

INFORMATION MEMORANDUM dated 5 July, 2012

**STARTS (Cayman) Limited**

*(incorporated with limited liability in the Cayman Islands under company registration number MC-155038)*

**U.S.\$50,000,000,000**

**Limited Recourse Secured Debt Issuance Programme**

STARTS (Cayman) Limited (the "**Issuer**") may from time to time issue Securities and enter into Alternative Investments (together with the Securities, the "**Debt Investments**") under its U.S.\$50,000,000,000 Limited Recourse Secured Debt Issuance Programme (the "**Programme**"). Securities will be issued to the Dealers specified below, and any additional dealer appointed under the Programme from time to time, which appointment may be for a specific Series of Securities or on an ongoing basis. Such Debt Investments may be denominated in any currency agreed between the Issuer and any relevant dealer(s) (each a "**Dealer**" and together the "**Dealers**") as specified in the Issue Terms, the initial Dealer in respect of the Programme being HSBC Bank plc.

The maximum aggregate nominal amount of all Debt Investments from time to time outstanding and that the Issuer is permitted to incur will not exceed U.S.\$50,000,000,000 (or its equivalent in other currencies), subject to increase from time to time.

This Information Memorandum has been prepared for use only in connection with Securities issued by the Issuer.

Application has been made to the Irish Stock Exchange for the Securities issued under the Programme within 12 months of the date of this Information Memorandum to be admitted to the Official List and trading on its Global Exchange Market. Securities may be listed or admitted to trading, as the case may be, on such other stock exchange(s) or market(s) as may be specified in the Issue Terms. The Issue Terms will specify whether or not Securities will be traded on the Irish Stock Exchange. The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market.

References in this Information Memorandum to Securities being **listed** in Ireland (and all related references) shall mean that such Securities have been admitted to trading on the Irish Stock Exchange's Global Exchange Market and have been traded on the Irish Stock Exchange. References in this Information Memorandum to "**Irish Stock Exchange**" (and all related references) shall mean the Global Exchange Market of the Irish Stock Exchange.

This Information Memorandum comprises a base listing particulars for the purposes of the rules of the Global Exchange Market and has been approved by the Irish Stock Exchange.

Securities may be issued in bearer or registered form and may be represented by one or more Global Securities or by Individual Certificates, in each case as specified in the relevant Issue Terms.

The Programme is not rated, but it is expected that Securities issued under the Programme may be rated by Standard and Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc. ("**S&P**") and/or Moody's Investors Service Limited ("**Moody's**") and/or any other recognised debt rating agency, as further described under "**Summary of the Terms of Issue - Rating**" on page 20 and as specified in the relevant Supplemental Information Memorandum. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. A suspension, change or withdrawal of the rating assigned to the Securities may adversely affect the market price of the Securities.

**Claims of the Securityholders and the Counterparty (if any) of each Series will be limited in recourse to the Mortgaged Property relating to such Series (see "**Risk Factors - Limited recourse**" on page 9).**

**Selling and transfer restrictions will apply to any offer or sale of Securities within the United States, or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act")) outside the United States, as set out in this Information Memorandum and/or in the relevant Supplemental Information Memorandum.**

**Prospective investors should be aware of the risks involved in investing in the Securities (see "**Risk Factors**" on page 9 and, where applicable, the relevant Supplemental Information Memorandum).**

Arranger and Dealer  
**HSBC Bank plc**

The date of this Information Memorandum is 5 July, 2012.

## **NOTICE TO NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

Capitalised terms used in this Information Memorandum shall have the meanings given to them in this Information Memorandum (which are defined on the relevant page(s) of this Information Memorandum as set out in "***Index of Defined Terms***") or, as the case may be, in the relevant Supplemental Information Memorandum.

This Information Memorandum has been prepared for the purpose of providing information with regard to the Issuer and the Securities. In the context of the issue and offering of any Securities by it, the Issuer (the "**Responsible Person**") accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Information Memorandum should be read in conjunction with the relevant Supplemental Information Memorandum setting out the specific terms for each Series of Securities, and references herein to the "**Information Memorandum**" shall be construed accordingly. Each Supplemental Information Memorandum shall comprise a series listing particulars for the purposes of the rules of the Global Exchange Market.

Neither the Trustee nor any Dealer has or will have separately verified the information contained herein or in any Supplemental Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is or will be made and no responsibility or liability is or will be accepted by the Trustee or any Dealer as to the accuracy or completeness of the information contained in this Information Memorandum or in any Supplemental Information Memorandum or any other information provided by the Issuer in connection with the Programme or the Securities or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Programme.

The delivery of this Information Memorandum or any Supplemental Information Memorandum does not at any time imply that the information contained herein or therein concerning the Issuer is correct at any time subsequent to the date hereof or thereof (as the case may be) or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and any Supplemental Information Memorandum and the offer or sale of Securities may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the relevant Dealer(s) do not and will not represent that this Information Memorandum or any Supplemental Information Memorandum may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been or will be taken by the Issuer, the Trustee or any Dealers (save as specified in the relevant Supplemental Information Memorandum) which is intended to permit a public offering of the Securities or distribution of this Information Memorandum or any Supplemental Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, the Securities may not be offered or sold, directly or indirectly, and neither this Information Memorandum nor any Supplemental Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except

under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum, any Supplemental Information Memorandum or any Securities come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Information Memorandum and any Supplemental Information Memorandum and the offer or sale of Securities in the United States, the European Economic Area (including the United Kingdom), Japan, Hong Kong and the Cayman Islands (see "*Subscription and Sale and Transfer Restrictions*" on page 172 below).

The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Securities in bearer form that are subject to U.S. tax law requirements. Consequently, the Securities may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Securities have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Information Memorandum or any Supplemental Information Memorandum. Any representation to the contrary is a criminal offence in the United States. Prospective purchasers of Securities that are qualified institutional buyers as defined in Rule 144A ("**Rule 144A**") under the Securities Act ("**QIBs**") are hereby notified that the seller of such Securities may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A thereof. In addition, the Issuer has not been and will not be registered as an "investment company" under the United States Investment Company Act of 1940, as amended (the "**1940 Act**"). Accordingly, the Securities may only be sold in the United States or to U.S. Persons in compliance with Section 3(c)(1) of the 1940 Act or to a person that is also a qualified purchaser as defined in Section 2(a)(51) of the 1940 Act and the rules thereunder ("**QP**"). For a description of certain restrictions on offers and sales of Securities in the United States, see "*Subscription and Sale and Transfer Restrictions*" on page 172 below and such further restrictions as may be described in the relevant Supplemental Information Memorandum.

In addition, the Securities may not be offered, sold or transferred to any U.S. person (as defined in Regulation S) that is a benefit plan investor, is using the assets of a benefit plan investor to acquire such Securities or that will at any time hold such Securities for a benefit plan investor (including assets that may be held in an insurance company's separate or general accounts where assets in such accounts may be deemed "plan assets" for purposes of ERISA). For the purposes hereof, the term "**benefit plan investor**" means (A) any employee benefit plan (as defined in section 3(3) of ERISA), (B) any plan described in section 4975(e)(1) of the U.S. Internal Revenue Code, or (C) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (within the meaning of the U.S. Department of Labor Regulations section 2510.3-101) and the term "**ERISA**" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

This Information Memorandum is being submitted on a confidential basis in the United States to a limited number of QIBs and, if so indicated in the Issue Terms, IAs (as defined herein) for informational use solely in connection with the consideration of the purchase of the Securities. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Any reference to a website in this Information Memorandum is for information purposes only and any website referred to herein does not form part of this Information Memorandum.

## **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

The Issuer is an exempted company incorporated with limited liability under the laws of the Cayman Islands. All of the officers and directors of the Issuer reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside the Cayman Islands upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside the Cayman Islands predicated upon civil liabilities of the Issuer or such directors and officers under laws other than Cayman Islands law, including any judgment predicated upon United States federal securities laws. The Issuer has been advised by Maples and Calder, its Cayman Islands counsel, that there is doubt as to the enforceability in the Cayman Islands in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

All references in this Information Memorandum or any Supplemental Information Memorandum to **"U.S. dollars"**, **"U.S.\$"** and **"U.S. cents"** are to the currency of the United States of America, those to **"Sterling"**, **"Pounds Sterling"**, **"Pounds"** and **"£"** are to the currency of the United Kingdom, those to **"Japanese Yen"**, **"Yen"** and **"¥"** are to the currency of Japan, those to **"Hong Kong Dollars"** and **"HK\$"** are to the currency of Hong Kong and those to **"euro"** and **"€"** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community.

## TABLE OF CONTENTS

	Page
Risk Factors .....	7
Summary of the Terms of Issue .....	16
Use of Proceeds .....	26
Terms of the Securities .....	27
Bearer Securities Base Conditions Module June 2012 Edition .....	28
Registered Securities Conditions Module June 2012 Edition .....	53
Credit-Linked Securities Conditions Module June 2012 Edition .....	66
General Definitions Module June 2012 Edition .....	81
Credit-Linked Definitions Module June 2012 Edition .....	106
Description of the Issuer .....	143
Cayman Islands Tax Considerations .....	146
Subscription and Sale and Transfer Restrictions .....	150
General Information .....	161
Index of Defined Terms .....	164

---

**In connection with the issue of any Tranche of Securities, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Issue Terms may over-allot Securities or effect transactions with a view to supporting the market price of the Securities of the Series of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Securities is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Securities and 60 days after the date of the allotment of the relevant Tranche of Securities. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## **RISK FACTORS**

*The purchase of the Securities may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Securities. Unless otherwise specified in the relevant Issue Terms, the Securities are not principal protected and purchasers of the Securities are exposed to full loss of principal.*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Securities issued under the Programme. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.*

### **Investor suitability**

Investment in the Securities may only be suitable for investors who:

- (i) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Securities and the rights attaching to the Securities;
- (ii) are capable of bearing the economic risk of an investment in the Securities for an indefinite period of time;
- (iii) are acquiring the Securities for their own account for investment, not with a view to resale, distribution or other disposition of the Securities (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (iv) recognise that it may not be possible to make any transfer of the Securities for a substantial period of time, if at all.

### **Credit risk**

The ability of the Issuer to meet its obligations under the Securities will be dependent, where applicable, upon the payment of principal and interest due on the Charged Assets, the payment of all sums due from the relevant Counterparty or any Swap Guarantor under the Charged Agreements, the performance by any Repo Counterparty of its obligations under any Repurchase Agreement, the Principal Paying Agent and the Custodian making the relevant payments when received and all parties to the Transaction Documents (other than the Issuer) performing their respective obligations thereunder. Moreover, in certain cases, the security for the Securities will be limited to the claims of the Issuer against the Counterparty and any Swap Guarantor under the Charged Agreements. Accordingly, Securityholders are exposed, among other things, to the

creditworthiness of the obligor(s) in respect of the Charged Assets, the Counterparty, the Swap Guarantor, any Repo Counterparty, the Principal Paying Agent, the other Paying Agents the Custodian and any Reference Entities.

### **Exposure to Reference Entities and Reference Obligations under Credit-Linked Securities**

Prospective investors who consider purchasing Credit-Linked Securities should reach an investment decision only after carefully considering the suitability of the Securities in light of their particular circumstances, particularly the risks associated with each relevant Reference Entity and/or Reference Obligation. Because payments under the Securities upon maturity or earlier redemption depend upon, among other things, the credit performance of each relevant Reference Entity and/or Reference Obligation, the occurrence of a Credit Event in relation to each relevant Reference Entity and/or Reference Obligation could result in the loss of a substantial portion or all of a Securityholder's investment in the Securities. In addition, the creditworthiness and/or performance of the Reference Entity and/or Reference Obligation may be dependent upon economic, political, financial and social events locally and globally. There can be no assurance that such factors will not adversely affect any such Reference Entity's and/or Reference Obligation's creditworthiness and/or performance and, in turn, the performance of the Securities. Credit-Linked Securities do not represent a claim against any Reference Entity and, in the event of any loss, Securityholders will not have recourse under the Credit-Linked Securities to any Reference Entity and/or Reference Obligation except to the extent of any obligations of the Reference Entity and/or Reference Obligation (whether as principal or guarantor) delivered to them.

### **Illiquid Charged Assets**

The Charged Assets may comprise assets which are not admitted to any public trading market and may therefore be illiquid and not readily realisable.

### **Further issues**

The terms of the Securities may provide for the issue of further fungible Securities in certain circumstances. The additional Charged Assets which the Issuer may be required to provide as security for such further Securities relative to the aggregate nominal amount of the further Securities may be such as to affect the value of the original security provided for the Securities.

### **Modifications to the terms of the Securities**

Prospective investors' attention is drawn to Condition 18 (Meetings of Securityholders, Modification, Waiver and Substitution) and in particular, the provision that the Trustee shall agree to make any modification (whether or not it may be materially prejudicial to the Securityholders) requested by the relevant Dealer(s) in respect of a Series of Securities if, and to the extent that, such modification is to correct an error in the Issue Terms arising from a discrepancy between the Issue Terms and the final termsheet, as certified by the relevant Dealer(s) in form and content satisfactory to the Trustee.

### **Limited recourse**

Claims against the Issuer by the Securityholders of a Series and by the Counterparty will be limited to the Mortgaged Property relating to such Series. The proceeds of realisation of such Mortgaged Property may be less than the sums due to the Securityholders and the Counterparty. Any shortfall will be borne by the Securityholders and by the Counterparty in accordance with the Security



Ranking Basis specified in the relevant Issue Terms. Each Securityholder, by subscribing for or purchasing such Securities, will be deemed to accept and acknowledge that it is fully aware that, in the event of a shortfall, (i) the Issuer shall be under no obligation to pay, and the other assets (if any) of the Issuer including, in particular, assets securing other Series of Securities or Alternative Investments will not be available for payment of, such shortfall, (ii) all claims in respect of such shortfall shall be extinguished and (iii) the Trustee, the Securityholders and the Counterparty shall have no further claim against the Issuer in respect of such unpaid amounts and will accordingly not be able to petition for the winding up of the Issuer as a consequence of such shortfall.

The Securities of each Series are direct, limited recourse obligations of the Issuer alone and not of the officers, members, directors, employees, securityholders or incorporator of the Issuer, the Counterparty, the Swap Guarantor, any Repo Counterparty, the obligor(s) in respect of any Charged Assets or any Reference Entity or their respective successors or assigns. Furthermore, they are not obligations of, or guaranteed in any way by, any Dealer(s).

### **Independent review and advice**

Each prospective purchaser of Securities must determine, based on its own independent review (including as to the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer, the Counterparty, the Swap Guarantor, any Repo Counterparty, any relevant obligor(s) in respect of the Charged Assets and any Reference Entity) and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, whether an investment in the Securities is appropriate in its particular circumstances.

In so doing, and without restricting the generality of the preceding paragraph, such prospective purchaser must determine that its acquisition and holding of the Securities (i) is fully consistent with its (or if it is acquiring the Securities in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Securities as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Securities. None of the Issuer, the Trustee, the Dealer(s) or any of their respective affiliates is acting as an investment adviser, or assumes any fiduciary obligation, to any purchaser of Securities.

Neither this Information Memorandum nor any Supplemental Information Memorandum is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation or constituting an invitation or offer that any recipient of this Information Memorandum or any Supplemental Information Memorandum should purchase any Securities. The Trustee and the Dealer(s) expressly do not undertake to review the financial condition or affairs of the Issuer, the Counterparty, the Swap Guarantor, any Repo Counterparty, any relevant obligor(s) in respect of the Charged Assets or any Reference Entity for any Series of Securities during the life of the Programme.

### **Provision of information**

Neither the Issuer, the Trustee, the Agents, the Dealer(s) nor any affiliate makes any representation as to the credit quality of the Counterparty, the Swap Guarantor, any Repo Counterparty, any relevant obligor(s) in respect of the Charged Assets or any Reference Entity for any Series of Securities. Any of such persons may have acquired, or during the term of the Securities may

acquire, non-public information with respect to such Counterparty, Swap Guarantor, Repo Counterparty, obligor in respect of the Charged Assets or Reference Entity. None of such persons is under any obligation to make available any information relating to, or keep under review on the Securityholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of any relevant obligor(s) in respect of the Charged Assets or any Reference Entities or conduct any investigation or due diligence into any such obligor(s) in respect of the Charged Assets or any Reference Entities.

### **No secondary market**

No secondary market is expected to develop in respect of the Securities and, in the unlikely event that a secondary market in the Securities does develop, there can be no assurance that it will provide the Securityholders with liquidity of investment or that it will continue for the life of such Securities. Accordingly, the purchase of the Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Securities and the financial and other risks associated with an investment in the Securities. Investors must be prepared to hold the Securities for an indefinite period of time or until final redemption or maturity of the Securities.

### **Business relationships**

Each of the Issuer, the Dealer(s), the Trustee, the Agents or any of their affiliates may have existing or future business relationships with any Counterparty, Swap Guarantor, Repo Counterparty, obligor in respect of any Charged Assets or any Reference Entity of any Series of Securities (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for a Securityholder. Furthermore, the Dealer(s), the Trustee, the Agents or any of their respective affiliates may buy, sell or hold positions in obligations of, or act as investment or commercial bankers, advisers or fiduciaries to, or hold directorship and officer positions in, any obligor in respect of Charged Assets or any Reference Entity.

### **Conflicts of Interest**

Each of the Counterparty and any of its Affiliates is acting or may act in a number of capacities in connection with the issue of Securities. The Counterparty and any of its Affiliates acting in such capacities in connection with the issue of Securities shall have only the duties and responsibilities expressly agreed to by it in the relevant capacity and shall not, by virtue of its or any other Affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. Each of the Counterparty and any of its Affiliates in its various capacities in connection with the issue of Securities may enter business dealings, including the acquisition of investment securities as contemplated by the Transaction Documents from which it may derive revenues and profits in addition to any fees stated in various documents, without any duty to account thereof.

Various potential and actual conflicts of interest may arise between the interests of the Securityholders and either the Issuer and/or the Counterparty, as a result of the various businesses, management, investment and other activities of such persons, and none of such persons is required to resolve such conflicts of interest in favour of the Securityholders. The following briefly summarises some of those conflicts, but is not intended to be an exhaustive list of all such conflicts.

Such persons may (a) deal in Charged Assets, or securities or other obligations of any Reference Entity, (b) enter into other credit derivatives involving reference entities that may include the Reference Entities in respect of the Credit-Linked Securities (including credit derivatives to hedge its obligations under the Swap Agreement), (c) advise and distribute securities on behalf of, arrange or manage transactions on behalf of, accept deposits from, make loans or otherwise extend credit to and generally engage in any kind of commercial or investment banking or other business with, any Reference Entity or any other person or other entity having obligations relating to any Reference Entity and (d) act with respect to such business in the same manner as if the Securities did not exist, regardless of whether any such relationship or action might have an adverse effect on any Reference Entity (including, without limitation, any action which might constitute or give rise to a Credit Event), the Charged Assets, the Securities, or on the position of any other party to the transaction described herein or otherwise.

## **Taxation**

Each Securityholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Securities. The Issuer will not pay any additional amounts to Securityholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Securities by the Issuer or any Paying Agents or suffered by the Issuer in respect of its income from the Charged Assets or payments under a Charged Agreement (including the deduction of tax from such payments) or any tax, assessment or charge suffered by the Issuer except as provided for in the relevant Issue Terms.

## **U.S. Foreign Account Tax Compliance Act withholding**

The Foreign Account Tax Compliance Act provisions of the Hiring Incentives to Restore Employment Act, ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a foreign financial institution, or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders. The new withholding regime will be phased in beginning in 2014.

The IRS has not yet provided comprehensive guidance regarding compliance agreements under FATCA and no assurance can be provided that the Issuer will enter into such an agreement with the IRS. If the Issuer does not enter into such an agreement, the Issuer may be subject to a 30% withholding tax on all, or a portion of all, payments received from U.S. sources and from Participating FFIs. Any such withholding imposed on the Issuer may reduce the amounts available to the Issuer to make payments on the Securities.

In the alternative, if the Issuer does become a Participating FFI, Securityholders may be required to provide certain information or otherwise comply with FATCA to avoid withholding on amounts paid by the Issuer to such Securityholder. The Issuer or other Participating FFIs or U.S. intermediaries through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of payments made after 31 December 2016 in respect of (i) any Securities issued after 31 December 2012 and (ii) any Securities which are treated as equity for U.S. federal tax purposes, whenever issued. Such withholding would apply if the Issuer has a positive "passthru payment percentage" (as defined in FATCA) and (a) a Securityholder does not provide information sufficient to determine whether the Securityholder is a U.S. person or should otherwise

be treated as holding a "United States Account" of the Issuer, or (b) any FFI through which payment on the Securities is made is not a Participating FFI.

If an amount in respect of FATCA withholding tax is deducted or withheld from interest, principal or other payments on the Securities, the terms of the Securities will not require any person to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected.

**FATCA is particularly complex and its application to the Issuer is uncertain at this time. Each prospective investor should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how this legislation might affect the investor in its particular circumstance.**

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Security as a result of the imposition of such withholding tax.

### **Market Conditions**

Any liquidity shortage and volatility in the credit markets will introduce a variety of increased risks relating to several aspects of the Issuer's operations. Such additional risks include the inability of the Issuer to sell its assets which, among other things, may render it unable to dispose of underperforming or defaulted assets and satisfy its obligations in respect of the redemption of the Securities. Such market conditions may also lead to the inability of the Issuer to determine a reliable valuation of its assets. All of such factors could materially adversely affect the interests of Securityholders.

Concerns have been raised with respect to current economic, monetary and political conditions in the Eurozone (including the credit risk of sovereigns and of those entities which have exposure to sovereigns). If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any changes to, including any break up of, the Eurozone), then these matters may increase stress in the financial system generally and/or may adversely affect the Issuer, one or more of the other parties to the Transaction Documents

(including the Vendor and/or the Counterparty) and/or any obligor in respect of the Charged Assets. Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described herein and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Securityholders, the market value of the Securities and/or the ability of the Issuer to satisfy its obligations under the Securities.

### **Legal opinions**

Legal opinions relating to the Securities will be obtained on issue with respect to the laws of England and of the Cayman Islands and, in the case of a U.S. Series, the federal securities laws of the United States, but no such opinions will be obtained with respect to any other applicable laws and no investigations will be made into the validity or enforceability of the laws of any other jurisdiction in respect of the obligations under the Securities. Any such legal opinions will not be addressed to, and may not be relied on by, Securityholders. In particular, save as aforesaid, no legal opinions will be obtained in relation to:

- (i) the laws of the country of incorporation of any obligor(s) in respect of the Charged Assets or any Reference Entity;
- (ii) the laws of the country in which the Charged Assets or the Obligations of any Reference Entity are situated; or
- (iii) the laws of the country which are expressed to govern the Charged Assets or Obligations of the Reference Entity.

Such laws, depending upon the circumstances, may affect, among other things, the validity and legal and binding effect of the Obligations of any Reference Entity and/or the Charged Assets and the effectiveness and ranking of the security for the Securities. Consequently, no responsibility is accepted by the Issuer in relation to such matters.

### **Legality of purchase**

None of the Issuer, the Dealer(s) or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities by a prospective purchaser of the Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it. However, notwithstanding the lawfulness of any acquisition of the Securities, sales or transfers of Securities that would cause the Issuer to be required to register as an "investment company" under the 1940 Act will be void *ab initio* and will not be honoured by the Issuer and, where a Security is held by or on behalf of (i) a U.S. person (as defined in Regulation S), in the case of a U.S. Series relying on the Section 3(c)(1) or Section 3(c)(7) exception, who is not an Eligible Investor (as defined below) at the time it purchases such Security, or (ii) a U.S. person (as defined in Regulation S), in the case of a U.S. Series relying on the Section 3(c)(1) exception, who purchases Securities and, as a result of the sale or transfer of such Securities, the aggregate number of beneficial owners in the United States of Securities and other securities issued by the Issuer exceeds 100, the Issuer may, in its discretion and at the expense and risk of such holder, (A) redeem such Securities, in whole or in part, to permit the Issuer to avoid registration under the 1940 Act or (B) compel any such holder to transfer the Securities to an Eligible Investor (in the case of (i) above) or to a non-U.S. person outside the United States.

## **Substitution of Charged Assets**

The terms of the Securities may provide that the Charged Assets may be substituted in accordance with the terms of Condition 4(b) (*Substitution of Charged Assets*) at the direction of the Counterparty on a Nominal Basis or Market Value Basis. There can be no assurance that the value of the original security will be preserved in all respects if such substitution occurs.

## **Repurchase Agreements in respect of the Charged Assets**

The terms of the Securities may provide that the Issuer may enter into Repurchase Agreements in respect of the Charged Assets with the Repo Counterparty specified in the Issue Terms. If the Issuer enters into such Repurchase Agreements then its ability to meet its obligations under the Securities will depend on whether or not the relevant Repo Counterparty performs all of its obligations under such Repurchase Agreement. The Securityholders will also be exposed to the creditworthiness of the relevant Repo Counterparty. There can be no assurance that any Repo Counterparty will perform all of its obligations at all times or that there will be no adverse change in the creditworthiness of any Repo Counterparty.

## **Commingling of Charged Assets**

Prospective investors' attention is drawn to the limited circumstances permitted by the Agency Agreement whereby the Charged Assets held by the Custodian are not segregated from the designated investments of the Custodian and, in such circumstances, in the event of the Custodian's insolvency, the Issuer's assets may not be as well protected from claims made on behalf of the general creditors of the Custodian.

## **UK Banking Act 2009**

The Banking Act 2009 (the "**Banking Act**"), which came into effect on 21 February 2009, includes (amongst other things) provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of a UK bank or building society (such as HSBC Bank PLC). In particular, in respect of UK banks, such tools include share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and two new special insolvency procedures which may be commenced by UK authorities (i.e. bank insolvency and bank administration).

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial systems of the United Kingdom. The Act includes provisions related to compensation in respect of transfer instruments and orders made under it.

If an instrument or order were to be made under the Banking Act in respect of HSBC Bank PLC, such instrument or order may (amongst other things) affect the ability of such entity to satisfy its obligations under the Programme and/or result in modifications to the Programme or documents issued under it.

The Banking Act 2009 (Restriction on Partial Property Transfers) (Amendment) Order 2009 (the "**Safeguards Order**") came into force on 9 July 2009. The Safeguards Order imposes certain controls on the powers set out in the Banking Act and, inter alia, prevents the transfer under an

instrument or order of some and not all of the property, rights and liabilities that comprise a "capital market arrangement" and also includes a restriction on the power to amend the terms of a trust if a partial property transfer is made pursuant to an instrument or order under the Banking Act. The issuance of the Securities by STARTS (Cayman) Limited would constitute a "capital market arrangement" and therefore have the benefit of the Safeguards Order. However, Securityholders should note that such protections apply to partial property transfers only and not to all powers that can be carried out under an instrument or order.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of HSBC Bank PLC and there has been no indication that it will make any such instrument or order, but there can be no assurance that this will not change and/or that Securityholders will not be adversely affected by any such instrument or order if made.

## SUMMARY OF THE TERMS OF ISSUE

*This Summary is qualified in its entirety by the remainder of this Information Memorandum and, in relation to any particular Series of Securities, the relevant Supplemental Information Memorandum and the relevant Issue Terms.*

<b>Issuer:</b>	STARTS (Cayman) Limited.
<b>Description:</b>	U.S.\$50,000,000,000 Limited Recourse Secured Debt Issuance Programme.
<b>Arranger:</b>	HSBC Bank plc.
<b>Dealers:</b>	<p>HSBC Bank plc and any other Dealers appointed in respect of an issue of Securities.</p> <p>The Issuer may from time to time appoint additional dealers either in respect of one or more Series of Securities or in respect of the whole Programme or terminate the appointment of any Dealer under the Programme.</p>
<b>Principal Paying Agent:</b>	HSBC Bank plc.
<b>Paying Agent in the United States</b>	HSBC Bank USA, National Association.
<b>Registrar:</b>	HSBC Bank USA, National Association or any other Registrar appointed in respect of an issue of Securities.
<b>Custodian:</b>	HSBC Bank plc.
<b>Trustee:</b>	<p>HSBC Corporate Trustee Company (UK) Limited.</p> <p>The Securityholders may by Extraordinary Resolution remove any trustee, provided that a suitable successor has been found. The Issuer has the power to appoint a replacement trustee but no successor shall be appointed without the prior approval of the Securityholders.</p>
<b>Administrator/Corporate Services Provider:</b>	MaplesFS Limited (formerly known as Maples Finance Limited), a licensed trust company in the Cayman Islands.
<b>Maximum Amount of Programme:</b>	U.S.\$50,000,000,000 (or its equivalent in other currencies), subject to increase from time to time.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, Securities may be issued in any currency as agreed between the Issuer and the relevant Dealer(s).
<b>Distribution:</b>	The Securities of each Series will be issued to the relevant Dealer(s) or to the other subscriber(s) to such Series by way of



private placement or public issue, as specified in the relevant Supplemental Information Memorandum.

**Maturities:**

Subject to any applicable legal or regulatory restrictions, such maturity as may be specified in the relevant Issue Terms.

*Securities with a maturity of less than one year:*

Securities having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the "FSMA") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale and Transfer Restrictions*" on page 152 below.

**Issue Price:**

Where applicable, Securities may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount or premium to par.

**Fixed Rate Securities:**

Fixed interest will be payable at such rate or rates and on such dates as may be agreed between the Issuer and the relevant Dealer(s) and will be calculated on the basis of such Fixed Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as specified in the relevant Issue Terms).

**Floating Rate Securities:**

Floating rate interest will be payable at such rate and on such dates as may be agreed between the Issuer and the relevant Dealer(s) as specified in, or determined pursuant to, the Issue Terms and will be calculated on the basis of such Floating Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as specified in the relevant Issue Terms).

Interest at a floating rate will be determined either:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Currency of Issue governed by an agreement incorporating the ISDA Definitions; or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

in each case, as indicated in the Issue Terms.

Floating Rate Securities may also have a maximum interest rate, a minimum interest rate or both.

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Securities.

**Types of Securities:**

The relevant terms applicable to any type of Security which the Issuer and any Dealer may agree to issue under the Programme will be set out in the relevant Issue Terms. Types of Securities which may be issued by the Issuer, other than Fixed Rate Securities and Floating Rate Securities referred to above, include, without limitation, Zero Coupon Securities, Indexed Interest Securities, Credit-Linked Securities and Principal Protected CDO Securities.

**Form of Securities:**

Securities may be issued in bearer form ("**Bearer Securities**") or registered form ("**Registered Securities**").

Bearer Securities will either (a) initially be represented by a Temporary Bearer Global Security or (b) be represented by a Permanent Bearer Global Security, in each case which will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg on or before the Issue Date. Beneficial interests in a Temporary Bearer Global Security will be exchangeable for either beneficial interests in a Permanent Bearer Global Security or definitive Bearer Securities, in each case on or after the date which is 40 days after the date on which the Temporary Bearer Global Security is issued and upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. A Permanent Bearer Global Security will be exchangeable in whole for definitive Bearer Securities only upon an Exchange Event.

Registered Securities will be issued as specified below.

Registered Securities sold in an issue offered or sold outside the United States to non-U.S. persons only in compliance with Regulation S (a "**Non-U.S. Series**") will be represented by a N-USD Regulation S Global Certificate in the case of N-USD Securities or a USD Regulation S Global Certificate in the case of USD Securities, in each case deposited with a common depositary for, and registered in the name of a common nominee for, Euroclear and Clearstream, Luxembourg. Prior to expiry of the applicable Distribution Compliance Period required by Regulation S, beneficial interests in a Regulation S Global Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear and Clearstream, Luxembourg.

The relevant Supplemental Information Memorandum may specify that all or a portion of a Series of Registered Securities may be offered or sold within the United States or to, or for the

account or benefit of, U.S. persons (a "**U.S. Series**") in accordance with the restrictions set out under "**Subscription and Sale and Transfer Restrictions**" on page 152 below, as may be modified by the relevant Supplemental Information Memorandum. Any such Registered Securities may be issued either (i) in fully registered individual physical certificates ("**Individual Certificates**") which will not be eligible for trading in any clearing system, or (ii) in certain limited circumstances when the Issuer is relying on the exception set out in Section 3(c)(7) of the 1940 Act, in the form of one or more fully registered DTC Rule 144A Global Certificates which will be deposited with or on behalf of DTC and registered in the name of its nominee, in the case of USD Securities, or, in the case of N-USD Securities, in the form of one or more fully registered Euroclear Rule 144A Global Certificates deposited with a common depositary for, and registered in the name of a common nominee for, Euroclear and Clearstream, Luxembourg. In the event that the Registered Securities offered or sold in the United States are represented by DTC Rule 144A Global Certificates, any portion of the U.S. Series offered outside the United States to non-U.S. persons will be in the form of one or more fully registered N-USD Regulation S Global Certificate in the case of N-USD Securities or a USD Regulation S Certificate, in the case of USD Securities. See "**Subscription and Sale and Transfer Restrictions**" on page 152 below. Global Securities may not be exchanged for individually registered physical securities ("**Definitive Registered Securities**") except in very limited circumstances. The relevant Supplemental Information Memorandum will disclose the exemption from the Securities Act and the exemption from the 1940 Act being relied upon for the issuance of the particular Series of Securities.

No beneficial owner of an interest in a Bearer Global Security, or a Registered Global Certificate will be able to exchange or transfer that interest, except in accordance with the applicable procedures of DTC, Euroclear and/or Clearstream, Luxembourg or, where the context so permits, any additional or alternative clearing system specified in the Issue Terms. In addition, Regulation S Global Certificates, Rule 144A Global Certificates, Individual Certificates and, if applicable, any Definitive Registered Securities will be subject to certain restrictions on transfer set out in a legend thereon and in the relevant Supplemental Information Memorandum.

For so long as any of the Securities is represented by a Bearer Global Security, a Regulation S Global Certificate, or a Euroclear Rule 144A Global Certificate held by a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg, or for so long as DTC or its nominee is the

registered holder of a DTC Rule 144A Global Certificate, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or, as the case may be, DTC as entitled to a particular nominal amount of Securities shall be deemed to be the holder of such nominal amount of Securities for all purposes other than with respect to the payment of principal, premium (if any), interest or other amounts on such Securities, for which purpose such common depositary or, as the case may be, DTC or its nominee shall be deemed to be the holder of such nominal amount of Securities in accordance with and subject to the terms of the relevant Global Security.

**Denominations:**

Securities will be issued in such denominations as may be specified in the relevant Supplemental Information Memorandum save that the minimum denomination of each Security will be the greater of (i) EUR 100,000 and (i) such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Currency of Issue. See also "***Maturities - Securities with a maturity of less than one year***" above.

**Early Redemption:**

Securities will be redeemable prior to maturity only in limited circumstances upon the occurrence of certain events relating to the Issuer as set out in Condition 8 (*Redemption*) or relating to an acceleration of the Securities as specified in Condition 11 (*Events of Default*) or as otherwise specified in the Issue Terms. Unless permitted by then current laws and regulations, Securities (including Securities denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies), unless such Securities may not be redeemed until the first anniversary of their date of issue.

**Optional Early Redemption:**

Securities may be redeemed at the option of the Issuer or the Securityholders prior to their stated maturity, on such dates and on such terms as are specified in the Issue Terms.

**Taxation:**

The Issuer will not be obliged to gross up any payments in respect of the Securities (including for tax suffered in respect of a payment under the Charged Assets or any Charged Agreements).

However, the Issuer may in certain circumstances described in the Conditions be obliged to use its reasonable endeavours to arrange a substitution of principal debtor. If any Securities of the Issuer are rated, such substitution would be subject to prior notification to, and confirmation and/or affirmation (as the case may be) from, any rating agency by which the relevant

Securities are rated that the credit rating granted by such rating agency would not be adversely changed.

If no substitution is effected, the Issuer may be required to sell the Charged Assets and redeem the Securities.

**Cross Default:**

None.

**Listing:**

Application has been made to the Irish Stock Exchange for Securities issued under the Programme to be admitted to the Official List and to be traded on the Irish Stock Exchange.

The Securities may also be listed on such other or further stock exchanges as may be specified in the Issue Terms in which event such additional listing shall be notified to the Irish Stock Exchange. The Issuer may also issue unlisted Securities.

