

CLARION ICC LIMITED

(Incorporated as an incorporated cell company with limited liability in Guernsey)

PREFERRED SECURITIES PROGRAMME

Programme

Each incorporated cell (an “**Incorporated Cell**”) of Clarion ICC Limited (the “**Company**”) may issue Preferred Securities pursuant to this Programme. This document comprises the Base Prospectus and may be supplemented from time to time by any Supplement to the Base Prospectus. The terms of, and rights attaching to (the “**Conditions**”), the Preferred Securities are contained in the Incorporated Cell’s Articles of Incorporation, as supplemented in relation to each issue of Preferred Securities by a resolution of the Board of Directors of the Incorporated Cell. In connection with the issue of any Series of Preferred Securities, the Incorporated Cell will prepare and issue Final Terms, which, when read together with the Base Conditions and any Relevant Annex specified to be applicable in such Final Terms, will describe the Conditions of such Series of Preferred Securities. This Base Prospectus, any Supplement to the Base Prospectus, any Relevant Annex and the applicable Final Terms for a Series will comprise the “**Offering Documents**”.

Listing and Admission to Trading

The Base Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under Directive 2003/71/EC (the “**Prospectus Directive**”). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This Base Prospectus constitutes a “base prospectus” for the purposes of the Prospectus Directive. This Base Prospectus will be available on the Central Bank’s website (www.centralbank.ie). Such approval relates only to the Preferred Securities which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”) or which are to be offered to the public in any Member State of the European Economic Area (the “**EEA**”). Application will be made to the Irish Stock Exchange for certain Preferred Securities issued under this Programme for the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market. No assurance can be given that such application will be accepted. Such market is a regulated market for purposes of the Markets in Financial Instruments Directive. If at any time, Clarion ICC Limited shall be required to prepare a supplemental prospectus pursuant to Regulations 23 and 51 of S.I. No. 324, Prospectus (Directive 2003/71/EC) Regulations 2005 (the “**Irish Prospectus Regulations**”), Clarion ICC Limited will prepare and make available an appropriate amendment or supplement to this Base Prospectus or a further base prospectus which, in respect of any subsequent issue of Preferred Securities to be listed on the Irish Stock Exchange, shall constitute a supplement as required by the Central Bank and the Irish Prospectus Regulations. Application may be made to any other stock exchange for a listing of particular Preferred Securities. Unlisted Preferred Securities may also be issued. If any Preferred Securities are to be listed, the applicable Final Terms will specify the exchange(s) they will be listed on.

Guernsey Regulatory Matters

The Guernsey Financial Services Commission has authorised this Programme as an Authorised Closed-Ended Investment Scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed-Ended Investment Schemes Rules 2008. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company, its Incorporated Cells or the Preferred Securities or for the correctness of any of the statements made or opinions expressed with regard to them.

Definitions

Unless otherwise defined, capitalised terms used in this Base Prospectus have the meanings set out in the Base Conditions.

Investment Risks

Prospective investors should have regard to the factors described under the sections headed “Risk Factors” herein.

Arranger

Barclays Capital



16 November 2010

Base Prospectus: This document comprises the Base Prospectus (the “**Base Prospectus**”) and may be supplemented from time to time by any supplement to the Base Prospectus (a “**Supplement**”). This Base Prospectus comprises a base prospectus for the purpose of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”) and for the purpose of giving information with regard to Clarion ICC Limited (the “**Company**”), its incorporated cells (the “**Incorporated Cells**”) and the preferred securities (“**Preferred Securities**”) issued under the programme described herein (the “**Programme**”) which, according to the particular nature of the Company, the Incorporated Cells and the Preferred Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and such Incorporated Cells. This Base Prospectus is valid for one year from the date hereof. Any websites referred to in this Base Prospectus do not form part of this Base Prospectus.

Responsibility: The Company accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Company (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Offers in Relevant Member States: This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Preferred Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Preferred Securities. Accordingly, any person making or intending to make an offer in that Relevant Member State of Preferred Securities which are the subject of an offering contemplated in this Base Prospectus as completed by the applicable Final Terms and any applicable Relevant Annex in relation to the offer of those Preferred Securities may only do so (i) in circumstances in which no obligation arises for the Company, the relevant Incorporated Cell or the Arranger to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer 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 and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, none of the Company, the relevant Incorporated Cell or the Arranger has authorised, nor do they authorise, the making of any offer of Preferred Securities in circumstances in which an obligation arises for the Company, the relevant Incorporated Cell or the Arranger to publish or supplement a prospectus for such offer.

