would be payable.

#### **6. Securities with foreign exchange risks – emerging market jurisdictions**

Prospective investors should be aware that the risks set out in the risk factor headed "Securities with foreign exchange risks" in the section headed "Risk Factors" of the Base Prospectus may be amplified in respect of Italian Securities where any relevant currency is the currency of an emerging market jurisdiction.

#### **7. Securities may be cancelled prior to the Expiration Date**

If the applicable Final Terms for an issue of Italian Securities provides that the Issuer has a right to cancel such Securities by giving notice during the specified Issuer Call Notice Period and a Security is so cancelled, depending on the prevailing market conditions and the relevant terms of such Security in relation to the cancellation, the relevant Settlement Amount in respect of such Security may be lower than the purchase price of such Security paid by the Securityholder and may be zero. As a consequence, the Securityholder may not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive in respect of a cancellation may only be able to reinvest such monies in securities with a lower yield than the cancelled Securities.

#### **8. Risks relating to modifications to the Conditions of Italian Securities**

The Conditions of Italian Securities may be modified in order to comply with amendments to any applicable laws and regulations (including, *inter alia*, any regulations of the Commissione Nazionale per le Società e la Borsa ("CONSOB"), the rules of the markets organised and managed by Borsa Italiana S.p.A., the instructions relating thereto and interpretations of such regulations, rules and

instructions, and all the regulations and rules of any other stock exchange, market or quotation system, trading facility or clearing system applicable to such Italian Securities).

**Part C**  
**Additional Terms and Conditions for Italian Securities**

**PART C1 – BASE CONDITIONS**

*Italian Securities will only be issued by the Bank. BCCL will not issue Italian Securities and references in the Conditions of Italian Securities to the “Issuer” shall be construed to refer only to the Bank.*

**I. AMENDMENTS TO THE BASE CONDITIONS IN RESPECT OF ITALIAN LISTED SECURITIES:**

In respect of Italian Listed Securities, the Base Conditions shall be amended as follows:

**1 Amendments to Condition 6.2 of the Base Conditions**

Condition 6.2 of the Base Conditions (*Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates – Cancellation or Adjustment following the occurrence of an Additional Disruption Event or Cancellation following the occurrence of a Nominal Call Event or Cancellation following the occurrence of a Specified Early Cancellation Event*) shall be amended by:

- 1.1 the deletion of the words “at its sole and absolute discretion” in Condition 6.2(a) thereof and the substitution of the words “in good faith and in a reasonable manner” therefor;
- 1.2 the deletion of the words “at its sole and absolute discretion” in Condition 6.2(a)(i) thereof and the substitution of the words “in good faith and in a reasonable manner” therefor;
- 1.3 the deletion of the word “commercially” in Condition 6.2(a)(i) thereof; and

**2 Amendments to Condition 6.3 of the Base Conditions**

Condition 6.3(a) of the Base Conditions (*Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates – Exercise and Cancellation Procedure – Exercise*) shall be amended by:

- 2.1 the deletion of the words “, Settlement Expenses,” in the fourth line of the penultimate paragraph thereof.

**3 Amendments to Condition 6.4 of the Base Conditions**

Condition 6.4 of the Base Conditions (*Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates – Automatic Exercise*) shall be amended by:

- 3.1 the addition of the words “and to the provisions of Condition 6.4(c)” after the words “(subject to the Exercise Parameters” in Condition 6.4(a)(ii);
- 3.2 the addition of the following as a new penultimate paragraph in Condition 6.4(b):

“Notwithstanding the above, if the Securities are Italian Listed Securities, the relevant conditions to settlement for the purpose of this Condition 6.4 will be satisfied by (a) receipt of all instructions, certifications and information by the Issuer, the Issue and Paying Agent (in the case of Securities other than Italian Dematerialised Securities), the Italian Securities Agent (in the case of Italian Dematerialised Securities) and the Relevant Clearing System to effect payment of the relevant Settlement Amount to the Securityholder (or to its order) within the required time period, (b) the condition to settlement in Condition 9.6 being satisfied, (c) the



deposit of a duly completed Security Exercise Notice (in the form available from any Paying Agent, the Registrar or any Transfer Agent (in respect of Securities other than Italian Dematerialised Securities) or from the Italian Securities Agent (in respect of Italian Dematerialised Securities) and which includes, for the avoidance of doubt, the representations required pursuant to Condition 6.3 of the Base Conditions) in accordance with the Conditions and (d) in respect of Securities other than Italian Dematerialised Securities, the deposit, presentation or surrender of the relevant Security, as applicable.”.

3.3 the addition of the following as a new Condition 6.4(c) after Condition 6.4(b) of the Base Conditions:

“(c) Italian Listed Securities

For so long as the Securities are admitted to listing on the Italian Stock Exchange and to trading on the Electronic Securitised Derivatives Market (SeDeX) of Borsa Italiana S.p.A., then at any time prior to the Renouncement Notice Cut-Off Time, any Securityholder may renounce Automatic Exercise of any Securities held by such Securityholder in accordance with the rules of the Italian Stock Exchange applicable from time to time by the giving of a duly completed Renouncement Notice (a) to the Relevant Clearing System, with a copy to the Issuer and the Issue and Paying Agent, in the case of Securities other than Italian Dematerialised Securities; and (b) to the Italian Securities Agent, in the case of Italian Dematerialised Securities. Once delivered a Renouncement Notice shall be irrevocable and a Securityholder will not transfer the Securities the subject of the Renouncement Notice. If a duly completed Renouncement Notice is validly delivered prior to the Renouncement Notice Cut-off Time, the relevant Securityholder will not be entitled to receive any amounts payable by the Issuer in respect of relevant Securities and the Issuer shall have no further liability in respect of such amounts.