**Rating:**

Securities of any Series may be rated by Standard and Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc. ("**S&P**") and/or Moody's Investors Service Limited ("**Moody's**") and/or any other recognised debt rating agency, as specified in the relevant Supplemental Information Memorandum. The ratings will vary depending upon, among other things, the rating of the obligor(s) in respect of the relevant Charged Assets and the relevant Charged Agreements (if any). The relevant Supplemental Information Memorandum will set out what the ratings will address in the case of each issue of Securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Securities may adversely affect the market price of the Securities.

If the Issuer has issued Securities rated by either S&P or Moody's and a subsequent Series of Securities to be issued will not be rated by S&P and/or Moody's, S&P and/or Moody's, as the case may be, will (prior to such issue) review each such Series of Securities and provide written confirmation and/or affirmation (as the case may be) that the then current rating of the Securities rated by it will not be adversely affected by the issue of the further Series.

**Status of Securities:**

Securities of each Series will be secured, direct, limited recourse obligations of the Issuer ranking *pari passu* and without preference among themselves.

**Security:**

Unless otherwise specified in the Issue Terms, the Issuer will grant to the Trustee the following security to secure its

obligations under each Series of Securities and the relevant Charged Agreement(s):

- (i) a first ranking assignment by way of security of all of the Issuer's Rights under the Agency Agreement;
- (ii) a first fixed charge and a first ranking assignment by way of security of all of the Issuer's Rights to, under and in respect of, the Charged Assets;
- (iii) a first ranking assignment by way of security of the Issuer's Rights under the Charged Agreement(s), the Issuer's Rights under the Sale Agreement and the Issuer's Rights under any Additional Agreement (including any Repurchase Agreement); and
- (iv) a first fixed charge and a first ranking assignment by way of security of all of the Issuer's Rights to any of its bank accounts in respect of such Series (but excluding, for the avoidance of doubt, the Issuer's bank account containing the paid up ordinary share capital of the Issuer and any transaction fees payable to the Issuer in connection with the issue of Securities or entry into Alternative Investments).

The secured creditors of all Series of Securities of the Issuer will also be secured under the Trust Instrument executed in respect of the first Series of Securities by a first floating charge over the whole of the assets and undertaking of the Issuer (other than, inter alia, the money representing paid up ordinary share capital of the Issuer and any transaction fees payable to the Issuer on each issue of Securities) which will become enforceable upon formal notice being given of an intention to appoint an administrator in relation to the Issuer or an application being made to, or a petition being lodged or a document being filed with, the court for administration in relation to the Issuer.

The Securities may also be secured by additional security documents and/or on such other assets as may be specified in the Issue Terms.

The Issuer is not subject to a general negative pledge but has covenanted to grant security only in limited circumstances as set out in Condition 17 (*Restrictions*) to secure other limited recourse debt incurred by it.

**Attention of investors is drawn to "*Risk Factors - Limited recourse*" above.**

#### **Charged Assets:**

The Charged Assets may comprise cash, bonds, notes, securities, commodities, the benefit of loans, *schuldscheine*,

equity interests (including shares and participating income notes), guaranteed investment contracts, other assets or contractual or other rights, all as more particularly specified in the relevant Issue Terms.

The Charged Assets relating to each Series will be owned by the Issuer and (unless otherwise specified in the relevant Issue Terms) shall be deposited with the Custodian for such Series of Securities subject to the security in favour of the Trustee. In such event, the payments of principal and interest in respect of the Charged Assets shall be paid into a Counterparty Account as specified in the Issue Terms (where there is a Charged Agreement) or otherwise to the Principal Paying Agent to be paid to Securityholders or as may otherwise be specified in the Issue Terms.

The Issuer may substitute or replace Charged Assets, or may enter into Repurchase Agreements with a Repo Counterparty in respect of the Charged Assets, in certain circumstances as specified in the Issue Terms.

**Charged Agreements:**

The Charged Agreements (if any) will comprise the Swap Agreement or Swap Agreements (together with any related Swap Guarantee) entered into in connection with a particular Series of Securities and any other agreements specified in the relevant Issue Terms.

**Priority of Claims:**

The relative priority of claims of the Securityholders of each Series and the Counterparty will be "Securityholder Priority Basis", "*Pari Passu* Basis" or "Counterparty Priority Basis", as specified in the relevant Issue Terms. See Condition 5 (*Application of proceeds*).

**Instructing Creditor:**

The Instructing Creditor shall be the person(s) entitled to request the Trustee to take certain actions contemplated in the Conditions (in particular Condition 11 (*Events of Default*) and Condition 12 (*Enforcement*)) in respect of a particular Series of Securities.

The relevant Issue Terms will specify, in relation to the related Series of Securities, whether the Instructing Creditor is:

- (i) the Counterparty only; or
- (ii) the Securityholders only.

**Accordingly, the Instructing Creditor in respect of a Series of Securities will not necessarily be the Securityholders.**

Where the Instructing Creditor is the Securityholders, the Securityholders may (where specified) request the Trustee to

take actions contemplated in the Conditions by means of a request in writing of the holders of at least one-fifth in principal amount of the Securities of such Series then outstanding or by means of an Extraordinary Resolution of such Securityholders.

Where the Instructing Creditor is the Counterparty, the Counterparty may (where specified) request the Trustee to take actions contemplated in the Conditions by means of a written request.

Having received such a request from the Instructing Creditor, the Trustee shall not be obliged (subject to applicable legal and regulatory requirements) to consider the interests of any other secured or unsecured creditors for such Series.

**Governing Law:**

The Securities will be governed by, and construed in accordance with, English law.

**Selling Restrictions:**

There are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom), Japan, Hong Kong and the Cayman Islands and such other restrictions as may be required (and specified in the relevant Supplemental Information Memorandum) in connection with the offering and sale of a particular Series of Securities. See "*Subscription and Sale and Transfer Restrictions*" on page 152 below.

Bearer Securities will be issued in compliance with U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**") unless (i) the relevant Supplemental Information Memorandum states that Securities are issued in compliance with U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**") or (ii) such Securities are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Securities will not constitute "registration-required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**").

The Supplemental Information Memorandum for each Series of Securities all or a portion of which are being offered and sold in the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S), will disclose the exemption from the Securities Act and the exemption from the



1940 Act being relied upon by the Issuer for the issuance of the particular Series of Securities together with the selling and transfer restrictions applicable to such Series. Any Registered Securities offered in a Non-U.S. Series in the form of one or more Regulation S Global Certificates may not be offered or sold to, or for the account or benefit of, a U.S. person (as defined in Regulation S) until the Distribution Compliance Period has expired. See "***Subscription and Sale and Transfer Restrictions***" on page 152 below.

## **USE OF PROCEEDS**

The net proceeds from each Series of Securities will be applied by the Issuer to purchase the Charged Assets applicable to such Series and/or to fund any initial payment obligations under any related Charged Agreement(s) and/or in meeting certain expenses and fees payable in connection with the operations of the Issuer and the issue of any Securities as set out in the relevant Supplemental Information Memorandum relating to any Series of Securities or as may otherwise be specified in the relevant Supplemental Information Memorandum.

## **TERMS OF THE SECURITIES**

Each Series of Securities shall have the terms and conditions as set out in the Conditions Modules incorporated by reference and as completed, modified or supplemented by the provisions set out in the Issue Terms.

As so completed, modified or supplemented, such terms and conditions will be the "**Conditions**" for the purposes of such Securities.

**BEARER SECURITIES BASE CONDITIONS MODULE JUNE 2012 EDITION**

**to be incorporated by reference into  
the Conditions and the Trust Instrument for  
an issue of repackaged Securities  
arranged by  
HSBC BANK PLC**

## **BEARER SECURITIES BASE CONDITIONS MODULE**

### **JUNE 2012 EDITION**

**This Bearer Securities Base Conditions Module sets out the basic terms and conditions for Securities governed by English law and will apply in respect of all Series of Securities issued in bearer form. Other Conditions Modules will apply in addition, as specified in the Issue Terms.**

#### **1. FORM, DENOMINATION AND TITLE**

- (a) Bearer Securities are serially numbered and in the Specified Denomination(s) set out in the Issue Terms. Title to Bearer Securities and (if applicable) the related Coupons will pass by delivery. Bearer Securities of one Specified Denomination may not be exchanged for Bearer Securities of another Specified Denomination.
- (b) Bearer Securities will either:
  - (i) initially be represented by a Temporary Bearer Global Security; or
  - (ii) be represented on issue by a Permanent Bearer Global Security,

as specified in the Issue Terms.

The Temporary Bearer Global Security or Permanent Bearer Global Security, as the case may be, will be deposited on or before the Issue Date with the Common Depositary.

Beneficial interests in a Temporary Bearer Global Security will be exchangeable for either beneficial interests in a Permanent Bearer Global Security or definitive Bearer Securities, as provided in the Temporary Bearer Global Security. A Temporary Bearer Global Security may be exchanged on or after the Exchange Date and upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations.

A Permanent Bearer Global Security will be exchangeable, in whole but not in part, for definitive Bearer Securities only upon the occurrence of an Exchange Event, as provided in the Permanent Bearer Global Security.

- (c) No beneficial owner of an interest in a Global Security will be able to exchange or transfer that interest, except in accordance with the applicable procedures of the Clearing Systems and in accordance with and subject to the terms of such Global Security.
- (d) For so long as any of the Securities is represented by a Bearer Global Security held by a Common Depositary, each person who is for the time being shown in the records of the Clearing Systems as entitled to a particular nominal amount of Securities shall be deemed to be the holder of such nominal amount of Securities for all purposes other than with respect to the payment of principal, premium (if any), or interest or other amount on such Securities. With respect to such payment, such Common Depositary shall be deemed to be the holder of such nominal amount of Securities in accordance with and subject to the terms of the relevant Global Security. Any certificate or other document issued by the Clearing Systems as to the nominal amount of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error. In determining

whether a particular person is entitled to a particular nominal amount of Securities as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

- (e) Subject to paragraph (d) above, the Issuer, the Counterparty, the Trustee and the Agents may deem and treat the holder of any Bearer Security as the owner thereof for all purposes. Except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, each Counterparty, the Trustee and the Agents shall not be affected by any notice to the contrary, whether or not the Security shall be overdue and notwithstanding any notation of ownership or other writing thereon. All payments made to any such holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable upon such Securities.

## **2. STATUS**

The Securities are secured, limited recourse obligations of the Issuer, secured in the manner described in Condition 3 (*Security*) and recourse in respect of which is limited in the manner described in Condition 12 (*Enforcement*). The Securities rank and will rank, unless otherwise specified in the Issue Terms, *pari passu* without any preference among themselves.

## **3. SECURITY**

The Securities are constituted and secured by a Trust Instrument.

Unless otherwise specified in the Issue Terms, the Issuer's obligations under the Securities and the Charged Agreement(s) (if any) will be secured by the following security:

- (a) a first ranking assignment by way of security of all of the Issuer's Rights under the Agency Agreement;
- (b) a first fixed charge and a first ranking assignment by way of security of all of the Issuer's Rights to the Charged Assets;
- (c) a first ranking assignment by way of security of the Issuer's Rights under the Charged Agreement(s), the Issuer's Rights under the Sale Agreement and the Issuer's Rights under any Additional Agreement (including any Repurchase Agreement); and
- (d) a first fixed charge and a first ranking assignment by way of security of all of the Issuer's Rights to any of its bank accounts in respect of the Securities (but excluding, for the avoidance of doubt, the Issuer's bank account containing the paid up ordinary share capital of the Issuer).

The secured creditors of all Series of Securities of the Issuer will also be secured under the Trust Instrument executed in respect of the first Series of Securities by a first floating charge over the whole of the assets and undertaking of the Issuer (other than, *inter alia*, the money representing paid up ordinary share capital of the Issuer, any transaction fees payable to the Issuer on each issue of Securities, any assets of the Issuer which are otherwise effectively subject to any fixed charge or assignment by way of security as described in (a) to (d) above and, if applicable, any Trust Instrument and/or Additional Charging Document in respect of

a particular Series of Securities and any monies available to the Issuer after application of the proceeds of the Mortgaged Property of any Series in accordance with the relevant order of priorities or the Security Ranking Basis, as the case may be, set out in the Issue Terms of the relevant Series) which will become enforceable upon formal notice being given of an intention to appoint an administrator in relation to the Issuer or an application being made to, or a petition being lodged or documents being filed, with the court for administration in relation to the Issuer.

The Issue Terms will specify whether any other security interest will be created under the Trust Instrument and/or under an Additional Charging Document.

#### **4. CHARGED ASSETS**

##### **(a) Initial Charged Assets**

The Vendor will procure that the initial Charged Assets as specified in the Issue Terms (the "**Initial Charged Assets**") are delivered to the Custodian on the Issue Date, to the extent that such Charged Assets are capable of being delivered. With effect from such delivery, the Charged Assets will be held by the Custodian on behalf of the Issuer, subject to the Security Interests.

##### **(b) Substitution at direction of Counterparty**

The Issue Terms will specify whether the Initial Charged Assets may be substituted from time to time for alternative charged assets and, if substitution is applicable, whether such substitution is on the Nominal Basis or the Market Value Basis. Where such substitution is applicable, the Counterparty (if any) may, from time to time, at its cost and subject to the Trust Instrument, by giving not less than five Business Days' (or such other period of notice as may be specified in the Issue Terms) notice (a "**Substitution Notice**") in writing to the Issuer and the Trustee require that any securities or other assets for the time being comprising the Charged Assets be replaced by Eligible Investments and the Trustee shall accordingly release the Charged Assets from the Security Interests in accordance with the Trust Terms Module to enable such substitution.

A substitution may occur provided that:

- (A) upon any release of the substituted Charged Assets from the Security Interests, the replacement Charged Assets are secured by the Issuer on the same terms (*mutatis mutandis*) as the substituted Charged Assets;
- (B) all requirements of any relevant Stock Exchange or competent authority are complied with; and
- (C) any other conditions specified in the Issue Terms (including Rating Agency requirements, if any) are complied with.

Upon receipt of a Substitution Notice, the Issuer shall notify the Principal Paying Agent, the Custodian, the Calculation Agent, the Securityholders and, in the case of Securities that are rated, the relevant Rating Agencies.

The Counterparty shall bear and pay, and shall indemnify the Issuer and the Trustee against, all costs, expenses and taxes (including, without limitation, stamp duty) payable in connection with a substitution.

(c) **Realisation of Charged Assets upon Event of Default**

If the Security Interests over any of the Charged Assets become enforceable pursuant to Condition 11 or as otherwise provided in the Trust Instrument, the Trustee may in its discretion and, if requested by an Instructing Creditor, shall (subject to being indemnified to its satisfaction) realise such Charged Assets and/or take such action as may be permitted under applicable laws against any obligor in respect of such Charged Assets. The Trustee will not have any liability as to the consequence of such action and will not have regard to the effect of such action on individual Securityholders or the Counterparty. On the occurrence of any such event, each Charged Agreement will terminate in accordance with its terms.

(d) **Repurchase Agreements with respect to the Charged Assets**

The Issue Terms will specify whether the Issuer may enter into one or more Repurchase Agreements with the Repo Counterparty. The Issue Terms will specify the terms of any Repurchase Agreement to be entered into between the Issuer and the Repo Counterparty, including, *inter alia*, (A) the Eligible Securities, (B) the price at which the Issuer will sell and repurchase the Eligible Securities and (C) the premium or fee (if any) payable by the Repo Counterparty.

## **5. APPLICATION OF PROCEEDS**

The Trust Instrument provides for the application of the Realisation Amount in accordance with the relevant Security Ranking Basis.

The Issue Terms will specify the "**Security Ranking Basis**" in accordance with which the Realisation Amount will be applied, being one of the following (or otherwise as specified in the Issue Terms):

- (a) "**Securityholder Priority Basis**" meaning, first, in meeting claims of the Securityholders under the Securities on a *pari passu* and *pro rata* basis and, thereafter, in meeting the claims of the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s); or
- (b) "**Pari Passu Basis**" meaning in meeting the claims of the Securityholders and the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s) on a *pari passu* and *pro rata* basis; or
- (c) "**Counterparty Priority Basis**" meaning, first, in meeting the claims of the Counterparty (or, if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s) and, thereafter, in meeting the claims of the Securityholders on a *pari passu* and *pro rata* basis.



For the avoidance of doubt, the Counterparty shall not have any claim in respect of the Issuer's Rights under the Charged Agreement(s).

## **6. SHORTFALL AFTER APPLICATION OF PROCEEDS**

- (a) All payments to be made by the Issuer in respect of the Securities and the Charged Agreement(s) (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property in accordance with the Security Ranking Basis specified in the Issue Terms.
- (b) To the extent that such sums are less than the amount which the Securityholders and the Counterparty (if any) may have expected to receive (the difference being referred to as a "**shortfall**"), such shortfall will be borne by such Securityholders and by the Counterparty (if any) in accordance with the Security Ranking Basis specified in the Issue Terms.
- (c) Each holder of Securities, by subscribing for or purchasing such Securities, and each Counterparty (if any) will be deemed to accept and acknowledge that it is fully aware that:
  - (i) the Securityholders and the Counterparty (if any) shall look solely to the sums referred to in paragraph (a) of this Condition 6 (*Shortfall After Application of Proceeds*), as applied in accordance with paragraphs (a) and (b) above (the "**Relevant Sums**"), for payments to be made by the Issuer in respect of the Securities and the Charged Agreement(s) (if any);
  - (ii) the obligations of the Issuer to make payments in respect of the Securities and the Charged Agreement(s) (if any) will be limited to the Relevant Sums and the Securityholders and the Counterparty (if any) shall have no further recourse to the Issuer in respect of the Securities and the Charged Agreement(s) (if any), respectively;
  - (iii) without prejudice to the foregoing, any right of the Securityholders and the Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and
  - (iv) the Securityholders and the Counterparty (if any) shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.

None of the Trustee, the shareholders of the Issuer, any Dealer, any Counterparty, any Swap Guarantor or any Repo Counterparty has any obligation to any Securityholder for payment of any amount by the Issuer in respect of the Securities.

## **7. TYPES OF SECURITIES**

### **(a) Fixed Rate Securities**

Each Fixed Rate Security bears interest on its Outstanding Principal Amount as on the first day of a Fixed Interest Period (or, if it is a Partly Paid Security, the amount paid up) from (and including) the Interest Commencement Date (as specified in the Issue Terms) to (but excluding) the Maturity Date at the rate(s) per annum equal to the Rate(s) of Interest, subject to any cessation of interest in circumstances as set out in the terms of the Securities.

Interest will be payable in arrear on the Interest Payment Date(s) in each year as specified in the Issue Terms, subject as aforesaid.

Interest pursuant to this Condition 7(a), whether for a Fixed Interest Period or a period other than a Fixed Interest Period, shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction, and shall be rounded in accordance with Condition 7(e) below.

(b) **Floating Rate Securities and Indexed Interest Securities**

(i) ***Interest Payment Dates***

Each Security which is a Floating Rate Security or Indexed Interest Security bears interest on its Outstanding Principal Amount as on the first day of an Interest Period (or, if it is a Partly Paid Security, the amount paid up) from (and including) the Interest Commencement Date to (but excluding) the Maturity Date, subject to any cessation of interest in circumstances as set out in the Issue Terms.

Such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the Issue Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the Issue Terms, each date which falls the number of months or other period specified as the Specified Period in the Issue Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date,

each an "**Interest Payment Date**".

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

(ii) ***Rate of Interest***

The Rate of Interest payable from time to time in respect of Floating Rate Securities and Indexed Interest Securities will be determined in the manner specified in the Issue Terms.

(A) **ISDA Determination for Floating Rate Securities**

Where ISDA Determination is specified in the Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Issue Terms) the Margin (if any).

For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent Bank under an interest rate swap transaction if the Agent Bank

were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the Issue Terms;
- (2) the Designated Maturity is a period specified in the Issue Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the Issue Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the 2006 ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent Bank or the Calculation Agent, as the case may be, will be deemed to have discharged its obligations under Condition 7(b)(iv) (*Types of Securities - Floating Rate Securities and Indexed Interest Securities*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Screen Rate Determination for Floating Rate Securities

Where Screen Rate Determination is specified in the Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which 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 relevant Interest Determination Date plus or minus (as indicated in the Issue Terms) the Margin (if any), all as determined by the Agent Bank. 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 Agent Bank for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above,

fewer than 3 such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

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

If the Issue Terms specify a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the Issue Terms specify a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) ***Determination of Rate of Interest and Interest Amounts***

The Agent Bank (in the case of Floating Rate Securities) or the Calculation Agent (in the case of Indexed Interest Securities) will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, but in any event no later than the second Business Day thereafter, determine and notify the Issuer, the Trustee, the Counterparty (if any) and the Principal Paying Agent of (i) the Rate of Interest for the relevant Interest Period and (ii) the amount payable in respect of each Specified Denomination (each an "**Interest Amount**") pertaining to such Interest Period.

The Interest Amounts shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Floating Day Count Fraction and shall be rounded in accordance with Condition 7(e) below.

(v) ***Publication of Rate of Interest and Interest Amounts***

The Principal Paying Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to any Stock Exchange upon which the Securities are (as specified in the Issue Terms) listed and to be published in accordance with relevant provisions relating to notices as soon as possible after their determination, but in any event no later than the fourth Business Day thereafter. The Interest Amounts and 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 Period. Any such amendment will be promptly notified as aforesaid to each Stock Exchange on which the relevant Floating Rate Securities or Indexed Interest Securities are for the time being listed and to the Securityholders.

(vi) ***Determination or calculation by Trustee***

If the Agent Bank or, as the case may be, the Calculation Agent at any material time defaults in its obligation to determine the Rate of Interest or the Interest Amounts in accordance with sub-paragraphs (ii) and (iv) above, the Trustee shall (i) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in sub-paragraph (ii) above), it shall deem fair and reasonable in all the circumstances and (ii) calculate the Interest Amounts in the manner specified in sub-paragraph (iv) above. Such determination and calculation shall be deemed to be a determination and calculation by the Agent Bank or, as the case may be, the Calculation Agent.

(vii) ***Notifications to be final***

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions summarised under this Condition whether by the Agent Bank, the Calculation Agent or the Trustee, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Counterparty, the Agent Bank, the Calculation Agent, the Trustee, the Paying Agents and all Securityholders, as applicable, and (subject as aforesaid) no liability to the Securityholders shall attach to the Agent Bank, the Calculation Agent or the Trustee (as applicable) in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to this Condition.

(c) **Partly Paid Securities**

If the Issue Terms specify that the Securities are Partly Paid Securities, the amount of each payment comprising the issue price, the date on which each payment is to be made and the consequences (if any) of failure to make any such payment will be as set out in the Issue Terms.

Other than Partly Paid Securities which are Zero Coupon Securities, interest will accrue on the paid-up nominal amount of such Securities and as specified in the Issue Terms.

(d) **Principal Protected CDO Securities**

If the Issue Terms specify that the Securities are Principal Protected CDO Securities, unless otherwise specified therein:

- (i) the Securities will not bear a pre-determined rate of interest;
- (ii) in the event that distributions are made by, or payments of interest and/or principal are made by, the obligor of the relevant Charged Assets specified in the Issue Terms, such sums will be paid to the Securityholders within two Business Days (or such other number of days as may be specified in the Issue Terms) of receipt thereof; and
- (iii) the Issue Terms will set out the expected dates of any distributions or payments.

(e) **Rounding in respect of all Securities**

All amounts resulting from any calculations referred to in these provisions will be rounded downwards to the nearest unit or sub-unit of currency or as described in the Issue Terms.

(f) **Cessation of interest**

In the case of Credit-Linked Securities, unless otherwise specified in the Issue Terms, notwithstanding any other terms of these Conditions, if (i) an Event of Default in relation to the Securities occurs or the Securities are redeemed early (other than as a result of a Credit Event), (ii) an event of default in relation to the Charged Assets occurs or any of the Charged Assets are redeemed early or (iii) the Securities are redeemed pursuant to a termination under the Swap Agreement (other than as a result of a Credit Event), the interest on the Securities will cease to accrue from, and including, the Interest Payment Date immediately preceding the date on which any of the events referred to in (i) to (iii) above have occurred (or in the case of the first Fixed Interest Period or, as the case may be, Interest Period, the Interest Commencement Date).

(g) **Default interest**

If payment to any Securityholder of any amount due in respect of the Securities is improperly withheld or refused, interest shall accrue as provided in the Trust Instrument. References to any payment due or owing in respect of the Securities shall be deemed to include any interest which may be payable under this Condition 7 (*Types of Securities*).

**8. REDEMPTION**

(a) **Final redemption**

Each Security will be redeemed by the Issuer on the Maturity Date at its Final Redemption Amount or as otherwise specified in the Issue Terms, unless such Security has been redeemed, purchased or cancelled prior to such date.

(b) **Redemption for taxation reasons**

(i) If:

- (A) the Issuer, on the occasion of the next payment due in respect of the Securities, would be required by law to withhold or account for tax or would suffer tax in respect of its income in respect of the Charged Assets or receipt of payments under any Charged Agreement (including the deductions of tax from such payments) so that it would be unable to make payment of the full amount payable on the Securities without recourse to other sources of funding, or
- (B) the Issuer, on the occasion of the next payment due in respect of any Charged Agreement, would be required by law to withhold or account for tax or would suffer tax in respect of its income in respect of the Charged Assets (including the deductions of tax from such payments) so that it would be unable to make payment of the full amount payable under such Charged Agreement without recourse to other sources of funding, or
- (C) the cost to the Issuer of complying with its obligations under the Trust Instrument or meeting its operating or administrative expenses would, in the opinion of the Issuer, be materially increased compared to such cost as of the Issue Date (including, without limitation, as a result of any adverse change in tax rulings in respect of the Issuer or any adverse change of law or practice

(or interpretation or administration of the same) which applies to the Issuer),  
or

- (D) the Issuer would be required to account for any tax or suffer tax in respect of its income in respect of the Charged Assets or receipt of payments (whether actual or deemed) under any Charged Agreement as a result of the then accounting treatment, as certified by the Issuer's auditors,

then the Issuer shall so inform the Trustee, the Principal Paying Agent, the Calculation Agent and the Counterparty.

The date on which any such withholding or deduction is suffered or increased amount is payable is referred to as the "**Shortfall Date**". The Issuer shall use its reasonable endeavours to arrange the substitution as the principal debtor under the Securities of a company, approved by the Trustee (and in the case of Securities that are rated, subject to Rating Agency Confirmation and/or Rating Agency Affirmation, as the case may be), incorporated in another jurisdiction wherein (in respect of subparagraphs (A), (B) and (D) of Condition 8(b)(i)) such withholding would not be applicable, or such tax would not be accountable or suffered, or (in respect of subparagraph (C) of Condition 8(b)(i)) such costs or operating or administrative expenses would not materially exceed the Issuer's costs or operating or administrative expenses prior to the increase and the company concerned would not be in any worse position following the substitution than the Issuer was in before the event occurred which resulted in the Issuer being obliged to use reasonable endeavours to substitute in accordance with this provision.

- (ii) If the Issuer is unable to arrange such substitution before the relevant Shortfall Date, in the case of Condition 8(b)(i)(A) where there is a Charged Agreement, the Counterparty shall have the right, but not the obligation, in its sole discretion, under any Charged Agreement to pay to the Issuer such amounts as will enable it (after any such withholding, accounting or suffering) to pay (and in such event, the Issuer will be obliged to pay) to the Securityholders the amounts which they would have received in the absence of such withholding, accounting or suffering.

If the Issuer is unable to arrange such substitution before the relevant Shortfall Date in the case of Condition 8(b)(i)(B), the Counterparty shall have the right, but not the obligation, in its sole discretion, under any such Charged Agreement to accept a lesser payment from the Issuer in respect of the Charged Assets (after any such withholding or accounting or suffering of tax by the Issuer in respect of the Charged Assets).

If the event referred to in Condition 8(b)(i)(C) or (D) has occurred and there is a Charged Agreement, the Counterparty shall have the right, but not the obligation, before the Shortfall Date, to make additional payments to the Issuer so that the Issuer would not be in any worse position as a result of the occurrence of such event.

- (iii) If the Counterparty does not exercise such right as referred to in paragraph (ii) above within 10 Business Days of the Shortfall Date, the Issuer shall give an Initial Redemption Notice and any Charged Agreement will thereupon be terminated. Following the receipt of the Initial Redemption Notice, the Selling Agent shall arrange for, and administer the sale of, the Charged Assets in accordance with the

Agency Agreement. Upon the sale of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give a Second Redemption Notice as soon as reasonably practicable (which notice shall be irrevocable) and the Securities will be redeemed in accordance with such notice.

- (iv) Notwithstanding the foregoing, if the requirement to withhold or account for any of the taxes referred to in this Condition arises:
  - (A) owing to any connection of any Securityholder with the taxing jurisdiction to which the Issuer is subject otherwise than by reason only of the holding of any Security or receiving principal, premium or interest in respect thereof; or
  - (B) by reason of the failure by the relevant Securityholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or
  - (C) where such withholding or deduction is imposed on payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (D) in circumstances which could have been avoided if the relevant Securityholder presented the relevant Security to another Paying Agent in a Member State of the European Union; or
  - (E) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 to 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof (the "**FATCA Provisions**") or any law implementing an intergovernmental approach to the FATCA provisions,

then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Securityholder and the provisions of the preceding paragraph shall not apply. Any such deduction shall not constitute an Event of Default under Condition 11 (*Events of Default*).

(c) **Mandatory Redemption**

- (i) ***Following Payment Default under the Charged Assets or termination of a Charged Agreement***
  - (A) If there has been a Charged Assets Default, then the Issuer shall give an Initial Redemption Notice and the Charged Agreement(s) will thereupon be terminated.
  - (B) If a Charged Agreement is terminated (in whole but not in part) for any reason other than as a consequence of any specific Conditions relating to redemption of the Securities, the Issuer shall give an Initial Redemption Notice as soon as reasonably practicable thereafter.



Following the receipt of an Initial Redemption Notice pursuant to sub-paragraph (A) or (B) above, the Selling Agent shall arrange for, and administer the sale of, all of the Charged Assets. Upon the sale of all of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give a Second Redemption Notice as soon as reasonably practicable (which notice shall be irrevocable) and the Securities will be redeemed in accordance with such notice.

(ii) ***Following Early Redemption of the Charged Assets***

Where any one or more of the Charged Assets in relation to a Series of Securities are redeemed pursuant to an early unscheduled redemption of such Charged Assets prior to their stated date of maturity (other than by reason of a Charged Assets Default), the Issuer shall give an Initial Redemption Notice as soon as reasonably practicable and the Charged Agreement(s) will thereupon be terminated. In such circumstances, in relation to any Charged Assets not so redeemed, the Selling Agent shall arrange for, and administer the sale of, such Charged Assets and the Issuer shall give a Second Redemption Notice as soon as reasonably practicable thereafter (which notice shall be irrevocable) and the Securities will be redeemed in accordance with such notice. For the avoidance of doubt, the net redemption proceeds received in relation to the redeemed Charged Assets and the Realisation Amount relating to the remaining Charged Assets sold by the Selling Agent shall be applied together on the same date as specified in Condition 5 (*Application of proceeds*). Each Security will thereafter be redeemed on a *pro rata* basis of the aggregate amount allocated to the Securityholders.

(iii) ***General***

Once the net proceeds of sale or redemption of the Charged Assets have been applied in accordance with this Condition, failure to make any further payment due in respect of a mandatory redemption of part of the principal amount of the Securities or interest thereon or any termination payment under any Charged Agreement shall not constitute an Event of Default.

(d) **Redemption at the option of the Issuer**

- (i) The Issue Terms may specify that the Issuer has the option to redeem all or some of the Securities on the Optional Call Redemption Date(s) at the Optional Call Redemption Amount together with interest to (but excluding) the date of redemption.
- (ii) The Issuer may only exercise such option by giving notice to the Securityholders, the Trustee, the Counterparty and the Principal Paying Agent at least 5 Business Days prior to the Optional Call Redemption Date within the Issuer's Option Period (as specified in the Issue Terms).
- (iii) In the case of a partial redemption of the Securities, the Securities to be redeemed will be selected individually by lot (where the Securities are in definitive form) or in accordance with the rules of the Clearing Systems (where the Securities are in global form).

(e) **Redemption at the option of the Securityholders**

- (i) The Issue Terms may specify that the Issuer shall, at the option of the Securityholders (either individually or acting together, subject to a minimum percentage of all the Securityholders, as specified in the Issue Terms), redeem all or some of the Securities on the Optional Put Redemption Date at the Optional Put Redemption Amount, together with interest to (but excluding) the date of redemption.
- (ii) A Securityholder may only exercise such option by giving notice to the Issuer at least 15 Business Days prior to the Optional Put Redemption Date within the Securityholder's Option Period (as specified in the Issue Terms). If the Securities are in definitive form, the Securityholder must deposit the relevant Security at the specified office of a Paying Agent together with a duly completed and signed notice of exercise (the "**Put Notice**"). If the Securities are represented by a Global Security, to exercise the right to require redemption of the Security the Securityholder must, within the notice period, give notice of such exercise in accordance with the standard procedures of the Clearing Systems (which may include notice being given on his instruction by the Clearing Systems or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to the Clearing Systems from time to time and, at the same time, present or procure the presentation of the relevant Global Security to the Principal Paying Agent for notation accordingly.
- (iii) Any Put Notice shall be irrevocable except where, prior to the due date of redemption, an Event of Default shall have occurred and be continuing and the Trustee shall have declared the Securities due and repayable. In such event, a Securityholder may, at its option, elect to withdraw the Put Notice.

(f) **Redemption of Zero Coupon Securities**

- (i) For the purpose of this Condition 8 (*Redemption*) and Condition 11 (*Events of Default*), each Zero Coupon Security will be redeemed at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Amortised Face Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Securities to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Security becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the Issue Terms.

- (ii) If the amount payable in respect of any Zero Coupon Security upon redemption of such Zero Coupon Security pursuant to this Condition 8 (*Redemption*) or upon its becoming due and repayable as provided in Condition 11 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Security shall be the amount calculated as provided in sub-paragraph (i) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Security becomes due and payable were replaced by references to the date which is the earlier of:
  - (i) the date on which all amounts due in respect of such Zero Coupon Security have been paid; and
  - (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Securities has been received by the Agent or the Trustee and notice to that effect has been given to the Securityholders in accordance with Condition 15 (*Notices*).

(g) **Cancellation**

All Securities redeemed early or purchased by the Issuer pursuant to the Issue Terms shall be cancelled and may not be reissued or resold.

(h) **Redemption in excess of Outstanding Principal Amount**

In the case only of an Issuer incorporated in the Republic of Ireland, in relation to any early redemption of the Securities, the amounts to be delivered and/or paid in redemption of such Securities which are in excess of the Outstanding Principal Amount shall be paid net of any relevant taxes.

**9. PURCHASE**

- (a) The Issue Terms will specify whether the Issuer may, through the Counterparty, provided that no Event of Default has occurred and is continuing, purchase Securities (or any of them) at any time in the open market or otherwise at any price. The Issuer shall not purchase any definitive Bearer Security unless it purchases all unmatured Coupons (if any) in respect of such Bearer Security.
- (b) On any such purchase the Charged Agreements (or a proportionate part thereof which corresponds to the Securities to be purchased) will be terminated. The Trust Instrument provides that the Security over the Charged Assets (or a proportionate part thereof) will be released against receipt by the Trustee of the net proceeds of the realisation of such Charged Assets.
- (c) No interest will be payable with respect to a Security purchased in respect of the period from the Issue Date or the previous Interest Payment Date, as the case may be, to the date of such purchase.

**10. PAYMENTS**

- (a) Payments of principal and premium (if any) in respect of Bearer Securities or a Bearer Global Security will be made at the specified office of any of the Paying Agents against surrender (or, in the case of partial payment, endorsement) of the Bearer Securities or the

Bearer Global Security, as the case may be. Payments of interest, if applicable, in respect of Bearer Securities or a Bearer Global Security due on an Interest Payment Date will be made at the specified office of any of the Paying Agents outside the United States (which expression, as used herein, means the United States of America (including the States thereof, the District of Columbia and the territories, possessions and other areas subject to the jurisdiction of the United States of America)), subject as provided in sub-paragraph (c) below, against surrender (or, in the case of partial payment, endorsement) of the relevant Coupons or, as applicable, against endorsement of the Bearer Global Security.