Independent Investigation: Neither this Base Prospectus nor any financial statements or any other financial information supplied in connection with the Programme or any Preferred Securities is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Company and/or the relevant Incorporated Cell that any recipient of this Base Prospectus or any financial statements or any other financial information supplied in connection with the Programme or any Preferred Securities should purchase any Preferred Securities. Investors should conduct their own independent investigations into the financial

condition and affairs, and their own appraisal of the creditworthiness, of the Company and the relevant Incorporated Cell and of the suitability of the relevant Preferred Securities as an investment in the light of their own circumstances and financial condition and after due consideration of an investment linked to any relevant Reference Asset(s) and, in deciding whether to purchase Preferred Securities, investors should form their own views of the merits of such an investment based upon such investigations and not in reliance solely upon any information given in this Base Prospectus, any applicable Relevant Annex and/or any Final Terms. Prospective investors should have regard to the factors described in the section headed “Risk Factors”.

Reference Assets: The applicable Final Terms will (if applicable) specify the nature of the responsibility taken by the Issuer for the information relating to any Reference Asset(s) to which Preferred Securities relate and which is contained in such Final Terms. Investors should conduct their own investigations into the relevant Reference Asset(s) and, in deciding whether to purchase Preferred Securities, investors should form their own views of the merits of such an investment based upon such investigations and not in reliance solely upon any information given in this Base Prospectus, any applicable Relevant Annex and/or any applicable Final Terms. Any websites referred to in any applicable Final Terms will not form part of the prospectus for the purposes of the Prospectus Directive.

Change of Circumstances: The delivery of any of the Base Prospectus, any Supplement, any Relevant Annex and the applicable Final Terms for a Series (together, the “**Offering Documents**”) and any sale of Preferred Securities pursuant thereto shall not, in any circumstances, create any impression that the information contained therein concerning the Company and its Incorporated Cells is correct at any time subsequent to the date thereof 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. Investors should review, *inter alia*, the most recent financial statements, if any, and any public announcements, if any, of the Company and the relevant Incorporated Cell when deciding whether to purchase any Preferred Securities.

Distribution: The distribution of the Offering Documents and the offer or sale of the Preferred Securities in certain jurisdictions may be restricted by law. This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offering or solicitation, and no action is being taken to permit an offering of the Preferred Securities or the distribution of this Base Prospectus in any jurisdiction where action is required. Persons into whose possession the Offering Documents come are required to inform themselves about and to observe any such restrictions. The Preferred Securities and, in certain cases, the Reference Assets have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to any U.S. Person (as such term is defined in Regulation S under the Securities Act) or to, or for the account or benefit of, any U.S. Person (as defined in the U.S. Internal Revenue Code of 1980 and the regulations thereunder). The Company has not been and will not be registered under the United States Investment Company Act of 1940 (the “**Investment Company Act**”). Accordingly, the Preferred Securities are being offered and sold only outside the United States to persons that are other than U.S. Persons in offshore transactions that meet the requirements of Regulation S under the Securities Act. The relevant Incorporated Cell reserves the right to require the transfer of any Preferred Securities which are, or become, owned, directly or indirectly, by a U.S. Person.

Furthermore, trading in the Preferred Securities has not been approved by the U.S. Commodity Futures Trading Commission under the Commodity Exchange Act and no U.S. Person may at any time trade or maintain a position in the Preferred Securities. Details of selling restrictions for various jurisdictions are set out in the section headed “Purchase and Sale”. The information contained therein may be amended from time to time by any applicable Relevant Annex and/or the applicable Final Terms.

Representations: In connection with the issue and sale of Preferred Securities, no person has been authorised to give any information or to make any representation not contained in or consistent with the Offering Documents and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, any Incorporated Cell or the Arranger. Neither the Company nor any Incorporated Cell accepts responsibility for any information not contained in the Offering Documents. None of the Company, any Incorporated Cell or the Arranger makes any representation or warranty whatsoever or accepts any responsibility with respect to any Reference Asset(s). None of the Company, any Incorporated Cell or the Arranger makes any representation or warranty whatsoever or accepts any responsibility as to the effect or possible effect of the linking of payments due under the Preferred Securities to the performance of any Reference Asset(s).