Any determination as to whether a Renouncement Notice is valid, effective and/or duly completed and in proper form shall be made by (a) the Relevant Clearing System (in consultation with the Issuer and the Issue and Paying Agent), in the case of Securities other than Italian Dematerialised Securities; or (b) the Italian Securities Agent (in consultation with Monte Titoli S.p.A.), in the case of Italian Dematerialised Securities) and shall be conclusive and binding on the Issuer, the Agents and the relevant Securityholder(s), as the case may be.

Subject as follows, any Renouncement Notice determined not to be valid, effective, complete and in proper form shall be null and void unless the Issuer and, in the case of Italian Dematerialised Securities, the Italian Securities Agent agree otherwise. This provision shall not prejudice any right of the person delivering the notice to deliver a new or corrected notice.

The Issuer or, in the case of Italian Dematerialised Securities, the Italian Securities Agent shall use all reasonable endeavours promptly to notify any Securityholder submitting a Renouncement Notice if it is determined that such Renouncement Notice is not valid, effective, complete or in the proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Relevant Clearing System, or any Agent, as the case may be, shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with any notification to a Securityholder or determination that a Renouncement Notice is not valid, effective, complete or in the proper form.”.

#### **4 Amendments to Condition 7.3 of the Base Conditions**

The third paragraph of Condition 7.3 of the Base Conditions (*Settlement – Conditions to Settlement*) shall not apply to Italian Listed Securities.

#### **5 Amendments to Condition 9.6 of the Base Conditions**

Condition 9.6 of the Base Conditions (*Taxes, Settlement Expenses and Exercise Price Conditions to Settlement*) shall be amended by:

- 5.1 the deletion of the words “, Settlement Expenses” in the heading thereof;
- 5.2 the deletion of the words “and Settlement Expenses” after the words “applicable Taxes” in the third line thereof; and
- 5.3 the deletion of the words “Settlement Expenses,” after the words “such applicable Taxes,” in the penultimate line thereof.

#### **6 Amendments to Condition 15 of the Base Conditions**

Condition 15 of the Base Conditions (*Unlawfulness or impracticability*) shall be amended by the deletion of the words “in its sole and absolute discretion” and the substitution of the words “in good faith and in a reasonable manner” therefor.

#### **7 Amendments to Condition 17 of the Base Conditions**

Condition 17.2 of the Base Conditions (*Substitution – The Bank*) shall be amended by the insertion of the following as a new third paragraph thereof:

“The provisions of this Condition 17.2 shall not apply to the Securities for so long as (a) the Securities are admitted to listing on Borsa Italiana S.p.A. and to trading on the Electronic Securitised Derivatives Market (SeDeX) of Borsa Italiana S.p.A. and (b) the rules of Borsa Italiana S.p.A., as interpreted by it, so require.”

#### **8 Amendments to Condition 24 of the Base Conditions**

Condition 24 of the Base Conditions (*Definitions*) shall be amended by:

- 8.1 the deletion of the definition of “Additional Disruption Event” therein and the substitution of the following therefor:

““**Additional Disruption Event**” means, with respect to a Series of Securities, each of Change in Law and Issuer Tax Event. For the avoidance of doubt, in the event of any inconsistency between any applicable Relevant Annex(es) and the applicable Final Terms as to what constitutes an Additional Disruption Event for the purposes of the Securities, the Final Terms shall prevail.”;

- 8.2 the deletion of the definition of “Change in Law” therein and the substitution of the following therefor:

““**Change in Law**” means that, on or after the Trade Date (a) due to the adoption or announcement 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 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 Issuer determines in good faith and in a reasonable manner that it has become illegal for the Issuer and/or any of its Affiliates to hold, acquire, deal in or dispose of the Hedge Positions relating to the Securities or contracts in securities, options, futures, derivatives or foreign exchange relating to such Securities.”;

- 8.3 the deletion of the definition of “Disruption Cash Settlement Price” therein and the substitution of the following therefor:

“**Disruption Cash Settlement Price**” means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount, determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the Disruption Cash Settlement Date (which shall take into account, where some but not all of the Reference Assets comprising the Entitlement have been duly delivered pursuant to Condition 7.2(a), the value of such Reference Assets).”;

- 8.4 the deletion of the definition of “Early Cash Settlement Amount” therein and the substitution of the following therefor:

“**Early Cash Settlement Amount**” means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, in respect of any early redemption or cancellation of the Securities, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities following the event triggering the early redemption or cancellation. In determining the Early Cash Settlement Amount, the Determination Agent may take into account prevailing market prices and/or exchange rates and/or the price or level of any Reference Asset(s) The Early Cash Settlement Amount will be determined by the Determination Agent on or as soon as reasonably practicable following the event giving rise to the early redemption or cancellation of the Securities. For the purposes of calculating any Early Cash Settlement Amount at any time following an Event of Default, the Determination Agent will ignore the effect of such Event of Default upon the market value of the Securities.”;

- 8.5 the deletion of the definition of “Local Market Expenses” therein;

- 8.6 the deletion of the definition of “Settlement Amount” therein and the substitution of the following therefor:

“**Settlement Amount**” means the Final Cash Settlement Amount, the Optional Cash Settlement Amount, the Alternate Cash Settlement Amount, the Early Cash Settlement Amount, the Specified Early Cash Settlement Amount, the Trigger Early Cash Settlement Amount, the Issuer Call Optional Cash Settlement Amount, the Exercise Cash Settlement Amount, or the Disruption Cash Settlement Price, as applicable.”;

- 8.7 the deletion of the definition of “Settlement Expenses” therein;

- 8.8 the deletion of the definition of “Specified Early Cash Settlement Amount” therein and the substitution of the following therefor:

“**Specified Early Cash Settlement Amount**” means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount

determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the date the Specified Early Redemption Notice or Specified Early Cancellation Notice, as possible, is given by the Issuer, and in any event no later than the last day of the Specified Early Redemption Notice Period or Specified Early Cancellation Notice Period, as applicable. In determining the Specified Early Cash Settlement Amount, the Determination Agent may take into account prevailing market prices and/or exchange rates and/or the price or level of any Reference Asset(s).”; and

8.9 the insertion of the following definitions in alphabetical order:

“**Italian Stock Exchange**” means the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A.