Such payments shall be made by a cheque payable in the Currency of Issue drawn on, or, at the option of the holder, by transfer to an account denominated in the Currency of Issue with, a bank in the city specified in the Issue Terms as the place of payment, or, in the case of the euro, a city in which banks have access to the Target2 System, subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

The Paying Agent to which a Bearer Global Security shall have been presented for payment shall endorse on such Bearer Global Security a record of each payment made, distinguishing between any payment of principal, any payment of premium and any payment of interest. Such record shall be *prima facie* evidence that the payment in question has been made.

As long as Bearer Securities are represented by a Bearer Global Security, each of the persons shown in the records of the Clearing Systems as the holder of a Bearer Security must look solely to the Clearing Systems for his share of each payment so made by the Issuer to the bearer of the Bearer Global Security, subject to and in accordance with the respective rules and procedures of the Clearing Systems.

Such persons shall have no claim directly against the Issuer in respect of payments due on the Bearer Securities for so long as the Bearer Global Security is outstanding. The Issuer will be discharged by payment to the bearer of the Bearer Global Security in respect of each amount so paid.

Notwithstanding the foregoing, payments on a Temporary Bearer Global Security due prior to the Exchange Date will only be made upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. No payments due after the Exchange Date will be made on the Temporary Bearer Global Security.

- (b) Each Bearer Security should be presented for payment together with, if applicable, all unmatured related Coupons. If any Bearer Security in respect of a Fixed Rate Security is presented for payment without, if applicable, all unmatured related Coupons (not being a Talon), the full amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount in the Currency of Issue of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the principal amount due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time thereafter but before the expiry of a period of 10 years from the Relevant Date (as defined in Condition 13 (*Prescription*)) for the payment of such principal (whether or not such Coupon would otherwise have become void pursuant to Condition 13 (*Prescription*)) or, if later, five years from the date for payment stated on such Coupon, but not thereafter. All (if any) unmatured Talons and all unmatured Coupons appertaining to a Floating Rate Security or Indexed Interest Security (whether or not attached to the relative Bearer Security) shall become void upon the date on which such

Bearer Security becomes due and repayable and no payment or exchange shall be made in respect thereof.

- (c) No payments of principal and/or interest in respect of Bearer Securities denominated in U.S. dollars will be made at the specified office of any Paying Agent in the United States. Notwithstanding the foregoing, such payments of principal and/or interest will be made at the specified office of any Paying Agent in the United States if:
  - (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on such Securities in the manner provided above when due;
  - (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
  - (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

If no appointment of a Paying Agent with a specified office in the United States is then in effect, the Issuer shall appoint a Paying Agent with a specified office in New York City at which such payments will be made. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Securityholders in accordance with Condition 15 (*Notices*).

- (d) After all the Coupons attached to or issued in respect of a definitive Bearer Security have matured, further Coupons and, where applicable, one further Talon will (subject to Condition 13 (*Prescription*)) be issued against surrender of the relevant Talon at the specified office of any Paying Agent.
- (e) If the due date for payment of any amount of principal, premium (if any) or, if applicable, interest in respect of any Security is not a Payment Day, the holder of such Security shall not be entitled to payment until the next following Payment Day and shall not be entitled to any further interest or other payment in respect of any such delay. If a Security is presented for payment at a time when, as a result of differences in time zones, it is not practicable to transfer the relevant amount to an account for value on the date of presentation, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to such account for value on the first practicable date after the date of presentation.
- (f) Subject as provided in this Condition 10 (*Payments*):
  - (i) payments in a Currency of Issue other than euro will be made by credit or transfer to an account in the relevant Currency of Issue (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Currency of Issue drawn on, a bank in the principal financial centre of the country of such Currency of Issue (which, if the Currency of Issue is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable to such payments in the place of payment.

- (g) Unless otherwise specified in the Issue Terms, any reference in these Conditions to principal in respect of the Securities shall be deemed to include, as applicable:
  - (i) any additional amounts which the Counterparty may elect to pay to the Issuer with respect to principal under Condition 8(b) (*Redemption for taxation reasons*);
  - (ii) the Final Redemption Amount of the Securities;
  - (iii) the Early Redemption Amount of the Securities;
  - (iv) the Optional Call Redemption Amount(s) (if any) or Optional Put Redemption Amount (s) of the Securities;
  - (v) in relation to Zero Coupon Securities, the Amortised Face Amount; and
  - (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Securities.

Any reference in these Conditions to interest in respect of the Securities shall be deemed to include, as applicable, any additional amounts which the Counterparty may elect to pay with respect to interest under Condition 8(b) (*Redemption for taxation reasons*).

## 11. EVENTS OF DEFAULT

Upon the occurrence of an Event of Default, the Trustee at its discretion may, and, if requested by the Instructing Creditor, shall (subject to being indemnified to its satisfaction), give notice to the Issuer that the Securities are, and they shall accordingly immediately become, due and repayable at the Early Redemption Amount whereupon the Security Interests shall become enforceable (as provided in the Trust Instrument) and proceeds of realisation of the Mortgaged Property shall be applied as specified in Condition 5 (*Application of proceeds*).

**"Event of Default"** means any of the following events:

- (a) if default is made for a period of 14 days or more in the payment of any sum due in respect of the Securities or any of them; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Securities or the Trust Instrument and (except where in the opinion of the Trustee, such failure is not capable of remedy when no continuation of such failure or notice served by the Trustee shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) after notice requiring the same to be remedied shall have been given to the Issuer by the Trustee and the Trustee shall have certified such failure is, in its opinion, materially prejudicial to the interests of the Securityholders; or

- (c) if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer other than for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements on terms previously approved by an Extraordinary Resolution of the Securityholders.

## 12. ENFORCEMENT

At any time after the Securities (or any of them) shall have become immediately due and repayable and have not been repaid, the Trustee may, at its discretion and without further notice, and if requested by the Instructing Creditor shall (subject to being indemnified to its satisfaction), institute such proceedings against the Issuer as it may think fit to enforce repayment thereof and to enforce the provisions of the Trust Instrument.

No Securityholder shall be entitled to proceed against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable time and such failure is continuing. After realising the security which has become enforceable and distributing the net proceeds in accordance with Condition 5 (*Application of proceeds*), the obligations of the Issuer with respect to the Trustee, the Counterparty and the Securityholders shall be satisfied.

Neither the Trustee nor the Counterparty nor any Securityholder may take any further steps against the Issuer to recover any further sums in respect thereof, and the right to receive any such sums shall be extinguished. In particular, neither the Trustee nor the Counterparty nor any Securityholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer nor shall any of them have any claim in respect of the Mortgaged Property in respect of any other Series.

**The Relevant Sums (as defined in Condition 6(c)(i)) may be insufficient to pay all amounts due to, among others, the Trustee, the Counterparty and the Securityholders. The other assets (if any) of the Issuer including, in particular, assets securing other series of Securities will not be available to make up any shortfall.**

## 13. PRESCRIPTION

Claims under the Bearer Securities, the Bearer Global Securities and, if applicable, the Coupons (which for this purpose shall not include Talons) will be prescribed and become void unless the same are presented for payment within a period of 10 years in the case of principal or premium (if any) and five years in the case of interest from the Relevant Date relating thereto. Talons may not be exchanged for Coupons which would be void on issue.

For this purpose, the "**Relevant Date**" means the date on which the payment in respect of the Security or the Coupon first becomes due and payable. However, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the "**Relevant Date**" means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Securityholders in accordance with Condition 15 (*Notices*).

## 14. REPLACEMENT OF SECURITIES

If any Security is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and Stock Exchange or other relevant authority rules or

regulations, at the specified office of the Principal Paying Agent (or such other place of which notice shall have been given in accordance with Condition 15 (*Notices*)). Such replacement is subject to payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities must be surrendered before replacements will be issued.

## **15. NOTICES**

All notices regarding Bearer Securities will be valid if published (i) in one leading London daily newspaper or, if this is not possible, in one other English language daily newspaper approved by the Trustee with general circulation in Europe and (ii) if and for so long as the Securities are traded on the Irish Stock Exchange and the Irish Stock Exchange so requires, via the Companies Announcements Office of the Irish Stock Exchange, or in one daily newspaper published in Ireland approved by the Trustee. It is expected that such publication will be made in (i) the *Financial Times* and (if applicable) (ii) the *Irish Times*.

All notices regarding Securities represented by a Bearer Global Security will be valid if published as described above or if delivered to the Clearing Systems for communication by them to the Securityholders. Any notice delivered to a Clearing System as aforesaid shall be deemed to have been given on the day of such delivery.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other Stock Exchange on which the Securities are for the time being listed.

Any notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication or if published in two newspapers on the date of the first such publication in both newspapers. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.

## **16. AGENTS**

The Issue Terms will specify the relevant Agents for an issue of a Series of Securities. The duties of each of the Agents shall be as specified in the Trust Instrument and in the Issue Terms in respect of the Securities.

The Issuer reserves the right, subject to the approval of the Trustee and the Counterparty, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that it will at all times maintain Agents as specified in the Issue Terms.

## **17. RESTRICTIONS**

So long as any of the Securities remains outstanding, the Issuer will not, without the written consent of the Trustee and the Counterparty (if any):

- (a) engage in any activity or do anything whatsoever, except:



- (i) to issue Securities and issue or, as the case may be, enter into Alternative Investments subject to a maximum aggregate principal amount outstanding at any time of U.S.\$50,000,000,000 (or its equivalent in other currencies);
  - (ii) acquire and own Charged Assets or any assets used to secure any Debt Investments and exercise its rights and perform its obligations in respect thereof;
  - (iii) enter into and perform its obligations under the Transaction Documents;
  - (iv) enforce any of its rights under the Transaction Documents, any Securities or the Mortgaged Property relating to any Series;
  - (v) as permitted by sub-paragraph (b) below; and
  - (vi) perform any act incidental to or necessary in connection with any of the above, including without limitation, entering into any swap, option or forward foreign exchange agreement in connection with the issue of Securities;
- (b) have any Subsidiaries except, if the Issuer has issued rated Securities, with the written consent of the relevant Rating Agency and, in any event, only Subsidiaries:
- (i) which are wholly owned by the Issuer;
  - (ii) whose share capital is fully paid up by the Issuer;
  - (iii) whose activities are limited to the same extent as those of the Issuer under the Trust Instrument (including, without limitation, the terms of any securities or other debt instruments issued or loans entered into, by such Subsidiary being required to be on substantially the same terms as those of the Securities); and
  - (iv) in respect of whose activities the Issuer will have no liability;
- (c) subject to sub-paragraph (a) above, dispose of any of its property or other assets or any part thereof or interest therein (otherwise than in accordance with Condition 9 (*Purchase*));
- (d) create or permit within its control to subsist any charge, mortgage, lien or other encumbrance over the Mortgaged Property other than the Security Interests in respect of all Series of Securities of the Issuer;
- (e) have any employees;
- (f) declare any dividends or make any distributions of any other kind;
- (g) issue any further shares;
- (h) take any action which would lead to the dissolution, liquidation or winding up of itself (including, without limitation, the filing of documents with the court or the service of a notice of intention to appoint an administrator) or to the amendment of its constitutional documents; or

- (i) perform such other activities as are expressly restricted in the Trust Instrument.

## **18. MEETINGS OF SECURITYHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Instrument contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of the Issue Terms or other provisions of the Trust Instrument. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing in aggregate not less than 66  $\frac{2}{3}$  per cent. in aggregate Outstanding Principal Amount of the Securities for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Securityholders whatever the Outstanding Principal Amount of the Securities so held or represented. An Extraordinary Resolution passed at any meeting of Securityholders or in the form of a written resolution (as described in the Trust Instrument) will be binding on all Securityholders, whether or not they are present at the meeting.

The Trustee may agree, without the consent of the Securityholders (but, in the case of Securities which are rated, subject to Rating Agency Confirmation and/or notification to Moody's, as the case may be), to any modification of, or to any waiver or authorisation of any breach or proposed breach of, any of the Issue Terms or any other Transaction Document as set out in the next sentence and as more fully set out in the Trust Instrument. The Trustee may so agree if, in the opinion of the Trustee, (a) any such modification, waiver or authorisation is not materially prejudicial to the interests of the Securityholders or (b) any such modification is of a formal, minor or technical nature or to correct a manifest error, or (c) an error which is, in the opinion of the Trustee, proven. The Trustee may determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such provided that it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Securityholders. No such modification shall be effective without the consent of the Counterparty (such consent not to be unreasonably withheld or delayed).

Subject as provided in the Trust Instrument, the Trustee, if it is satisfied that it would not be materially prejudicial to the interests of the Securityholders, may agree, without the consent of the Securityholders (but, in the case of Securities which are rated, subject to Rating Agency Confirmation and/or Rating Agency Affirmation, as the case may be), to the substitution of any other company in place of the Issuer as principal debtor under the Securities, the Trust Instrument and the Transaction Documents. No such substitution shall be effective without the consent of the Counterparty (such consent not to be unreasonably withheld or delayed). Under the Trust Instrument, the Trustee may require the Issuer to use its reasonable endeavours to procure the substitution as principal debtor of a company incorporated in some other jurisdiction than that of the Issuer upon the occurrence of one of the events referred to in Condition 8(b)(i) (*Redemption for taxation reasons*).

In connection with any exercise of its trusts, powers, authorities or discretions, the Trustee shall not have regard to the consequences of such exercise 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. In connection with any such exercise, no person shall be entitled to claim, whether from the Issuer, any substitute Issuer, the Counterparty, the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon any person.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Counterparty and all Securityholders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Securityholders by the Issuer as soon as practicable thereafter.

## **19. FURTHER ISSUES**

The Issuer shall be at liberty from time to time, without the consent of the Securityholders (but subject to the consent of the Counterparty (if any) in the case of (a) below), to create and issue further securities either:

- (a) so as to be consolidated and form a single Series with the Securities (such further Securities, the "**Further Fungible Securities**"), provided that the Issuer provides additional Charged Assets as security for the original issue of Securities and any Further Fungible Securities either on a Nominal Basis or a Market Value Basis as specified in the Issue Terms and enters into an additional or supplemental Charged Agreement(s) (if applicable) (and references to "**Securities**", "**Charged Assets**" and "**Charged Agreements**" shall thereafter be deemed to be references to such terms as amended to take into account the further issue); or
- (b) to form a separate Series from the Securities upon such terms as to security, interest, premium, redemption and otherwise as the Issuer may, in its absolute discretion, at the time of the issue thereof determine.

Any such securities shall be constituted in accordance with the Trust Instrument. The Trust Instrument contains provisions for convening a single meeting of the Securityholders and the holders of securities of other Series in certain circumstances where the Trustee so decides.

Where existing Securities have been rated by Moody's and/or S&P, the Issuer shall notify Moody's and/or S&P (as applicable) in respect of such further issue, and obtain affirmation and/or confirmation in writing from Moody's and/or S&P (as applicable) (such affirmation and/or confirmation, as the case may be, not to delay such further issue) that the then ratings of the Securities will not be adversely affected as a result of the issue of further securities.

## **20. LIABILITIES AND INDEMNIFICATION OF THE TRUSTEE**

The Trust Instrument contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Counterparty, any obligor in respect of the Charged Assets or any of their subsidiary or associated companies without accounting for any profit resulting therefrom.

The Trustee is exempted from any liability in respect of any loss or theft of the Mortgaged Property, from any obligation to insure the Mortgaged Property and from any claim arising from the fact that the Mortgaged Property is held in a clearing system or in safe custody by a bank or other custodian. The Trust Instrument also provides that the Trustee shall accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Mortgaged Property and is not bound to make any investigation into the same or into the Mortgaged Property in any respect.

The Trustee shall not be bound or concerned to make any investigation into the creditworthiness of any obligor in respect of the Mortgaged Property, the validity of any such obligor's obligations under or in respect of the Mortgaged Property or any of the terms of the Charged Assets (including, without limitation, whether the cashflows from the Charged Assets and the Securities are matched) or to monitor the value of any Charged Assets.

## **21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Security under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **22. GOVERNING LAW**

The Trust Instrument, the Securities and the Charged Agreement(s) and any non-contractual obligations arising out of or in connection with such agreements are governed by, and will be construed in accordance with, English law.

## **23. JURISDICTION**

The Issuer has, in the Trust Instrument, irrevocably agreed for the benefit of the Trustee and the Securityholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Instrument, the Securities and the Charged Agreement(s) (including any proceedings arising out of or in connection with such agreements) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in such courts.

The Issuer has, in the Trust Instrument, irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum. The Issuer has further irrevocably agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer has in the Trust Instrument appointed an agent in London for service of process in England in respect of any Proceedings and has undertaken that in the event of such person ceasing so to act it will appoint such other person as the Trustee may approve.

## **24. DEFINITIONS**

Capitalised terms used in these Conditions have the meanings given to them in the Definitions Module as modified and supplemented by the relevant Trust Instrument and/or Issue Terms.

**REGISTERED SECURITIES CONDITIONS MODULE JUNE 2012 EDITION**

**for use in  
an issue of repackaged Securities  
arranged by  
HSBC BANK PLC**

## REGISTERED SECURITIES CONDITIONS MODULE

### JUNE 2012 EDITION

**This Registered Securities Conditions Module modifies and supplements the basic terms and conditions for Securities governed by English law as set out in the Bearer Securities Base Conditions Module and will apply in respect of all Series of Securities issued in registered form. Other Conditions Modules will apply in addition, as specified in the Issue Terms.**

*All references to "Bearer Securities" in the Bearer Securities Base Conditions Module will be deemed to be references to "Registered Securities".*

*All references to "Principal Paying Agent" and "Paying Agent" in the Bearer Securities Base Conditions Module will, where the context so requires, be deemed to be references to the "Registrar".*

*Condition 1 as set out in the Bearer Securities Base Conditions Module will not apply and the following Conditions 1.1, 1.2, 1.3, 1.4 and 1.5 shall be substituted therefor.*

#### **1. Form, denomination and title**

##### **1.1 Form, denomination and title**

- (a) Registered Securities are in the Specified Denomination(s) specified in the Issue Terms and integral multiples thereof; provided, however, that, unless otherwise specified in the Issue Terms, any U.S. Series of Registered Securities will be issued only in Authorised Denominations.

Title to Registered Securities will pass by transfer and registration in accordance with Condition 1.4 (*Transfer of Registered Securities*) and in accordance with the terms of the Trust Instrument and the Agency Agreement.

- (b) Unless otherwise provided in the Issue Terms, a Non-U.S. Series of Registered Securities will be represented by a N-USD Regulation S Global Certificate in the case of N-USD Securities and a USD Regulation S Global Certificate, in the case of USD Securities, deposited with a Common Depositary and registered in the name of a nominee of Euroclear and Clearstream, Luxembourg. Prior to the expiry of the Distribution Compliance Period, beneficial interests in a Regulation S Global Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear and Clearstream, Luxembourg.

Unless otherwise provided in the Issue Terms, a U.S. Series of Registered Securities will be represented by a DTC Rule 144A Global Certificate, deposited with or on behalf of DTC and registered in the name of its nominee Cede & Co. and by USD Regulation S Global Certificate or by a Euroclear Rule 144A Global Certificate, and N-USD Regulation S Global Certificate, each deposited with a Common Depositary and registered in the name of a nominee of Euroclear and Clearstream, Luxembourg, and/or Individual Certificates.

- (c) Registered Securities may only be offered and sold in the United States or to, or for the account or benefit of, U.S. persons when provided for in the Issue Terms in transactions exempt from the registration requirements of the Securities Act and under circumstances

where the Issuer is not required to register under the 1940 Act. The Issue Terms will specify whether the Securities are being offered and sold in private transactions (i) to persons whom the seller reasonably believes to be QIBs, or (ii) to IAIs who are acquiring the Securities for investment purposes only and not with a view to resale or distribution thereof. The Issue Terms will also specify whether the Issuer is relying on the exception from the definition of "investment company" under the 1940 Act set out in Section 3(c)(1) or Section 3(c)(7) thereof.

If the Section 3(c)(1) exception is stated to apply in the Issue Terms, then Registered Securities sold to QIBs and/or IAIs will be issued in the form of Individual Certificates only and such Registered Securities will not be eligible for deposit or clearance in any clearing system.

If the Section 3(c)(7) exception is stated to apply in the Issue Terms, the applicable Issue Terms will specify whether the Securities of such series will be issued in the form of Individual Certificates and/or in the form of Rule 144A Global Certificates. If the Issue Terms state that the Registered Securities are to be issued in the form of Individual Certificates, such Individual Certificates will not be eligible for deposit or clearance with any clearing system. If, however, the Issue Terms specify that Rule 144A Global Certificates are to be issued, then any Registered Securities to be offered and sold in the United States or to or for the account or benefit of U.S. persons will be represented by a Euroclear Rule 144A Global Certificate, in the case of N-USD Securities or a DTC Rule 144A Global Certificate in the case of USD Securities, and any Securities of such U.S. Series to be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S of the Securities Act will be represented by a N-USD Regulation S Global Certificate in the case of N-USD Securities or a USD Regulation S Global Certificate, in the case of USD Securities, in each case, deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg.

- (d) No beneficial owner of an interest in a Global Security will be able to exchange or transfer that interest, except in accordance with the applicable procedures of the Clearing Systems. In addition, Regulation S Global Certificates, Rule 144A Global Certificates, Individual Certificates and, if applicable, any Definitive Registered Securities will be subject to certain restrictions on transfer set out in a legend or legends thereon.
- (e) For so long as any of the Securities is represented by a Regulation S Global Certificate held by a Common Depositary or for so long as DTC or its nominee is the registered holder of a DTC Rule 144A Global Certificate, each person who is for the time being shown in the records of the Clearing Systems as entitled to a particular nominal amount of Securities shall be deemed to be the holder of such nominal amount of Securities for all purposes other than with respect to the payment of principal, premium (if any) or interest on such Securities. With respect to such a payment, such Common Depositary or DTC or its nominee shall be deemed to be the holder of such nominal amount of Securities in accordance with and subject to the terms of the relevant Global Security. Any certificate or other document issued by the Clearing Systems as to the nominal amount of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error. In determining whether a particular person is entitled to a particular nominal amount of notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

- (f) Subject to paragraph (e) above, the Issuer, the Counterparty, the Trustee and the Agents may deem and treat the person or persons in whose name(s) a Registered Security is registered as the absolute owner(s) of such Security for all purposes. Except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Counterparty, the Trustee and the Agents shall not be affected by any notice to the contrary, whether or not the Security shall be overdue and notwithstanding any notation of ownership or other writing thereon. All payments made to any such person shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable upon such Securities.

## **1.2 REGISTRATION**

The Issuer will cause to be kept at the specified office of the Registrar for the time being and at the registered office of the Issuer the Register. The Issuer will procure that, as soon as practicable after the Issue Date, the Register is duly made up in respect of the subscribers of the Registered Securities and certificates for the Registered Securities will be despatched.

The Issuer has initially appointed the person named as Registrar in the Issue Terms acting through its specified office set out in the Issue Terms. The Issuer may also appoint one or more Transfer Agents for the purpose of facilitating exchanges of Securities, in which case references in the following provisions of this Condition and in Conditions 1.3 (*Exchange of Registered Securities*) and 1.4 (*Transfer of Registered Securities*) to the Registrar shall include, where the context so permits, references to such Transfer Agent(s).

The Issuer reserves the right, with the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Registrar and to appoint another or a further Registrar, provided that there will at all times be a Registrar with a specified office in such place as the Trustee may approve. Any variation or termination of appointment shall only take effect (other than in the case of insolvency of the Registrar, when it shall be of immediate effect) after not more than 60 nor less than 45 days' notice thereof shall have been given to the Securityholders in accordance with Condition 15 (*Notices*) and any change in the Specified Office of the Registrar shall also be promptly so notified.

## **1.3 EXCHANGE OF REGISTERED SECURITIES**

- (a) *Exchange of Rule 144A Global Certificates for Definitive Registered Securities*

Subject to Condition 1.1(e) (*Form, denomination and title*), so long as DTC or its nominee is the registered holder of a DTC Rule 144A Global Certificate, DTC or such nominee, as the case may be, will be considered the sole holder of the Securities represented thereby for all purposes. Registration of title to Securities in a name other than a depositary or a nominee for DTC will not be permitted unless (i) DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the DTC Rule 144A Global Certificates, or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC or (ii) the Issuer, at its option, and after consultation with DTC, elects to terminate the book-entry system through DTC. In such circumstances, the Issuer will cause sufficient Definitive Registered Securities to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Securityholders.



Subject to Condition 1.1(e) (Form, Denomination, and Title), for so long as Euroclear or Clearstream, Luxembourg or its nominee is the registered holder of the Euroclear Rule 144A Global Certificate, Euroclear or Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole holder of the Securities represented thereby for all purposes. Registration of title to Securities in a name other than a depository or a nominee for Euroclear or Clearstream, Luxembourg, will not be permitted unless i) an event of default has occurred and is continuing, or (ii) Euroclear and Clearstream, Luxembourg have been closed for business or the Issuer has been notified of such closure of Euroclear and Clearstream, Luxembourg, and no successor clearing system is available.

A person having an interest in the Rule 144A Global Certificates must provide the Registrar with: (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Registered Securities; and (ii) a completed and signed Investment Letter substantially in the form set out in the Trust Instrument (copies of which are available from the Registrar). Any Definitive Registered Securities so issued shall bear a legend substantially to the effect set out on the Rule 144A Global Certificates and any transfers thereof will thereafter require the delivery of a Transfer Certificate and Investment Letter each substantially in the form set out in the applicable Trust Instrument and available from the Registrar, with such modifications and amendments as are necessary to account for the definitive nature of the Securities.

(b) *General*

Securities may be presented for exchange at the specified office of the Registrar. Any such exchange shall be effected without service charge but upon payment of any taxes and other governmental charges, including stamp duties. Definitive Registered Securities issued in exchange will be delivered at the specified office of the Registrar, or (at the risk and, if mailed at the request of the holder otherwise than by ordinary uninsured mail, expense of the holder) mailed to such address, subject to the restrictions (if any) specified in the Issue Terms, as the holder may request, as soon as practicable after issue.

Securityholders wishing to exchange Securities should apply to the specified office of the Registrar for information relating to the procedure for such exchange.

## **1.4 TRANSFER OF REGISTERED SECURITIES**

(a) *Transfer of Individual Certificates and Regulation S Global Certificates*

Registered Securities that are sold outside the United States or to non-U.S. persons in compliance with Regulation S under the Securities Act in the form of Regulation S Global Certificates or Registered Securities that are sold within the United States or to, or for the account or benefit of, U.S. persons as part of a U.S. Series in the form of Individual Certificates may, subject to Condition 1.1(d) (*Form, denomination and title*) and to the provisions of the Trust Instrument and of the Agency Agreement, be transferred by the registered holder free of and without regard to any set-off, counterclaim or equity between the Issuer and the first or any subsequent registered holder of such Securities, in whole or in part (being the Specified Denomination(s) of the Securities given in the Issue Terms, or an integral multiple thereof), by delivery of the relevant Registered Security certificate or certificates to the Registrar at its specified office together with the form of transfer in writing duly completed and signed and upon compliance with such transfer restrictions

which may be set out on the legend and such other reasonable requirements as the Issuer and the Registrar may prescribe, including, in the case of Individual Certificates, delivery of an Investment Letter by the transferee in the form substantially as set out in the Trust Instrument, without service charge but upon payment of any taxes, duties and other governmental charges in respect of such transfer.

No transfer of a Registered Security shall be recognised by the Issuer unless entered on the Register. In no event may the Registrar register the transfer of a Regulation S Global Certificate or an Individual Certificate in violation of the restrictive legend (if any) set out on the face of such Security. A Registered Security may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number) and the Registrar will not accept transfers of Registered Securities to "bearer".

The Registrar will within 14 days of any duly made request to register the transfer of a Registered Security enter the transferee in the Register and authenticate and deliver a Registered Security certificate to the transferee (and, in the case of transfer of part only of a Registered Security, a Registered Security certificate for the untransferred balance to the transferor), at the specified office of the Registrar, or (at the risk and, if mailed at the request of the transferee or, as appropriate, transferor otherwise than by ordinary uninsured mail, expense of the transferee or, as appropriate, transferor) mail the Registered Security certificate to such address, subject to the restrictions (if any) specified in the Issue Terms, as the transferee (or, as appropriate, the transferor) may request or, alternatively, in the case of transfers effected through the Stock Exchange (if any) on which the Issuer has agreed to maintain a listing of the Securities or any other recognised stock exchange or similar market approved by the Issuer, will deliver the Registered Security certificate in accordance with the normal procedures and systems of such exchange or market.

(b) *Transfers of Registered Securities of a U.S. Series Represented by Rule 144A Global Certificates and Regulation S Global Certificates*

Where the Issue Terms specify that Securities are being offered under circumstances which will not require the Issuer to register as an investment company under the 1940 Act in reliance on the exception contained in Section 3(c)(7) thereof and also specify that the Securities are being issued in the form of Global Certificates, then, until the first day following the expiry of the Distribution Compliance Period, beneficial interests in a Regulation S Global Security may not be offered or sold in the United States or to U.S. persons unless the transferor delivers to the Registrar a duly completed Rule 144A Transfer Certificate and the transferee delivers a duly completed Investment Letter (each substantially in the form set out in the Trust Instrument). In addition, if a person holding a beneficial interest in a Rule 144A Global Certificate makes a transfer at any time to a non-U.S. person in accordance with either Rule 903 or Rule 904 of Regulation S, the transferor will be required to deliver a Regulation S Transfer Certificate in the form attached to the applicable Trust Instrument and the transferee will be required to deliver an Investment Letter certifying, among other things, its status as a non-U.S. person. In the event of any such transfers, the Registrar will make the appropriate entries in the Register to reflect the principal amount of the Securities represented by each of the Global Certificates. The Issuer and the Trustee reserve the right prior to any sale or other transfer to require the delivery of such other certifications, legal opinions and other information as the Issuer or the Trustee may reasonably require to confirm that the proposed sale or other transfer complies with the restrictions described herein. Transfers by a holder of an interest in a Global Certificate to a

transferee who wishes to take delivery of such interest through the same Global Certificate may be made at any time without certification.

(c) *General*

In the event of a partial redemption of Securities under Condition 8 (*Redemption*), neither the Issuer nor the Registrar will be required:

- (i) to register the transfer of interests in Registered Global Securities (or parts of Registered Global Securities) for interests in another Registered Global Security and interests in Registered Global Securities for definitive Registered Securities and *vice versa* during the period beginning on the 65th day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Securities called (in whole or in part) for redemption (both inclusive); or
- (ii) to register the transfer of any Registered Security (or part of a Registered Security) called for partial redemption.

Each U.S. person to whom a beneficial interest in any Registered Securities shall have been transferred but who does not in connection with such transfer become identified as a registered holder of such Registered Securities in the Register shall promptly notify the Issuer in writing of such transfer, stating the amount of beneficial interest in the Registered Securities transferred, the date of transfer and the name and address of such U.S. person.

## 1.5 SPECIAL PROVISIONS RELATING TO DTC RULE 144A GLOBAL CERTIFICATES

(a) *Clearing and Settlement of DTC Rule 144A Global Certificates: Book-Entry Ownership*

The Issuer and any custodian with whom any DTC Rule 144A Global Certificates are deposited will make applications to DTC for acceptance in its book-entry settlement system of the DTC Rule 144A Global Certificate. Each DTC Rule 144A Global Certificate representing different Securities will have a different CUSIP or CINs number. The DTC Rule 144A Global Certificates and definitive Registered Securities will be subject to such restrictions on transfer as are set out under "***Subscription and Sale and Transfer Restrictions***" in the Supplemental Information Memorandum. Upon issuance of the DTC Rule 144A Global Certificate, DTC or its custodian will credit on its internal system the respective principal amounts of the individual beneficial interests represented by such DTC Rule 144A Global Certificates to the accounts of the persons who have accounts with DTC ("**participants**"). Ownership of beneficial interests in the DTC Rule 144A Global Certificates will be limited to participants in DTC and persons who hold interests through participants. Ownership of beneficial interests in the DTC Rule 144A Global Certificates will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee and the records of participants. Beneficial owners will not receive certificates representing their ownership interests in the DTC Rule 144A Global Certificates, except in the limited circumstances set out above.

(b) *Secondary Market Transfers of Interests in DTC Rule 144A Global Certificates*

Transfer of interests in DTC Rule 144A Global Certificates within DTC will be in accordance with the usual rules and operating procedures of DTC. The laws of some states

in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer an interest in a DTC Rule 144A Global Certificate to such persons may be limited. Because DTC can only act on behalf of direct participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having an interest in a DTC Rule 144A Global Certificate to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate evidencing such interest.

Subject to compliance with the transfer restrictions applicable to the Securities described above, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other, will be effected in DTC in accordance with the DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depository. However, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (local time). Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg participants and Euroclear participants may not deliver instructions directly to the depositories for Clearstream, Luxembourg or Euroclear. Because of time-zone differences, credits of securities received in Euroclear or Clearstream, Luxembourg as a result of a transaction with a DTC participant will be made during the securities settlement processing day dated the business day following the DTC settlement date and such credits of any transactions in such securities settled during such processing will be reported to the relevant Euroclear or Clearstream, Luxembourg participant on such business day. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of securities by or through a Euroclear participant or a Clearstream, Luxembourg participant to a DTC participant will be received with value on the DTC settlement date but will not be available in the relevant Euroclear or Clearstream, Luxembourg cash account until the business day following settlement in DTC.

(c) *Information concerning DTC, Euroclear and Clearstream, Luxembourg*

The Issuer understands that DTC will take any action permitted to be taken by a holder of Securities (including, without limitation, the presentation of a DTC Rule 144A Global Certificate for exchange as described below) only at the direction of one or more participants in whose account the DTC interests in DTC Rule 144A Global Certificates are credited and only in respect of such portion of the aggregate principal amount of the DTC Rule 144A Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the DTC Rule 144A Global Certificates for exchange for individual Definitive Registered Securities.

The Issuer understands that DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities

transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organisations. Indirect access to the DTC system is available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with all participants, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the DTC Global Securities among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued after reasonable notice. Neither the Issuer nor any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

***The following Condition 8(i) will apply to any Registered Securities of a U.S. Series.***

#### **8(i) U.S. REGULATORY REDEMPTION**

If specified in the Issue Terms that the Securities are to be offered in the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) and that the Securities are subject to mandatory transfer and/or redemption pursuant to this Condition, then, unless otherwise provided in the Issue Terms, the Issuer may, if in the sole determination of the Issuer it is necessary to do so to maintain any applicable exemption from or exception to the 1940 Act (i) by notice to any Securityholder require such Securityholder to transfer the Securities held by it within such period as may be specified in the notice or (ii) give not less than 15 days' notice to any Securityholder and upon the expiry of such notice redeem all of the Securities held by such Securityholder at their outstanding redemption amount together with any interest accrued to the date fixed for redemption and in such event, unless otherwise provided in the Issue Terms, the security created by or pursuant to the Trust Instrument over a proportion of the Charged Assets equal to the proportion that the Outstanding Principal Amount of the Securities to be redeemed bears to the aggregate Outstanding Principal Amount of the Securities immediately prior to such redemption shall become enforceable. By subscription for, or acquisition of, any Security, each Securityholder accepts and is bound by this provision.

***Condition 9 as set out in the Bearer Securities Base Conditions Module will not apply and the following Condition 9 shall be substituted therefor.***

#### **9. PURCHASE**

- (a) The Issue Terms will specify whether the Issuer may, through the Counterparty, purchase Securities (or any of them) at any time in the open market or otherwise at any price.
- (b) On any such purchase the Charged Agreements (or a proportionate part thereof which corresponds to the Securities to be purchased) will be terminated. The Trust Instrument provides that the Security Interests over the Charged Assets (or a proportionate part thereof) will be released against receipt by the Trustee of the net proceeds of the realisation of such Charged Assets.