No Investment Advice: None of this Base Prospectus, any Supplement, any Relevant Annex or any Final Terms is, or purports to be, investment advice. Unless expressly agreed otherwise with a particular investor, none of the Company, any Incorporated Cell or the Arranger is acting as an investment adviser or providing advice of any other nature, or assumes any fiduciary obligation, to any investor in Preferred Securities.

References: In this Base Prospectus, references to “\$”, “US\$”, “USD” and “US dollars” are to United States dollars, references to “GBP”, “sterling” and “£” are to pounds sterling and references to “yen”, “¥” and “JPY” are to Japanese yen. References to “EUR”, “euro” and “€” are to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty on the functioning of the European Union as amended from time to time. In this Base Prospectus, references to the “Conditions” are to the terms and conditions of the relevant Preferred Securities. References in this Base Prospectus to Preferred Securities being “listed” on the Irish Stock Exchange shall mean that such Preferred Securities have been admitted to trading on the Irish Stock Exchange’s (the “Irish Stock Exchange”) regulated market. The Irish Stock Exchange’s regulated market and each market that is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments shall be referred to herein as a “Regulated Market”.

Securities Act: The Preferred Securities are being offered and sold outside the United States to non-US persons in reliance on Regulation S (“Regulation S”) under the Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of Preferred Securities and distribution of the Offering Documents, see “Purchase and Sale” and “Terms Relating to the Offer of the Preferred Securities” herein and in any applicable Relevant Annex or Final Terms.

THE PREFERRED SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF PREFERRED SECURITIES OR THE ACCURACY OR THE ADEQUACY OF THE OFFERING

DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Verification: The Arranger has not separately verified the information contained in this Base Prospectus. To the fullest extent permitted by law, the Arranger does not make any representation, express or implied, or accept any responsibility for the contents of this Base Prospectus or for any other statement made or purported to be made by the Arranger or on its behalf in connection with the Issuer, or the issue and offering of the Preferred Securities. The Arranger accordingly disclaims all and any liability, whether arising in tort, contract or otherwise (save as referred to herein) which it might otherwise have in respect of this Base Prospectus or any such statement. Each potential purchaser of Preferred Securities should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Preferred Securities should be based upon such investigation as it deems necessary. The Arranger does not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus or to advise any investor or prospective investor in the Preferred Securities of any information coming to the attention of the Arranger.

Regulatory Review: The contents of this Base Prospectus have not been reviewed or approved by any regulatory authority (other than the Central Bank, which is the Irish competent authority for the purposes of the Prospectus Directive). The Guernsey Financial Services Commission has authorised the Programme as an Authorised Closed-Ended Investment Scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed-Ended Investment Scheme Rules 2008. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company, its Incorporated Cells or the Preferred Securities or for the correctness of any of the statements made or opinions expressed with regard to them.

Table of Contents

	Page
SUMMARY	7
RISK FACTORS	15
INFORMATION RELATING TO THE COMPANY AND THE ISSUERS.....	39
PRO FORMA FINAL TERMS.....	49
TERMS AND CONDITIONS OF THE PREFERRED SECURITIES	65
TERMS RELATING TO THE OFFER OF THE PREFERRED SECURITIES	86
INFORMATION RELATING TO THE HEDGING INSTRUMENT.....	90
INFORMATION RELATING TO THE HEDGE COUNTERPARTY.....	93
INFORMATION RELATING TO THE SERVICE PROVIDERS	95
FEES AND EXPENSES	102
TAXATION	105
PURCHASE AND SALE	110
RELEVANT ANNEXES	115
EQUITY LINKED ANNEX	116
GENERAL INFORMATION.....	136
INDEX	139

SUMMARY

This summary has been prepared in accordance with Article 5(2) of the Prospectus Directive and must be read as an introduction to this Base Prospectus relating to the Preferred Securities referred to below. Any decision to invest in the Preferred Securities should be based on a consideration of the sections of this Base Prospectus which relate to the relevant Preferred Securities as a whole.

*Following implementation of the relevant provisions of the Prospectus Directive in a Member State of the European Economic Area (“**EEA Member State**”), no civil liability in such EEA Member State will attach to the responsible persons in any Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in an EEA Member State, the plaintiff may, under the national legislation of the EEA Member State where the claim is brought, be required to bear the costs of translating the relevant Base Prospectus before the legal proceedings are initiated. Unless otherwise defined, capitalised terms used in this Summary shall have the meaning given to them in the Base Conditions set out in this Base Prospectus.*

The Company

Clarion ICC Limited (the “**Company**”) is a special purpose entity and was incorporated for an unlimited duration on 2 November 2010 with limited liability in Guernsey as a closed-ended incorporated cell company with registered number 52575.