“**Renouncement Notice**” means a notice to be completed in accordance with the Rules of the Italian Stock Exchange and delivered as provided in Condition 6.4 of the Base Conditions, which allows the relevant Securityholder to renounce Automatic Exercise of the Securities.

“**Renouncement Notice Cut-Off Time**” means, in respect of a Series of Securities, the time on a designated date, specified as the Renouncement Notice Cut-off Time in the applicable Final Terms, which shall be the latest time at which a Securityholder can deliver a duly completed Renouncement Notice in accordance with the Conditions.

## II. AMENDMENTS TO THE BASE CONDITIONS IN RESPECT OF ITALIAN DEMATERIALISED SECURITIES:

In respect of Italian Dematerialised Securities, the Base Conditions shall be amended as follows:

### 1 Amendments to Condition 1.1 of the Base Conditions

Condition 1.1(a) of the Base Conditions (*Form, Title and Transfer – Form – Form of Securities*) shall be amended by the addition of the following paragraph as a new final paragraph thereof:

“Notwithstanding the above, the Issuer may issue Securities cleared through Monte Titoli S.p.A. in registered, uncertificated and dematerialised form, which are issued in accordance with the Financial Services Act (*Test Unico della Finanza*) and the relevant implementing legislation, as amended from time to time. In such circumstances, the Securities will be specified to be “Italian Dematerialised Securities” in the applicable Final Terms. Italian Dematerialised Securities will be issued in book-entry form and registered in the books of Monte Titoli S.p.A. As such, Italian Dematerialised Securities are not constituted by any physical document of title and no Global Security or Definitive Security shall be issued in respect thereof and these Base Conditions shall be construed accordingly.”.

### 2 Amendments to Condition 1.2 of the Base Conditions

Condition 1.2 of the Base Conditions (*Form, Title and Transfer – Denomination and Number*) shall be amended by the addition of the following as a new final paragraph thereof:

“All Italian Dematerialised Securities of a Series shall have the same Calculation Amount per Security as at the Issue Date.”.

### 3 Amendments to Condition 1.3 of the Base Conditions

Condition 1.3(a) of the Base Conditions (*Title – General*) shall be amended by the addition of the following as a new final paragraph thereof:

“Notwithstanding the above, if the Securities are Italian Dematerialised Securities, “**Securityholder**” and “**holder**” means the person who is for the time being shown in the records of Monte Titoli S.p.A. as the holder of a particular number of the Securities (in which regard, any certificate, record or other document issued by Monte Titoli S.p.A. as to the number of Securities standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error. Any such person shall (except as otherwise required by law) be treated for all purposes by the Issuer and the relevant Agents as the holder thereof and as the person entitled to exercise the rights represented thereby notwithstanding any notice to the contrary. The Issuer shall cause the Italian Dematerialised Securities to be dematerialised and centralised with Monte Titoli S.p.A. pursuant to the Financial Services Act (*Testo Unico della Finanza*) and the relevant implementing legislation, as amended from time to time.”.

#### **4 Amendment to Condition 1.4 of the Base Conditions**

Condition 1.4 of the Base Conditions (*Form, Title and Transfer – Transfers*) shall be amended by:

- 4.1 the addition of the following as a new final subparagraph (m) thereof:

“(m) *Transfer of Italian Dematerialised Securities*

“Title to Italian Dematerialised Securities passes upon registration of the transfer in the accounts of Monte Titoli S.p.A.”.

#### **5 Amendments to Condition 6.3 of the Base Conditions**

Condition 6.3(a) of the Base Conditions (*Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates – Exercise and Cancellation Procedure – Exercise*) shall be amended by:

- 5.1 the insertion of the following as a new paragraph after the eighth paragraph thereof:

“Notwithstanding the above, if the Securities are Italian Dematerialised Securities, then a Securityholder wishing to exercise any of its Securities must, on or prior to 10:00 a.m., Milan time on an Eligible Exercise Date, deliver a Security Exercise Notice to the Italian Securities Agent through the Relevant Clearing System in accordance with the Relevant Rules. Such Security Exercise Notice must state the number of Securities or, if applicable, Units being exercised. No transfer of interests in Italian Dematerialised Securities in respect of which a Security Exercise Notice has been delivered will be valid. On receipt of a Security Exercise Notice, the Italian Securities Agent shall verify that the person exercising the Italian Dematerialised Securities is the holder thereof according to the records of Monte Titoli S.p.A. Subject thereto, Monte Titoli S.p.A. will confirm to the Italian Securities Agent the series number and the number of Italian Dematerialised Securities being exercised and the account details for the payment of the Settlement Amount. Upon such verification, the Italian Securities Agent will inform the Issuer thereof. Monte Titoli S.p.A. will on or before the settlement date debit the securities account of the relevant Securityholder with the Securities being exercised and accordingly reduce the number of Italian Dematerialised Securities of the relevant series by the cancellation *pro tanto* of the Italian Dematerialised Securities so exercised. If a Security Exercise Notice is delivered after 10:00 a.m., Milan time on a given Eligible Exercise Date, it shall be deemed to be delivered on the next Eligible Exercise Date (and, if there is no such date, such

Italian Dematerialised Security will be automatically exercised on the Expiration Date as provided in Condition 6.4 of the Base Conditions).”

## **6 Amendments to Condition 7.3 of the Base Conditions**

Condition 7.3 of the Base Conditions (*Settlement – Conditions to Settlement*) shall be amended by:

- 6.1 the insertion of the words “in respect of Securities other than Italian Dematerialised Securities” at the beginning of sub-paragraph (d) of the second paragraph thereof;
- 6.2 where the Securities are not also Italian Listed Securities, the insertion of the words “or Italian Dematerialised Securities” after the words “not Cleared Securities” in the second line of the third paragraph thereof.