- (c) No interest will be payable with respect to a Security purchased in respect of the period from the Issue Date or the previous Interest Payment Date, as the case may be, to the date of such purchase.
- (d) In the case of purchase of part only of a Definitive Registered Security, the Registrar shall deliver, *mutatis mutandis* in accordance with Condition 1.4 (*Transfer of Registered Securities*), a Registered Security certificate for the unpurchased balance to the relevant Securityholder.

***Condition 10 as set out in the Bearer Securities Base Conditions Module will not apply and the following Condition 10 shall be substituted therefor.***

## **10. PAYMENTS**

- (a) *Payments in respect of Regulation S Global Certificates, Euroclear Rule 144A Global Certificates and Individual Certificates*

All payments in respect of Registered Securities will be made in each case subject to such (if any) other provisions (including any requirements as to certification of ownership) as are set out herein or in the Issue Terms and to any fiscal or other laws and regulations applicable in the place of payment.

Payments of principal, premium (if any) and interest (if any) in respect of Individual Certificates or Regulation S Global Certificates, or Euroclear Rule 144A Global Certificates as applicable, will be made to the persons shown on the Register at the close of business on the Record Date following surrender (in the case of payments of principal and premium (if any)) to the Registrar of the relevant Individual Certificate or Regulation S Global Certificate, or Euroclear Rule 144A Global Certificates, as applicable.

Subject as provided below, payments in respect of Individual Certificates, Regulation S Global Certificates or Euroclear Rule 144A Global Certificates, will be made by a cheque in the Currency of Issue drawn on a bank in the city specified in the Issue Terms as the place of payment and mailed (at the risk and, if mailed at the request of the Securityholder otherwise than by ordinary uninsured mail, expense of the Securityholder) on the relevant due date to the holder or to the first named of joint holders of such Registered Security at his registered address or in accordance with mandate instructions acceptable to the Registrar. Notwithstanding the foregoing, all amounts payable to the Clearing Systems or their respective nominees as registered holder of a Regulation S Global Certificate or a Euroclear Rule 144A Global Certificate, shall be paid by transfer by the Registrar to such account in the Currency of Issue as the Clearing Systems or their respective nominees may specify for payment in the Currency of Issue or conversion into U.S. dollars (such conversion being effected as specified in the Issue Terms) as the case may be.

If and for so long as Registered Securities are represented by a Regulation S Global Certificate or a Euroclear Rule 144A Global Certificate, each of the persons shown in the records of the Clearing Systems as the holder of a Registered Security must look solely to such Clearing Systems for his share of each payment so made by the Issuer to the registered holder of the Regulation S Global Certificate or a Euroclear Rule 144A Global Certificate, subject to and in accordance with the respective rules and procedures of the Clearing Systems. Such persons shall have no claim directly against the Issuer in respect of payments due on the Registered Securities for so long as such Regulation S Global

Certificate or Euroclear Rule 144A Global Certificate is outstanding and the Issuer will be discharged by payment to the registered holder of such Regulation S Global Certificate or Euroclear Rule 144A Global Certificate in respect of each amount so paid.

*Payments in respect of DTC Rule 144A Global Certificates*

Each DTC Rule 144A Global Certificate will be registered in the name of DTC's nominee, Cede & Co., and payments of the principal of and interest on each DTC Rule 144A Global Certificate will be to or to the order of Cede & Co., as the registered owner of such DTC Rule 144A Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant DTC Rule 144A Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such DTC Rule 144A Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is the case with securities registered in "street name" for the accounts of customers. Such payments will be the responsibility of such DTC participants.

Neither the Issuer nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the DTC Rule 144A Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

- (b) If the due date for payment of any amount of principal, premium (if any) or, if applicable, interest in respect of any Security is not a Payment Day, the holder of such Security shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to any further interest or other payment in respect of any such delay. If a Security is presented for payment at a time when, as a result of differences in time zones, it is not practicable to transfer the relevant amount to an account for value on the date of presentation, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to such account for value on the first practicable date after the date of presentation.
- (c) Subject as provided in the terms relating to payment:
  - (i) payments in a Currency of Issue other than euro will be made by credit or transfer to an account in the relevant Currency of Issue (which, in the case of a payment in Japanese yen to a nonresident of Japan, shall be a nonresident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Currency of Issue drawn on, a bank in the principal financial centre of the country of such Currency of Issue (which, if the Currency of Issue is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
  - (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable to such payments in the place of payment.

***Condition 13 as set out in the Bearer Securities Base Conditions Module will not apply and the following Condition 13 shall be substituted therefor.***

### **13. PRESCRIPTION**

The Issuer shall be discharged from its obligation to pay principal (and premium, if any) on a Registered Security to the extent that the relevant Registered Security certificate or Registered Global Security has not been presented to the Registrar by, or a cheque which has been duly despatched in the Currency of Issue remains uncashed at, the end of the period of 10 years from the Relevant Date in respect of such payment. The Issuer shall be discharged from its obligation to pay interest on a Registered Security to the extent that a cheque which has been duly despatched in the Currency of Issue remains uncashed at, or (in the case of Registered Securities represented by a Registered Global Security) the Registered Global Security has not been presented to the Registrar by, the end of the period of five years from the Relevant Date in respect of such payment.

For this purpose, the "**Relevant Date**" means the date on which the payment in respect of the Security first becomes due and payable. However, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the "**Relevant Date**" means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Securityholders in accordance with Condition 15 (*Notices*).

***Condition 15 as set out in the Bearer Securities Base Conditions Module will not apply and the following Condition 15 shall be substituted therefor.***

### **15. NOTICES**

All notices regarding Registered Securities will be valid if (i) published (A) in one leading London daily newspaper or, if this is not possible, in one other English language daily newspaper approved by the Trustee with general circulation in Europe and (B) if and for so long as the Securities are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, via the Companies Announcements Office of the Irish Stock Exchange, or in one daily newspaper published in Luxembourg approved by the Trustee and (C) if and for so long as the Securities are traded on the Irish Stock Exchange and the Irish Stock Exchange so requires, in one daily newspaper published in the Republic of Ireland approved by the Trustee or (ii) at the option of the Issuer, mailed to the holders at their respective addresses as shown in the Register and, if mailed, shall be deemed to have been served when, in the ordinary course of post, they would be received. It is expected that any publication as described in the foregoing will be made in (i) the *Financial Times* and/or (as the case may be) (ii) the *Luxemburger Wort* or the *Tageblatt* and/or (iii) the *Irish Times*.

All notices regarding Securities represented by a Registered Global Security will be valid if published as described above or if delivered to DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be for communication by such Clearing System to the Securityholders. Any notice delivered to a Clearing System as aforesaid shall be deemed to have been given on the day of such delivery.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other Stock Exchange on which the Securities are for the time being listed.



Any notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication or, if published in two newspapers, on the date of the first such publication in both newspapers. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.

***The following Condition 17.1 will apply to any Registered Securities of a U.S. Series.***

#### **17.1 RESTRICTIONS ON ISSUANCE**

The Issuer will not issue any Securities under the Section 3(c)(1) or the Section 3(c)(7) exception to the definition of "investment company" under the 1940 Act without (i) the consent of the Trustee and the Counterparty and (ii) if requested by the Trustee and the Counterparty, obtaining an opinion from counsel in the jurisdiction of the Issuer satisfactory to it and to its U.S. counsel to the effect that such Series of Securities to be issued under the Section 3(c)(1) or the Section 3(c)(7) exception will be secured exclusively by the Charged Assets, Charged Agreements and other assets designated to and/or pledged for the benefit of such Series of Securities and that such Charged Assets, Charged Agreements and other assets will be available only for the benefit of such holders of Securities (including upon a liquidation of the Issuer).

Following an issue of Securities pursuant to the Section 3(c)(1) or the Section 3(c)(7) exception, the Issuer will not issue additional Securities of such Series or another Series which are sufficiently similar to the Securities issued pursuant to the Section 3(c)(1) or the Section 3(c)(7) exception so as to cause the offer and sale of such additional Securities to be integrated with the offering and sale of the Securities issued pursuant to the Section 3(c)(1) or the Section 3(c)(7) exception for the purposes of determining the availability of the Section 3(c)(1) or the Section 3(c)(7) exception from definition of "investment company" under the 1940 Act.

**Credit-Linked Securities Conditions Module June 2012 Edition**

**to be incorporated by reference into the Trust Instrument  
for an issue of repackaged Credit-Linked Securities  
arranged by  
HSBC BANK PLC**

## CREDIT-LINKED SECURITIES CONDITIONS MODULE

### JUNE 2012 EDITION

**This Credit-Linked Securities Conditions Module modifies and supplements the basic terms and conditions for Securities governed by English law as set out in the Bearer Securities Base Conditions Module and will apply in respect of all Series of Securities that are credit-linked, to the extent so specified in the Issue Terms. Other Conditions Modules will apply in addition, as specified in the Issue Terms.**

**Each of the Conditions of this Credit-Linked Securities Conditions Module will be referred to with a prefix of "CL".**

#### **CL1. TYPES OF CREDIT-LINKED SECURITIES**

The Issue Terms shall specify whether the Securities are:

- (a) Single Name Cash Settled Credit-Linked Securities ("**Single Name Cash CLS**") where the Issuer purchases credit protection from the Securityholders in respect of only one Reference Entity. If the Counterparty gives a Credit Event Notice in respect of such Reference Entity, the Securities will, unless otherwise specified in the Issue Terms, be redeemed by cash settlement.
- (b) Single Name Physically Settled Credit-Linked Securities ("**Single Name Physical CLS**") where the Issuer purchases credit protection from the Securityholders in respect of only one Reference Entity. If the Counterparty gives a Credit Event Notice in respect of such Reference Entity, the Securities will, unless otherwise specified in the Issue Terms, be redeemed by physical settlement.
- (c) First-to-Default Basket Cash Settled Credit-Linked Securities ("**First-to-Default Cash CLS**") where the Issuer purchases credit protection from the Securityholders in respect of two or more Reference Entities. If the Counterparty gives a Credit Event Notice with respect to any of the Reference Entities, all the Securities will, unless otherwise specified in the Issue Terms, be redeemed by cash settlement.
- (d) First-to-Default Basket Physically Settled Credit-Linked Securities ("**First-to-Default Physical CLS**") where the Issuer purchases credit protection from the Securityholders in respect of two or more Reference Entities. If the Counterparty gives a Credit Event Notice with respect to any of the Reference Entities, all the Securities will, unless otherwise specified in the Issue Terms, be redeemed by physical settlement.
- (e) Pro-rata Default Basket Cash Settled Credit-Linked Securities ("**Basket Cash CLS**") where the Issuer purchases credit protection from the Securityholders in respect of two or more Reference Entities. Delivery by the Counterparty of a Credit Event Notice with respect to any of the Reference Entities will, unless otherwise specified in the Issue Terms, result in a proportional redemption of the Securities by cash settlement.
- (f) Pro-rata Default Basket Physically Settled Credit-Linked Securities ("**Basket Physical CLS**") where the Issuer purchases credit protection from the

Securityholders in respect of two or more Reference Entities. Delivery by the Counterparty of a Credit Event Notice with respect to any of the Reference Entities will, unless otherwise specified in the Issue Terms, result in a proportional redemption of the Securities by physical settlement.

- (g) Portfolio Credit-Linked Securities ("**Portfolio CLS**") where the Issuer purchases credit protection from the Securityholders in respect of a portfolio of two or more Reference Entities (which may be on a leveraged basis). If the Counterparty gives a Credit Event Notice with respect to any of the Reference Entities and, if applicable, provided certain prescribed cumulative loss limits have been exceeded, the Securities will, unless otherwise specified in the Issue Terms, be redeemed proportionally.
- (h) Credit-Linked Securities of a type other than those set out in (a) to (g) above and as may be specified in the Issue Terms.

For the avoidance of doubt, the Issuer will buy protection from the Securityholders to match the protection it sells to the Counterparty under the Charged Agreement in respect of a Series of Securities.

## **CL2. CREDIT EVENT TERMS**

The Issue Terms shall specify:

- (a) the date from which the Issuer has purchased credit protection in respect of the Reference Entity or Reference Entities (the "**Credit Linkage Commencement Date**");
- (b) the Reference Entity or Reference Entities in respect of which a Credit Event may occur (which shall include any Successor(s) thereto);
- (c) the Reference Obligation(s) (if any) in respect of each Reference Entity;
- (d) the date to which the Issuer has purchased credit protection from the Securityholders in respect of the Reference Entity or Reference Entities (the "**Initial Maturity Date**", which shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the Issue Terms);
- (e) the amount and the currency in which the Issuer has purchased credit protection (the "**Reference Amount**" or, as the case may be, the "**Floating Rate Payer Calculation Amount**") from the Securityholders in respect of each Reference Entity;
- (f) the relevant Credit Events, including (i) whether Grace Period Extension applies (which enables a Potential Failure to Pay that occurred prior to the Initial Maturity Date but that resulted in a Failure to Pay after the Initial Maturity Date to be a Credit Event), (ii) whether there is any Default Requirement or Payment Requirement for an amount other than U.S.\$10,000,000 and U.S.\$1,000,000 respectively, (iii) whether Repudiation/Moratorium applies, and (iv) where Restructuring is specified as an applicable Credit Event, whether "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" applies or, as the case may be, "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" applies or if neither applies;

- (g) the Obligations in respect of which the Credit Event may occur, including the Obligation Category and the Obligation Characteristics;
- (h) in the case of Physically Settled CLS, the Deliverable Obligations that may be Delivered, including the Deliverable Obligation Category and the Deliverable Obligation Characteristics; and
- (i) the relevant Conditions to Settlement that have to be satisfied upon the occurrence of a Credit Event before the Securities may be redeemed.

### CL3. NOTICES

- (a) Under the terms of the Charged Agreement, the Counterparty may deliver a Credit Event Notice to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent at any time during the Notice Delivery Period.
- (b) The Issuer shall give notice or shall procure that notice is given (the "**Event Determination Notice**") to the Securityholders (in accordance with Condition 15 (*Notices*)), the Principal Paying Agent, the Calculation Agent and the Trustee that a Credit Event Notice has been delivered under the Charged Agreement as soon as reasonably practicable after receiving the same from the Counterparty.
- (c) Where the Securities are either First-to-Default Cash CLS or First-to-Default Physical CLS, the Counterparty may give a Credit Event Notice (and Notice of Physical Settlement, if applicable) in respect of any Credit Event to occur in relation to any of the Reference Entities. If a Credit Event occurs with respect to more than one Reference Entity, the Counterparty shall in its sole discretion select which Reference Entity shall be deemed to be subject to the Credit Event provisions.
- (d) Where Restructuring is specified in the relevant Issue Terms as being an applicable Credit Event, there may be more than one Credit Event Notice Date in respect of the same Reference Entity as further described in Condition CL10 (*Restructuring Credit Event Applicable*) below. In addition, in the case of a Basket Cash CLS, Basket Physical CLS or Portfolio CLS, there may be multiple Credit Event Notice Dates but, other than as set out in the preceding sentence, only one Credit Event Notice Date in respect of each Reference Entity. A Credit Event Notice Date in respect of more than one Reference Entity may occur on any one date. For the avoidance of doubt, the provisions set out in this Credit-Linked Securities Conditions Module set out the mechanics that apply in respect of one Reference Entity and shall apply severally to each Reference Entity for a Basket Cash CLS, Basket Physical CLS or a Portfolio CLS.
- (e) In the case of a Physically Settled CLS, the terms of the relevant Charged Agreement will provide that a Notice of Physical Settlement must be delivered by the Counterparty to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent on or before the 30th calendar day after the relevant Credit Event Notice Date (such 30th calendar day being the "**Physical Determination Date**"). For purposes of determining whether such Notice of Physical Settlement has been so delivered by the Physical Determination Date, the effective date of delivery of the Notice of Physical Settlement (whether or not subsequently changed) shall be used. The Charged Agreement may not be physically settled until an effective Notice of Physical Settlement is delivered. As soon as reasonably practicable after

receiving a Notice of Physical Settlement from the Counterparty, the Issuer shall give a notice in similar terms to the Securityholders in accordance with Condition 15 (*Notices*).

The Notice of Physical Settlement shall specify the date on which the Counterparty reasonably expects to commence Delivering the Portfolio (the "**Settlement Commencement Date**"), which shall be no later than the 30th nor earlier than the 11th, Business Day following the date of delivery of the Notice of Physical Settlement (such date being the "**Notice of Physical Settlement Date**").

The terms of the Charged Agreement will provide that if a Notice of Physical Settlement is not delivered on or before the Physical Determination Date, such Physical Determination Date shall be the Termination Date (as defined in the Charged Agreement) in respect of the Charged Agreement and the Securities will then be redeemed in the manner set out in Condition 8(c) (*Mandatory Redemption*).

- (f) Unless otherwise specified in the Issue Terms, any Credit Event Notice or Notice of Physical Settlement, as the case may be, delivered on or prior to 6.00 p.m. (London time) on a London Business Day is effective on such date and if delivered after such time or on a day that is not a London Business Day, is deemed effective on the next following London Business Day.
- (g) Where the Calculation Agent in respect of the Charged Agreement has notified the Issuer and the Counterparty of any of the matters as set out in Section 1.14 or Section 7.4 of the Credit Derivatives Definitions, the Issuer shall give a notice in similar terms (but, for the avoidance of doubt, excluding the name of the relevant Dealers) to the Securityholders in accordance with Condition 15 (*Notices*). For the avoidance of doubt, failure by the Issuer to provide such notice shall not affect the validity and effectiveness of any notice from the Calculation Agent.
- (h) For the purposes of Credit-Linked Securities and the provisions set out in the Credit-Linked Securities Conditions Module, Clause 15(A)(xiv) of the Trust Terms Module, June 2012 Edition is deemed not to apply.
- (i) Any notices required to be given by a Securityholder to the Issuer under this Credit-Linked Securities Conditions Module shall, unless otherwise specified in the Issue Terms, be given through, and in accordance with the procedures of, the relevant Clearing System.

#### **CL4. INTEREST**

- (a) Subject to paragraph (b) below:
  - (i) Each of the Securities will bear interest on its Outstanding Principal Amount as on the first day of an Interest Period (except in the case of a Portfolio CLS which shall bear interest on the Weighted Average of the Adjusted Outstanding Principal Amount during the relevant Interest Period as further described in paragraph (c) below) at its scheduled rate of interest.
  - (ii) (A) If an Extension Notice has been given and a Credit Event Notice Date in respect of the Credit Event (or potential Credit Event) in respect of which the Extension Notice was given does not occur on or before the Extended Maturity Date or a Cancellation Notice is given, the Securities will continue

to bear interest from (and including) the Initial Maturity Date to (but excluding) the Maturity Date at the rate equal to the rate obtained by the Principal Paying Agent by placing the final exchange amount paid by the Counterparty to the Issuer under the interest rate and/or cross-currency swap transaction set out in Section B of the Swap Agreement (such amount, the "**Counterparty Final IRS Amount**") in the Issuer Account, that rate being equal to the rate the Principal Paying Agent would pay to an independent customer on an overnight deposit of a similar size to the Counterparty Final IRS Amount, unless such rate is otherwise specified in the Issue Terms (the "**Overnight Rate**"). The Principal Paying Agent shall accept such deposit and make such payments as set out in this paragraph.

- (B) If an Extension Notice has been given and upon the occurrence of one or more Credit Event Notice Dates after payment by the Counterparty of the Counterparty Final IRS Amount on or before the Extended Maturity Date, the Issuer shall repay to the Counterparty an amount equal to the Credit Event Portion in respect of each Reference Entity in relation to which a Credit Event Notice Date has occurred but was not settled as of the Initial Maturity Date together with the interest (if any) that has accrued thereon at the Overnight Rate in the Issuer Account from (and excluding) the Initial Maturity Date to (and including) the date of repayment, each such repayment to occur as soon as reasonably practicable after the occurrence of the relevant Credit Event Notice Date.

On the Maturity Date, the Principal Paying Agent shall pay to the Securityholders the remainder of the Counterparty Final IRS Amount (if any) together with the interest (if any) that has accrued thereon at the Overnight Rate in the Issuer Account from (and including) the Initial Maturity Date to (but excluding) the Maturity Date.

- (b) On a Credit Event Notice Date, interest on the Credit Event Portion of the Securities shall cease to accrue in the manner specified in the Issue Terms. The Issue Terms will specify that either:
- (i) interest ceases to accrue from the Interest Payment Date immediately preceding the Credit Event Notice Date (or, in the case of the first Interest Period, the Interest Commencement Date); or
  - (ii) interest ceases to accrue from (but excluding) the Credit Event Notice Date; or
  - (iii) interest ceases to accrue from the Interest Payment Date immediately preceding the relevant Cash Settlement Date (or, in the case of the first Interest Period, the Interest Commencement Date).
- (c) In the case of a Portfolio CLS, Condition 7(b)(iv) (*Determination of Rate of Interest and Interest Amounts*) shall be deemed to be deleted and the following provision shall be deemed to be inserted:

"The Agent Bank will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, but in any event no later than the second Business Day

thereafter, determine and notify the Issuer, the Trustee, the Counterparty and the Principal Paying Agent of the Rate of Interest for the relevant Interest Period.

The Agent Bank will determine the amounts payable in respect of each Specified Denomination (the "**Interest Amount**") pertaining to an Interest Period. The Interest Amount shall be calculated by (i) applying the Rate of Interest to the Weighted Average of the Adjusted Outstanding Principal Amount during the relevant Interest Period, (ii) multiplying each such sum by the applicable Floating Rate Day Count Fraction specified in the Issue Terms and, in any case, (iii) rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue.

For the purposes of calculating the Adjusted Outstanding Principal Amount on any day in accordance with the definition thereof:

- (i) on a Credit Event Notice Date, the aggregate Adjusted Outstanding Principal Amount will be reduced by the relevant Reference Amount; and
- (ii) on the relevant Cash Settlement Date, the aggregate Adjusted Outstanding Principal Amount will be increased by the Cash Settlement Adjustment Amount applicable to the relevant Reference Entity.

For the avoidance of doubt, if the foregoing adjustment results in the aggregate Adjusted Outstanding Principal Amount being a negative amount, then the Interest Amount payable with respect to such period shall be zero.

- (d) Subject as provided in the Issue Terms and to paragraphs (b) and (c) above, the Issuer's obligation to make any payment of interest on the Securities is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Interest Payment Date and subsists only so long as the Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Securities in respect of all or any part of the Interest Period current on the date that a Credit Event Notice is given or in respect of any subsequent period.

#### **CL5. SALE OF CHARGED ASSETS**

- (a) In the case of Credit-Linked Securities other than a Portfolio CLS, upon receipt by the Trustee of the Event Determination Notice and provided that the Charged Assets have not been redeemed, the Trustee shall release the security over an aggregate principal amount of Charged Assets equal to the relevant Credit Event Portion and such Charged Assets shall be sold by the Selling Agent (in accordance with the provisions of the Agency Agreement and based on the determination of Charged Asset Quotation and Charged Asset Market Value on the Credit Event Notice Date obtained by the Calculation Agent or in such other manner as may be specified in the Issue Terms) as soon as reasonably practicable after the Credit Event Notice Date (and, for the avoidance of doubt, the Counterparty may bid for such Charged Assets). The net sale proceeds (following deduction of all costs and expenses in connection with such sale) shall be paid into the Issuer's Account and shall be applied to meet the Issuer's obligations in respect of the Securities and the Charged Agreements.
- (b) In the case of a Portfolio CLS, unless otherwise specified in the Issue Terms, the Calculation Agent shall, in the event that the relevant Payable Cash Settlement Amount is greater than zero and provided that the Charged Assets have not been redeemed, determine



the Portfolio Charged Asset Market Value and the Required Notional Amount on the Required Notional Amount Determination Date and shall notify the Trustee, the Principal Paying Agent and the Issuer thereof.

Upon such determination on the Required Notional Amount Determination Date, the Trustee shall release the security over an amount of Charged Assets equal to the relevant Credit Event Portion and such Charged Assets shall be sold at the Portfolio Charged Asset Market Value by the Selling Agent as soon as reasonably practicable after the Required Notional Amount Determination Date and for settlement no later than the first Business Day (including any day on which securities systems are open for settlement of the Charged Assets) preceding the relevant Cash Settlement Date.

- (c) If there is more than one issue of securities comprising the Charged Assets, the Calculation Agent shall obtain a quotation in respect of each of the securities and will sell the securities with the highest quotation (and thereafter those with the next highest quotation and so on).

#### **CL6. CASH SETTLEMENT**

- (a) In the case of a Cash Settled CLS (other than a Portfolio CLS), upon the delivery of a Credit Event Notice during the Notice Delivery Period, the Issuer shall redeem the relevant Credit Event Portion of the Securities on the Cash Settlement Date by payment of the relevant Cash Redemption Amount to the Securityholders, such amount to be apportioned *pro rata* among the Securityholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue.
- (b) In the case of a Portfolio CLS, on each Cash Settlement Date, the Issuer shall redeem each Security in an amount equal to the relevant Credit Event Portion at a redemption price equal to the greater of zero and the relevant Rounding Proceeds, if any, such amount to be apportioned *pro rata* among the Securityholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue. The Issuer shall notify the Securityholders (in accordance with Condition 15 (*Notices*)) on or as soon as reasonably practicable after the Cash Settlement Date of the relevant Sale Notional Amount and the adjusted Outstanding Principal Amount for each Security.

For the avoidance of doubt, on the Cash Settlement Date on which the Upper Band is equalled or exceeded, the Issuer shall redeem all the Securities then outstanding at a redemption price equal to the greater of zero and the relevant Rounding Proceeds, if any, such amount to be apportioned *pro rata* among the Securityholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue and such Securities so redeemed shall be cancelled.

- (c) If the Securities are partially redeemed, the relevant Security or, if the Securities are represented by a Global Security, such Global Security, shall be endorsed to reflect such partial redemption.

#### **CL7. PHYSICAL SETTLEMENT**

- (a) In the case of a Physically Settled CLS, upon the delivery of a Credit Event Notice during the Notice Delivery Period and a Notice of Physical Settlement by the Physical Determination Date, the Issuer shall redeem the Credit Event Portion of the Securities on or

after the Settlement Commencement Date and on or before the relevant Physical Settlement Date by:

- (i) using its reasonable endeavours to Deliver the Portfolio or procuring the Counterparty to use its reasonable endeavours to Deliver the Portfolio, subject to paragraph (b) below; and
- (ii) paying the Early Redemption Adjustment (but only if the Early Redemption Adjustment is positive) or, as the case may be, the Adjustment Rounding Amount and/or any amount remaining with the Issuer after payment to the Counterparty in full satisfaction under the Charged Agreement,

to the Securityholders, in each case, to be apportioned *pro rata* among such Securityholders.

Each Securityholder shall, within the period of 10 Business Days from the Notice of Physical Settlement Date, give notice to the Issuer and the Agent Bank (through the relevant clearing system where the Securities are held through Euroclear, Clearstream, Luxembourg or any other clearing system) of (A) details of the account with Euroclear, Clearstream, Luxembourg or other relevant clearing system to which such Securityholder's share of the Portfolio should be Delivered, if the share of the Portfolio to be Delivered to such Securityholder comprises Deliverable Obligations that are then Deliverable through any such clearing system or (B) if such share comprises Deliverable Obligations that are not so Deliverable, appropriate Delivery instructions and all necessary consents or authorisations (including of any applicable designee pursuant to paragraph (d) below with respect thereto as requested by the Issuer or the Agent Bank. Any such notice shall be irrevocable unless the Issuer and the Agent Bank agree otherwise.

The Calculation Agent shall determine the Early Redemption Adjustment on the Settlement Valuation Date. If the Early Redemption Adjustment is a negative number, the Calculation Agent shall calculate the Outstanding Principal Balance of the Deliverable Obligations having a liquidation value (as determined by the Calculation Agent in its sole and absolute discretion) equal to the absolute value of the Early Redemption Adjustment (or, such amount as rounded upwards to the nearest integral multiple) which the Counterparty shall not be obliged to Deliver. In making the calculation, the Calculation Agent may, at its discretion, choose to retain any one or more of the Deliverable Obligations in the Portfolio.

If the Securities are partially redeemed, the relevant Security or, if the Securities are represented by a Global Security, such Global Security, shall be endorsed to reflect such partial redemption.

- (b) If the Issuer and/or the Counterparty is unable to Deliver any portion of the Portfolio on or before the Physical Settlement Date due to a Potential Cash Settlement Event, rendering it impossible or unlawful for the Issuer or the Counterparty to Deliver or for the Issuer or for the Securityholder to take Delivery of any portion of the Portfolio on or before the Physical Settlement Date, then on or before such date the Issuer shall:
  - (i) Deliver or procure the Counterparty to Deliver that portion of the Portfolio that is capable of Delivery and the Issuer shall continue to endeavour to Deliver or procure the Counterparty to Deliver any Deliverable Obligation which is the subject of the Potential Cash Settlement Event (each an "**Undeliverable Obligation**"); and

- (ii) if any Undeliverable Obligations (subject to the following sub-paragraph) have not been delivered within 30 calendar days, such date being the "**Final Delivery Date**", following the Physical Settlement Date, then alternative cash settlement shall apply to such Undeliverable Obligations based on the Final Price (as calculated in accordance with "Highest" unless fewer than two Full Quotations are obtained or Weighted Average Quotation applies in which case, "Market" will apply) of such Undeliverable Obligations as determined by the Calculation Agent by reference to Dealers' Full Quotations two Business Days after the Final Delivery Date (the "**Final Valuation Date**").

If any Undeliverable Obligations are comprised of Loans that due to the non-receipt of any requisite consents are not capable on the Physical Settlement Date of being assigned or novated, and such consents have not been obtained or deemed given by the date falling 15 Business Days after the Physical Settlement Date (the "**Undeliverable Loan Date**"), then for the purpose of effecting alternative cash settlement in respect of such Undeliverable Obligations the Calculation Agent shall (to the extent reasonably practicable) determine a Final Price for such Undeliverable Obligations two Business Days after the Undeliverable Loan Date (the "**Undeliverable Loan Valuation Date**").

The Calculation Agent shall determine the "**Alternative Cash Settlement Amount**" as an amount equal to the aggregate of all calculations of (a) Final Price of Undeliverable Obligations, in accordance with the two immediately preceding paragraphs, multiplied by (b) the relevant Outstanding Principal Balance, Due and Payable Amount or Currency Amount, as applicable of the relevant Undeliverable Obligation.

The Issuer shall pay the Securityholders an amount equal to the Alternative Cash Settlement Amount to be apportioned *pro rata* amongst the Securityholders on the date being six Business Days (unless otherwise specified in the Issue Terms) after the calculation of the latest Final Price (the "**Alternative Cash Settlement Date**").

If the Issuer and/or the Counterparty is unable to Deliver any portion of the Portfolio on or prior to the Physical Settlement Date other than as a result of a Potential Cash Settlement Event, the Issuer and/or the Counterparty may continue to attempt to Deliver the Portfolio for an additional five Business Days after the Physical Settlement Date. Thereafter, the Counterparty may, in its sole and absolute discretion continue to attempt to Deliver the Portfolio for a maximum of 60 Business Days, failing which it must cash settle the Deliverable Obligations, *mutatis mutandis*, in accordance with this sub-paragraph (b).

- (c) Where a Securityholder holds Securities in an aggregate nominal amount greater than the Specified Denomination, the Outstanding Principal Balance of the Deliverable Obligations to be Delivered in respect of the Securities shall be aggregated for the purposes of this provision. If the nominal amount of the Deliverable Obligations to be Delivered in respect of each Security to be redeemed pursuant to this Condition on any occasion is not equal to an authorised denomination (or integral multiple thereof) of such Deliverable Obligations then the nominal amount of Deliverable Obligations to be Delivered will be rounded down to the nearest authorised denomination or multiple thereof, or, if none, zero. In such circumstances, the Deliverable Obligations that were not capable of being Delivered shall, if and to the extent practicable, be sold by the Selling Agent or such other agent as may be appointed by the Issuer and, if they are so sold, each Securityholder shall receive an amount in cash equal to his *pro rata* share of the sale proceeds.

- (d) The Delivery of any of the Deliverable Obligations pursuant to the provisions of this Condition shall be made in such commercially reasonable manner as the Counterparty on behalf of the Issuer shall, in its sole discretion, determine to be appropriate for such Delivery.

The Counterparty or any Securityholder (the "**designator**") may designate any of its Affiliates (the "**designee**") to Deliver or take Delivery, as the case may be, and otherwise to perform such party's obligations to Deliver or take Delivery, as the case may be, and the designee may assume such obligations. Such designation shall not relieve the designator of any of its obligations hereunder. If the designee has performed the obligations of the designator hereunder, then the designator shall be discharged from its obligations to the other party to the extent of such performance. If, as a result of such designation, (a) it would be illegal due to any applicable law or regulation for the designee to so Deliver or take Delivery, Delivery by or to such designee shall not be permitted or (b) such Delivery would give rise to any Tax or any loss or cost to the Counterparty, then Delivery shall not be permitted unless the Counterparty has received an indemnity acceptable to it from the designator with respect to such Tax, loss or cost. If such indemnity is not forthcoming, the provisions of paragraph (b) above shall apply.

Any recordation, processing or similar fee reasonably incurred by the Counterparty and payable to the agent under a Loan in connection with an assignment (where Deliverable Obligations include Assignable Loans or Consent Required Loans) shall be payable by the relevant Securityholder on the Delivery Date, and to the extent unpaid the Counterparty may deduct such amount from any payment or delivery (in the case of a delivery by deduction of a quantity of the relevant obligations with an equivalent value, as determined by the Counterparty) that may otherwise be due from the Counterparty to a Securityholder. If any Stamp Tax (as defined in the Credit Derivatives Definitions) is payable in connection with the Delivery of (A) the Reference Obligation (or other Deliverable Obligations of the same type as the Reference Obligation), payment of such Stamp Tax shall be made by the party that would in the ordinary course bear such cost under a contract for purchase of the Reference Obligation or (B) other Deliverable Obligations, payment of such Stamp Tax shall be made by the Counterparty. Any other expenses arising from the Delivery and/or transfer of the Deliverable Obligations shall be for the account of the Securityholders or the Counterparty, as appropriate, determined in accordance with then current market conventions. Delivery and/or transfer of the Deliverable Obligations shall be delayed until all expenses relating to such Delivery or transfer payable by the Securityholders have been paid to the satisfaction of the Issuer and the Counterparty.

#### **CL8. DISCHARGE OF OBLIGATIONS**

- (a) In the case of a Cash Settled CLS (other than a Portfolio CLS), payment by the Issuer of the Cash Redemption Amount to the Securityholders shall discharge all obligations of the Issuer to the Securityholders in respect of the relevant Credit Event Portion of the Securities.
- (b) In the case of a Physically Settled CLS, Delivery of the Portfolio and/or payment in full of any cash amount required to be paid pursuant to the Issue Terms, as the case may be, where appropriate, by the Issuer and/or the Counterparty to the Securityholders pursuant to the provisions of this Credit-Linked Securities Conditions Module shall discharge all obligations of the Issuer to the Securityholders in respect of the relevant Credit Event Portion of the Securities.

## CL9. SUCCESSION EVENT APPLICABLE

- (a) Where the Securities are either Single Name Cash CLS or Single Name Physical CLS:
- (i) Where a Succession Event has occurred and more than one Successor has been identified, the credit derivative transaction evidenced by the Charged Agreement will be divided into the same number of new credit derivative transactions as there are Successors, all in accordance with the Credit Derivatives Definitions and where each Successor will be the Reference Entity for the purposes of one of the new credit derivative transactions.
  - (ii) Where a Credit Event occurs in respect of a Reference Entity after such a Succession Event, the provisions of Conditions CL1 (*Types of Credit-Linked Securities*) to CL8 (*Discharge of Obligations*) (both inclusive) and Condition CL10 (*Restructuring Credit Event Applicable*) shall be deemed to apply to the principal amount represented by that Reference Entity only (the "**Partial Principal Amount**") and all the provisions shall be construed accordingly. Each Security shall thereafter be redeemed in part (such redeemed part being equal to the relevant proportion of the Partial Principal Amount).
  - (iii) The Securities shall be deemed to be redeemed *pro rata* in an amount equal to the Partial Principal Amount only. The Securities in an amount equal to the Outstanding Principal Amount less the Partial Principal Amount shall remain outstanding (the "**Remaining Amount**") and interest shall accrue on the Remaining Amount as provided for in Condition CL7 (*Interest*) (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
  - (iv) The provisions of this Credit-Linked Securities Conditions Module shall apply to any subsequent Credit Event Notices delivered in respect of any of the other Reference Entities that are identified as a result of the Succession Event.
  - (v) Any determinations (including (without limitation) as to the division of credit derivative transactions) and calculations and adjustment to the Issue Terms and Swap Agreement relating to, connected with or as a result of a Successor Event shall be made by the Calculation Agent in its sole discretion and in good faith and, in the absence of manifest error, shall be conclusive and binding on all parties. The Issue Terms and the Swap Agreement may be amended and restated at such time to reflect the effect of a Succession Event without the consent of the Securityholders and the Securityholders are deemed to agree to this provision by the purchase of the Securities.
- (b) Where the Securities are Basket Cash CLS, Basket Physical CLS, Portfolio CLS, First-to-Default Cash CLS or First-to-Default Physical CLS, provisions relating to Succession Event will be set out in the Issue Terms.