The Company is governed by the provisions of the Companies (Guernsey) Law 2008, as amended, (the “**Companies Law**”). As an incorporated cell company, the Company may, by special resolution, create individual cells in accordance with the Companies Law (each an “**Incorporated Cell**”) for the purpose of issuing asset-backed securities. Each Incorporated Cell will be a separate and distinct legal entity, with its own investment objective and policy and portfolio of assets. Persons investing in and dealing with an Incorporated Cell of the Company shall only have recourse to that Incorporated Cell and their interests shall be limited to the assets from time to time of that Incorporated Cell. They shall have no recourse to the assets of any other Incorporated Cell, or against the assets of the Company.

The Issuers

Each Series of Preferred Securities will be issued by a designated Incorporated Cell. As such, the relevant Incorporated Cell and not the Company will be the issuer of the relevant Series of Preferred Securities (“**Issuer**”).

Details of the relevant Incorporated Cell by which Preferred Securities are being issued will be set out in the applicable Final Terms.

Summary of the Programme

Description:	Programme for the issue of Preferred Securities. The Conditions in respect of a Series of Preferred Securities will comprise the Base Conditions, as modified and supplemented by the applicable Final Terms and the applicable Relevant Annex (if any). If the Preferred Securities are to be listed, the Final Terms will be delivered to the relevant Stock Exchange.
Company:	Clarion ICC Limited
Issuer:	The relevant Incorporated Cell.
Issue and Paying Agent:	The Bank of New York Mellon, London Branch
Custodian:	The Bank of New York Mellon SA/NV, London Branch
Irish Listing Agent:	Arthur Cox Listing Services Limited
Administrator:	Northern Trust International Fund Administration Services (Guernsey) Limited
Determination Agent:	Barclays Bank PLC
Registrar:	Computershare Investor Services (Guernsey) Limited
Paying Agent:	Computershare Investor Services (Guernsey) Limited
Auditor:	PricewaterhouseCoopers CI LLP
Distributor:	Barclays Bank PLC
Authorised Participant:	Barclays Bank PLC
Status of the Preferred Securities:	The Preferred Securities of each Series will be unsecured obligations ranking equally among themselves and will be issued by an incorporated cell of the Company established in respect of that Series (an “ Incorporated Cell ”). The Preferred Securities issued by each Incorporated Cell rank senior to the Management Share(s) of such Incorporated Cell but subordinate to the debt of such Incorporated Cell. A holder of Preferred Securities of any Series shall be entitled to look solely to the assets of the Incorporated Cell in respect of which the relevant Preferred Securities are issued.
Issue Price:	The Issue Price of each Tranche of Preferred Securities shall be specified in the Final Terms relating to the relevant Preferred Securities.
Specified Currency:	Subject to compliance with all relevant laws, regulations and directives, Preferred Securities may be issued in any currency as specified in the applicable Final Terms.
Method of Issue:	Preferred Securities will be issued in one or more Tranches of a Series. A separate Incorporated Cell will be established

and act as Issuer in respect of each Series. Preferred Securities fungible with an existing Series may also be issued.

Form: Preferred Securities may be issued either in (i) certificated registered form, represented by Global Securities and deposited with a Common Depositary, or (ii) dematerialised uncertificated registered form. Preferred Securities of one form will not be exchangeable for another and Preferred Securities of one Series will all be issued in one form. No physical document of title will be issued in respect of any dematerialised Preferred Security.

Terms: Preferred Securities may be issued, including dividend paying Preferred Securities, where the Redemption Amount and/or Dividend Amount(s) (if any) is linked to or otherwise dependent on the performance of one or more Reference Asset(s). Reference Asset(s) may include, but are not limited to, shares, fund units, depositary receipts, equity interests or other equity units, an equity index, a basket of shares or currencies or commodities, currency, commodity or equity indices over a period of time or on certain dates, proprietary algorithmic strategies, ADRs, GDRs, exchange traded funds, currencies, commodities and FX rates and/or a currency pair.

The Conditions of the relevant Series of Preferred Securities will specify the applicable returns, when such returns are payable and the terms on which they are payable (including whether capital is at risk). Any amount reflecting an increase in value of the Reference Asset (if applicable) will normally be paid by the Issuer at maturity of the relevant Preferred Securities as part of the applicable Redemption Amount. Any income will be paid by the Issuer as dividends on specified dates.