## **7 Insertion of a new Condition 9.4A of the Base Conditions**

Condition 9 of the Base Conditions (*Payments and Deliveries*) shall be amended by the insertion of the following as a new Condition 9.4A thereof, and all subsequent Conditions (and related cross-references to them) shall be renumbered accordingly:

### **“9.4A Italian Dematerialised Securities**

The Issuer shall procure that all payments in respect of Italian Dematerialised Securities are made by credit or transfer to the relevant Securityholder’s account in accordance with the Rules of Monte Titoli S.p.A. The Issuer will be discharged by payment to, or to the order of, Monte Titoli S.p.A. in respect of the amount so paid. Each of the persons shown in the records of Monte Titoli S.p.A. as the holder of a particular amount of the Italian Dematerialised Securities must look solely to Monte Titoli S.p.A for his share of each such payment so made to, or to the order of, Monte Titoli S.p.A.”

## **8 Amendments to Condition 11 of the Base Conditions**

Condition 11.1 of the Base Conditions (*Appointment of Agents*) shall be amended by:

- 8.1 the insertion of the words “, the Italian Securities Agent” after “Transfer Agents on the first and second lines thereof and the words “any Transfer Agent” on the sixth line thereof;
- 8.2 the insertion of the words “or Italian Securities Agent” after the words “additional or other CREST Agent” on the seventh line thereof;
- 8.3 the insertion of the words “and (ix) an Italian Securities Agent where the Securities are Italian Dematerialised Securities”.

## **9 Amendments to Condition 14 of the Base Conditions**

Condition 14 of the Base Conditions (*Replacement of Securities*) shall not apply to Italian Dematerialised Securities.

## **10 Amendments to Condition 16 of the Base Conditions**

Condition 16 of the Base Conditions (*Notices*) shall be amended by:

- 10.1 the insertion of the following as a new Condition 16.1(f):

“and/or (f) in the case of Dematerialised Italian Securities, notices to Securityholders may be given to the Relevant Clearing System provided that any publication or other requirements

required pursuant to Condition 16.1(b) shall also be complied with if applicable and provided further that, in the case of Italian Dematerialised Securities which are also Italian Listed Securities, any notices shall be published by the Italian Stock Exchange. In such cases notices will be deemed given on the first date of transmission to the applicable Relevant Clearing System (regardless of any subsequent publication or mailing).”;

10.2 the deletion of Condition 16.3 and substitution of the following therefor:

“Any determinations as to whether any notice is valid, effective and/or duly completed and in the proper form shall be made by the Italian Securities Agent (in consultation with the Relevant Clearing System) and shall be conclusive and binding on the Issuer, the Agents and the relevant Securityholder(s).

Any notice determined not to be valid, effective, complete and in proper form shall be null and void unless the Issuer and the Italian Securities Agent agree otherwise. This provision shall not prejudice any right of the person delivering the notice to deliver a new or corrected notice.

The Italian Securities Agent shall use all reasonable endeavours promptly to notify any Securityholder submitting a notice if it is determined that such notice is not valid, effective, complete or in the proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Relevant Clearing System, or any Agent, as the case may be, shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with any notification to a Securityholder or determination that a notice is not valid, effective, complete or in the proper form.”.

## 11 Amendments to Condition 20 of the Base Conditions

Condition 20.2 of the Base Conditions (*Modifications and Meetings – Meetings of Securityholders*) shall be amended by the insertion of the following as a new Condition 20.2(c) thereof:

“Notwithstanding the above, if the Securities are Italian Dematerialised Securities, the relevant Agency Agreement contains provisions for convening meetings of the Securityholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in such Agency Agreement) of a modification to the Conditions or such Agency Agreement.”.

## 12 Amendments to Condition 22 of the Base Conditions

Condition 22 of the Base Conditions (*Purchases and Cancellations*) shall be amended by the insertion of the following paragraph after the penultimate paragraph thereof:

“Notwithstanding the above, Italian Dematerialised Securities so purchased by or on behalf of the Issuer or any of its subsidiaries may (but need not) be cancelled in accordance with the Relevant Rules. Any Italian Dematerialised Securities so cancelled may not be re-issued or resold and the obligations of the Issuer in respect of any such Italian Dematerialised Securities shall be discharged.”

## 13 Amendments to Condition 24 of the Base Conditions

Condition 24 of the Base Conditions (*Definitions*) shall be amended by:

- 13.1 the insertion of the words “or Italian Dematerialised Securities” after the words “Cleared Securities” in sub-paragraph (b) of the definition of “Business Day”;

- 13.2 the insertion of the words “or Italian Dematerialised Securities” after the words “Cleared Securities” in sub-paragraph (a)(i) of the definition of “Payment Day”;
- 13.3 the insertion of the following definition in alphabetical order:

“**Italian Securities Agent**” means the entity specified in the applicable Final Terms and appointed pursuant to the Agency Agreement specified therein, or any Successor.

“**Relevant Clearing System**” means Monte Titoli S.p.A. and/or such other clearing system specified in any applicable Relevant Annex or in the applicable Final Terms, as the case may be, through which interests in Securities are to be held and/or through an account at which the Securities are to be cleared.”

### III. AMENDMENTS TO THE BASE CONDITIONS IN RESPECT OF ITALIAN SECURITIES FOR WHICH “ISSUER CALL” AND/OR “EARLY EXERCISE TRIGGER EVENT” IS/ARE SPECIFIED AS “APPLICABLE” IN THE APPLICABLE FINAL TERMS:

In respect of Italian Securities which are Warrants or Exercisable Certificates for which “Issuer Call” and/or “Early Exercise Trigger Event” is/are specified as “Applicable” in the applicable Final Terms, the Base Conditions shall be amended as follows:

#### 1 Amendments to Condition 6.2 of the Base Conditions

Condition 6.2 of the Base Conditions (*Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates – Cancellation or Adjustment following the occurrence of an Additional Disruption Event or Cancellation following the occurrence of a Nominal Call Event or Cancellation following the occurrence of a Specified Early Cancellation Event*) shall be amended by:

- 1.1 the amendment of the title thereof to read: “Cancellation or Adjustment following the occurrence of an Additional Disruption Event or Cancellation following the occurrence of a Nominal Call Event or Cancellation following the occurrence of a Specified Early Cancellation Event or Cancellation at the option of the Issuer or Cancellation following the occurrence of an Early Exercise Trigger Event”;
- 1.2 the insertion of the following paragraph as paragraphs (d) and (e) thereof:

- (i) “(d) In relation to Italian Securities, if “Call Option” is specified as applicable in the applicable Final Terms, the Issuer may, on giving not less than 15 Business Days’ irrevocable notice to Securityholders (such notice an “**Issuer Call Cancellation Notice**”) (or such other notice period as may be specified in the applicable Final Terms) (such period, the “**Issuer Call Notice Period**”) in accordance with Condition 16, provided that such notice is delivered within the Issuer Call Option Exercise Period, cancel some or all of the Securities (in whole but not in part), subject to Conditions 7, 8 and 9 at its Issuer Call Optional Cash Settlement Amount together with accrued interest (if applicable) on the relevant Optional Cash Settlement Date.

*In the event that any option of the Issuer is exercised with respect to some but not all of the Securities of any Series and any such Securities are Cleared Securities or Italian Dematerialised Securities, the rights of accountholders*



*with the Relevant Clearing System in respect of the Securities will be governed by the standard procedures and Relevant Rules (to be reflected in the records of the Relevant Clearing Systems as either a pool factor or a reduction in number, as applicable at their discretion);*

- (e) In relation to Italian Securities, if “Early Exercise Trigger Event” is specified as applicable in the applicable Final Terms and an Early Exercise Trigger Event occurs, the Issuer shall give notice (a “**Trigger Event Notice**”) to Securityholders in accordance with Condition 16 and any Securityholder may, on any of the dates specified in the relevant Trigger Event Notice, exercise some or all of the Securities held by it by the delivery of a Security Exercise Notice in accordance with Condition 6.3(a) of the Base Conditions. Any such date on which the Securities may be exercised shall also be an “**Eligible Exercise Date**” for the purposes of the Conditions.

Following such exercise, each relevant Security will be settled by the Issuer at its Trigger Early Cash Settlement Amount specified in the applicable Final Terms on the Trigger Early Cash Settlement Date specified in the applicable Final Terms.”.

## **2 Amendments to Condition 7.3 of the Base Conditions**

Condition 7.3 of the Base Conditions (*Settlement – Conditions to Settlement*) shall be amended by:

- 2.1 the insertion of the words “, the Trigger Early Cash Settlement Date, the Issuer Call Optional Cash Settlement Date” after the words “the Early Physical Cancellation Date” in the eighth line of the final paragraph thereof.

## **3 Amendments to Condition 24 of the Base Conditions**

Condition 24 of the Base Conditions (*Definitions*) shall be amended by:

- 3.1 the insertion of the following definitions in alphabetical order:

“**Issuer Call Cancellation Notice**” as defined in Condition 6.2(d).

“**Issuer Call Notice Period**” as defined in Condition 6.2(d).

“**Issuer Call Optional Cash Settlement Amount**” means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the date the Issuer Call Cancellation Notice is given by the Issuer and in any event no later than the last day of the relevant Issuer Call Notice Period. In determining the Issuer Call Optional Cash Settlement Amount, the Determination Agent may take into account prevailing market prices and/or exchange rates and/or the price or level of any Reference Asset(s).

“**Issuer Call Option Exercise Period**” means the period specified as such in the applicable Final Terms.

“Optional Cash Settlement Date” means the last day of the relevant Issuer Call Notice Period or such other date specified in or determined in accordance with the applicable Final Terms.

“Trigger Early Cash Settlement Amount” is as defined in the applicable Final Terms.

“Trigger Early Cash Settlement Date” is as defined in the applicable Final Terms.”

#### IV. AMENDMENTS TO THE BASE CONDITIONS IN RESPECT OF ALL ITALIAN SECURITIES:

##### 1 Amendments to Condition 20 of the Base Conditions

Condition 20.1 (*Modification and Meetings – Modifications to the Conditions*) shall be amended by the insertion of the following as the final paragraph thereof:

“Notwithstanding the above, if the Securities are Italian Securities, the Conditions may also be modified in order to comply with amendments to any applicable laws and regulations (including, *inter alia*, any regulations of the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”), the rules of the markets organised and managed by Borsa Italiana S.p.A., the instructions relating thereto and interpretations of such regulations, rules and instructions, and all the regulations and rules of any other stock exchange, market or quotation system, trading facility or clearing system applicable to such Italian Securities)”.

## **PART C2 – COMMODITY LINKED ANNEX**

### **Amendments to the Commodity Linked Annex in respect of Italian Listed Securities**

In respect of Italian Listed Securities, Part A “Description and Risk Factors”, Part B “Additional Terms and Conditions for Commodity Linked Securities” and Part C “Definitions and Interpretation Applicable to Commodity Linked Securities” shall be amended as follows:

#### **1 Description and Risk Factors**

The word “commercially” shall be deleted from the Risk Factor headed “If a Commodity Market Disruption Event has occurred or exists on a pricing date, the determination of the value of a Relevant Commodity or Commodity Index may be delayed or postponed and as a consequence the redemption or exercise of the Commodity Linked Securities” in Part A of the Commodity Linked Annex.

#### **2 Additional Terms and Conditions for Commodity Linked Securities**

The only Commodity Business Day Convention applicable to Italian Securities is the Following Commodity Business Day Convention. Accordingly, the definitions of “Modified Following”, “Nearest” and “Preceding” in Commodity Linked Condition 7 (*Commodity Business Day Convention*) of the shall not be relevant for the purpose of the Securities.

#### **3 Definitions and Interpretation Applicable to Commodity Linked Securities**

The word “commercially” in subsection (b)(iv) of the definition of “Disruption Fallback” in Section 2 (*Terms relating to Commodity Market Disruption Events and Disruption Fallback*) of Part C of the Commodity Linked Annex shall be deleted.