## CL10. RESTRUCTURING CREDIT EVENT APPLICABLE

- (a) Where Restructuring is specified in the Issue Terms as being an applicable Credit Event and, unless otherwise specified in the Issue Terms and the Charged Agreement, the Counterparty may deliver multiple Credit Event Notices with respect to such Restructuring Credit Event. Accordingly, notwithstanding anything to the contrary in Conditions CL1 (*Types of Credit-*

*Linked Securities*) to CL9 (*Succession Event Applicable*) above (both inclusive), where a Restructuring Credit Event has occurred and the Counterparty has delivered a Credit Event Notice for an amount that is less than the aggregate Outstanding Principal Amount of the Securities immediately prior to the delivery of such Credit Event Notice (the "**Partial Redemption Amount**"), the provisions of Conditions CL1 (*Types of Credit-Linked Securities*) to CL9 (*Succession Event Applicable*) (both inclusive) shall be deemed to apply to a principal amount equal to the Partial Redemption Amount only and all the provisions shall be construed accordingly. Each such Security shall be redeemed in part (such redeemed part being equal to the relevant proportion of the Partial Redemption Amount).

- (b) The Securities shall be deemed to be redeemed *pro rata* in an amount equal to the Partial Redemption Amount only. The Securities in an amount equal to the aggregate Outstanding Principal Amount less the Partial Redemption Amount shall remain outstanding (the "**Outstanding Amount**") and interest shall accrue on the Outstanding Amount as provided for in Condition CL7 (*Interest*) (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

The provisions of this Credit-Linked Securities Conditions Module shall apply to any subsequent Credit Event Notices delivered:

- (i) the Partial Redemption Amount in connection with a Credit Event Notice describing a Credit Event other than a Restructuring must be equal to the then outstanding Floating Rate Payer Calculation Amount (and not a portion thereof); and
- (ii) the Partial Redemption Amount in connection with a Credit Event Notice describing a Restructuring Credit Event must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the Floating Rate Payer Calculation Amount is denominated or any integral multiple thereof or the entire then outstanding Floating Rate Payer Calculation Amount.

For the avoidance of doubt, in the case of a First-to-Default Cash CLS or a First-to-Default Physical CLS, once a Restructuring Credit Event has occurred in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the first occurring Restructuring Credit Event.

- (c) If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified in the Issue Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement and may be included in the Portfolio only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.
- (d) If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the Issue Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement and may be included in the Portfolio only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

- (e) If the provisions of this Condition CL10 (*Restructuring Credit Event Applicable*) apply in respect of the Securities, on redemption of part of each such Security, the relevant Security or, if the Securities are represented by a Global Security, such Global Security, shall be endorsed to reflect such partial redemption.

#### **CL11. FINAL REDEMPTION AND MATURITY DATE**

- (a) Unless the Securities have been previously redeemed or purchased and cancelled, or a Credit Event Notice Date has occurred in respect of a Reference Entity but settlement has not yet occurred, the Issuer will redeem each of the Securities on the Maturity Date in an amount equal to its Outstanding Principal Amount.
- (b) The Counterparty may deliver an Extension Notice at any time prior to 11.00 a.m. (London time) (unless otherwise specified in the Issue Terms) on the first Business Day prior to the Initial Maturity Date. As soon as reasonably practicable after receiving an Extension Notice from the Counterparty, the Issuer shall promptly inform the Securityholders in accordance with Condition 15 (*Notices*).
- (c) For the purposes of Credit-Linked Securities, "**Maturity Date**" means:
  - (i) the Initial Maturity Date, or if later,
  - (ii) the date which is 2 Business Days following the earlier of:
    - (A) the date on which the Cancellation Notice is given; or
    - (B) the Extended Maturity Date,

subject to sub-paragraph (d) below in the case of a Portfolio CLS.

- (d) In the case of a Portfolio CLS, where one or more Credit Event Notice Date(s) has occurred on or prior to the Initial Maturity Date (or, if applicable, the Extended Maturity Date) and the relevant Cash Settlement Date(s) fall(s) later than such date, the "**Maturity Date**" shall be the date being two Business Days following the latest such Cash Settlement Date, and, for the avoidance of doubt, the relevant portion of the Securities subject to the Credit Event Notice Date shall be redeemed in accordance with this Credit-Linked Securities Conditions Module.
- (e) If a Credit Event Notice Date occurs on or prior to the Extended Maturity Date, redemption of the Securities shall be subject to and in accordance with the relevant provisions of this Credit-Linked Securities Conditions Module, otherwise each of the Securities will be redeemed at its Outstanding Principal Amount together with interest accrued in accordance with the Issue Terms.
- (f) The Issuer's obligation to redeem the Securities in accordance with the Issue Terms is subject to the condition precedent that no Credit Event Notice has been given during the Notice Delivery Period and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to redeem the Securities in accordance with the Issue Terms if, during the Notice Delivery Period, a Credit Event Notice has been given. In such circumstances, the only obligations of the Issuer with regard to redemption of the Securities shall be to redeem the Securities by Delivery of Deliverable

Obligations or payment of the Cash Settlement Amount (as the case may be) in accordance with this Credit-Linked Securities Conditions Module.

## **CL12. DEFINITIONS**

All capitalised terms not otherwise defined in this Credit-Linked Securities Conditions Module shall have the meanings given to them in the Definitions Modules unless otherwise specified in the Issue Terms.



**GENERAL DEFINITIONS MODULE JUNE 2012 EDITION**

**to be incorporated by reference into  
the Conditions and the Trust Instrument  
for an issue of repackaged Securities  
arranged by  
HSBC BANK PLC**

## 1. GENERAL DEFINITIONS

The following capitalised terms used in the Trust Instrument in respect of a Series of Securities into which this General Definitions Module is incorporated shall have the meanings set out below, except where the context otherwise requires or as may be modified and/or supplemented by the Issue Terms and/or Trust Instrument in respect of such Securities:

**"1940 Act"** means the United States Investment Company Act of 1940, as amended.

**"2000 ISDA Definitions"** means, in relation to a Series of Securities, the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of such Securities.

**"2006 ISDA Definitions"** means, in relation to a Series of Securities, the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of such Securities.

**"Additional Agreement"** means, in relation to a Series of Securities, any agreements entered into by the Issuer other than the Trust Instrument, Agency Agreement, Charged Agreement(s), Sale Agreement, Placing Agreement and any Additional Charging Document.

**"Additional Charging Document"** means, in relation to a Series of Securities, any non-English law governed security document entered into by the Issuer for the purposes of granting security over or in respect of any part of the Mortgaged Property for such Series.

**"Affiliate"** has the meaning given to such term in the Swap Agreement.

**"Agency Agreement"** means, in relation to a Series of Securities, the agency agreement entered into by, among others, the Issuer, the Trustee and the Agents in respect of such Series by execution of the relevant Trust Instrument and into which the terms of the Agency Terms Module are incorporated by reference, as the same may be modified and supplemented by the Trust Instrument.

**"Agency Terms Module"** means the module (June 2012 Edition) containing the standard agency and custodian provisions for an issue of Securities.

**"Agent Bank"** means, in relation to a Series of Securities, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Agents"** means, in relation to a Series of Securities, each of the agents of the Issuer appointed under the Agency Agreement and as specified in the Issue Terms.

**"Alternative Investments"** means any indebtedness in respect of moneys borrowed or raised by the Issuer (other than in the form of Securities) on terms similar to the Securities (in particular as to limited recourse and extinguishment of claims) and includes, without limitation, loans, loan certificates and schuldscheine.

**"Appointee"** means any attorney, manager, agent, delegate, nominee, custodian, receiver or other person appointed by the Trustee or by another Appointee under the Trust Instrument.

**"Auditors"** means, in relation to an Issuer, the auditors (if any) for the time being of such Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of the Trust Instrument, such other firm of accountants as may be nominated or approved by the Trustee.

**"Authorised Denomination"** means U.S.\$250,000 and integral multiples of U.S.\$1 in excess thereof.

**"Bearer Global Security"** means a Temporary Bearer Global Security and/or a Permanent Bearer Global Security, as the context may require.

**"Bearer Securities"** means those Securities which are for the time being in bearer form.

**"Bearer Securities Base Conditions Module"** means the module (June, 2012 Edition) containing the base conditions for an issue of Bearer Securities.

**"Beneficial Owners"** means any person holding a beneficial interest in the DTC Rule 144A Global Certificates from time to time.

**"benefit plan investor"** means (A) any employee benefit plan (as defined in section 3(3) of ERISA which is subject to Title I of ERISA), (B) any plan described in and subject to section 4975 of the U.S. Internal Revenue Code, or (C) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (within the meaning of the U.S. Department of Labor Regulations section 2510.3-101 as modified by section 3(42) of ERISA).

**"Business Day"** means a day which is both:

- (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 Issue Terms; and
- (b) either (i) in relation to interest payable in a Currency of Issue 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 of Issue (if other than London and any Additional Business Centre and which, if the Currency of Issue is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Target System is open.

**"Business Day Convention"** means one of the following, as specified in the Issue Terms:

- (a) **"FRN Convention"** means that, in any case where Specified Periods are specified in the Issue Terms, the Interest Payment Date (i) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought

forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (b) **"Following Business Day Convention"** means that, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (c) **"Modified Following Business Day Convention"** means that, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (d) **"Preceding Business Day Convention"** means that, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

**"C Rules"** means U.S. Treas. Reg. section 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010).

**"Calculation Agent"** means, in relation to a Series of Securities, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Charged Agreement(s)"** means, in relation to a Series of Securities, the Swap Agreement(s) together with any Swap Guarantee in respect of such Swap Agreement(s).

**"Charged Assets"** means, in relation to a Series of Securities, the benefits, interest, right and title in and to the cash, bonds, notes, securities, commodities, loans, schuldscheine, equity interests (including shares and participating income notes), guaranteed investment contracts, contractual or other rights (including, without limitation, with respect to sub-participations or swap, option, exchange and hedging arrangements (but, for the avoidance of doubt, excluding Charged Agreements)), or other assets as specified in the Issue Terms and, where applicable, the instruments and other documents representing, evidencing, acknowledging and/or transferring or otherwise relating to the same. The term "Charged Assets" shall include the Initial Charged Assets and any substitute or replacement Charged Assets.

**"Charged Assets Default"** means:

- (i) if any of the Charged Assets (or amounts due pursuant thereto) is declared to be due and payable (without taking into account for this purpose any grace period under any terms in effect) prior to their stated date of maturity or other date or dates for their repayment by reason of any event of default (howsoever described) thereunder; or
- (ii) if any obligor under any of the Charged Assets stops payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law,

or if any order is made by any competent court or any resolution passed for the winding-up or dissolution of such obligor or if proceedings are initiated against such obligor under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or any analogous proceedings or such obligor is adjudicated or found bankrupt or insolvent.

**"Clearing Systems"** means, in relation to a Series of Securities, any of Euroclear, Clearstream, Luxembourg and DTC, as the case may be, and includes any additional or alternative clearing systems specified in the Issue Terms.

**"Clearstream, Luxembourg"** means Clearstream Banking, société anonyme.

**"Common Depositary"** means a common depositary on behalf of Euroclear and Clearstream, Luxembourg.

**"Conditions"** means, in relation to a Series of Securities, the provisions of the Conditions Modules incorporated by reference into the relevant Issue Terms as the same may be modified and/or supplemented by such Issue Terms.

**"Conditions Modules"** means the modules containing terms and conditions which will apply to a Series of Securities to the extent incorporated into the Issue Terms (including, without limitation, the Bearer Securities Base Conditions Module, the Registered Securities Conditions Module, the Credit-Linked Securities Conditions Module and/or such other modules as may be proposed by HSBC Bank plc as the arranger from time to time).

**"Counterparty"** means, in relation to a Series of Securities, the entity or entities designated as the counterparty or counterparties in the Issue Terms.

**"Counterparty Account"** means, in relation to a Series of Securities, the account of the Counterparty from time to time designated for such purpose, which account being initially as set out in the Issue Terms.

**"Counterparty Priority Basis"** means first, in meeting the claims of the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s) and, thereafter, in meeting the claims of the Securityholders on a *pari passu* and *pro rata* basis.

**"Couponholders"** means the several persons who are for the time being holders of the Coupons.

**"Coupons"** means the bearer interest coupons appertaining to the Bearer Securities in definitive form (other than in the case of Zero-Coupon Securities) or, as the context may require, a specific number thereof and includes any replacements for Coupons issued pursuant to Condition 14 (*Replacement of Securities*) and, where the context so permits, the Talons.

**"Credit-Linked Definitions Module"** means the module (June 2012 Edition) containing definitions relating to Credit-Linked Securities.

**"Credit-Linked Securities Conditions Module"** means the module (June 2012 Edition) containing the additional conditions for an issue of Credit-Linked Securities.

**"Currency of Issue"** means, in relation to a Series of Securities, the currency in which the Issue Terms of such Securities specify that the principal, premium (if any) and/or interest, if any, and all other amounts are payable by the Issuer.

**"Custodian"** means, in relation to a Series of Securities, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms and, if applicable, any subcustodian of, or any other entity appointed by, the Custodian.

**"Custodian Account"** means, in relation to a Series of Securities, the account designated as the Custodian Account in the Issue Terms.

**"D Rules"** means U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010).

**"Dealer"** means, in relation to a Series of Securities, the entity or entities designated as dealer in the Issue Terms.

**"Debt Investments"** means the Securities and/or Alternative Investments that may be issued by, or entered into by, the Issuer pursuant to the Programme.

**"Definitions Modules"** means the General Definitions Module and, as the case may be, the Credit-Linked Definitions Module and/or such other modules as may be proposed by HSBC Bank plc as the arranger from time to time.

**"Definitive Registered Security"** means a definitive certificate representing a Registered Security substantially in the form of Part 3-D of the First Schedule to the Trust Terms Module to be issued only in the limited circumstances set out in the Conditions and bearing a legend substantially in the form of the legend appearing on the Rule 144A Global Certificate or Regulation S Global Certificate in exchange for which such Definitive Registered Security is issued.

**"Determination Date"** means, in relation to a Series of Securities, the dates as set out in the Issue Terms, if applicable.

**"Determination Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

**"Distribution Compliance Period"** means the period commencing on the later of the first date the Securities are offered to the public or the settlement date for the Securities, and ending on the day that is 40 calendar days thereafter.

**"DTC"** means The Depository Trust Company at its office at 55 Water Street, New York, N.Y. 10041, United States of America.

**"DTC Important Notice"** means a notice substantially in the form set out in Part 10 of the First Schedule to the Trust Terms Module to be sent to DTC in connection with the issuance of the DTC Rule 144A Global Certificates.

**"DTC Rule 144A Global Certificate"** means a fully registered book-entry security substantially in the form of Part 3-B of the First Schedule to the Trust Terms Module to be deposited on or prior to the issue date for the Securities with or on behalf of DTC and registered in the name of its nominee Cede & Co. pursuant to which any USD Securities offered and sold to or for the account or benefit of U.S. persons in accordance with the legend appearing thereon will be represented.

**"ERISA"** means the United States Employee Retirement Income Security Act of 1974, as amended.

**"Early Redemption Amount"** means, in relation to a Series of Securities, the lesser of (i) the Outstanding Principal Amount and (ii) that portion of the Realisation Amount due to the Securityholders in accordance with the relevant Security Ranking Basis, as apportioned *pro rata* amongst all the Securities or as may otherwise be specified in the Issue Terms.

**"Eligible Investments"** means securities or other assets of the type or types specified as such in the relevant Issue Terms.

**"Eligible Investors"** means:

- (a) if the Issue Terms specify that the Issuer will be relying on Section 3(c)(1) of the 1940 Act, (A) persons who constitute one beneficial owner for the purpose of Section 3(c)(1) of the 1940 Act and the rules thereunder and (B) either (X) institutions that qualify as IAs or (Y) QIBs, but excluding therefrom (i) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (ii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Securities, and (iii) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of the Securities; or
- (b) if the Issue Terms specify that the Issuer will be relying on Section 3(c)(7) of the 1940 Act, persons who are QIBs and QPs but excluding therefrom: (i) QIBs that are broker dealers that own and invest on a discretionary basis less than U.S.\$25 million in securities as determined under Rule 144A of the Securities Act, (ii) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Securities, (iv) any investment company excepted from the 1940 Act solely pursuant to Section 3(c)(1) or Section 3(c)(7) thereof and formed prior to April 30, 1996, that has not received the consent of its beneficial owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the 1940 Act and rules thereunder and (v) any entity that will have invested more than 40 per cent. of its assets in the securities of the Issuer subsequent to any purchase of the Securities.

**"Eligible Securities"** means the type or types of Charged Assets specified as such in the relevant Issue Terms and which may be the subject of a Repurchase Agreement.

References to "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

"**Euroclear**" means Euroclear Bank S.A./N.V.

"**EURIBOR**" means Euro-zone inter-bank offered rate.

"**Euroclear/Clearstream Important Notice**" means a notice substantially in the form set out in Part 11 of the First Schedule to the Trust Terms Module to be sent to each of Euroclear and Clearstream, Luxembourg, respectively, in connection with the issuance of the Rule 144A Global Certificates.

"**Euroclear Rule 144A Global Certificate**" means a registered global security substantially in the form of Part 3-C of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Registered Securities of the same Series pursuant to which any Securities offered and sold to or for the account or benefit of U.S. persons in accordance with the legend appearing thereon will be represented.

"**Event of Default**" means, in relation to the Securities of any Series, any of the conditions, events or acts provided in Condition 11 (*Events of Default*) to be events upon the occurrence of which the Securities of such Series would, subject only to notice by the relevant Trustee as therein provided, become immediately due and repayable.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended.

"**Exchange Date**" means, where applicable, the date which is 40 days after the date on which the Temporary Bearer Global Security is issued.

"**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) Euroclear and Clearstream, Luxembourg have been closed for business or the Issuer has been notified of such closure of Euroclear and Clearstream, Luxembourg, and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer or, as the case may be, the Counterparty has or will become subject to adverse tax consequences which would not be suffered were the Securities in definitive form.

"**Extraordinary Resolution**" has the meaning set out in paragraph 20 of the Third Schedule to the Trust Terms Module.

"**Final Redemption Amount**" means, in relation to a Series of Securities, the Final Redemption Amount set out in the Issue Terms.

"**Fitch**" means Fitch Ratings Ltd. or any successor to the rating business thereof.

"**Fixed Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Fixed Interest Period:

- (a) if "Actual/Actual (ISMA)" is specified in the Issue Terms:
  - (i) in the case of Securities where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the



Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the Issue Terms) that would occur in one calendar year; or

(ii) in the case of Securities where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; and

(b) if "**30/360**" is specified in the Issue Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360, calculated on a formula basis as follows:

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

360

where:

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

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 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 Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

**"Fixed Interest Period"** means, in relation to Fixed Rate Securities, the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

**"Fixed Rate Securities"** means an issue of Securities in respect of which interest accrues at a fixed rate as stated in the Issue Terms applicable to such Securities.

**"Floating Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Interest Period:

- (a) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if "Actual/365 (Fixed)" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365;
- (c) if "Actual/365 (Sterling)" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if "Actual/360" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 360;
- (e) if "30/360", "360/360" or "Bond Basis" is specified in the Issue Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but

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

the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b)

the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

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

- (f) if "30E/360 (ISDA)" is specified in the Issue Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which

case the month of February shall not be considered to be lengthened to a 30-day month).

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

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest 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 Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D<sub>2</sub> will be 30.

**"Floating Rate Option"** means, in respect of a Series of Floating Rate Securities, the option (which may, but need not, be provided in the ISDA Definitions) which is specified in the Issue Terms of such Securities.

**"Floating Rate Securities"** means an issue of Securities in respect of which interest at a floating rate is determined in accordance with the Issue Terms applicable to such Securities.

**"FSA"** means the Financial Services Authority.

**"FSA Rules"** means the rules and regulations as amended or varied from time to time, of the FSA, including its Conduct of Business Rules, established under or pursuant to the FSMA by which the Custodian is regulated in the conduct of its investment brokers or any successor bodies.

**"FSMA"** means the Financial Services and Markets Act 2000.

**"Further Fungible Securities"** has the meaning given to it in Condition 19 (*Further Issues*).

**"General Definitions Module"** means the module (June 2012 Edition) containing general definitions for an issue of Securities.

**"Global Security"** means a Temporary Bearer Global Security and/or a Permanent Bearer Global Security and/or a Regulation S Global Certificate and/or a Rule 144A Global Certificate, as the context may require.

References to **"Hong Kong Dollars"** and **"HK\$"** are to the lawful currency of Hong Kong.

**"IAI"** means an institutional investor that qualifies as an accredited investor (within the meaning of paragraphs (1), (2), (3) or (7) of Rule 501(a) of Regulation D under the Securities Act).

**"Indexed Interest Securities"** means an issue of Securities in respect of which the amount payable in respect of interest is calculated by reference to an index and/or a formula in accordance with the relevant Issue Terms.

**"Individual Certificates"** means Registered Securities issued in physical definitive form and registered in the name of the holder thereof.

**"Initial Charged Assets"** has the meaning given to it in Condition 4 (*Charged Assets*) and in respect of each Series of Securities, as specified in the Issue Terms.

**"Initial Redemption Notice"** means a notice given by the Issuer to the Trustee, the Securityholders and the Selling Agent that the Securities are to be redeemed pursuant to Condition 8(b) (*Redemption for taxation reasons*) or Condition 8(c) (*Mandatory Redemption*).

**"Initial Tranche"** means, if the Securities of a Series are, in accordance with the terms of the Trust Instrument relating to such Series, to be issued in tranches, the initial tranche specified in the Trust Instrument in respect of that Series.

**"Instructing Creditor"** means, in relation to a Series of Securities, either: (a) the Counterparty only; or (b) the Securityholders only, as specified in the Issue Terms.

**"Interest Amount"** has the meaning set out in Condition 7(b)(iv) (*Types of Securities - Determination of Rate of Interest and Interest Amounts*).

**"Interest Determination Date"** means, in relation to a Series of Securities, the date(s) set out in the Issue Terms where Screen Rate Determination is specified as applicable.

**"Interest Payment Date"** means, in relation to a Series of Securities, the date(s) set out in the Issue Terms.

**"Interest Period"** has the meaning set out in Condition 7(b)(i) (*Types of Securities - Floating Rate Securities and Indexed Interest Securities*)).

**"investment company"** means an investment company for the purposes of the 1940 Act.

**"Investment Letter"** means a letter substantially in the form attached as Part 9 of the First Schedule to the Trust Terms Module, to be delivered by each initial purchaser that is a U.S. person or that purchased the Securities during the Distribution Compliance Period when the Issuer is relying on the exception from the 1940 Act set out in Section 3(c)(1) or Section 3(c)(7) thereof, or in such other form as is set out in the Trust Instrument.

**"Irish Stock Exchange"** means the Irish Stock Exchange Limited.

**"ISDA Definitions"** means the 2006 ISDA Definitions or such other definitions as may be specified in the Issue Terms as the ISDA Definitions.

**"Issue Date"** means, in relation to a Tranche of Securities, the date specified in the Issue Terms relating to such Securities as such, being the date on which such Securities are constituted.

**"Issue Terms"** means, in relation to a Series of Securities, the issue terms set out in the Trust Instrument relating to such Securities, including the terms of the Conditions Modules and Definitions Modules incorporated by reference, as the same may be modified and/or supplemented.

References to "**Japanese Yen**", "**Yen**" and "¥" are to the lawful currency of Japan.

"**Liability**" means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.

"**LIBOR**" means London inter-bank offered rate.

"**Liquidation Proceeds**" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Securityholders*).

"**listed**" means that the Securities have been admitted to trading on the Irish Stock Exchange's Global Exchange Market and have been traded on the Irish Stock Exchange.

"**Margin**" means, in relation to a Series of Floating Rate Securities, the margin (if any) set out in the Issue Terms.

"**Market Value Basis**" means:

- (i) in the case of substitution of Charged Assets, the assets required to be provided by the Issuer shall be equal to the Market Value of the then subsisting Charged Assets on the date specified by the Counterparty in the Substitution Notice given by the Counterparty. For these purposes, "**Market Value**" shall mean the firm bid price obtained by the Calculation Agent from three dealers (one of whom may be the Counterparty) in such assets as it may in its discretion select (or, if more than one, the arithmetical average of such prices, disregarding the highest and lowest quotes) or, if less than two such bid prices are quoted by or available to such Calculation Agent, it shall be calculated by the Calculation Agent in such other manner as it shall determine in good faith and in a commercially reasonable manner; and
- (ii) in the case of the issue of Further Fungible Securities, the additional assets required to be provided by the Issuer in respect of the Further Fungible Securities shall be calculated in accordance with a formula that takes into account the Market Value of the Charged Assets and the replacement costs of the Charged Agreement(s), if any, all as more fully described in the Issue Terms.

"**Maturity Date**" means, in relation to a Series of Securities, the final date on which the Securities are expressed to be redeemable as specified in the Issue Terms (which date may in certain circumstances be extended in accordance with the Issue Terms).

"**Maximum Interest Rate**" means, in relation to a Series of Securities, if applicable, such rate as is specified as the Maximum Interest Rate in the Issue Terms.

"**Minimum Interest Rate**" means, in relation to a Series of Securities, if applicable, such rate as is specified as the Minimum Interest Rate in the Issue Terms.

"**Moody's**" means Moody's Investors Services Limited or any successor to the rating business thereof.

**"Mortgaged Property"** means, in relation to any Series of Securities, the assets over which the Security Interests are created by the Issuer from time to time in relation to such Securities, including, as applicable, the Charged Assets and the Rights under the Transaction Documents.

**"Nominal Basis"** means:

- (i) in the case of substitution of Charged Assets, the assets required to be provided by the Issuer shall be of a nominal amount equal to the nominal amount of the Charged Assets being substituted; and
- (ii) in the case of the issue of Further Fungible Securities, the additional assets required to be provided by the Issuer shall be in a nominal amount which bears the same proportion to the nominal amount of the Further Fungible Securities as the proportion which the nominal amount of such assets forming part of the Mortgaged Property for the existing Securities of such Series bears to the nominal amount thereof as at such date.

**"Non-U.S. Series"** means a series of Securities all of which will be offered and sold outside the United States to non-U.S. persons.

**"N-USD Regulation S Global Certificate"** means a registered global security in the form or substantially in the form set out in Part 3-A of the First Schedule to the Trust Terms Module (in the case of a Non-U.S. Series) or Part 3-D of the First Schedule to the Trust Terms Module (in the case of a U.S. Series) with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Registered Securities of the same Series sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the Trust Instrument.

**"N-USD Rule 144A Global Certificate"** means a fully registered global security substantially in the form of Part 3-C of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Registered Securities of the same Series pursuant to which any Securities offered and sold to or for the account or benefit of U.S. persons in accordance with the legend appearing thereon will be represented.

**"N-USD Securities"** means Securities denominated in a currency other than U.S. Dollars.

**"Optional Call Redemption Amount"** in relation to a Series of Securities shall have the meaning set out in the Issue Terms.

**"Optional Call Redemption Date"** in relation to a Series of Securities shall have the meaning set out in the Issue Terms.

**"Optional Put Redemption Amount"** in relation to a Series of Securities shall have the meaning set out in the Issue Terms.

**"Optional Put Redemption Date"** in relation to a Series of Securities shall have the meaning set out in the Issue Terms.

"**outstanding**" means, in relation to a Series of Securities, all the Securities of that Series issued (or, in the case of Partly Paid Securities, the paid up amount thereof) other than:

- (a) those Securities to the extent that they shall have been redeemed in part pursuant to the relevant Issue Terms;
- (b) those Securities which have been redeemed in full pursuant to the relevant Issue Terms;
- (c) those Securities in respect of which the date for redemption in accordance with the relevant Issue Terms has occurred and the redemption moneys (including all premium (if any) and interest (if any) payable thereon) have been duly paid to the Trustee, the Registrar and/or the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the Securityholders in accordance with Condition 15 (*Notices*)) and remain available for payment against presentation of the Securities;
- (d) those Securities which have been purchased and cancelled in accordance with Condition 9 (*Purchase*);
- (e) those Securities in respect of which claims have become void under Condition 13 (*Prescription*);
- (f) those mutilated or defaced Securities which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Securities*);
- (g) (for the purpose only of ascertaining the nominal amount of the Securities of that Series outstanding and without prejudice to the status for any other purpose of the Securities) those Securities which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Securities*); and
- (h) any Temporary Global Security to the extent that it shall have been exchanged for definitive Bearer Securities or a Permanent Bearer Global Security and any Permanent Bearer Global Security to the extent that it shall have been exchanged for definitive Bearer Securities in each case pursuant to its provisions; and

PROVIDED THAT for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Securityholders or any of them an Extraordinary Resolution in writing as envisaged by paragraph 20 of the Third Schedule to the Trust Terms Module and any direction or request by the Securityholders;
- (ii) the determination of how many and which Securities are for the time being outstanding for the purposes of Conditions 11 (*Events of Default*) and 12 (*Enforcement*) and paragraphs 2, 5, 6 and 9 of the Third Schedule to the Trust Terms Module;

- (iii) any discretion, power or authority (whether contained in the Trust Instrument or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Securityholders or any of them; and
- (iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Securityholders or any of them,

those Securities (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer, the Counterparty, the Swap Guarantor (if any) or any Subsidiary of the Issuer, the Counterparty or the Swap Guarantor (if any) shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

**"Outstanding Principal Amount"** means in relation to a Security, the principal amount of such Security outstanding from time to time.

**"Pari Passu Basis"** means, in meeting the claims of the Securityholders and the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s), on a *pari passu* and *pro rata* basis.

**"Partly Paid Securities"** means Securities which are issued on a partly paid basis.

**"Paying Agents"** means, in relation to a Series of Securities, the entities (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms and includes, for the avoidance of doubt, the Principal Paying Agent.

**"Payment Day"** means any day which (subject to Condition 13 (*Prescription*)) is:

- (i) 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:
  - (A) the relevant place of presentation;
  - (B) London; and
  - (C) any Additional Financial Centre specified in the Issue Terms; and
- (ii) either (1) in relation to any sum payable in a Currency of Issue 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 of Issue (if other than the place of presentation, London and any Additional Financial Centre and which if the Currency of Issue is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Target System is open.

**"Permanent Bearer Global Security"** means a permanent bearer global security in the form or substantially in the form set out in Part 2 of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Bearer Securities of the same Issue,



issued by the Issuer pursuant to the Trust Instrument either on issue of the Securities or in exchange for the whole or part of the Temporary Bearer Global Security issued in respect of such Bearer Securities (all as indicated in the Issue Terms).

**"Placing Agreement"** means, in relation to a Series of Securities, the placing agreement entered into by the Issuer and the Dealer(s) in respect of such Series by execution of the relevant Trust Instrument and into which the terms of the Placing Terms Module are incorporated by reference as the same may be modified and/or supplemented by the Trust Instrument.

**"Placing Terms Module"** means the module (June 2012 Edition) containing the provisions relating to the purchase and/or placing of Securities.

**"Potential Event of Default"** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default.

**"Principal Paying Agent"** means, in relation to a Series of Securities, the entity appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Principal Protected CDO Securities"** means Securities which are specified as such in the Issue Terms and, unless otherwise specified therein, have the features described in Condition 7(d) (*Types of Securities - Principal Protected CDO Securities*).

**"Programme"** means the U.S.\$50,000,000,000 Limited Recourse Secured Debt Issuance Programme of the Issuer.

**"Prospectus Directive"** means Directive 2003/71/EC.

**"Put Notices"** has the meaning given to it in Condition 8(e) (*Redemption - Redemption at the option of the Securityholders*).

**"QIB"** means a "qualified institutional buyer" as defined in Rule 144A under the Securities Act.

**"QP" or "Qualified Purchaser"** means a "qualified purchaser" within the meaning set out in Section 2(a)(51)(A) of the 1940 Act and the rules thereunder.

**"Rate of Interest"** means, in relation to a Series of Securities, the Rate of Interest set out in the Issue Terms.

**"Rating Agency"** means, in relation to a Series of Securities that is rated, each rating agency specified in the Issue Terms.

**"Rating Agency Affirmation"** means, in relation to a Series of Securities that is rated by Moody's the notification of the relevant event specified in the Issue Terms to Moody's and confirmation from Moody's that there has been no adverse change to the credit rating granted by Moody's in respect of such Securities.

**"Rating Agency Confirmation"** means, in relation to a Series of Securities that is rated by S&P the notification of the relevant event specified in the Issue Terms to S&P and

confirmation from S&P that there has been no adverse change to the credit rating granted by S&P in respect of such Securities.

**"Realisation Amount"** means the net proceeds of realisation of, or enforcement with respect to, the Security Interests over the Mortgaged Property (following payment or satisfaction of all amounts then due and unpaid under Clause 16 and/or 17 of the Trust Terms Module to the Trustee and/or any Appointee or, as the case may be, the Selling Agent, including any costs, expenses and taxes incurred in connection with such realisation or enforcement).

**"Record Date"** means, in relation to a payment in respect of Individual Certificates or Regulation S Global Certificates, the Business Day falling, or falling nearest to but before, 15 days prior to the date on which the relevant payment is due.

**"Reference Banks"** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Principal Paying Agent or as specified in the Issue Terms.

**"Reference Rate"** means, in relation to a Series of Securities, the Reference Rate set out in the Issue Terms where Screen Rate Determination is specified as applicable.

**"Register"** means a register on which shall be entered the names and addresses of the subscribers of the Registered Securities or, as the case may be, of the latest transferees of the same notified to the Registrar in accordance with Condition 1.4(c) of the Registered Securities Conditions Module (*Transfer of Registered Securities - General*), together with the particulars of the Registered Securities held by them respectively and of all transfers of Registered Securities.

**"Registered Global Securities"** means, together, the Regulation S Global Certificates and Rule 144A Global Certificates.

**"Registered Securities"** means those of the Securities which are for the time being in registered form.

**"Registered Securities Conditions Module"** means the module (June 2012 Edition) containing the provisions relating to an issue of Registered Securities and provisions additional to or instead of provisions in the Bearer Securities Base Conditions Module,

**"Registrar"** means, in relation to a Series of Securities (being, or which are exchangeable for, Registered Securities), the entity appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Regulation S Global Certificate"** means collectively, the USD Regulation S Global Certificate and the N-USD Regulation S Global Certificate.

**"Regulation S Transfer Certificate"** means a transfer certificate substantially in the form attached to the Rule 144A Global Certificate, being the certificate to be delivered to the Registrar in order to request a transfer of an interest in the Rule 144A Restricted Global Certificate to a non-U.S. person taking an interest in the Rule 144A Regulation S Global Certificate.

**"Relevant Date"** has the meaning set out in Condition 13 (*Prescription*).

**"Relevant Screen Page"** means, in relation to a Series of Securities, the relevant screen page set out in the Issue Terms where Screen Rate Determination is specified as applicable.

**"repay", "redeem" and "pay"** shall each include both the others and cognate expressions shall be construed accordingly and shall (where the context so permits) be deemed to include references to delivery of the Charged Assets in accordance with the Issue Terms.

**"Repo Counterparty"** means the entity (if any) specified as such in the Issue Terms.

**"Repurchase Agreement"** means a master repurchase agreement, as amended and supplemented by the related annexes and the related letter agreement, which the Issuer may enter into with the Repo Counterparty.