Redemption of Preferred Securities: Each Preferred Security of the relevant Series that is not redeemed early will be redeemed on the Redemption Date in respect of that Series at the Final Redemption Amount per Preferred Security of that Series.

Early Redemption: Subject as described in “Consequences of an Additional Disruption Event” below, some or all of the Preferred Securities of a Series may be redeemed early upon the occurrence of a Hedging Termination Event, Additional Disruption Event or a Specified Early Redemption Event (each as described further in the Conditions). In such circumstances, the Preferred Securities will be redeemed at their Early Redemption Amount.

Consequences of an Additional If specified to be applicable in the applicable Final Terms,

Disruption Event:	the Conditions of the Preferred Securities of the relevant Series may be adjusted and/or the Preferred Securities of the relevant Series may be redeemed early at their Early Redemption Amount.
Repurchase of Preferred Securities:	<p>The Issuer may, at any time and from time to time, repurchase all or some of the Preferred Securities at any price, subject to the Companies (Guernsey) Law 2008.</p> <p>Under the terms of the Dealer Agreement, to the extent that an Authorised Participant is a holder of a Preferred Security, such Authorised Participant may request that the Issuer (subject to it obtaining all relevant approvals) repurchase some or all of the Preferred Securities held by such Authorised Participant by delivering a valid Buy-Back Order. The Issuer will accept a Buy-Back Order and repurchase Preferred Securities if (i) a valid Buy-Back Order is given by the Authorised Participant, (ii) it obtains all necessary internal approvals, including the discretionary approval of its Directors, and (iii) all conditions precedent to a repurchase of the Preferred Securities are satisfied. The Issuer will have no obligation to repurchase Preferred Securities and no obligation to accept any Buy-Back Orders from (but excluding) the third Business Day preceding the Redemption Date.</p>
Taxation:	<p>Securityholders must pay all taxes arising from the ownership, transfer, sale or redemption of the Preferred Securities.</p> <p>General information relating to Guernsey and United Kingdom taxation, including where Preferred Securities are held through an ISA, is set out under the heading “TAXATION” in this Base Prospectus. Any investors or prospective investors that are unsure of the tax implications of making an investment in any Preferred Securities, should obtain professional tax advice.</p>
Fees and Expenses:	The Company will incur general fees and expenses which do not directly relate to one or more specific Series (“ General Expenses ”) (see “FEES AND EXPENSES — General Expenses” in this Base Prospectus). The General Expenses include (without limitation) fees and expenses incurred or to be incurred by or on behalf of the Company in connection with the establishment of the Company, the preparation of this Base Prospectus, the preparation and publication of financial statements and reports, and the general administration of the Company. Certain of the General Expenses will be reimbursed or paid on behalf of the Company by the Arranger.

The fees and expenses which relate to any specific Preferred Securities (“**Series Expenses**”) will be as described and funded as set out in this Base Prospectus under “FEES AND EXPENSES — Series Expenses” in this Base Prospectus unless otherwise specified in the relevant Final Terms.

Governing Law:

The Preferred Securities shall be governed by Guernsey law. The Master Programme Deed and any non-contractual obligations arising out of or in connection with it (with the exception of each Administration Agreement, Guernsey Registrar Agreement and Auditor Agreement) shall be governed by English law.

Listing:

The Preferred Securities may be listed on the Irish Stock Exchange and/or any other recognised Stock Exchange. Unlisted Preferred Securities may also be issued. Not all Series of Preferred Securities will be listed. It will be disclosed in the applicable Final Terms for a Series whether the relevant Preferred Securities are intended to be listed and, if so, on which Stock Exchange.

Rating:

Preferred Securities will not be rated by any rating agency.

Relevant Clearing Systems:

CREST, Euroclear Bank S.A/N.V and Clearstream Banking société anonyme and/or any other clearing system specified in the applicable Final Terms.

Selling Restrictions

The offer and sale of the Preferred Securities and the distribution of the Offering Documents may be restricted in certain jurisdictions. See the section headed “PURCHASE AND SALE” in this Base Prospectus.