## PART C3 – EQUITY LINKED ANNEX

### Amendments to the Equity Linked Annex in respect of Italian Listed Securities

In respect of Italian Listed Securities, Part B “Additional Terms and Conditions for Equity Linked Securities” and Part C “Definitions and Interpretation Applicable to Equity Linked Securities” of the Equity Linked Annex shall be amended as follows:

#### 1 Additional Terms and Conditions for Equity Linked Securities

- 1.1 the word “substantially” in the title and in the third line of Equity Linked Condition 1.2 (*Successor Index Sponsor or Substitution of Index with substantially similar calculation*) shall be deleted;
- 1.2 Equity Linked Condition 1.5 (*Futures Price Valuation*) shall be deleted;
- 1.3 Equity Linked Condition 2.1 (*Potential Adjustment Events*) shall be deleted and the following substituted therefor:

##### “2.1 Potential Adjustment Events

The Issuer may at any time determine and declare that a Potential Adjustment Event has occurred. Following such declaration by the Issuer of any Potential Adjustment Event, the Determination Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (i) make the corresponding adjustment(s), relevant to the exercise, settlement, payment or other terms of the Securities as the Determination Agent determines appropriate to account for the diluting or concentrative effect of such Potential Adjustment Event (the “**Adjustment(s)**”) and (ii) determine the effective date(s) of the Adjustment(s). The Determination Agent may (but need not) determine the appropriate Adjustment(s) by reference to the Adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on that options exchange.

Notwithstanding the above, the Issuer may alternatively, on giving notice to the Securityholders in accordance with Condition 16 of the Base Conditions, elect, in lieu of the Determination Agent making an Adjustment in respect of a Potential Adjustment Event, to deliver to each Securityholder one or more additional Securities (the “**Adjustment Event Securities**”) and/or pay to each Securityholder a cash amount (the “**Adjustment Event Amount**”) to account for the diluting or concentrative effect of such Potential Adjustment Event. Where the Issuer elects to deliver Adjustment Event Securities, such Adjustment Event Securities will be issued on the same (or substantially the same) terms as the relevant Securities as the Determination Agent may determine. In such notice the Issuer will set out the amount of Securities to be delivered and/or cash to be paid and the manner in which such delivery and/or payment is to be made.

For the avoidance of doubt, if the Issuer determines and declares that a certain event constitutes a Potential Adjustment Event, then Equity Linked Condition 6 below shall not apply in respect of such event.”;

- 1.4 Equity Linked Condition 2.5.1 (*Substitution of Shares*) shall be deleted and the following substituted therefor:

“2.5.1 If “Substitution of Shares - Standard” is specified as applicable in the applicable Final Terms, if any Share shall be affected by a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting, as the case may be, (the “**Affected Shares**”) then without prejudice to the rights that the Securityholder has under the Securities (as described above), the Issuer or the Determination Agent on its behalf shall have the discretion to substitute the Affected Shares with substitute shares (the “**Substitute Shares**”) as selected by the Determination Agent in its sole discretion for inclusion in the Basket of Shares as of the Announcement Date or the Tender Offer Date, as the case may be.

The Substitute Shares shall have such criteria as the Determination Agent deems appropriate including, but not limited to, the following:

- (i) the Substitute Shares shall be of same broad economic sector as the Share Company of the Affected Shares;
- (ii) the issuer of the Substitute Share shall be of a similar international standing and creditworthiness as the Share Company of the Affected Shares;
- (iii) the Substitute Share shall be listed on a stock exchange, market or quotation system which, for so long as the Italian Securities are admitted to listing on Borsa Italiana S.p.A. and to trading on the Electronic Securitised Derivatives Market (SeDeX) of Borsa Italiana S.p.A., is acceptable to Borsa Italiana S.p.A.; and
- (iv) the Substitute Share shall not be a Share already in the Basket of Shares.

The Initial Price of the Substitute Shares shall be determined in accordance with the following:

$$\text{Initial Price} = \text{Substitute Price} \times (\text{Affected Share}(k) / \text{Affected Share}(j))$$

where:

“**Substitute Price**” means the official closing price per Share of the relevant Substitute Shares as of the Valuation Time on the dates on which the Affected Share(j) is determined or if such date is not a Scheduled Trading Date on the relevant Exchange in respect of the Substitute Shares, the following Scheduled Trading Date of the Substitute Shares;

“**Affected Share(k)**” means the “Initial Price” of the relevant Affected Shares as specified in the applicable Final Terms; and

“**Affected Share(j)**” means the last closing price per Share of the Affected Shares on or prior to the Announcement Date or the Tender Offer Date (as the case may be).

The Determination Agent shall notify the Securityholders as soon as practicable after the selection of the Substitute Shares and the failure by the Determination Agent to give such notice shall not however prejudice or invalidate the Substitute Shares being included as of the time and date specified above.

If Physical Settlement is specified in the Settlement Method in the applicable Final Terms or is elected by the Issuer or Securityholder pursuant to Condition 5 or 6 of the

Base Conditions (as the case may be), Entitlement Substitution shall be deemed to be applicable with respect to a series of Share Linked Securities.”;

- 1.5 Equity Linked Condition 3.1 (*Consequences of Disrupted Days following a Market Disruption Event*) shall be amended by the deletion of the word “commercially” in:
  - a) the fifth line of Condition 3.1.1 thereof;
  - b) the penultimate line of Condition 3.1.2 thereof; and
  - c) the penultimate line of Condition 3.1.3 thereof;
- 1.6 Equity Linked Condition 5 (*FX Disruption Event*) shall be amended by the deletion of Condition 5.1.2 thereof and the subsequent Equity Linked Condition 5.1.3 (and any related cross-references) shall be renumbered accordingly; and
- 1.7 no Additional Disruption Events shall be applicable to Italian Securities. Accordingly, Equity Linked Condition 8 (*Additional Disruption Events*) shall not be relevant for the purpose of the Securities.