**"Required Minimum Securityholders"** means Securityholders holding at least 50 per cent. of the aggregate principal amount of the Securities then outstanding, in each case including any Requesting Securityholder.

**"Rights"** means, in relation to any agreement or asset, all rights, title and interest of the relevant person in, to and under such agreement or asset including, without limitation:

- (i) the Issuer's rights under the Agency Agreement, including all its rights in respect of all funds and/or assets held from time to time by any of the Agents for payment in respect of the Securities or otherwise in relation to the Securities or the Charged Assets; and
- (ii) the Issuer's rights to the Charged Assets, including all its rights in respect thereof or relating thereto and any sums or assets derived therefrom whether or not against third parties, including, without limitation, the Issuer's rights against the Custodian to redelivery of equivalent Charged Assets and any proceeds of the sale of the Charged Assets.

**"Rule 144A Global Certificates"** means, collectively, the DTC Rule 144A Global Certificate and the Euroclear Rule 144A Global Certificate.

**"Rule 144A Transfer Certificate"** means a transfer certificate substantially in the form attached to a Regulation S Global Certificate representing Securities of a U.S. Series, being the certificate to be delivered to the Registrar in order to request a transfer of an interest in the Regulation S Global Certificate to a U.S. person taking an interest in the Rule 144A Global Certificate.

**"Sale Agreement"** means, in relation to a Series of Securities, the sale agreement entered into by the Issuer and the Vendor in respect of such Series by execution of the relevant Trust Instrument pursuant to which the Issuer agrees to purchase the relevant Charged Assets and into which the terms of the Sale Agreement Terms Module are incorporated by reference, as the same may be modified and/or supplemented by the Trust Instrument.

**"Sale Agreement Terms Module"** means the module (June, 2012 Edition) containing the standard provisions of sale of the Charged Assets to the Issuer.

**"S&P"** means Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc. or any successor to the rating business thereof.

**"Second Redemption Notice"** means a notice given by the Issuer to the Trustee and the Securityholders following an Initial Redemption Notice stating the date on which the Securities will be redeemed (which shall be as soon as reasonably practicable after the date on which the Second Redemption Notice is given) and specifying the Early Redemption Amount at which they will be redeemed.

**"Section 3(c)(1) exception"** means the exception to the definition of "investment company" set out in Section 3(c)(1) of the 1940 Act and the rules thereunder.

**"Section 3(c)(7) exception"** means the exception to the definition of "investment company" set out in Section 3(c)(7) of the 1940 Act and the rules thereunder.

**"Securities"** means the bonds, notes or other securities of a Series, howsoever described, constituted by the Trust Instrument and for the time being outstanding or, as the context may require, a specific number thereof, such Securities being denominated in the Currency of Issue and:

- (i) having such maturity as may be specified in the Issue Terms and, in any case, such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Currency of Issue;
- (ii) having such minimum denomination as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Currency of Issue; and
- (iii) if sold within the United States or to a U.S. person, having an Authorised Denomination, or the equivalent in other Currencies of Issue;

and reference to **"Securities"** shall be deemed to include Coupons in the case of Bearer Securities in definitive form and Further Fungible Securities unless the context otherwise requires.

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

**"Securities and Exchange Law"** means the Securities and Exchange Law of Japan.

**"Security Documents"** means, in relation to a Series of Securities, the Trust Instrument and any Additional Charging Documents.

**"Securityholder Priority Basis"** means, first, in meeting claims of the Securityholders under the Securities on a *pari passu* and *pro rata* basis and, thereafter, in meeting the claims of the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s).

**"Securityholders"** means the several persons who are for the time being holders of the Securities (being, in the case of Bearer Securities, the bearers thereof and, in the case of Registered Securities, the several persons whose names are entered in the register of holders of the Registered Securities as the holders thereof) save that, in respect of the Securities of

any Series, for so long as such Securities or any part thereof are represented by a Bearer Global Security deposited with a depositary for Euroclear and/or Clearstream, Luxembourg or so long as DTC or its nominee is the registered holder of a Global Security each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or, as the case may be, DTC as the holder of a particular nominal amount of the Securities of such Issue shall be deemed to be the holder of such nominal amount of such Securities (and the holder of the relevant Global Security shall be deemed not to be the holder) for all purposes of the Trust Instrument other than with respect to the payment of principal, premium (if any) or interest (if any) on such Securities, the right to which shall be vested, as against the relevant Issuer and the relevant Trustee, solely in such depositary or, as the case may be, DTC or its nominee and for which purpose such depositary or, as the case may be, DTC or its nominee shall be deemed to be the holder of such nominal amount of such Securities in accordance with and subject to its terms and the provisions of the Trust Instrument and the expressions "**Securityholder**", "**holder of Securities**" and related expressions shall be construed accordingly.

"**Security Interests**" means, in relation to a Series of Securities, the security interests created, or intended to be created at any time, in favour of the Trustee under the Security Documents.

"**Security Ranking Basis**" has the meaning given to it in Condition 5 (*Application of proceeds*).

"**Selling Agent**" means, in relation to a Series of Securities, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms.

"**Series**" means a Tranche of Securities together with any further Tranche or Tranches of Securities which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for the respective Issue Dates, Interest Commencement Dates and/or Issue Prices and initial Common Code and ISIN.

"**Shortfall Date**" has the meaning given to it in Condition 8(a) (*Redemption – Final redemption*).

"**Specified Denomination**" means, in relation to a Series of Securities, the denomination(s) of the Securities as specified in the Issue Terms.

"**Specified Time**" means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

References to "**Sterling**", "**Pounds Sterling**", "**Pounds**" and "**£**" are to the lawful currency of the United Kingdom.

"**Stock Exchange**" means, in relation to a Series of Securities, each stock exchange or securities market (if any) specified in the Issue Terms.

"**Subsidiary**" means any company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006 of Great Britain) or a subsidiary undertaking (within the meaning of Section 1162 and Schedule 7 of the Companies Act 2006 of Great Britain).

**"Substitution Notice"** has the meaning given to it in Condition 4(b) (*Charged Assets - Substitution of Charged Assets*).

**"sub-unit"** means, with respect to any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to the euro, means one cent.

**"successor"** means any successor to any one or more persons appointed in relation to the Securities pursuant to the Trust Instrument and/or such other or further persons appointed as such.

**"Swap Agreement"** means, in relation to a Series of Securities, each interest rate and/or currency exchange and/or credit default swap agreement(s) or other hedging agreement(s) as evidenced by either (i) a 1992 ISDA Master Agreement (Multicurrency - Cross Border) or (ii) a 2002 ISDA Master Agreement, as specified in the Issue Terms and schedule thereto entered into by the Issuer and the Counterparty by the execution of the relevant Trust Instrument and into which the terms of the Swap Schedule Terms Module are incorporated by reference, as the same may be modified and supplemented by the Trust Instrument, together with the confirmation entered into by the Issuer and the Counterparty, each dated the Issue Date.

**"Swap Guarantee"** means, in relation to a Series of Securities, the guarantee dated the Issue Date executed by the Swap Guarantor in respect of the payment obligations of the Counterparty under the Swap Agreement(s) (if any).

**"Swap Guarantor"** means, in relation to a Series of Securities, the guarantor (if any) of the payment obligations of the Counterparty under any Swap Agreement(s) as designated in the Issue Terms.

**"Swap Schedule Terms Module"** means the module (June 2012 Edition) containing the standard provisions of a swap schedule in relation to an issue of Securities as specified in the Issue Terms.

**"Talons"** means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Bearer Securities in definitive form of any Series (other than Zero-Coupon Securities) and includes any replacements for Talons issued pursuant to Condition 14 (*Replacement of Securities*).

**"Target System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

**"Temporary Bearer Global Security"** means a temporary bearer global security in the form or substantially in the form set out in Part 1 of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Securities of the same Series, issued by the Issuer pursuant to the Trust Instrument.

**"Tranche"** means, in relation to a Series of Securities which are, in accordance with the terms of the Trust Instrument, to be issued in tranches, the Initial Tranche and any further tranches issued in accordance with the Trust Instrument relating to that Series.

**"Transaction Documents"** means, in relation to a Series of Securities, the Trust Instrument, the Agency Agreement, the Sale Agreement, the Placing Agreement, the Charged Agreements, the Additional Agreements and any Additional Charging Document, in each case entered into in relation to such Securities and all agreements incidental to the issue of such Securities.

**"Transfer Agents"** means, in relation to a Series of Registered Securities, the entity or entities appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Transfer Certificate"** means the Regulation S Transfer Certificate and/or the Rule 144 Transfer Certificate, as the context may require.

**"Trust Corporation"** means a corporation entitled by rules made under the Public Trustee Act 1906 of Great Britain or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee.

**"Trustee"** means, in relation to a Series of Securities, the entity designated as the trustee in the Issue Terms.

**"Trust Instrument"** means, in respect of a Tranche of Securities, a trust instrument dated the Issue Date of such Tranche of Securities and made between, among others, the Issuer and the Trustee.

**"Trust Terms Module"** means the module (June 2012 Edition) containing the trust terms constituting and/or securing the Securities.

References to **"U.S. dollars"**, **"U.S.\$"** and **"U.S. cents"** are to the lawful currency of the United States of America.

**"USD Regulation S Global Certificates"** means a registered global security in the form or substantially in the form set out in Part 3-A of the First Schedule to the Trust Terms Module (in the case of a Non-U.S. Series) or Part 3-D of the First Schedule to the Trust Terms Module (in the case of a U.S. Series) with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Registered Securities of the same Series sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the Trust Instrument.

**"USD Rule 144A Global Certificates"** means a fully registered book-entry security substantially in the form of Part 3-B of the First Schedule to the Trust Terms Module to be deposited on or prior to the issue date for the Securities with or on behalf of DTC and registered in the name of its nominee Cede & Co. pursuant to which any USD Securities offered and sold to or for the account or benefit of U.S. persons in accordance with the legend appearing thereon will be represented.

**"USD Securities"** means Securities denominated in U.S. dollars.

**"U.S. Internal Revenue Code"** means the United States Internal Revenue Code of 1986, as amended.

**"U.S. person"** has the meaning set out in Regulation S under the Securities Act.

**"U.S. Series"** means a series of Registered Securities all or a portion of which will be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.

**"Vendor"** means, in relation to a Series of Securities, the entity designated as the vendor of the Charged Assets in the Issue Terms.

**"Zero-Coupon Securities"** means an issue of Securities which bear no interest.

## **2. STATUTORY PROVISIONS**

Save where the context otherwise requires, references in any Transaction Document or Conditions Module to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or to any statutory instrument, order or regulation made thereunder or under any such re-enactment.

## **3. AMENDMENTS**

References in any Transaction Document or Conditions Module to that or any other Transaction Document, Conditions Module, agreement, deed or document shall be deemed also to refer to such module, agreement, deed or document as amended, supplemented, varied, replaced or novated (in whole or in part) from time to time and to modules, agreements, deeds and documents executed pursuant thereto.

## **4. SCHEDULES**

Any Schedule, Appendix or Exhibit annexed to a Transaction Document or Conditions Module forms part of such Transaction Document or Conditions Module and shall have the same force and effect as if set out in the body of such Transaction Document or Conditions Module. Any reference to a Transaction Document or Conditions Module shall include any such Schedule, Appendix or Exhibit.

## **5. HEADINGS**

Headings in any Transaction Document or Conditions Module and herein are for ease of reference only.

## **6. NUMBER**

In any Transaction Document or Conditions Module and herein, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

## **7. SUCCESSORS**

Save where the context otherwise requires, references in any Transaction Document or Conditions Module and herein to any party to the Transaction Documents or Conditions Module shall include references to its successors (or, in the case of a Reference Entity, its Successors (as defined in the Credit-Linked Definitions Module)) and assigns, whether in security or otherwise, whomsoever.



## 8. MISCELLANEOUS

In each Transaction Document or Conditions Module, unless otherwise specified in the Issue Terms or the contrary intention otherwise appears, a reference to:

(a) "**assets**" includes properties, revenues and rights of every description;

an "**authorisation**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration and notarisatio

a "**month**" is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that, if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that calendar month;

a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental body, agency, department or regulatory, self-regulatory or other authority or organisation; and

(b) a time of day is a reference to London time.

**CREDIT-LINKED DEFINITIONS MODULE JUNE 2012 EDITION**

**to be incorporated by reference into  
the Conditions and the Trust Instrument  
for an issue of repackaged Credit-Linked Securities  
arranged by  
HSBC BANK PLC**

## 1. DEFINITIONS

The following capitalised terms used in the Conditions and the Trust Instrument in respect of a Series of Credit-Linked Securities into which this Credit-Linked Definitions Module is incorporated shall have the meanings set out below, except where the context otherwise requires or as may be modified and/or supplemented by the Issue Terms and/or Trust Instrument in respect of such Securities:

**"2002 ISDA Master Agreement "** means the 2002 ISDA Master Agreement, as published by the International Swaps and Derivatives Association, Inc.

**"2005 Monoline Provisions"** means the "Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity" published on 21st January, 2005 by the International Swaps and Derivatives Association, Inc.

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

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

**"Accreting Obligation"** means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or

may accrete, whether or not (i) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (ii) periodic cash interest is also payable. With respect to any Accreting Obligation, "outstanding principal balance" shall mean the Accreted Amount thereof.

**"Accrued Fixed Amount"** means, for the purposes of a Series of Securities, an amount, expressed in the Currency of Issue, equal to the amount which would have been payable by the Counterparty to the Issuer under the credit derivative transaction described in Section A of the Charged Agreement (based on the fixed rate, day count fraction and calculation amount as set out therein) in respect of the period from (and including) the Interest Payment Date immediately preceding the Credit Event Notice Date (or, in the case of the first Interest Period, the Interest Commencement Date) to (but excluding) the Credit Event Notice Date (as may be converted at the relevant spot rate, if necessary).

**"Adjusted Outstanding Principal Amount"** in relation to a Security means (for purposes of determining the Interest Amount payable to the Securityholders in the case of a Portfolio CLS only), on any day, (i) the aggregate Outstanding Principal Amount of the Securities minus the sum of all Reference Amounts relating to Reference Entities with respect to which a Credit Event Notice Date has occurred but a Cash Settlement Date has yet to occur, plus the sum of all Cash Settlement Adjustment Amounts determined to and including such day, multiplied by (ii) a fraction of which the numerator is the Outstanding Principal Amount of such Security and the denominator is the aggregate Outstanding Principal Amount of all the Securities.

**"Adjustment Rounding Amount"** means an amount (if any) equal to the difference between the absolute value of the Early Redemption Adjustment and the liquidation value of such whole number of Deliverable Obligations as are not required to be Delivered by the Counterparty pursuant to the definition of **"Portfolio"**.

**"Affiliate"** means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Alternative Cash Settlement Amount"** has the meaning given to it in Condition CL7(b) (*Physical Settlement*).

**"Alternative Cash Settlement Date"** has the meaning given to it in Condition CL7(b) (*Physical Settlement*).

**"Assignable Loan"** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Assignable Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Loans.

**"Bankruptcy"** means a Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts

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

**"Basket Cash CLS"** has the meaning given to it in Condition CL1(e) (*Types of Credit-Linked Securities*).

**"Basket Physical CLS"** has the meaning given to it in Condition CL1(f) (*Types of Credit-Linked Securities*).

**"Best Available Information"** means:

- (a) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of **"Successor"**, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (b) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (a) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of **"Successor"**,

provided that information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.

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

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

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

**"Business Day"** means the Business Days as defined in the Bearer Securities Base Conditions Module and in the case of a Physically Settled CLS, for the purposes of Delivery of Deliverable Obligations, London and a day on which securities settlement systems are open for settlement of the relevant Deliverable Obligations.

**"Cancellation Notice"** means a notice given by the Counterparty prior to the Extended Maturity Date under the Charged Agreement upon making a determination in respect of a Reference Entity that:

- (a) no Potential Failure to Pay has occurred on or prior to the Initial Maturity Date; or
- (b) if a Potential Failure to Pay has occurred on or prior to the Initial Maturity Date, promptly upon making a determination that no Failure to Pay has occurred with respect to the relevant obligation.

**"Cash Redemption Amount"** means, as specified in the Issue Terms:

- (a) an amount equal to a specified percentage of the aggregate Outstanding Principal Amount of the Securities; or
- (b) an amount in the Currency of Issue equal to "CRA" as determined by the Calculation Agent in accordance with the formula below on the Valuation Date:

$$\text{CRA} = (\text{CN} \times \text{CP}) - (\text{RA} \times (100\% - \text{MD})) + \text{SS}$$

Where:

CN means an outstanding principal amount of the Charged Assets equal to the Credit Event Portion.

CP means the Proceeds from the sale of the Charged Assets.

RA means the Reference Amount in respect of the relevant Reference Entity.

MD means the Final Price of the Reference Obligation.

SS means the Swap Settlement Amount.

Provided that:

- (i) CRA shall be subject to (A) a minimum of zero and (B) a maximum equal to the Credit Event Portion of the Securities and an amount equal to the interest that would have accrued from the Interest Payment Date immediately preceding the Credit Event Notice Date to (and including) the Credit Event Notice Date.
- (ii) If the currency of the Charged Assets and/or the Reference Amount and/or the Swap Settlement Amount are not the Currency of Issue, the Calculation Agent shall convert such amounts into the Currency of Issue on the Valuation Date for the purposes of determining the formula above. Such currency conversion shall be in the manner, *mutatis mutandis*, as set out in the definition of "Currency Rate" or as otherwise specified in the Issue Terms.

**"Cash Settled CLS"** means any Credit-Linked Security which is redeemed by cash settlement upon delivery of a Credit Event Notice.

**"Cash Settlement Adjustment Amount"** means (for purposes of determining the Interest Amount payable to the Securityholders in the case of a Portfolio CLS only), on each relevant Cash Settlement Date, with respect to the relevant Reference Entity, the product of (i) the Reference Amount and (ii) the Reference Amount minus the Cash Settlement Amount with respect to such Reference Entity.

**"Cash Settlement Amount"** means an amount (converted into the Settlement Currency in a commercially reasonable manner) calculated in accordance with the formula below using the Bid quotations and Highest method as set out in the Swap Agreement (with respect to each Reference Obligation specified by the Counterparty on a Valuation Date):

$$\text{Cash Settlement Amount} = (100\% - RO_1) \times ROOP$$

where,

RO<sup>1</sup> means the Portfolio Final Price of the relevant Reference Obligation, expressed as a percentage;

ROOP means the Outstanding Principal Balance (or its equivalent in the Settlement Currency) of the relevant type or issue of Reference Obligations in the Reference Obligations Portfolio; and

Portfolio Final Price shall not exceed 100 per cent.

For the avoidance of doubt, in respect of each Reference Entity, the amounts referred to above shall be determined with respect to each type or issue of Reference Obligations in the Reference Obligations Portfolio and the Cash Settlement Amount shall be equal to the aggregate of the amounts so determined and for each Reference Entity, the Cash Settlement Amount may not exceed the Floating Rate Payer Calculation Amount in respect of such Reference Entity.

**"Cash Settlement Date"** means the date on which the Securityholders of a Cash Settled CLS are to be paid following the delivery of a Credit Event Notice. This date may be expressed in the Issue Terms as being a specified number of days after the date on which the Final Price of the Reference Obligation or, in the case of a Portfolio CLS, the Portfolio Final Price of each Reference Obligation in the Reference Obligations Portfolio in respect of the relevant Reference Entity, is determined.

**"Charged Asset Market Value"** means, with respect to Charged Assets, the highest Charged Asset Quotation obtained by the Calculation Agent from a Dealer. The Calculation Agent shall attempt to obtain Charged Asset Quotations from at least three Dealers (one of whom may be the Counterparty) with respect to each Credit Event Notice Date. If no Charged Asset Quotation is obtained, the Charged Asset Market Value shall be an amount as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

**"Charged Asset Quotation"** means, in respect of Charged Assets in a principal amount equal to the relevant Credit Event Portion of the Securities, each firm quotation (being a bid quotation) (and, for the avoidance of doubt, including accrued interest thereon) obtained by the Calculation Agent from a Dealer and expressed as a percentage, with respect to a Credit Event Notice Date. For the avoidance of doubt the Calculation Agent may (with the agreement of the Selling Agent) obtain quotations for the Charged Assets in one single tranche or in smaller tranches as it considers appropriate.

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

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

**"Consent Required Loan"** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Consent Required Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within the Deliverable Obligation Category that are Loans.



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

**"Counterparty Final IRS Amount"** has the meaning given to it in Condition CL4(a)(ii)(A) (*Interest*).

**"Credit Derivatives Definitions"** means the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement thereto, each as published by the International Swaps and Derivatives Association, Inc.

**"Credit Event"** means one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring as specified in the Issue Terms as determined by the Counterparty in its sole and absolute discretion (save that such determination shall be confirmed by Publicly Available Information). If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable an Underlying Obligor to enter into any Underlying Obligation, (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Event Notice"** means an irrevocable notice from the Counterparty in accordance with the Charged Agreement to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent that describes a Credit Event that (unless otherwise specified in the Issue Terms) occurred at or after 12:01 a.m., Greenwich Mean Time, on the Credit Linkage Commencement Date and at or prior to 11:59 p.m., Greenwich Mean Time, on the latest of:

- (a) the Initial Maturity Date; and
- (b) the Grace Period Extension Date, if:
  - (i) Grace Period Extension is specified to apply in the Issue Terms;
  - (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Initial Maturity Date; and
  - (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs at or prior to 11:59 p.m., Greenwich Mean Time, on the Initial Maturity Date;

unless the parties specify an alternative time in the Issue Terms.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of

the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

A Credit Event Notice shall be subject to the requirements regarding notices set out in Condition CL3(f) (*Notices*).

**"Credit Event Notice Date"** means, in respect of any Credit Event, the date on which the related Credit Event Notice is effective in accordance with Condition CL3(f) (*Notices*).

**"Credit Event Portion"** means, in the case of any Credit Event, a principal amount of the Securities equal to:

- (a) in the case of a Basket Cash CLS or Basket Physical CLS, (i) the Reference Amount of the Reference Entity in respect of which the Credit Event Notice has been given expressed as a proportion of the aggregate of the Reference Amounts of all the Reference Entities specified in the Issue Terms multiplied by (ii) the initial aggregate principal amount of the Securities; or
- (b) in the case of a Portfolio CLS, the Sale Notional Amount; or
- (c) in all other cases, unless otherwise specified in the Issue Terms, 100 per cent. of the then aggregate outstanding principal amount of the Securities.

**"Credit Linkage Commencement Date"** has the meaning given to it in Condition CL2(a) (*Credit Event Terms*) and shall be as set out in the Issue Terms.

**"Credit Protection Provider"** means, during the terms of their respective credit default swap transactions with the Counterparty, each direct or indirect provider (other than the Issuer and the Securityholders) of credit protection to the Counterparty in respect of a portfolio comprising all the Reference Entities set out in the Issue Terms.

**"Cumulative Portfolio Settlement Amount"** means with respect to any Valuation Date, the sum of all Cash Settlement Amounts in respect of all Valuation Dates occurring from the Credit Linkage Commencement Date to and including such Valuation Date.

**"Currency Amount"** means, whenever an amount is denominated in a currency other than the Settlement Currency and is specified in the Conditions or the Swap Agreement to be determined by reference to a Currency Amount, such amount converted to the relevant Settlement Currency using the Currency Rate.

**"Currency Rate"** means (a) the rate determined by the Calculation Agent equal to the rate of conversion of the currency of the Deliverable Obligation into the Settlement Currency by reference to (i) if the Settlement Currency is U.S. Dollars, the Federal Reserve Bank of New York 10.00 a.m. (New York time) mid-point rate as displayed on Reuters Page FEDSPOT on (in the case of calculations to be made on the Settlement Valuation Date) the Settlement Valuation Date, or (in all other cases) on such relevant date as determined by the Calculation Agent or in such other commercially reasonable manner as it shall determine, or (ii) if the Settlement Currency is euro, the MEAN price as displayed on Reuters Page EUROFX/1 as of 12.00 noon (London time) on (in the case of calculations to be made on the Settlement Valuation Date) the Settlement Valuation Date or (in all other cases) on such relevant date as determined by the Calculation Agent or in such other commercially

reasonable manner as it shall determine, or (b) if the Settlement Currency is not U.S. Dollars or euro, the rate determined by the Calculation Agent in a commercially reasonable manner.

**"Dealer"** means, a dealer in obligations of the type of Obligation(s) or Charged Assets (as the case may be) for which quotations are to be obtained (as selected by the Calculation Agent) and may include the Counterparty or its Affiliate as one Dealer or as may otherwise be specified in the Issue Terms.

**"Default Requirement"** means the amount as may be specified as such in the Issue Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not so specified in the Issue Terms, U.S.\$10,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Credit Event.

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

**"Deliverable Obligation"** means, subject to Conditions CL10(c) and (d) (*Restructuring Credit Event Applicable*):

- (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the Issue Terms, as provider of any Qualifying Guarantee), as selected by the Counterparty in its absolute and sole discretion, described by the Deliverable Obligation Category and having each of the Deliverable Obligation Characteristics, in each case, as of the Delivery Date (but excluding any Excluded Deliverable Obligation) that is (i) payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in the definition of **"Credit Event"**) or right of set off by or of a Reference Entity or any applicable Underlying Obligor, and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of nonpayment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;

- (b) subject to the second paragraph in the definition of "Not Contingent", each Reference Obligation, unless specified in the Issue Terms as an Excluded Deliverable Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in the definition of "**Credit Event**") or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of nonpayment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (d) any other obligation of a Reference Entity specified as such in the Issue Terms.

The definition of "Deliverable Obligation" above applies to a Physically Settled CLS and in the case of a Cash Settled CLS, references to "Delivery Date" shall be deemed to be references to "Valuation Date".

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

**"Deliverable Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

**"Delivery Date"** means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.

**"Direct Loan Participation"** means a Loan in respect of which, pursuant to a participation agreement, the Counterparty is capable of creating, or procuring the creation of, a contractual right in favour of a third party, that provides such party with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the relevant Securityholder or its designee and either (x) the Counterparty or its designee (to the extent the Counterparty or such designee is then a lender or a member of the relevant lending syndicate), or (y) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate) and, if specified as applicable to a Deliverable Obligation Category, the Direct

Loan Participation Deliverable Obligation Characteristic shall be applicable only in respect of obligations within the Deliverable Obligation Category that are Loans.

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

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

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

**"Early Redemption Adjustment"** means an amount calculated by the Calculation Agent on the Settlement Valuation Date as the sum of:

- (a) (i) Proceeds multiplied by the Notional Amount of the Charged Assets being sold pursuant to Condition CL5 (*Sale of Charged Assets*) minus (ii) the Reference Amount; *plus*
- (b) the Swap Settlement Amount; *plus*
- (c) the Accrued Fixed Amount,

provided that if the currency of the Charged Assets and/or the Swap Settlement Amount is not the Currency of Issue, the Calculation Agent shall convert such amounts into the Currency of Issue on the Settlement Valuation Date for the purposes of determining the formula above. Such currency conversion shall be in the manner as set out in the definition of "Currency Rate" or as otherwise specified in the Issue Terms.

**"Eligible Bidders"** means:

- (a) in the case of all Credit-Linked Securities referred to in paragraphs (a) to (f) of Condition CL1 (*Types Of Credit-Linked Securities*), five or more Dealers; and
- (b) in the case of all Portfolio CLS at least six Dealers (one of whom may be the Counterparty) and the Credit Protection Providers.

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

- (a) (i) any bank or other financial institution;
- (ii) an insurance or reinsurance company;

- (iii) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in clause (c)(i) below); and
  - (iv) a registered or licensed broker or dealer (other than a natural person or proprietorship),
- provided, however, in each case that such entity has total assets of at least U.S.\$500 million;
- (b) an Affiliate of an entity specified in the preceding clause (a);
  - (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
    - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least U.S.\$100 million or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.\$100 million; or
    - (ii) that has total assets of at least U.S.\$500 million; or
    - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in clauses (a), (b), (c)(ii) or (d); and
  - (d) a Sovereign, Sovereign Agency or Supranational Organisation;

and where all references in this definition to U.S.\$ include equivalent amounts in other currencies.

**"Equity Securities"** means:

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

**"Escrow"** means, if Escrow is specified in the Issue Terms as applicable, either the Issuer or the Counterparty or the Securityholders may require that physical settlement take place through the use of an Escrow Agent.

**"Escrow Agent"** means a financial institution that the parties to the Swap Agreement specify as such (or if a person is not so specified, an independent third party financial

institution specified by the Counterparty prior to the Settlement Commencement Date, subject to the terms of the escrow arrangement).

**"European Reference Entity"** means any Reference Entity specified as such in the Issue Terms.

**"Event Determination Notice"** has the meaning given to it in Condition CL3(b) (*Notices*).

**"Exchangeable Obligation"** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation). With respect to any Exchangeable Obligation that is not an Accreting Obligation, "outstanding principal balance" shall exclude any amounts that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

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

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

**"Extended Maturity Date"** means, where an Extension Notice has been served, the Grace Period Extension Date.

**"Extension Notice"** means a notice from the Counterparty to the Issuer, the Trustee, the Principal Paying Agent and the Calculation Agent giving notice that a Potential Failure to Pay has occurred or may occur in relation to a Reference Entity on or prior to the Initial Maturity Date.

An Extension Notice shall be subject to the requirements regarding notices set out in Condition CL3(f) (*Notices*).

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

**"Final Delivery Date"** has the meaning given to in Condition CL7 (*Physical Settlement*).

**"Final Price"** means the price of the Reference Obligation, Deliverable Obligation or Undeliverable Obligation, expressed as a percentage determined in accordance with either the Highest method or the Market method, as specified in the Issue Terms. If no such method is specified in the Issue Terms, it shall be in accordance with Highest. However, if Quotations include Weighted Average Quotations or fewer than two Full Quotations are obtained, it shall be in accordance with Market.

**"Final Valuation Date"** has the meaning given to in Condition CL7 (*Physical Settlement*).

**"First-to-Default Cash CLS"** has the meaning given to it in Condition CL1(c) (*Types of Credit-Linked Securities*).

**"First-to-Default Physical CLS"** has the meaning given to it in Condition CL1(d) (*Types of Credit-Linked Securities*).

**"Floating Rate Payer Calculation Amount"** has the meaning given to it in Condition CL2(e) (*Credit Event Terms*) and shall be as set out in the Issue Terms and is also referred to as the **"Reference Amount"**.

**"Full Quotation"** means, in accordance with the bid quotations provided by the Eligible Bidders, each firm quotation (expressed as a percentage of the Outstanding Principal Balance) obtained from an Eligible Bidder at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation, Deliverable Obligation or, as the case may be, Undeliverable Obligations with an Outstanding Principal Balance equal to the Quotation Amount.

**"Fully Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition. For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of "Fully Transferable Obligation", such determination shall be made (in the case of a Physically Settled CLS) as of the Delivery Date or, as the case may be (in the case of a Cash Settled CLS), the Valuation Date for the relevant Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Counterparty.

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

**"Grace Period"** means, subject to sub-clause (i) and (ii) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Credit Linkage Commencement Date and the date as of which such Obligation is issued or incurred, provided that (i) if Grace Period Extension is specified in the Issue Terms as applicable, a Potential Failure to Pay has occurred on or prior to the Initial Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Initial Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the Issue Terms or, if no period is specified, 30 calendar days; and (ii) if at the later of the Credit Linkage Commencement Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace



Period Extension is specified as applicable in the Issue Terms, such deemed Grace Period shall expire no later than the Initial Maturity Date.

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

**"Grace Period Extension Date"** means, if (a) Grace Period Extension is specified as applicable in the Issue Terms and (b) a Potential Failure to Pay occurs on or prior to the Initial Maturity Date, the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If Grace Period Extension is not specified as applicable in the Issue Terms, Grace Period Extension shall not apply. If (i) Grace Period Extension is specified as applicable in the Issue Terms, (ii) a Potential Failure to Pay occurs on or prior to the Initial Maturity Date and (iii) a Credit Event Notice Date in respect of that Failure to Pay does not occur during the Notice Delivery Period, the Grace Period Extension Date will be the Maturity Date (even if a Failure to Pay occurs after the Initial Maturity Date).

**"Highest"** means, in relation to the calculation of a Final Price, the highest Quotation obtained by the Calculation Agent with respect to the Relevant Valuation Date.

**"Indicative Quotation"** shall mean each bid quotation obtained from a Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation equal to the Quotation Amount, which reflects such Dealer's reasonable assessment of the price of such Undeliverable Obligation based on such factors as such Dealer may consider relevant, which may include historical prices and recovery rates.

**"Initial Maturity Date"** has the meaning given to it in Condition CL2(d) (*Credit Event Terms*) and shall be as set out in the Issue Terms.

**"Issuer Account"** means an account held by the Issuer with the Principal Paying Agent at its London office.

**"Listed"** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange and, if specified as applicable to an Obligation Category, the Listed Obligation Characteristic shall be applicable only in respect of obligations within that Obligation Category that are Bonds or, if specified as applicable to a Deliverable Obligation Category, the Listing Deliverable Obligation Characteristics shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

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

**"Lower Band"** means the amount in the currency specified in the Issue Terms.

**"Market"** means, in relation to the calculation of a Final Price, the Market Value determined by the Calculation Agent with respect to the Relevant Valuation Date.

**"Market Value"** means, with respect to a Reference Obligation, Deliverable Obligation or, as the case may be, Undeliverable Obligation on a Relevant Valuation Date, (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations,

disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) only in the case of Undeliverable Obligations in the case of this item, if Indicative Quotations are specified to apply in the Issue Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (f) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and if Indicative Quotations are applicable, less than three Indicative Quotations are obtained), an amount is determined by the Calculation Agent on the next Business Day on which at least two Full Quotations, Weighted Average Quotation or if applicable three Indicative Quotations are obtained; and (g) if the Quotations are deemed to be zero, the Market Value shall be zero.

**"Maximum Maturity"** means an obligation that has a remaining maturity from (in the case of a Physically Settled CLS) the Physical Settlement Date or, as the case may be, (in the case of a Cash Settled CLS) the Valuation Date of not greater than (a) the period specified in the Issue Terms or (b) if no such period is specified in the Issue Terms, 30 years.

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

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

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

**"Multiple Holder Obligation"** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to  $\frac{662}{3}$  is required to consent to the event which constitutes a Restructuring Credit Event, provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii) above.

**"Not Bearer"** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream International or any other internationally recognised clearing system, and, if specified as applicable to a Deliverable Obligation Category, the Not Bearer Deliverable Obligation

Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

**"Not Contingent"** means any obligation having as of the Delivery Date and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Deliverable Obligations that are Not Contingent if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date. The definition of "Not Contingent" above applies to both Physically Settled CLS and Cash Settled CLS, and references to "Delivery Date" shall be deemed to be references to "Valuation Date".

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (A) and (B) of paragraph (i) above have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

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

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

**"Not Domestic Law"** means any obligation that is not governed by the laws of (A) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (B) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign.

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

**"Not Subordinated"** means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified in the Issue Terms, any unsubordinated Borrowed Money obligation of the Reference Entity. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (1) the Credit Linkage Commencement Date and (2) the date on which such Reference Obligation was

issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date.

**"Notice Delivery Period"** means the period from and including the Credit Linkage Commencement Date to and including (a) the Initial Maturity Date; or (b) the Grace Period Extension Date if (i) Grace Period Extension is specified to apply in the Issue Terms, (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Initial Maturity Date and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Initial Maturity Date.

**"Notice of Physical Settlement"** means a notice in accordance with the Charged Agreement from the Counterparty to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent that (i) irrevocably confirms that the Counterparty will settle the credit default swap transaction comprised within the relevant Swap Agreement and require performance in accordance with the physical settlement method, (ii) specifies the Settlement Commencement Date and (iii) contains a detailed description of the Deliverable Obligations that the Counterparty will, if Physical Settlement is applicable, Deliver to or to the order of the Issuer, provided always that any Delivery of the Portfolio may be subject to reduction to take account of any negative Early Redemption Adjustment. The Counterparty may notify the Issuer that the Counterparty is changing one or more Deliverable Obligations to be Delivered (to the extent such Deliverable Obligation has not previously been Delivered) or the detailed description thereof, but each such notice must be effective on or prior to the relevant Delivery Date (determined without reference to any such change). Notwithstanding the foregoing, the Counterparty may correct any errors or inconsistencies in the detailed description of the Deliverable Obligations by notice to the Issuer prior to the relevant Delivery Date.