Summary of Risk Factors under the Programme

Certain risks in relation to the Company, the Issuers and the Preferred Securities include the following:

- the Preferred Securities are complex financial instruments and may involve a high degree of risk;
- the Preferred Securities are unsecured subordinated obligations of the relevant Issuer;
- no assurance is given that the specified redemption amount for the Preferred Securities or any dividend on such Preferred Securities (if applicable) will be paid by the Issuer;
- settlement disruptions may occur;
- the return and value of the Preferred Securities may be affected by interest rate, corporate, market, foreign exchange, time value and/or political risks, as well as

other risks arising from fluctuations in the level, price, value or performance of, or events impacting, any relevant Reference Asset(s);

- the relevant Reference Asset(s) may not perform as expected and part or all of the investor's investment in such Preferred Securities may be lost;
- leverage may magnify the impact of the negative performance of the Reference Asset(s) on the value of the Preferred Securities and/or any amounts payable in respect of the Preferred Securities;
- Securityholders will have no claim against any Reference Asset(s);
- the price at which the Preferred Securities may be disposed of by a Securityholder (if a buyer can be found) may not reflect the value at any particular time of the cellular assets of the Issuer and could therefore vary significantly from the value and/or performance of the Reference Asset(s);
- the performance or failure to perform by a Hedge Counterparty of its obligations under the terms of the Hedging Instrument may impact the value of the Preferred Securities;
- Preferred Securities may be redeemed early for less than the amount invested by the Securityholders and be further subject to costs and charges;
- the Preferred Securities may not be capital protected. If capital protection is a feature of the Preferred Securities, such capital protection may be applicable only at maturity. Preferred Securities which are redeemed early for any reason may not be capital protected;
- disruption events may result in adjustments to the terms of the Preferred Securities or the redemption thereof;
- Preferred Securities may pay dividends that may be contingent and/or may vary from one dividend payment to the next;
- inducements, commissions and fees paid by the Issuer to a distributor may affect the value of the Preferred Securities;
- the Preferred Securities may not provide an effective hedge against the market risk associated with any asset;

- there may be no secondary market for and limited or no liquidity in the Preferred Securities;
- potential conflicts of interest may arise relating to the activities of the Company, the Issuer, the Determination Agent, any Hedge Counterparty and their respective affiliates and the interests of Securityholders and the Company, the Issuer, the Determination Agent, any Hedge Counterparty and their respective affiliates have no obligation to consider the interests of Securityholders;
- where the Custodian holds assets through a sub-custodian or a Depositary, the relationship between the Custodian and such sub-custodian or Depositary, as the case may be, may be governed by a general contract relating to the holding of assets by the sub-custodian or Depositary on behalf of the Custodian and not a specific contract relating to the Preferred Securities. Consequently, there may be no segregation of assets in respect of individual series of Preferred Securities and such holding of assets may be subject to liens or other interests;
- where a distributor and/or a nominee service provider is used by an investor to invest in the Preferred Securities, such investor will only receive payments in respect of Preferred Securities on the basis of arrangements entered into by the investors with the distributor or nominee service provider, as the case may be;
- market disruptions or other events may occur in respect of the relevant Reference Asset(s);
- the levels and basis of taxation and reliefs from taxation can change at any time and taxation law may change with retrospective effect. Any such change could have adverse consequences for Securityholders;
- the market value (if any) of the Preferred Securities may be affected by the creditworthiness of the Company, the Issuer and/or the relevant Hedge Counterparty, particularly in circumstances where investments made by the Incorporated Cell are not collateralised by that Hedge Counterparty under the relevant Hedging Instrument;
- the Company is an incorporated cell company under Guernsey law. It is possible that the laws of another jurisdiction may not recognise the nature of

incorporated cell companies as intended under the Companies Law; and

- the laws applicable to the Preferred Securities may change.

Prospective investors should understand the risks associated with the Preferred Securities and investments and transactions relating to the Hedging Instrument and any Reference Asset(s). Prospective investors must reach an investment decision only after careful consideration, with their advisers, of the suitability of such Preferred Securities in light of their particular financial circumstances, the information in the relevant Offering Documents and their own investigations into the Company, the Issuer, the Hedge Counterparty and any applicable Reference Asset(s).

PROSPECTIVE INVESTORS MUST REVIEW THIS BASE PROSPECTUS, ANY SUPPLEMENT ANY APPLICABLE RELEVANT ANNEX AND THE APPLICABLE FINAL TERMS BEFORE MAKING ANY DECISION TO PURCHASE ANY PREFERRED SECURITIES.

RISK FACTORS

Words and expressions defined elsewhere in this Base Prospectus have the same meanings in this section. Investing in Preferred Securities involves certain risks. Prospective investors should ensure that they also consider any additional risks specific to the type of Preferred Securities they are considering purchasing, including the risk factors set out on page 119 in respect of Equity Linked Securities (the “Product Specific Risk Factors”).