## **2 Definitions and Interpretation applicable to Equity Linked Securities**

- 2.1 the words “in its sole and absolute discretion” shall be deleted in the definition of “Cash Amount” in Section 1 and the words “in a reasonable manner” substituted therefor;
- 2.2 the words “and Expenses” shall be deleted in the definition of “Cash Amount” in Section 1;
- 2.3 the definition of “Expenses” in Section 1 shall be deleted and the following substituted therefor:

“**Expenses**” means, in respect of a Security, all Taxes arising in connection with the redemption of such Security and/or delivery or transfer of the Relevant Assets.

## Part D Italian Tax Disclosure

### PART D1 – NOTES

*The following is a summary of current Italian law and practice relating to the taxation of Italian Securities that take the form of Notes (the “Italian Notes”). The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Italian Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Italian Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Italian Notes.*

*This summary does not describe the tax consequences for an investor with respect to Italian Notes that will be redeemed by physical delivery. This summary does not describe the tax consequences for an investor with respect to Italian Notes that provide payout linked to the profits of the Issuer, profits of other company of the group or profits of the business in relation to which they are issued. Prospective investors are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Italian Notes and receiving payments of yield, principal and/or other amounts under the Italian Notes, including in particular the effect of any state, regional or local tax laws.*

#### **Tax treatment of Italian Notes qualifying as debentures similar to bonds**

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (“Decree 239”), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Italian Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers.

For these purposes, debentures similar to bonds are defined as debt instruments that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for internal payments) and that do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control on the management.

#### *Italian Resident investor*

Where the Italian Notes have an original maturity of at least 18 months and an Italian resident investor is (i) an individual not engaged in an entrepreneurial activity to which the Italian Notes are connected (unless he has opted for the application of the “*risparmio gestito*” regime – see “Capital Gains Tax” below), (ii) a non-commercial partnership pursuant to article 5 of the Italian Income Consolidated Code (“**TUIR**”) (with the exception of general partnership, limited partnership and similar entities), (iii)

a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Italian Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 12.5 per cent. In the event that the investor described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Italian Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident investor is a company or similar commercial entity pursuant to article 73 of TUIR or a permanent establishment in Italy of a foreign company to which the Italian Notes are effectively connected and the Italian Notes are deposited with an authorised intermediary, interest, premium and other income from the Italian Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant investor's income tax return and are therefore subject to general Italian corporate taxation ("**IRES**" levied at the rate of 27.5 per cent.) and, in certain circumstances, depending on the "status" of the investor, also to the regional tax on productive activities ("**IRAP**", generally levied at the rate of 3.90 per cent., even though regional surcharges may apply).

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (subject to the regime provided for by Law No. 77 of 23 March 1983, a "**Fund**") or a SICAV, and the Italian Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Bonds will not be subject to *imposta sostitutiva* but must be included in the management result of the Fund or the SICAV. The Fund or SICAV will not be subject to taxation on such result, but a substitutive tax of 12.5 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Substitutive Tax**").

Where an Italian resident investor is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Italian Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Italian Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, *Società di gestione del risparmio* ("**SGRs**"), stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each, an "**Intermediary**").

For the Intermediary to be entitled to apply the *imposta sostitutiva*, it must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Italian Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Italian Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Italian Notes.

Where the Italian Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a investor. If interest and other proceeds on the Italian Notes are not collected through an Intermediary or any entity paying interest and as such no *imposta*



*sostitutiva* is levied, the Italian resident beneficial owners listed above under (i) to (iv) will be required to include interest and other proceeds in their yearly income tax return and subject them to a final substitute tax at a rate of 12.5 per cent.

If the Italian Notes are issued for an original maturity of less than 18 months, the *imposta sostitutiva* applies at the rate of 27 per cent. The 27 per cent. *imposta sostitutiva* is also applied to any payment of interest or premium relating to the Italian Notes made to (i) Italian pension funds, (ii) Italian Funds and (iii) Italian SICAVs.

#### *Non-Italian Resident investor*

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident investor of interest or premium relating to the Italian Notes provided that, if the Italian Notes are held in Italy, the non-Italian resident investor declares itself to be a non-Italian resident according to Italian tax regulations.

#### *Early redemption*

Without prejudice to the above provisions, in the event that Italian Notes having an original maturity of at least 18 (eighteen) months are redeemed, prior to 18 (eighteen) months from their Issue Date, or, at certain conditions, if repurchased by the Issuer within this period (Resolution No. 11 of 31 January 2011 of Italian Revenue Agency (*Agenzia delle Entrate*)) Italian resident investors will be required to pay, by way of a withholding to be applied by the Italian Intermediary responsible for payment of interest or the redemption of the Italian Notes, an amount equal to 20 per cent. of the interest and other amounts accrued.

#### *Capital Gains Tax*

Where the Italian resident investor is (i) an individual not engaged in an entrepreneurial activity to which the Italian Notes are connected, (ii) a non-commercial partnership, pursuant to article 5 of TUIR (with the exception of general partnership, limited partnership and similar entities) (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of Italian Notes are subject to a 12.5 per cent. substitute tax (*imposta sostitutiva*).

The recipient may opt for three different taxation criteria.

- (1) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Italian Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any off-settable capital loss, realised by the Italian resident individual holding the Italian Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Italian Notes carried out during any given tax year. Italian resident individuals holding the Italian Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (2) As an alternative to the tax declaration regime, Italian resident individuals holding the Italian Notes not in connection with an entrepreneurial activity may elect to pay the *imposta*

*sostitutiva* separately on capital gains realised on each sale or redemption of the Italian Notes (the “*risparmio amministrato*” regime provided for by article 6 of Decree No. 461). Such separate taxation of capital gains is allowed subject to (i) the Italian Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant investor. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Italian Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the investor or using funds provided by the investor for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Italian Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the investor is not required to declare the capital gains in the annual tax return.