A Notice of Physical Settlement shall be subject to the requirements regarding notices set out in Conditions CL3(e) and (f) (*Notices*).

**"Notice of Physical Settlement Date"** has the meaning given to it in Condition CL3(e) (*Notices*).

**"Notional Amount"** means the aggregate principal amount of Charged Assets outstanding from time to time.

**"Obligation"** means (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the Issue Terms, as provider of any Qualifying Guarantee) described by the Obligation Category specified in the Issue Terms, and having the Obligation Characteristics specified in the Issue Terms (but excluding any Excluded Obligation), in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice, (b) each Reference Obligation, unless specified in the Issue Terms as an Excluded Obligation, and (c) any other obligation of a Reference Entity specified as such in the Issue Terms.

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

**"Obligation Category"** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the Issue Terms.

**"Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance as specified in the Issue Terms.

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

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

**"Outstanding Amount"** has the meaning given to it in Condition CL10(b) (*Restructuring Credit Event Applicable*).

**"Outstanding Principal Balance"** means:

- (i) with respect to any Accreting Obligation, the Accreted Amount thereof;
- (ii) with respect to any Exchangeable Obligation that is not an Accreting Obligation, the outstanding principal balance of such obligation excluding any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities into which such obligation is exchangeable; and
- (iii) with respect to any other Obligation, the outstanding principal balance of such Obligation.

**"Overnight Rate"** has the meaning given to it in Condition CL4(a)(ii)(A) (*Interest*).

**"Partial Redemption Amount"** has the meaning given to it in Condition CL10(a) (*Restructuring Credit Event Applicable*).

**"Payable Cash Settlement Amount"** means, with respect to any Valuation Date:

- (a) in the event that the Cumulative Portfolio Settlement Amount is equal to or less than the Lower Band, the Payable Cash Settlement Amount shall be zero; or
- (b) in the event that the Cumulative Portfolio Settlement Amount (excluding Cash Settlement Amount(s) calculated on such Valuation Date or, if a Cash Settlement Amount is calculated for more than one Reference Entity on such Valuation Date, the aggregate amount of such Cash Settlement Amounts) equals or exceeds the Lower Band but does not exceed the Upper Band, the Payable Cash Settlement Amount shall be equal to the Cash Settlement Amount (or, if a Cash Settlement Amount was calculated for more than one Reference Entity on the relevant Valuation Date, the aggregate amount of Cash Settlement Amounts calculated on such Valuation Date in respect of such Reference Entities); provided however that if such Cash Settlement Amount (or aggregate amount of such Cash Settlement

Amounts) causes the Cumulative Portfolio Settlement Amount to exceed the Upper Band then the Payable Cash Settlement Amount shall be reduced by the amount by which the Cumulative Portfolio Settlement Amount exceeds the Upper Band; or

- (c) in the event that the Cumulative Portfolio Settlement Amount (excluding Cash Settlement Amount(s) calculated on such Valuation Date or, if a Cash Settlement Amount is calculated for more than one Reference Entity on such Valuation Date, the aggregate amount of such Cash Settlement Amounts) is less than the Lower Band but the Cash Settlement Amount (or aggregate thereof) calculated on such Valuation Date causes the Cumulative Portfolio Settlement Amount to exceed the Lower Band, the Payable Cash Settlement Amount shall be equal to the amount by which the Cumulative Portfolio Settlement Amount then exceeds the Lower Band, subject to a maximum of the difference between the Upper Band and the Lower Band.

**"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.

**"Payment Requirement"** means the amount specified as such in the Issue Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not so specified in the Issue Terms, U.S.\$1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Permitted Currency"** means (a) the legal tender of any Group of Seven country (or any country that becomes a member of the Group of Seven if such Group of Seven expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by S&P, Aaa or higher assigned to it by Moody's or AAA or higher assigned to it by Fitch.

**"Physical Determination Date"** has the meaning given to it in Condition CL3(e) (*Notices*).

**"Physical Settlement Date"** means the last day of the longest Physical Settlement Period following the Settlement Commencement Date.

**"Physical Settlement Period"** means the number of Business Days specified as such in the Issue Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent.

**"Physically Settled CLS"** means any Credit-Linked Security which is redeemed (or intended to be redeemed) by physical settlement upon the delivery of a Credit Event Notice.

**"Portfolio"** means Deliverable Obligations as selected by the Counterparty in its sole discretion, having an Outstanding Principal Balance (or the equivalent Currency Amount) on the Settlement Valuation Date up to the aggregate Outstanding Principal Amount of the Securities, subject to reduction (but only where the Early Redemption Adjustment is negative) in an amount of Deliverable Obligations (as may be selected by the Calculation Agent in its sole discretion) having a liquidation value (determined by the Calculation Agent

in its sole discretion as of the Settlement Valuation Date) equal to the absolute value of the Early Redemption Adjustment rounded upwards to the nearest whole Deliverable Obligation.

**"Portfolio Charged Asset Market Value"** means, with respect to Charged Assets, the highest Portfolio Charged Asset Quotation obtained by the Calculation Agent from a Dealer. The Calculation Agent shall attempt to obtain Portfolio Charged Asset Quotations from at least six Dealers (one of whom may be the Counterparty) with respect to each Required Notional Amount Determination Date. If no Portfolio Charged Asset Quotation is obtained, the Portfolio Charged Asset Market Value shall be an amount as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

**"Portfolio Charged Asset Quotation"** means, in respect of Charged Assets in a principal amount equal to the relevant Required Notional Amount, each firm quotation (being a bid quotation) (and, for the avoidance of doubt, including accrued interest thereon) obtained by the Calculation Agent from a Dealer or the Counterparty and expressed as a percentage, with respect to a Required Notional Amount Determination Date.

**"Portfolio CLS"** has the meaning given to it in Condition CL1(g) (*Types of Credit-Linked Securities*).

**"Portfolio Final Price"** means, in respect of each Reference Obligation in the Reference Obligations Portfolio, unless otherwise specified in the Issue Terms, the highest quotation obtained by the Calculation Agent from an Eligible Bidder in accordance with the provisions below:

- (a) The Calculation Agent shall attempt to obtain Full Quotations from the Eligible Bidders with respect to the relevant Valuation Date.
- (b) If the Calculation Agent is unable to obtain from Eligible Bidders at least two Full Quotations on the Valuation Date, then the Calculation Agent shall attempt to obtain Full Quotations from all Eligible Bidders on each subsequent Business Day or until the date on which at least two Full Quotations are obtained.
- (c) If the Calculation Agent is unable to obtain from Eligible Bidders two Full Quotations on or before the third Business Day following the Valuation Date, then the Calculation Agent shall on each subsequent Business Day attempt to obtain (a) Full Quotations from all Eligible Bidders and (b) (from the Counterparty and/or Dealers only) a Weighted Average Quotation.
- (d) If the Calculation Agent is unable to obtain two Full Quotations from Eligible Bidders or (from the Counterparty and/or Dealers) a Weighted Average Quotation on or before the 10th Business Day following the Valuation Date, then the Calculation Agent shall on each subsequent Business Day attempt to obtain either (a) one Full Quotation from all Eligible Bidders or (b) (from the Counterparty and/or Dealers) a Weighted Average Quotation.
- (e) If the Calculation Agent is unable to obtain one Full Quotation from an Eligible Bidder or (from the Counterparty and/or Dealers) a Weighted Average Quotation in the period from and including the 11th Business Day following the Valuation Date

to and including the 15th Business Day following the Valuation Date, the Portfolio Final Price shall be deemed to be zero.

**"Potential Cash Settlement Event"** means an event beyond the control of the Issuer and/or the Counterparty (including, without limitation, failure of the relevant clearance system; or the non-receipt of any requisite consent from a Reference Entity, any agent or any trustee; or due to any law, regulation or court order or any contractual, statutory and/or regulatory restriction relating to the relevant Deliverable Obligation, or due to the failure of the Securityholder to give the Issuer details of accounts for settlement; or a failure of the Securityholder to open or procure the opening of such accounts or if the Securityholders are unable to accept Delivery of the Portfolio for any other reason).

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

**"Proceeds"** means either (i) the price at which the Charged Assets are liquidated on or about the Credit Event Notice Date expressed as a percentage of the Notional Amount (or, as the case may be, the relevant portion thereof) or (ii) in the event that the Charged Assets have been redeemed, the proceeds expressed as a percentage of the Notional Amount (or, as the case may be, the relevant portion thereof) and, in each case, including any interest accrued thereon.

**"Public Source"** means each source of Publicly Available Information specified as such in the Issue Terms (or, if a source is not so specified, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**"Publicly Available Information"** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in a Credit Event Notice has occurred and which (a) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if the Counterparty or any of its Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Counterparty or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation, (b) is information received from or published by (i) a Reference Entity that is not a party to the relevant Charged Agreement (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (ii) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation, (c) is information contained in paragraph (d) of the definition of "Bankruptcy" against or by a Reference Entity or (d) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body. In relation to any information of any type described in (b), (c) and (d) above, the party receiving such information may assume that such information has been disclosed to it without violating any



law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties. Publicly Available Information need not state:

- (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
- (ii) that such occurrence:
  - (A) has met the Payment Requirement or Default Requirement;
  - (B) is the result of exceeding any applicable Grace Period; or
  - (C) has met the subjective criteria specified in certain Credit Events.

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

**"Qualifying Guarantee"** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced, or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

In the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:

- (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
- (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the Issue Terms from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the Issue Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.

- (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Issue Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (v) The terms "Outstanding Principal Balance" and "Due and Payable Amount" (as they are used in the Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "Outstanding Principal Balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

**"Qualifying Participation Seller"** means any Participation seller that meets the requirements specified. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Quotation"** means, in respect of Reference Obligations, Deliverable Obligations and Undeliverable Obligations, as the case may be, each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Relevant Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Relevant Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Relevant Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the applicable Relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Relevant Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.
- (b)
  - (i) If "Include Accrued Interest" is specified in the Issue Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;

- (ii) if "Exclude Accrued Interest" is specified in the Issue Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
  - (iii) if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the Issue Terms in respect of Quotations, the Calculation Agent shall determine, based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

**"Quotation Amount"** means:

- (i) with respect to a Reference Obligation, the amount specified in the Issue Terms (which may be specified by reference to an amount in a currency or by reference to Representative Amount) or, if no amount is so specified, the Reference Amount (or, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained);
- (ii) with respect to each type or issue of Deliverable Obligation to be Delivered on or before the Physical Settlement Date, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (i) above) of such Deliverable Obligation; and
- (iii) with respect to each type or issue of Undeliverable Obligation, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (i) above) of such Undeliverable Obligation.

**"Reference Amount"** has the meaning given to it in Condition CL2(e) (*Credit Event Terms*) and shall be as set out in the Issue Terms and is also referred to as the **"Floating Rate Payer Calculation Amount"**.

**"Reference Entity"** or **"Reference Entities"** means the reference entity or reference entities specified in the Issue Terms. Any Successor to a Reference Entity as described in the definition of **"Successor"** shall be the Reference Entity for the relevant Securities, the terms of which as may be modified pursuant to Condition CL9 (*Succession Event Applicable*).

**"Reference Obligation"** means (a) the Reference Obligation specified in the Issue Terms and (b) any Substitute Reference Obligation.

**"Reference Obligations Only"** means any obligation that is a Reference Obligation and no Obligation Characteristics or, as the case may be, Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only.

**"Reference Obligations Portfolio"** means with respect to each Reference Entity, one or more types or issues of Reference Obligations selected by the Calculation Agent with, in the aggregate, an Outstanding Principal Balance (or the equivalent thereof, converted in accordance with the Swap Agreement) not in excess of the Floating Rate Payer Calculation Amount specified in the Issue Terms for such Reference Entity.

**"Reference Price"** means the percentage specified as such in the Issue Terms or, if a percentage is not so specified, 100 per cent.

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

**"Relevant Valuation Date"** means the Settlement Valuation Date, Valuation Date, Final Valuation Date or Undeliverable Loan Valuation Date, as the case may be.

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

**"Repudiation/Moratorium"** means a Reference Entity or a Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (b) declares or imposes a moratorium, standstill or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement.

**"Required Notional Amount"** means, following an Credit Event Notice Date, a nominal amount of the Charged Assets such that the sale proceeds thereof (at the Charged Asset Market Value as determined by the Calculation Agent) equal to the sum of (a) the relevant Payable Cash Settlement Amount minus, (b) the relevant Swap Settlement Amount plus (c) any costs and expenses associated with such sale PROVIDED THAT where the Required Notional Amount as so determined would exceed the then outstanding principal amount of the Charged Assets, **"Required Notional Amount"** shall mean the outstanding principal amount of the Charged Assets.

**"Required Notional Amount Determination Date"** means, following a Credit Event Notice Date, a day determined by the Calculation Agent in its absolute discretion being no earlier than the relevant Valuation Date and no later than the first Business Day prior to the relevant Cash Settlement Date.

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

**"Restructuring"** means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Issue Date and the date as of which such Obligation is issued or incurred:
  - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
  - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.
- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
  - (i) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
  - (ii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- (c) For purposes of (a) and (b) above and (d) below, the term "Obligation" shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the Issue Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference

Entity in (a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) shall continue to refer to the Reference Entity.

- (d) Unless Multiple Holder Obligation is specified as not applicable in the Issue Terms, then, notwithstanding anything to the contrary in (a), (b) or (c) above, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

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

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

**"Rounding Proceeds"** means, where the Required Notional Amount is not an integral multiple of the authorised denomination of the Charged Assets, the proceeds of sale of the Charged Assets corresponding to the amount by which the Required Notional Amount was rounded up to the Sale Notional Amount, as may be converted into the Currency of Issue (if different) at a rate to be determined by the Calculation Agent in its sole discretion.

**"Sale Notional Amount"** means the Required Notional Amount or, where the Required Notional Amount of Charged Assets as determined by the Calculation Agent is not an integral multiple of the authorised denomination of the Charged Assets, the nearest integral multiple of the authorised denomination of the Charged Assets to which the Required Notional Amount shall be rounded up by the Calculation Agent.

**"Settlement Commencement Date"** has the meaning given to it in Condition CL3(e) (*Notices*), provided that if Physical Settlement is not possible and the Final Price has not been determined by the Settlement Commencement Date, the Settlement Commencement Date shall be the first Business Day after the Final Price is determined.

**"Settlement Currency"** means the currency specified in the Issue Terms or, if no currency is so specified, the currency of denomination of the Reference Amount.

**"Settlement Date"** means either the Cash Settlement Date or the Physical Settlement Date, as applicable.

**"Settlement Valuation Date"** means the Business Day immediately preceding the Settlement Commencement Date.

**"Single Name Cash CLS"** has the meaning given to it in Condition CL1(a) (*Types of Credit-Linked Securities*).

**"Single Name Physical CLS"** has the meaning given to it in Condition CL1(b) (*Types of Credit-Linked Securities*).

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

**"Sovereign Agency"** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**"Sovereign Restructured Deliverable Obligation"** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the Issue Terms, and, subject as set out in the definition of "Deliverable Obligation Category", having each of the Deliverable Obligation Characteristics, if any, specified in the Issue Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

**"Specified Currency"** means an obligation that is payable in the currency or currencies specified as such in the Issue Terms (or, if Specified Currency is specified in the Issue Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies may be referred to collectively as the **"Standard Specified Currencies"**).

**"Subordination"** means, with respect to an obligation (the **"Subordination Obligation"**) and another obligation of the Reference Entity to which such obligation is being compared (the **"Senior Obligation"**), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. **"Subordinated"** will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall not be taken into account where the Reference Entity is a Sovereign.

**"Substitute Reference Obligation"** means one or more obligations of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the Issue Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any

Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.

- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* (or, if no such Obligation exists, then, at the Counterparty's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the Credit Linkage Commencement Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, of the delivery and payment obligations of the parties to the relevant credit default swap transaction comprised within the Swap Agreement and (3) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the Issue Terms, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to the relevant credit default swap transaction comprised within the Swap Agreement, any of the events set forth under (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to the relevant credit default swap transaction comprised within the Swap Agreement, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation in relation to the relevant credit default swap transaction comprised within the Swap Agreement, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations, or (ii) only one specific Reference Obligation is identified as a Reference Obligation in relation to the relevant credit default swap transaction



comprised within the Swap Agreement, any of the events set forth under section (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the later of the Initial Maturity Date and the Grace Period Extension Date (if any). If (i) either Cash Settlement is applicable and the Cash Redemption Amount is determined by reference to a Reference Obligation or Physical Settlement is applicable and the Reference Obligation is the only Deliverable Obligation and (ii) on or prior to the later of the Initial Maturity Date and the Grace Period Extension Date, a Substitute Reference Obligation has not been identified, the parties' obligations to each other under the relevant credit default swap transaction comprised within the Swap Agreement shall cease as of the later of the Initial Maturity Date and the Grace Period Extension Date.

- (f) For purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

**"Succession Event"** means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, "Succession Event" shall not include an event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin off or other similar event.

**"Successor"** means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set out below:
  - (i) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor, and the credit derivative transaction as evidenced by the Charged

Agreement will be divided in accordance with Section 2.2(e) of the Credit Derivatives Definitions;

- (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor, and the credit derivative transaction as evidenced by the Charged Agreement will be divided in accordance with Section 2.2(e) of the Credit Derivatives Definition;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity and the credit derivatives transaction evidenced by the Charged Agreement will not be changed in any way as a result of the Succession Event; and
  - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor;
- (b) in relation to a Sovereign Reference Entity, any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

In the case of (a) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set out in (a)(i) to (vi) above have been met, or which entity qualifies under (a)(vi) above, as applicable. In calculating the percentages used to determine whether the relevant thresholds set out in (a) above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall notify the Issuer, the Counterparty and the Trustee of such calculation.

For the purposes of this definition of "**Successor**", "**succeed**" means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchangeable for the Relevant Obligations (or as applicable obligations), and in either case such Reference Entity is no longer an obligor

(primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations).

Where:

- (A) a Reference Obligation is specified in the Issue Terms; and
- (B) one or more Successors to the Reference Entity have been identified; and
- (C) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of **"Substitute Reference Obligation"**.

**"Supranational Organisation"** means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

**"Swap Settlement Amount"** means the termination amount (if any), in the Currency of Issue unless otherwise specified in the Issue Terms, (a) that would have been payable by the Issuer to the Counterparty in respect of the early termination of a proportion of the interest rate and/or cross-currency derivative transaction (including, without limitation, caps and floors) described in Section B of the Charged Agreement (expressed as a negative number) equal to the Credit Event Portion of the Securities expressed as a percentage of the initial aggregate principal amount of the Securities or (b) that would have been payable to the Issuer by the Counterparty in respect of the early termination of a proportion of the interest rate and/or cross-currency derivative transaction (including, without limitation, caps and floors) described in Section B of the Charged Agreement (expressed as a positive number) equal to the Credit Event Portion of the Securities expressed as a percentage of the initial aggregate principal amount of the Securities, as determined by the Calculation Agent on the basis of a hypothetical swap agreement on such date as the Counterparty may determine (which may be on the Credit Event Notice Date) without taking into account the consequences of the occurrence of the relevant Credit Event Notice Date.

**"Transferable"** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

- (A) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
- (B) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds,

and, if specified as applicable to a Deliverable Obligation Category, the Transferable Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are not Loans.

**"Upper Band"** means the amount in the currency specified in the Issue Terms.

**"Undeliverable Loan Date"** has the meaning given to it in Condition CL7 (*Physical Settlement*).

**"Undeliverable Loan Valuation Date"** has the meaning given to it in Condition CL7 (*Physical Settlement*).

**"Undeliverable Obligation"** has the meaning given to it in Condition CL7 (*Physical Settlement*).

**"Valuation Date"** means the date that is the number of calendar days or Business Days (as specified in the Issue Terms) after the Credit Event Notice Date (or in the case of a Basket Cash CLS or Portfolio CLS, each Credit Event Notice Date) or, if no number is so specified, the date that is five Business Days after the Credit Event Notice Date.

**"Valuation Time"** means the time specified in the Issue Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation or Undeliverable Obligation, as the case may be.

**"Voting Shares"** shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Weighted Average of the Adjusted Outstanding Principal Amount"** means, with respect to an Interest Period, the weighted daily average of the Adjusted Outstanding Principal Amount during such Interest Period, calculated by (i) determining the sum of the Adjusted Outstanding Principal Amounts of such Security on each day during such Interest Period and (ii) dividing such sum by the number of days in such Interest Period.

**"Weighted Average Quotation"** means, in accordance with the bid quotations provided by the Eligible Bidders, the weighted average of firm quotations obtained from Eligible Bidders at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation, Deliverable Obligation or Undeliverable Obligation, as the case may be, with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (in the case of Deliverable Obligations only, but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

## **2. STATUTORY PROVISIONS**

Save where the context otherwise requires, references in any Transaction Document or Conditions Module to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or to any statutory instrument, order or regulation made thereunder or under any such re-enactment.

## **3. AMENDMENTS**

References in any Transaction Document or Conditions Module to that or any other Transaction Document, Conditions Module, agreement, deed or document shall be deemed also to refer to such module, agreement, deed or document as amended, supplemented,

varied, replaced or novated (in whole or in part) from time to time and to modules, agreements, deeds and documents executed pursuant thereto.

#### **4. SCHEDULES**

Any Schedule, Appendix or Exhibit annexed to a Transaction Document or Conditions Module forms part of such Transaction Document or Conditions Module and shall have the same force and effect as if set out in the body of such Transaction Document or Conditions Module. Any reference to a Transaction Document or Conditions Module shall include any such Schedule, Appendix or Exhibit.

#### **5. HEADINGS**

Headings in any Transaction Document or Conditions Module and herein are for ease of reference only.

#### **6. NUMBER**

In any Transaction Document or Conditions Module and herein, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

#### **7. SUCCESSORS**

Save where the context otherwise requires, references in any Transaction Document or Conditions Module and herein to any party to the Transaction Documents or Conditions Module shall include references to its successors (or, in the case of a Reference Entity, its Successors (as defined above)) and assigns, whether in security or otherwise, whomsoever.

#### **8. BUSINESS DAY CONVENTION**

In the event that the last day of any period calculated by reference to calendar days in the Credit-Linked Securities Conditions Module falls on a day that is not a Business Day, such last day shall be subject to adjustment in accordance with the applicable Business Day Convention for purposes of payment and accrual, unless otherwise specified in the Issue Terms.

#### **9. CALCULATION AGENT**

All references to "Calculation Agent" for the purposes of the Credit-Linked Definitions Module shall be deemed to be references to the Calculation Agent in respect of the Swap Agreement relating to the Securities, unless the context otherwise requires. For the avoidance of doubt, Section 1.14 of the Credit Derivatives Definitions shall apply to the Calculation Agent except that all references to "(after consultation with the parties)" shall be deemed to be deleted.

#### **10. MISCELLANEOUS**

In each Transaction Document or Conditions Module, unless otherwise specified in the Issue Terms or the contrary intention otherwise appears, a reference to:

- (a) "**assets**" includes properties, revenues and rights of every description;

an "**authorisation**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration and notarisation;

a "**month**" is a reference to a period starting on 1 day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that, if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that calendar month;

a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental body, agency, department or regulatory, self-regulatory or other authority or organisation; and

- (b) a time of day is a reference to London time.

## DESCRIPTION OF THE ISSUER

### General

STARTS (Cayman) Limited, a Cayman Islands exempted company with limited liability, was incorporated on 19 September, 2005 under the Companies Law (2004 Revision) of the Cayman Islands with company registration number MC-155038. The Issuer has been established as a special purpose vehicle for the purposes of issuing asset-backed securities. The registered office of the Issuer is at PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands, and its telephone number is +1 345 945 7099.

### Share Capital and Shareholders

The authorised share capital of the Issuer is U.S.\$50,000 divided into 50,000 ordinary shares of U.S.\$1.00 each, 1,000 of which have been issued. All of the issued shares (the "**Shares**") are fully-paid and are held by MaplesFS Limited (formerly known as Maples Finance Limited) as share trustee (the "**Share Trustee**") under the terms of a declaration of trust (the "**Declaration of Trust**") dated 5 October, 2005 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Declaration of Trust) and may only dispose or otherwise deal with the Shares with the approval of the Trustee for so long as there are Securities outstanding. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power, with the consent of the Trustee, to benefit the Securityholders or Qualified Charities (as defined in the Declaration of Trust). It is not anticipated that any distribution will be made whilst any Security is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

### Business of the Issuer

The Issuer has no prior operating history or prior business and will not have any substantial liabilities other than in connection with the Securities to be issued under the Programme. The Securities are the obligations of the Issuer alone and not the Share Trustee. Furthermore, they are not the obligations of, or guaranteed in any way by the Trustee or any other party.

The Issuer has, and will have, no assets other than the sum of U.S.\$1,000 representing the issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of the Securities. Save in respect of fees generated in connection with the issue of the Securities any related profits and proceeds of any deposits and investments made from such fees or from amounts representing the Issuer's issued and paid-up share capital, the Issuer does not expect to accumulate any surpluses.

The Issuer will not publish any financial statements nor will it appoint any auditors.

The objects for which the Issuer is established are unrestricted and include the business to be carried out by the Issuer in connection with the issuance of securities as set out in clause 3 of its Memorandum of Association as registered or adopted on 19 September, 2005.

## Financial Statements

The Issuer is not required by Cayman Islands law, and does not intend to publish audited financial statements.

## Capitalisation

The following table sets forth the expected capitalisation of the Issuer as of the date of this Information Memorandum:

Shareholders' Funds:

Share Capital (Authorised: U.S.\$50,000;

Issued: 1,000 shares of U.S.\$1.00 each)

Ordinary Shares of US\$1.00 each	U.S.\$1,000
----------------------------------	-------------

Total Capitalisation	U.S.\$1,000
----------------------	-------------

## Directors of the Issuer

The Directors of the Issuer are as follows:

<u>Name</u>	<u>Principal Occupation</u>
Richard Gordon	Senior Vice President, MaplesFS Limited
Cleveland Stewart	Vice President, MaplesFS Limited

## The Administrator

MaplesFS Limited (formerly known as Maples Finance Limited) will also act as the Administrator of the Issuer (in such capacity, the "**Administrator**"). The office of the Administrator will serve as the general business office of the Issuer. Through the office, and pursuant to the terms of an Administration Agreement to be entered into between the Issuer and the Administrator (the "**Administration Agreement**"), the Administrator will perform in the Cayman Islands various management functions on behalf of the Issuer, including communications with shareholders and the general public, and the provision of certain clerical, administrative and other services until termination of the Administration Agreement. In consideration of the foregoing, the Administrator will receive various fees payable by the Issuer at rates agreed upon from time to time, plus expenses. The terms of the Administration Agreement provide that the Issuer may terminate the appointment of the Administrator by giving 14 days' notice to the Administrator at any time within 12 months of the happening of any of certain stated events, including any breach by the Administrator of its obligations under the Administration Agreement. In addition, the Administration Agreement provides that the Administrator shall be entitled to retire from its appointment by giving at least three months' notice in writing. The appointment of the administrator may be terminated and the administrator may retire subject to the appointment of an alternative administrator.



The Administrator will be subject to the overview of the Issuer's Board of Directors. The Administration Agreement may be terminated, (other than as stated above) by either the Issuer or the Administrator giving the other three months' written notice.

The Administrator's principal office is PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102 Cayman Islands.

## **CAYMAN ISLANDS TAX CONSIDERATIONS**

### **1. CAYMAN ISLANDS TAX CONSIDERATIONS**

#### **Cayman Islands Taxation**

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Securities. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

#### **1 Under Existing Cayman Islands Laws:**

- (i) payments of principal and interest in respect of any Securities will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to any holder of Securities and gains derived from the sale of any Securities will not be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax;
- (ii) the holder of any Security (or the legal personal representative of such holder) whose Security is brought into the Cayman Islands may, in certain circumstances, be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Security;
- (iii) an instrument of transfer in respect of any Securities may be stampable if executed in or brought into the Cayman Islands; and
- (iv) an instrument being a legal or equitable mortgage or charge of immoveable property may attract stamp duty ad valorem at the rate of 1% of the sum secured where such sum is CI\$300,000 or less, and of 1.5% of the sum secured where such sum is more than CI\$300,000. No duty will be payable where the property the subject of such legal or equitable mortgage or charge is situated outside the Cayman Islands. Where an instrument constitutes a legal or equitable mortgage of moveable property, then it may attract stamp duty ad valorem of 1.5% of the sum secured except where the property which is the subject of such legal or equitable mortgage is situated outside the Cayman Islands or, in the case of a legal or equitable mortgage granted by an exempted company or a body corporate incorporated outside of the Cayman Islands of moveable property situated in the Cayman Islands or over shares in such exempted company, the maximum duty payable shall be CI\$500.

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted with limited liability company and, as such has applied for and obtained an undertaking from the Governor-in-Cabinet of the Cayman Islands in substantially the following form:

#### **"CAYMAN ISLANDS GOVERNMENT**

#### **THE TAX CONCESSIONS LAW 1999 REVISION**

#### **UNDERTAKING AS TO TAX CONCESSIONS**

In accordance with Section 6 of the Tax Concessions Law (1999 Revision), the Governor-in-Cabinet undertakes with STARTS (Cayman) Limited (the "**Company**"):

- (a) that no Law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable
  - (i) on or in respect of the shares debentures or other obligations of the Company; or
  - (ii) by way of withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

These concessions shall be for a period of twenty years from 11 October 2005.

## **GOVERNOR-IN-CABINET"**

### **2. UNITED STATES TAXATION**

The relevant Supplemental Information Memorandum relating to any U.S. Series will set out information regarding the United States federal income tax treatment of any such Securities.

U.S. Persons considering the purchase of the Securities should consult their own tax advisers concerning the application of United States federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Securities arising under the laws of any other taxing jurisdictions.

### **3. UNITED KINGDOM TAXATION**

*The following applies to persons who are the beneficial owners of the Securities and is a summary of the Issuer's understanding of current law and HM Revenue & Customs practice in the United Kingdom relating to the deduction of United Kingdom income tax from payments of interest on the Securities. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Securities. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. Prospective Securityholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.*

- (a) Payment of Interest on the Securities

Payments of interest on the Securities may be made without withholding or deduction for or on account of United Kingdom income tax unless such interest is regarded as having a United Kingdom source for United Kingdom tax purposes. This will depend on the terms of the relevant Securities and prospective Securityholders should therefore take legal advice on the question of whether any particular Securities carry a right to United Kingdom source interest.

In the case of interest on Securities which is regarded as having a United Kingdom source, no United Kingdom income tax will be required to be deducted from such interest in the following circumstances:

- (i) where the Securities are and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange. The Securities will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Irish Stock Exchange.
- (ii) where interest on the Securities is paid by a company (such as the Issuer) and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Securities is paid reasonably believes) that the person who is beneficially entitled to the interest on the Securities is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HM Revenue & Customs has not given a direction (in circumstances where it has reasonable grounds to believe that the beneficial owner is not within the charge to United Kingdom corporation tax in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.
- (iii) where the interest is payable on Securities which have a maturity of 364 days or less (and those Securities are not issued under arrangements the effect of which is to render such Securities part of a borrowing with a total term of a year or more).

In other cases where interest on the Securities has a United Kingdom source, an amount must generally be withheld from payments of interest on the Securities on account of United Kingdom income tax at the basic rate of (currently 20%), subject to any direction to the contrary by HM Revenue and Customs under an applicable double taxation treaty.

(b) Provision of Information

Securityholders who are individuals may wish to note that HM Revenue & Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Securityholder, or who, either pays amounts payable on the redemption of Securities to or receives such amounts for the benefit of another person. However, HM Revenue & Customs published practice indicates that HM Revenue & Customs will not exercise the power referred to above to require this information in respect of such amounts payable on redemption of Securities when such amounts are paid on or before 5 April 2011. Information so obtained may, in certain circumstances, be exchanged by HM Revenue & Customs with the tax authorities of the jurisdiction in which the Securityholder is resident for tax purposes.

#### **4. EUROPEAN UNION DIRECTIVE ON THE TAXATION OF SAVINGS INCOME**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

### United States

*Unless otherwise specified in the relevant Supplemental Information Memorandum, the following selling restrictions shall apply:*

The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Securities in bearer form that are subject to U.S. tax law requirements. Consequently, the Securities may not be offered, sold, resold, delivered or transferred within the United States or its possessions or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Securities have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Information Memorandum or any Supplemental Information Memorandum. Any representation to the contrary is a criminal offence in the United States. Prospective purchasers of Securities that are "qualified institutional buyers" (as defined in Rule 144A) "QIBs" are hereby notified that the seller of such Securities may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A thereof. The minimum aggregate principal amount of Securities which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Securities and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

In addition, the Issuer has not been and will not be registered as an "investment company" under the 1940 Act. Accordingly, the Securities may only be sold in the United States or to U.S. Persons in compliance with Section 3(c)(1) of the 1940 Act and the rules thereunder or to a person that is also a "qualified purchaser" as defined in Section 2(a)(51) of the 1940 Act and the rules thereunder.

The Supplemental Information Memorandum applicable to any Series of Securities may modify, amend or supplement the restrictions set out herein.

### *Non-U.S. Series*

Securities of a Non-U.S. Series will be subject to the following selling restrictions unless otherwise provided in the relevant Supplemental Information Memorandum. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer, sell or, in the case of any bearer securities, deliver any such Securities (i) as part of their distribution at any time or (ii) otherwise until the termination of the Distribution Compliance Period (as defined below), within the United States or to, or for the account or benefit of, U.S. Persons, and it will give each dealer to which it sells Securities during the Distribution Compliance Period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meaning given to them by Regulation S. In addition, until 40 days after the commencement of the offering of a Non-U.S. Series, an offer or sale of the Securities within the United States by any dealer

(whether or not participating in the offering of such Securities) may violate the registration requirements of the Securities Act. See "**Restrictions with respect to Securities in bearer form**" below for a discussion of certain U.S. tax law requirements with respect to Bearer Securities.

#### *U.S. Series*

Securities of a U.S. Series (i) shall be issued in the form of Registered Securities only and (ii) shall be issued (a) outside the United States in offshore transactions to non-U.S. Persons in compliance with Regulation S and/or (b) pursuant to an exemption from the registration requirements of the Securities Act only to Eligible Investors (as defined below). The relevant Supplemental Information Memorandum will specify whether the Issuer is relying on the exception from the 1940 Act set out in Section 3(c)(1) or Section 3(c)(7). Where the Issuer is relying on the exception set out in Section 3(c)(7) of the 1940 Act, the Issue Terms will specify whether the Securities will be issued in the form of Individual Certificates and/or Euroclear Rule 144A Global Certificates and N-USD Regulation S Global Certificates, in the case of N-USD Securities, or DTC Rule 144A Global Certificates and USD Regulation S Global Certificates, in the case of USD Securities. The Securities of each U.S. Series offered in reliance on the Section 3(c)(1) exception of the 1940 Act will only be available in the form of Individual Certificates.

No sale of the Securities in the United States to a U.S. person will be for less than U.S.\$250,000 principal amount and integral multiples of U.S.\$1 in excess thereof, and no Security will be issued in connection with such a sale in a smaller principal amount. If a purchaser of such Securities is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$250,000 principal amount of the Securities and integral multiples of U.S.\$1 in excess thereof.

Each Individual Certificate, each Rule 144A Global Certificate and each Regulation S Global Certificate representing Securities of a U.S. Series shall contain a legend in substantially the form set out in the relevant Supplemental Information Memorandum or Trust Instrument.