The risks highlighted below represent the principal risks inherent in investing in the Preferred Securities. Each of the risks highlighted below could have a material adverse effect on the Company’s and the relevant Issuer’s financial condition or prospects, which, in turn, could have a material adverse effect on the return which investors will receive in respect of Preferred Securities. In addition, each of the risks highlighted below and the Product Specific Risk Factors could adversely affect the trading price of Preferred Securities or the rights of investors under the Preferred Securities and, as a result, investors could lose some or all of their investment.

Prospective investors should note that the risks described below and in the Product Specific Risk Factors are not the only risks that the investor faces or that may arise because of the nature of any particular Preferred Securities. The Issuer has described only those risks relating to its operations and to the types of Preferred Securities which may be issued that it considers to be material. There may be additional risks that the Company currently considers not to be material or of which it is not currently aware, and any of these risks could have the negative effects set forth above. Prospective investors should seek independent financial advice where they do not fully understand the risks relating to the Preferred Securities.

An investment in the Preferred Securities of any Incorporated Cell involves complex risks and is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

Prospective investors should note that the risks described below and in the Product Specific Risk Factors are not the only possible risks. The Company has described only those risks that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above.

Risks Relating to the Preferred Securities

General Considerations

Investors should note that the complex nature of the Preferred Securities means that an investor may not receive the amount they originally invested in the Preferred Securities of any Incorporated Cell or any amount at all.

No guarantee is given that the specified redemption amount for the Preferred Securities of any Incorporated Cell or any dividend on such Preferred Securities (if applicable) will be paid by the Issuer as payment of the redemption amount and any dividend is subject to the terms of the Final Terms and, as such, is dependent on the performance of the relevant Hedging Instrument.

The Preferred Securities involve a degree of risk, which may include interest rate, corporate, market, foreign exchange, time value and/or political risks, as well as other risks arising from fluctuations in the level, price, value or performance of, or events impacting, any relevant Reference Asset(s) or other factors to which the Preferred Securities are linked and any Relevant Annex specified in the applicable Final Terms to which the return on the Preferred Securities may be linked, and general risks applicable to the stock and capital markets.

In order to realise a return upon an investment in a Preferred Security linked to one or more Reference Asset(s), an investor must have correctly anticipated the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Asset(s). If the relevant Reference Asset(s) do not perform as expected, part or all of the investor's investment in such Preferred Security may be lost.

Assuming all other factors are held constant, the lower the value of a Preferred Security and the shorter the remaining term of a Preferred Security to redemption, the greater the risk that the purchaser of such Preferred Security will lose all or part of their investment. The only means through which a Securityholder can realise value from a Preferred Security prior to its scheduled maturity or redemption date is to sell it at its then market price in an available secondary market the Preferred Securities may have limited or no liquidity. See "Possible Illiquidity of the Secondary Market" below.

Additionally, the price at which the Preferred Securities may be disposed of by a Securityholder (if a buyer can be found) in any available secondary market may not reflect the value at any particular time of the net assets of the relevant Incorporated Cell (including the Hedging Instrument or other assets that are intended to generate funds to enable the Issuer to achieve all or part of its investment objectives) to which such Securityholder may be entitled on a winding-up of the Issuer and could also vary significantly from the performance of the Reference Asset(s).

There can be no assurance that a Securityholder will be able to sell any Preferred Securities prior to their scheduled maturity or redemption date at a price equal to or greater than the value of the Preferred Securities on the issue date and such holder may only be able to sell Preferred Securities at a discount, which may be substantial, to the price paid for such Preferred Securities. Furthermore, if any Securityholder sells its Preferred Securities, the purchaser will likely be charged a commission for secondary market transactions, or the price will likely reflect a dealer discount.

A variety of Preferred Securities may be issued under the Programme, including Preferred Securities where the overall return, including the quantum and/or payment of dividends, may in part be dependent upon the level, price, value or performance of one or more Reference Asset(s) and/or such factor as compared to a specified level, price, value, barrier, threshold, trigger or other factor, as specified in the applicable Final Terms and any applicable Relevant Annex.

The redemption amount and returns on the Preferred Securities of each Incorporated Cell may be affected by the performance of the relevant specified investments, deposits or indices or a combination thereof or by reference to which any payment under any Hedging Instrument of an Incorporated Cell may be calculated and the performance by the Hedge Counterparty of its obligations under the terms of the Hedging Instrument.