- (3) Any capital gains realised or accrued by Italian resident individuals holding the Italian Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Italian Notes, to an authorised intermediary and have validly opted for the so-called “*risparmio gestito*” regime (regime provided for by article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the investor is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident investor is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Italian Notes are effectively connected, capital gains arising from the Italian Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant investor's income tax return and are therefore subject to Italian corporate tax and, in certain circumstances, depending on the "status" of the investor, also as a part of the net value of production for IRAP purposes.

Any capital gains realised by an investor which is a Fund or a SICAV will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund or SICAV, but subsequent distributions in favour of unitholders or shareholders may subject to the Collective Investment Fund Substitute Tax.

Any capital gains realised by an investor which is an Italian pension fund (subject to the regime provided by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. ad hoc substitute tax.

Capital gains realised by non-Italian resident beneficial owner are not subject to Italian taxation provided that the Italian Notes (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside Italy.

The provisions of the applicable tax treaties against double taxation entered into by Italy apply if more favourable and all relevant conditions are met.

### **Tax treatment of Italian Notes qualifying as Atypical securities**

Italian Notes that cannot be qualified as securitised derivatives or instruments similar to bonds under TUIR could be considered 'atypical' securities pursuant to article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Italian Notes may be subject to an Italian withholding tax, levied at the rate of 27 per cent.

The 27 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident holder of the Italian Notes and to an Italian resident holder of the Italian Notes which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

The withholding is levied by the Italian intermediary appointed by the Issuer, intervening in the collection of the relevant income or in the negotiation or repurchasing of the Italian Notes.

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

### **Transfer Tax**

Article 37 of Law Decree No 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of EUR 168; and (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### **Implementation in Italy of the EU Savings Directive**

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (**"Decree No. 84"**). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

## PART D2 – WARRANTS AND CERTIFICATES

*The following is a summary of current Italian law and practice relating to the taxation of Italian Securities that take the form of Warrants or Certificates (the “Italian Warrants and Certificates”). The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of Italian Warrants and Certificates and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Italian Warrants and Certificates are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of Italian Warrants and Certificates.*

*This summary does not describe the tax consequences for an investor with respect to Italian Warrants and Certificates that will be redeemed by physical delivery. This summary does not describe the tax consequences for an investor with respect to Italian Warrants and Certificates that provide payout linked to the profits of the Issuer, profits of other company of the group or profits of the business in relation to which they are issued. Prospective investors are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Italian Warrants and Certificates and receiving payments of yield, principal and/or other amounts under Italian Warrants and Certificates, including in particular the effect of any state, regional or local tax laws.*

### *Securitised derivatives*

Pursuant to the generally followed interpretation if the Italian Warrants and Certificates qualifies as securitised derivatives, where the Italian resident investor is (i) an individual not engaged in an entrepreneurial activity to which the Italian Warrants and Certificates are connected, (ii) a non-commercial partnership, pursuant to article 5 of TUIR (with the exception of general partnership, limited partnership and similar entities) (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of Italian Warrants and Certificates are subject to a 12.5 per cent. substitute tax (*imposta sostitutiva*) (article 67 of Presidential Decree No. 917 of 22 December 1986 (the “TUIR”) and Legislative Decree No. 461 of 21 November 1997 (“Decree No. 461”). The recipient may opt for three different taxation criteria.

- (1) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Italian Warrants and Certificates are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any off-settable capital loss, realised by the Italian resident individual holding the Italian Warrants and Certificates not in connection with an entrepreneurial activity pursuant to all sales or redemptions of Italian Warrants and Certificates carried out during any given tax year. Italian resident individuals holding Italian Warrants and Certificates not in

connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

- (2) As an alternative to the tax declaration regime, Italian resident individuals holding Italian Warrants and Certificates not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of Italian Warrants and Certificates (the “*risparmio amministrato*” regime provided for by article 6 of Decree No. 461). Such separate taxation of capital gains is allowed subject to (i) the Italian Warrants and Certificates being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant investor. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of Italian Warrants and Certificates (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the investor or using funds provided by the investor for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of Italian Warrants and Certificates results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the investor is not required to declare the capital gains in the annual tax return.
- (3) Any capital gains realised or accrued by Italian resident individuals holding Italian Warrants and Certificates not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Italian Warrants and Certificates, to an authorised intermediary and have validly opted for the so-called “*risparmio gestito*” regime (regime provided for by article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the investor is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident investor is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Italian Warrants and Certificates are effectively connected, capital gains arising from Italian Warrants and Certificates will not be subject to *imposta sostitutiva*, but must be included in the relevant investor's income tax return and are therefore subject to Italian corporate tax and, in certain circumstances, depending on the “status” of the investor, also as a part of the net value of production for IRAP purposes.

Any capital gains realised by a investor which is an open-ended or close-ended investment fund (subject to the tax regime provided by Law No. 77 of 23 March 1983, a “Fund”) or a SICAV will be

included in the result of the relevant portfolio accrued and will not be subject neither to substitutive tax nor to any other income tax in the hands of the Fund or the SICAV.

Any capital gains realised by an investor which is an Italian pension fund (subject to the regime provided by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. *ad hoc* substitute tax.

Capital gains realised by non-Italian resident beneficial owner are not subject to Italian taxation provided that Italian Warrants and Certificates (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside of Italy.

The provisions of the applicable tax treaties against double taxation entered into by Italy apply if more favourable and all relevant conditions are met.

In accordance with a different interpretation of current tax law, it is possible that Italian Warrants and Certificates would be considered as "atypical securities" pursuant to article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Italian Warrants and Certificates may be subject to the tax treatment applicable to the "atypical Securities" as indicated below.

#### *Atypical Securities*

Payments relating to atypical securities may be subject to an Italian withholding tax levied at the rate of 27 per cent.

The 27 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident holder of the Italian Warrants and Certificates and to an Italian resident holder of the Italian Warrants and Certificates which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

The withholding is levied by the Italian intermediary appointed by the Issuer, intervening in the collection of the relevant income or in the negotiation or repurchasing of the Italian Warrants and Certificates.

#### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and

- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

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