Until the first day following the expiry of 40 days after the later to occur of (i) the first date the Securities were offered to the public or (ii) the settlement date for the Securities (such period, the "**Distribution Compliance Period**"), beneficial interests in a Regulation S Global Certificate may not be offered or sold in the United States or to U.S. Persons unless the transferor delivers to the Registrar a duly completed Rule 144A Transfer Certificate and the transferee delivers a duly completed Investment Letter (each in the form incorporated into the Trust Instrument). In addition, in the event a person holding a beneficial interest in a Rule 144A Global Certificate makes a transfer at any time to a non-U.S. person in accordance with either Rule 903 or Rule 904 of Regulation S, the transferor will be required to deliver a Regulation S Transfer Certificate in the form incorporated into the Trust Instrument and the transferee will be required to deliver an Investment Letter certifying, among other things, its status as a non-U.S. person. The Issuer and the Trustee reserve the right prior to any sale or other transfer to require the delivery of such other certifications, legal opinions and other information as the Issuer or the Trustee may reasonably require to confirm that the proposed sale or other transfer complies with the restrictions described herein.

Beneficial interests in the Rule 144A Global Certificates and the Regulation S Global Certificates will be shown in, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants (including Euroclear and Clearstream, Luxembourg) as described in the Registered Securities Conditions Module. Rule 144A Global Certificates and the Regulation S Global Certificates may not be exchanged for Securities in definitive certificated form

except in the limited circumstances described under Condition 1.3 (*Exchange of Registered Securities*).

The initial purchase and any transfer to a subsequent transferee (each initial purchaser, together with each subsequent transferee, are referred to herein as the "**Purchaser**") of any Securities of a U.S. Series represented by Individual Certificates shall be subject to the prior written consent of the Issuer. Consent to any such purchase or transfer may only be withheld to ensure compliance with, or an exemption under, applicable law. Any such purchase or transfer requires the submission to the Registrar of an investment letter in the form to be set out in the relevant Supplemental Information Memorandum (an "**Investment Letter**") relating to any such Series, and any subsequent transfer also requires the submission to the Registrar and Transfer Agent of a duly completed certificate of transfer attached to the Individual Certificate. In addition, in connection with the initial purchase and any resale or other transfer of such Individual Certificates or any interest therein, the Issuer may require additional information including evidence that such purchase, sale or transfer does not cause the Issuer to become subject to registration or regulation under the 1940 Act.

Each initial purchaser of a Security of a U.S. Series represented by a Rule 144A Global Certificate or a Regulation S Global Certificate will be required to deliver an Investment Letter in the form to be set out in the relevant Supplemental Information Memorandum, and each subsequent transferee will be deemed to have made the same representations and agreements.

The Investment Letters referred to above shall include representations and agreements to the following effect (undefined terms used in this section that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (1) **Purchaser Requirements.** The Purchaser (I)(A) is an Eligible Investor, (B) will hold at least the minimum denomination of U.S.\$250,000, (C) will provide notice of applicable transfer restrictions to any subsequent transferee, and (D) is purchasing for its own account or for the accounts of one or more other persons each of whom meets all of the requirements of clauses (A) through (D) and over which it exercises sole investment discretion, or (II) is not a U.S. person and is acquiring the Securities pursuant to Rule 903 or 904 of Regulation S. The Purchaser acknowledges that the Issuer and the Trustee reserve the right prior to any sale or other transfer to require the delivery of such certifications, legal opinions and other information as the Issuer or the Trustee may reasonably require to confirm that the proposed sale or other transfer complies with the foregoing restrictions.
- (2) **Notice of Transfer Restrictions.** Each Purchaser acknowledges and agrees that (A) the Securities have not been and will not be registered under the Securities Act and the Issuer has not been registered as an "investment company" under the 1940 Act, (B) neither the Securities nor any beneficial interest therein may be re-offered, resold, pledged or otherwise transferred except in accordance with the provisions set out in paragraph (1) above and (C) the Purchaser will notify any transferee of such transfer restrictions and that each subsequent holder will be required to notify any subsequent transferee of such Securities of such transfer restrictions.
- (3) **Mandatory Transfer/Redemption.** Each Purchaser acknowledges and agrees that in the event that at any time the Issuer determines or is notified by the Dealer acting on behalf of the Issuer that such Purchaser was in breach, at the time given or deemed to be given, of any of the representations or agreements set out in paragraph (1) above or otherwise determines that any transfer or other disposition of any Securities would, in the sole determination of



the Issuer or the Dealer acting on behalf of the Issuer, require the Issuer to register as an "investment company" under the provisions of the 1940 Act, such purchase or other transfer will be void *ab initio* and will not be honoured by the Trustee. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Securityholder and the Issuer shall have the right, in accordance with the conditions of the Securities, to force the transfer of, transfer on behalf of the Securityholder or redeem, any such Securities.

- (4) **Rule 144A Information.** Each Purchaser of Securities offered and sold in the United States under Rule 144A is hereby notified that the offer and sale of such Securities to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. The Issuer has agreed to furnish to investors upon request such information as may be required by Rule 144A.
- (5) **ERISA.** If the Purchaser is a U.S. person purchasing an interest in an Individual Certificate or a Rule 144A Global Certificate, it is not a benefit plan investor, is not using the assets of a benefit plan investor to acquire such Securities and shall not at any time hold such Securities for a benefit plan investor (including assets that may be held in an insurance company's separate or general accounts where assets in such accounts may be deemed "**plan assets**" for purposes of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"). For the purposes hereof, the term "**benefit plan investor**" means (A) any employee benefit plan (as defined in section 3(3) of ERISA which is subject to Title 1 of ERISA), (B) any plan subject to section 4975 of the U.S. Internal Revenue Code, or (C) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (within the meaning of the U.S. Department of Labor Regulations section 2510.3-101 as modified by Section 3(42) of ERISA).

If the Issue Terms specify that the Issuer is relying on the exception provided by Section 3(c)(7) of the 1940 Act and the Securities are represented by a Rule 144A Global Certificate or a Regulation S Global Certificate, the Investment Letter will also contain the following representations and agreements and each subsequent transferee will be deemed to have represented and agreed to the following:

- (6) **Legends on DTC Global Certificates.** Each Purchaser acknowledges that each of the Rule 144A Global Certificate and the Regulation S Global Certificate will bear legends substantially to the effect set out in the relevant Supplemental Information Memorandum and that the Issuer has covenanted in the relevant Trust Instrument not to remove either such legend so long as it shall be necessary for the Issuer to rely on the exception to the 1940 Act set out in Section 3(c)(7) thereof.
- (7) **Regulation S Transfers During the Distribution Compliance Period.** If the Purchaser has acquired a portion of a Regulation S Global Certificate in a sale or other transfer being made in reliance upon Regulation S, the Purchaser agrees that during the Distribution Compliance Period it will not offer, resell, pledge or otherwise transfer such portion of such Regulation S Global Certificate to or for the account or benefit of any U.S. person other than to a person meeting the requirements set out in paragraph (1) above and in the legend set out on the Regulation S Global Certificate.

Any transfer or other disposition of any Securities of a U.S. Series that would, in the sole determination of the Issuer, require the Issuer to register as an "investment company" under the provisions of the 1940 Act will be void *ab initio*, and such transfer or other disposition will not be recognised by the Issuer. If, at any time, (i) a Security of a U.S. Series is held by or on behalf of a

U.S. person (as defined in Regulation S) who is not an Eligible Investor at the time it purchases such Security or (ii) the number of beneficial owners of the Issuer's securities would require the Issuer to register as an "investment company" under the 1940 Act, the Issuer may, in its discretion and at the expense and risk of such holder, (A) redeem such Securities, in whole or in part, to permit the Issuer to avoid registration under the 1940 Act or (B) require any such holder to transfer such Securities to an Eligible Investor (in the case of (i) above) or to a non-U.S. person outside the United States or cause such Securities to be transferred on behalf of the Securityholder. The determination of which Securities will be redeemed or sold in any particular case is in the discretion of the Issuer.

#### *U.S. Series – Section 3(c)(1) Exception*

When the Section 3(c)(1) exception is stated to apply in the Issue Terms, at no time may the Issuer's outstanding securities (other than short-term paper), including the Individual Certificates of such U.S. Series that are initially offered and sold in the United States or to, or for the account or benefit of, U.S. Persons, be owned beneficially by more than 100 U.S. Persons. Such number of owners may be further limited by the doctrine of integration under the 1940 Act, to the extent applicable. In order to ensure compliance with this limitation, the registration of any such Individual Certificate upon its issuance or the registration of the transfer of an Individual Certificate may be refused if, as a result of such issuance or transfer, the Issuer's outstanding securities would be owned beneficially by more than 100 U.S. Persons. Each prospective purchaser or transferee of the Securities will be required to deliver a completed and duly executed Investment Letter (as defined above) and make the representations and warranties set out therein. In addition such purchaser or transferee will be required to represent and agree that, after giving effect to the contemplated purchase, no beneficial owner of the Securities or interest therein will (a) own 10% or more of all outstanding Securities of the Issuer and (b) itself fall within the definition of "**Investment Company**" under the 1940 Act or be excepted therefrom solely by reason of Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. The relevant Supplemental Information Memorandum will set out additional selling and transfer restrictions applicable to any Series where the Issuer is relying on the Section 3(c)(1) exception.

For the purposes of the preceding paragraph, "**Eligible Investors**" are defined as (a) persons who constitute one beneficial owner for the purpose of Section 3(c)(1) of the 1940 Act and (b) either (x) institutions that qualify as "Accredited Investors" ("**IAIs**") as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act or (y) "Qualified Institutional Buyers" (as defined in Rule 144A under the Securities Act) ("**QIBs**"), but excluding therefrom (i) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (ii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Securities, and (iii) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of the Securities.

#### *U.S. Series –Section 3(c)(7) Exception*

The Issue Terms for a U.S. Series may specify that the Issuer will be relying on the exception from the 1940 Act set out in Section 3(c)(7) thereof. In general, the Section 3(c)(7) exception excludes from the definition of an investment company any issuer whose outstanding securities are owned exclusively by persons who are "**Qualified Purchasers**" (as defined in Section 2(a)(51) of the 1940 Act and the rules and regulations of the U.S. Securities and Exchange Commission thereunder) and that has not made a public offering of its securities. Consequently, the Registered Securities of any such U.S. Series may only be offered, sold, resold, delivered or transferred (A) within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S), in a

transaction made in compliance with Rule 144A under the Securities Act to persons that are Eligible Investors (as defined below) or (B) outside the United States to Persons that are not U.S. persons in offshore transactions in reliance on Rule 903 or 904 of Regulation S.

For the purposes of the preceding paragraph, "**Eligible Investors**" are defined as persons who are QIBs and QPs acting for their own account or for the account of other QIBs, but excluding therefrom: (i) QIBs that are broker dealers that own and invest on a discretionary basis less than U.S.\$25 million in "securities" of unaffiliated issuers, (ii) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) an entity that was formed reformed or recapitalised for the specific purpose of investing in the Securities, (unless each beneficial owner of such entity is a Qualified Purchaser), (iv) any investment company excepted from the 1940 Act solely pursuant to Section 3(c)(1) or Section 3(c)(7) thereof and formed prior to 30 April 1996, that has not received the consent of its beneficial owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the 1940 Act and rules thereunder, and (v) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of the Securities..

#### *Section 3(c)(7) Global Certificates*

If the Issue Terms specify that (i) the Issuer will be relying on Section 3(c)(7) of the 1940 Act and (ii) the Securities are to be issued in the form of Rule 144A Global Certificates or Regulation S Global Certificates, then Securities to be offered and sold in the United States or to or for the account or benefit of U.S. Persons (as defined in Regulation S) will be represented by one or more registered global securities (each, a "**DTC Rule 144A Global Certificate**") which will be deposited with or on behalf of DTC and registered in the name of its nominee in the case of USD Securities and, in the case of N-USD Securities, one or more registered global securities (each, a "**Euroclear Rule 144A Global Certificate**") which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg (together with the DTC Rule 144A Global Certificate, the "**Rule 144A Global Certificates**"). Any Securities of such a U.S. Series to be offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S will be represented by a registered global security (a "**N-USD Regulation S Global Certificate**" in the case of N-USD Securities or a "**USD Regulation S Global Certificate**" in the case of USD Securities) (together, the "**Regulation S Global Certificates**") deposited with or on behalf of DTC for the accounts of Euroclear and Clearstream, Luxembourg.

#### *Section 3(c)(7) Individual Certificates*

If the Issue Terms for a U.S. Series specify that (i) the Issuer will be relying on the exception set out in Section 3(c)(7) of the Investment Company Act and (ii) the Securities are to be issued in the form of Individual Certificates, then Securities to be offered and sold in the United States or to or for the account or benefit of U.S. Persons will be represented by Individual Certificates. Each Individual Certificate will be registered in the name of the registered owner thereof and will bear a restrictive legend in the form set out in the relevant Supplemental Information Memorandum. At no time may an Individual Certificate be beneficially owned in violation of such restrictive legend.

Each prospective purchaser or transferee of the Securities will be required to deliver a completed and duly executed Investment Letter (defined above) and make the representations and warranties set out therein.

#### *Restrictions with respect to Securities in bearer form*

Securities issued in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

If TEFRA C is specified in the Issue Terms relating to the relevant Issue, each relevant Dealer understands that, under U.S. Treas. Reg. section 1.163-5(c)(2)(i)(C) (the "**C Rules**"), Securities in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each relevant Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Securities in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Securities in bearer form, the relevant Dealer has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the relevant Dealer or the prospective purchaser is within the United States or its possessions or otherwise involves a U.S. office of the relevant Dealer in the offer or sale of Securities in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

If TEFRA D is specified in the Issue Terms relating to the relevant Series:

- (a) Each relevant Dealer agrees that, except to the extent permitted under U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D) (the "**D Rules**"), (i) it has not offered or sold, and during the restricted period will not offer or sell, Securities in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and will not deliver within the United States or its possessions definitive Securities in bearer form that are sold during the restricted period.
- (b) Each relevant Dealer represents and agrees that it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Securities in bearer form are aware that such Securities may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules.
- (c) Each relevant Dealer that is a United States person represents that it is acquiring the Securities in bearer form for purposes of resale in connection with their original issuance and that if it retains Securities in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D)(6) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010).
- (d) Each relevant Dealer agrees that, with respect to each affiliate that acquires from it or from another Dealer Securities in bearer form for the purpose of offering or selling such Securities during the restricted period, it either (i) repeats and confirms the representations and agreements contained in subparagraphs (a), (b), and (c) above on its behalf or (ii) will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in subparagraphs (a), (b) and (c) above.
- (e) Each relevant Dealer represents and agrees that it will obtain from any distributor (within the meaning of U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D)(ii)) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance

with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) that purchases any of the Securities from one or more of the Dealers (except a distributor who is an affiliate of such Dealer), for the benefit of the Issuer and such Dealer, an agreement to comply with the provisions, representations and agreements contained in this paragraph, as if such distributor were a Dealer hereunder.

- (f) Terms used in subparagraphs (a) to (e) above have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

Each issuance of Securities will be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree, as indicated in the relevant Supplemental Information Memorandum.

## **Japan**

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer represents and agrees that it will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Issue Terms in relation thereto, to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State:

- (a) if the Issue Terms in relation to the securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**") following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has been completed by the Issue Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Issue Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Securities to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom; and
- (c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

### **Ireland**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it will not underwrite the issue of, or place the Securities, otherwise than in conformity with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including, without limitation, Sections 9 and 23 thereof and any codes of conduct rules made under Section 37 thereof and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Securities, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942-2010 (as amended) and any codes of conduct rules made under Section 117(1) thereof; and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Securities, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Central Bank pursuant thereto (including any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank).

## **Hong Kong**

Each Dealer has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **Cayman Islands**

Each Dealer will represent and agree that it will not cause the Issuer to breach the provisions of section 175 of the Companies Law (2011 Revision), which prohibits it from making any invitation (whether directly or indirectly) to the public in the Cayman Islands to subscribe for any of its securities, unless the Issuer is listed on the Cayman Islands Stock Exchange at the time of such invitation.

## **General**

Each Dealer will agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Securities or possesses or distributes this Information Memorandum or any Supplemental Information Memorandum and will obtain any consent, approval or permission

required by it for the purchase, offer, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall not have any responsibility therefor.

Neither the Issuer, the Trustee nor any Dealer represents that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Series of Securities, the relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the relevant Supplemental Information Memorandum.



## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Securities have been duly authorised by a resolution of the Board of Directors of the Issuer dated 4 October, 2005. The updated programme was duly authorised by a resolution of the Board of Directors dated, on or around 4 July, 2012.

### Listing of Securities

It is expected that each Series of Securities which is to be admitted to trading on the Irish Stock Exchange's Global Exchange Market and to be traded on the Irish Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Security or Securities initially representing the Securities of such Series. Application has been made to the Irish Stock Exchange for Securities to be admitted to the Official List and trading on its Global Exchange Market. The listing of the Programme is expected to be granted on or before 5 July, 2012.

Securities may also be issued pursuant to the Programme which will not be traded on the Irish Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the Dealer may agree.

All material expenses relating to listing or to the approval of this Information Memorandum by the Irish Stock Exchange as a base listing particulars will be paid by the Arranger.

### Documents on Display

For the period of 12 months following the date of this Information Memorandum copies of the following documents (together with any other documents specified in the relevant Supplemental Information Memorandum) will, when published (to the extent applicable), be available in physical form during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and from the specified offices of the Paying Agents, Registrar and Transfer Agents (if any) in respect of such Securities:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the Trust Instrument relating to such Securities (and the documents incorporated therein, including, *inter alia*, the Agency Agreement, the Charged Agreements and the Sale Agreement);
- (iii) a copy of this Information Memorandum and the Supplemental Information Memorandum relating to such Securities, together with any other document required or permitted to be published by the Irish Stock Exchange;
- (iv) the Security Deed dated 10 December, 2008 and made between the Trustee, the Issuer and HSBC Trustee (C.I.) Limited;
- (v) any future information memoranda, prospectus, offering circulars and supplements including Issue Terms (save that, any Issue Terms relating to Securities which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such

Security and such holder must produce evidence satisfactory to the Issuer, Paying Agent, Registrar or Transfer Agent as to its holding of Securities and identity) to this Information Memorandum and any other documents incorporated therein by reference; and

- (vi) in the case of each issue of listed Securities subscribed pursuant to a subscription agreement, such subscription agreement (or equivalent document).

### **Clearing Systems**

The Securities (other than those in definitive form) will be accepted for clearance through Euroclear and Clearstream, Luxembourg and, as applicable, DTC (which are the entities in charge of keeping records) (unless otherwise specified in the relevant Supplemental Information Memorandum). The appropriate Common Code and ISIN for each Series allocated by Euroclear and Clearstream, Luxembourg and the appropriate CUSIP and CINs numbers for each Series allocated by DTC will be specified in the relevant Supplemental Information Memorandum. If the Securities are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Supplemental Information Memorandum.

The address for Euroclear is 3 Boulevard du Roi Albert II, B.1210, Brussels, Belgium.

The address for Clearstream, Luxembourg is 42 Avenue J.F.Kennedy, L-1855, Luxembourg.

The address for DTC is 55 Water Street, New York, N.Y. 10041, United States of America.

### **Significant or Material Change**

Save as disclosed in this Information Memorandum, there has been no significant change in the financial or trading position of the Issuer and there has been no material adverse change in the financial position or prospects of the Issuer since the date of its incorporation.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

### **Conditions for Determining Price**

The price and amount of Securities to be issued under the Programme will be determined by the Issuer and the Dealer at the time of issue in accordance with prevailing market conditions.

### **Financial Statements**

Since the date of incorporation, no financial statements of the Issuer have been prepared. The Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

**Post-Issuance Information**

Other than as set out in a Supplemental Information Memorandum, the Issuer does not intend to provide any post issuance information in relation to any Series of Securities or any Charged Assets.

## INDEX OF DEFINED TERMS

£		Bearer Global Security.....	85
£.....	6, 104	Bearer Securities.....	85
¥		Bearer Securities Base Conditions Module.....	85
¥.....	6, 95	Beneficial Owners.....	85
€		benefit plan investor.....	4, 85, 157
€.....	6, 90	Best Available Information.....	112
1		Bond.....	113
1940 Act.....	4, 84	Bond Basis.....	92
2		Bond or Loan.....	113
2002 ISDA Master Agreement.....	110	Borrowed Money.....	113
2005 Monoline Provisions.....	110	Business Day.....	85, 113
2006 ISDA Definitions.....	84	Business Day Convention.....	85
2010 PD Amending Directive.....	162		
3		C	
30/360.....	91	C Rules.....	25, 86, 160
A		Calculation Agent.....	36, 86
Accelerated or Matured.....	110	Cancellation Notice.....	113
Accreted Amount.....	110	Cash Redemption Amount.....	113
Accreting Obligation.....	110	Cash Settled CLS.....	114
Accrual Period.....	91	Cash Settlement Adjustment Amount.....	114
Accrued Fixed Amount.....	111	Cash Settlement Amount.....	114
Additional Agreement.....	84	Cash Settlement Date.....	115
Additional Charging Document.....	84	Charged Agreement(s).....	86
Adjusted Outstanding Principal Amount.....	111	Charged Agreements.....	52
Adjustment Rounding Amount.....	111	Charged Asset Market Value.....	115
Affiliate.....	84, 111	Charged Asset Quotation.....	115
Agency Agreement.....	84	Charged Assets.....	52, 86
Agency Terms Module.....	84	Charged Assets Default.....	87
Agent Bank.....	84	CL.....	69
Agents.....	84	clearing agency.....	58
Alternative Cash Settlement Amount.....	77, 111	Clearing Agency.....	63
Alternative Cash Settlement Date.....	77, 111	clearing corporation.....	62
Alternative Investments.....	84	Clearing Systems.....	87
Amortised Face Amount.....	43	Clearstream, Luxembourg.....	87
Appointee.....	85	Code.....	41
assets.....	108, 146	Common Depository.....	87
Assignable Loan.....	111	Company.....	150
Auditors.....	85	Conditionally Transferable Obligation.....	115
authorisation.....	108, 146	Conditions.....	28, 87
Authorised Denomination.....	85	Conditions Modules.....	87
AY.....	43	Consent Required Loan.....	116
B		Convertible Obligation.....	116
Banking Act.....	15	Counterparty.....	87
banking organization.....	62	Counterparty Account.....	87
Bankruptcy.....	112	Counterparty Final IRS Amount.....	73, 116
Basket Cash CLS.....	69, 112	Counterparty Priority Basis.....	33, 87
Basket Physical CLS.....	70, 112	Couponholders.....	88
bearer.....	60	Coupons.....	88
		CRA.....	113
		Credit Derivatives Definitions.....	116
		Credit Event.....	116, 118, 119
		Credit Event Notice.....	116
		Credit Event Notice Date.....	117
		Credit Event Portion.....	117
		Credit Linkage Commencement Date.....	70, 117
		Credit Protection Provider.....	117
		Credit-Linked Definitions Module.....	88
		Credit-Linked Securities Conditions Module.....	88
		Cumulative Portfolio Settlement Amount.....	117
		Currency Amount.....	118
		Currency of Issue.....	88

Currency Rate.....	118
Custodian.....	88
Custodian Account .....	88

## D

D Rules.....	25, 88, 160
Dealer.....	1, 88, 118
Dealers.....	1
Debt Investments.....	1, 88
Declaration of Trust.....	147
Default Requirement .....	118
Definitions Modules .....	88
Definitive Registered Securities .....	19
Definitive Registered Security.....	88
Deliver.....	118
Deliverable Obligation .....	118
Deliverable Obligation Category .....	119
Deliverable Obligation Characteristics .....	120
Delivered.....	118
Delivery.....	118
Delivery Date .....	120
Designated Maturity .....	36
designator.....	78
designee.....	78
Determination Date .....	88
Determination Period.....	89
Direct Loan Participation.....	120
Distribution Compliance Period .....	89
Domestic Currency.....	120
Downstream Affiliate .....	120
DTC.....	89
DTC Important Notice.....	89
DTC Rule 144A Global Certificate .....	89
Due and Payable Amount .....	120

## E

Early Redemption Adjustment .....	120
Early Redemption Amount .....	89
Eligible Bidders.....	121
Eligible Investments .....	89
Eligible Investors.....	89, 158, 159
Eligible Securities.....	90
Eligible Transferee .....	121
Equity Securities.....	122
ERISA .....	4, 89, 157
Escrow.....	122
Escrow Agent.....	122
EURIBOR .....	36, 90
euro.....	6, 90
Euroclear .....	90
Euroclear Rule 144A Global Certificate.....	90
Euroclear/Clearstream Important Notice .....	90
European Reference Entity .....	122
Event Determination Notice .....	71, 122
Event of Default .....	47, 90
Exchange Act .....	90
Exchange Date.....	90
Exchange Event.....	91
Exchangeable Obligation.....	122
Excluded Deliverable Obligation .....	122
Excluded Obligation.....	122
Extended Maturity Date.....	122
Extension Notice .....	122
Extraordinary Resolution.....	91

## F

Failure to Pay.....	123
FATCA Provisions .....	41
Final Delivery Date.....	77, 123
Final Price.....	123
Final Redemption Amount.....	91
Final Valuation Date .....	77, 123
First-to-Default Cash CLS .....	69, 123
First-to-Default Physical CLS.....	69, 123
Fitch.....	91
Fixed Day Count Fraction.....	91
Fixed Interest Period .....	92
Fixed Rate Securities .....	92
Floating Day Count Fraction.....	92
Floating Rate.....	36
Floating Rate Option.....	36, 93
Floating Rate Payer Calculation Amount.....	70, 123, 135
Floating Rate Securities .....	93
Following Business Day Convention.....	86
FRN Convention .....	86
FSA.....	93
FSA Rules.....	93
FSMA .....	18, 94
Full Quotation.....	123
Fully Transferable Obligation.....	123
Further Fungible Securities.....	52, 94

## G

General Definitions Module.....	94
Global Security .....	94
Governmental Authority .....	124
Grace Period .....	124
Grace Period Business Day.....	124
Grace Period Extension Date .....	124

## H

Highest.....	124
HK\$ .....	6, 94
holder of Securities .....	104
Hong Kong Dollars.....	6, 94

## I

IAI.....	94
IAIs .....	158
Include Accrued Interest .....	110
Index of Defined Terms .....	3
Indexed Interest Securities .....	94
Indicative Quotation.....	124
Individual Certificates.....	19, 94
Information Memorandum .....	3
Initial Charged Assets .....	32, 94
Initial Maturity Date .....	70, 125
Initial Redemption Notice .....	94
Initial Tranche.....	94
Instructing Creditor.....	94
Interest Amount .....	37, 74, 94
Interest Determination Date .....	94
Interest Payment Date .....	35, 94
Interest Period.....	95
investment company .....	95
Investment Company .....	158
Investment Letter .....	95, 156
Irish Stock Exchange .....	1, 95
ISDA Definitions .....	95

ISDA Rate .....	35
Issue Date .....	95
Issue Terms .....	95
Issuer .....	1
Issuer Account .....	125

## J

Japanese Yen .....	6, 95
--------------------	-------

## L

Liability .....	95
LIBOR .....	36, 95
Liquidation Proceeds .....	95
listed .....	1, 95
Listed .....	125
Loan .....	125
Lower Band .....	125

## M

Margin .....	95
Market .....	125
Market Value .....	96, 125
Market Value Basis .....	96
Maturities - Securities with a maturity of less than one year .....	21
Maturity Date .....	81, 96
Maximum Interest Rate .....	96
Maximum Maturity .....	125
Minimum Interest Rate .....	96
Minimum Quotation Amount .....	126
Modified Eligible Transferee .....	126
Modified Following Business Day Convention .....	86
Modified Restructuring Maturity Limitation Date .....	126
month .....	108, 146
Moody's .....	1, 22, 96
Mortgaged Property .....	96
Multiple Holder Obligation .....	126

## N

Nominal Basis .....	96
Non-exempt Offer .....	161
Non-U.S. Series .....	19, 97
Not Bearer .....	126
Not Contingent .....	126
Not Domestic Currency .....	127
Not Domestic Issuance .....	127
Not Domestic Law .....	127
Not Sovereign Lender .....	127
Not Subordinated .....	127
Notice Delivery Period .....	127
Notice of Physical Settlement .....	127
Notice of Physical Settlement Date .....	72, 128
Notional Amount .....	128
N-USD Regulation S Global Certificate .....	97
N-USD Rule 144A Global Certificate .....	97
N-USD Securities .....	97

## O

Obligation .....	128
Obligation Acceleration .....	128
Obligation Category .....	128
Obligation Characteristics .....	128
Obligation Currency .....	128
Obligation Default .....	128

Optional Call Redemption Amount .....	97
Optional Call Redemption Date .....	97
Optional Put Redemption Amount .....	97
Optional Put Redemption Date .....	97
outstanding .....	97
Outstanding Amount .....	80, 128
Outstanding Principal Amount .....	98
Outstanding Principal Balance .....	128
Overnight Rate .....	73, 129

## P

Pari Passu Basis .....	33, 99
Paris Club debt .....	127
Partial Principal Amount .....	79
Partial Redemption Amount .....	80, 129
participants .....	61
Partly Paid Securities .....	99
pay .....	102
Payable Cash Settlement Amount .....	129
Paying Agent .....	56
Paying Agents .....	99
Payment .....	129
Payment Day .....	99
Payment Requirement .....	130
Permanent Bearer Global Security .....	99
Permitted Currency .....	130
Physical Determination Date .....	71, 130
Physical Settlement Date .....	130
Physical Settlement Period .....	130
Physically Settled CLS .....	130
Placing Agreement .....	99
Placing Terms Module .....	99
plan assets .....	157
Portfolio .....	111, 130
Portfolio Charged Asset Market Value .....	130
Portfolio Charged Asset Quotation .....	131
Portfolio CLS .....	70, 131
Portfolio Final Price .....	131
Potential Cash Settlement Event .....	131
Potential Event of Default .....	100
Potential Failure to Pay .....	132
Pounds .....	6, 104
Pounds Sterling .....	6, 104
Preceding Business Day Convention .....	86
Principal Paying Agent .....	100
Principal Protected CDO Securities .....	100
Proceedings .....	53
Proceeds .....	132
Programme .....	1, 100
Prospectus Directive .....	100, 162
Public Source .....	132
Publicly Available Information .....	132
Purchaser .....	156
Put Notice .....	43
Put Notices .....	100

## Q

QIB .....	100
QIBs .....	4, 154
QP .....	4, 100
Qualified Purchaser .....	100
Qualifying Affiliate Guarantee .....	133
Qualifying Guarantee .....	133
Qualifying Participation Seller .....	134
Quotation .....	134
Quotation Amount .....	135

R			
Rate of Interest .....	100	Securities and Exchange Law .....	103
Rating Agency .....	100	Security Documents .....	103
Rating Agency Confirmation .....	100	Security Interests .....	104
Realisation Amount .....	100	Security Ranking Basis .....	33, 104
Record Date .....	101	Securityholder .....	104
redeem .....	102	Securityholder Priority Basis .....	33, 103
Reference Amount .....	70, 123, 135	Securityholders .....	104
Reference Banks .....	101	Selling Agent .....	104
Reference Entities .....	135	Senior Obligation .....	139
Reference Entity .....	135	Series .....	104
Reference Obligation .....	135	Settlement Commencement Date .....	72, 138
Reference Obligations Only .....	135	Settlement Currency .....	138
Reference Obligations Portfolio .....	135	Settlement Date .....	138
Reference Price .....	136	Settlement Valuation Date .....	138
Reference Rate .....	101	Share Trustee .....	147
Register .....	101	Shares .....	147
Registered Global Securities .....	101	shortfall .....	34
Registered Securities .....	101	Shortfall Date .....	40, 104
Registered Securities Conditions Module .....	101	Single Name Cash CLS .....	69, 138
Registrar .....	101	Single Name Physical CLS .....	69, 139
regulation .....	108, 146	Sovereign .....	139
Regulation S .....	4	Sovereign Agency .....	139
Regulation S Global Certificate .....	101	Sovereign Restructured Deliverable Obligation .....	139
Regulation S Transfer Certificate .....	101	Specified Currency .....	139
Relevant Date .....	48, 66, 101	Specified Denomination .....	104
Relevant Implementation Date .....	161	Specified Time .....	104
Relevant Member State .....	161	Standard Specified Currencies .....	139
Relevant Obligations .....	136	STATUTORY PROVISIONS .....	107
Relevant Screen Page .....	101	Sterling .....	6, 104
Relevant Sums .....	34	Stock Exchange .....	104
Relevant Valuation Date .....	136	Subordinated .....	139
Remaining Amount .....	79	Subordination .....	139
repay .....	102	Subordination Obligation .....	139
Repo Counterparty .....	102	Subscription and Sale and Transfer Restrictions .....	4, 18, 19, 25, 26, 61
Representative Amount .....	136	Subsidiary .....	105
Repudiation/Moratorium .....	136	Substitute Reference Obligation .....	139, 143
Repurchase Agreement .....	102	Substitution Notice .....	32, 105
Required Minimum Securityholders .....	102	sub-unit .....	105
Required Notional Amount .....	136	succeed .....	143
Required Notional Amount Determination Date .....	136	Succession Event .....	141
Reset Date .....	36	successor .....	105
Responsible Person .....	3	Successor .....	112, 113, 135, 141, 143
Restrictions with respect to Securities in bearer form .....	155	Supranational Organisation .....	143
Restructured Bond or Loan .....	136	Swap Agreement .....	105
Restructuring .....	136	Swap Guarantee .....	105
Restructuring Date .....	138	Swap Guarantor .....	105
Restructuring Maturity Limitation Date .....	138	Swap Schedule Terms Module .....	105
Rights .....	102	Swap Settlement Amount .....	143
Rounding Proceeds .....	138		
RP .....	43	T	
Rule 144A .....	4	Talons .....	105
Rule 144A Global Certificate .....	102	Target System .....	105
Rule 144A Transfer Certificate .....	102	TEFRA .....	25
S		Temporary Bearer Global Security .....	105
S&P .....	1, 22, 103	Tranche .....	106
Safeguards Order .....	15	Transaction Documents .....	106
Sale Agreement .....	102	Transfer Agents .....	106
Sale Agreement Terms Module .....	102	Transfer Certificate .....	106
Sale Notional Amount .....	138	Transferable .....	143
Second Redemption Notice .....	103	Trust Corporation .....	106
Section 3(c)(1) exception .....	103	Trust Instrument .....	106
Section 3(c)(7) exception .....	103	Trust Terms Module .....	106
Securities .....	52, 103	Trustee .....	106
Securities Act .....	1, 103		

U		Valuation Time .....	144
U.S. cents.....	6, 106	Vendor .....	107
U.S. dollars.....	6, 106	Voting Shares.....	144
U.S. Internal Revenue Code .....	107	W	
U.S. person .....	107	Weighted Average of the Adjusted Outstanding Principal	
U.S. Series .....	19, 107	Amount .....	144
U.S.\$.....	6, 106	Weighted Average Quotation.....	144
Undeliverable Loan Date .....	77, 144	Y	
Undeliverable Loan Valuation Date .....	77, 144	y .....	43
Undeliverable Obligation .....	77, 144	Yen .....	6, 95
Underlying Obligation .....	133	Z	
Underlying Obligor .....	133	Zero-Coupon Securities .....	107
Upper Band .....	144		
USD Regulation S Global Securities .....	106		
USD Rule 144A Global Certificates.....	106		
USD Securities .....	107		
V			
Valuation Date.....	144		



**REGISTERED OFFICE OF THE ISSUER**

**STARTS (Cayman) Limited**

PO Box 1093  
Queensgate House  
Grand Cayman, KY1-1102  
Cayman Islands

**ARRANGER AND DEALER**

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**TRUSTEE**

**HSBC Corporate Trustee Company (UK) Limited**

Level 24  
8 Canada Square  
London  
E14 5HQ

**PRINCIPAL PAYING AGENT  
AND CUSTODIAN**

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**PAYING AGENT IN THE UNITED STATES  
AND REGISTRAR**

**HSBC Bank USA, National Association**

Issuer Services  
452 Fifth Avenue  
New York, NY  
10018-2706  
U.S.A

**LEGAL ADVISERS**

To the Dealers and the Trustee  
as to English and U.S. law:

**Allen & Overy LLP**

One Bishops Square  
London E1 6AO

To the Issuer  
as to Cayman Islands law:

**Maples and Calder**  
P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104

**IRISH LISTING AGENT**  
**Maples and Calder**  
75 St. Stephen's Green  
Dublin 2, Ireland

ALLEN & OVERY  
ICM:15137403.6