Prospective investors in Preferred Securities linked to one or more Reference Asset(s) should not take the past performance of any Reference Asset(s) as an indication of the future performance of that Reference Asset(s) during the term of any Preferred Security.

Possible Illiquidity of the Secondary Market

There can be no assurance as to how Preferred Securities will trade in the secondary market or whether such market will be liquid or illiquid, which may adversely affect the value of the Preferred Securities and/or the ability of the Securityholder to dispose of them. The number of Preferred Securities of any Series may be relatively small, further adversely affecting the liquidity of such Preferred Securities.

While the Authorised Participant may make a market for the Preferred Securities, such market may not be liquid. Therefore, investors may not be able to sell their Preferred Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The Issuer may list Preferred Securities on the Irish Stock Exchange or any other exchange as is specified in the applicable Final Terms or may issue Preferred Securities which are not listed on any exchange. However, no assurance can be given that any secondary trading market will develop for the Preferred Securities. If Preferred Securities are not listed or traded on any exchange, pricing information for such Preferred Securities may be more difficult to obtain and the liquidity of such Preferred Securities may be adversely affected. The fact that Preferred Securities are listed will not necessarily lead to greater liquidity.

Dividends

The Preferred Securities may pay dividends that may be contingent and/or may vary from one dividend payment to the next. The dividends payable on such Preferred Securities may be calculated by reference to:

- (a) a specified rate and/or price, the performance, value or level of one or more Reference Asset(s); and/or
- (b) the dividend for the immediately preceding period; and/or
- (c) a range accrual fraction, multiplier or other factor; and/or
- (d) such other method or formulae as may be specified in the applicable Final Terms.

The dividend may be less than the amount that might be available in the market for similar investments and may be zero.

The Securities may not be a suitable investment for all investors

Each prospective investor in the Preferred Securities must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- (a) have sufficient knowledge and experience to evaluate the Preferred Securities, the merits and risks of investing in the Preferred Securities and the information contained in this Base Prospectus or any applicable supplement and all information contained in the applicable Final Terms and any applicable Relevant Annex;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Preferred Securities and the impact the Preferred Securities will have on its overall investment portfolio;

- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Preferred Securities;
- (d) understand thoroughly the terms of the Preferred Securities and be familiar with the behaviour of any relevant assets, indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, an investment in Equity Linked Preferred Securities or securities linked to other assets or bases of reference, may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in this Section “Risks Relating to the Preferred Securities” and the Product Specific Risk Factors set out in the applicable Relevant Annex(es).

The Preferred Securities are complex financial instruments. Prospective investors should not purchase complex financial instruments as stand-alone investments. Complex financial instruments are purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in the Preferred Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the relevant Preferred Security will perform under changing conditions, the resulting effects on the value of the relevant Preferred Security and the impact this investment will have on the prospective investor’s overall investment portfolio.

Certain Factors Affecting the Value and Trading Price of Preferred Securities

Generally, Preferred Securities offer investment diversification opportunities, but also pose some additional risks with regard to interim value during the term of the Preferred Securities. The interim value of the Preferred Securities and therefore the secondary market price (investors’ attention is drawn to the factors on page 26 which will be taken into account in any sale to the Authorised Participant), if any, is affected by a number of factors, including but not limited to:

- (a) market interest rates;
- (b) fluctuations in currency exchange rates;
- (c) fluctuations in commodities prices;
- (d) the liquidity of the Preferred Securities in any potential secondary market;
- (e) the time remaining to any redemption date or maturity; and
- (f) economic, financial, regulatory, political, terrorist, military or other events in one or more jurisdictions, including factors affecting capital markets generally or the stock exchanges on which any Preferred Securities may be traded.

In addition to the above factors, the interim value of Preferred Securities linked to one or more Reference Asset(s) will also vary with the price and/or level of the applicable Reference Asset(s) and is affected by a number of other factors, including, but not limited to:

- (a) the value and volatility of the Reference Asset(s);

- (b) where the Reference Asset(s) are equity securities, the dividend rate on the Reference Asset(s) and the financial results and prospects of the issuer of each Reference Asset(s);
- (c) where relevant, any correlation between the Reference Asset(s);
- (d) changes in the Hedge Counterparty's funding rate and internal cost of funds;
- (e) the liquidity of any Reference Asset(s) in the secondary market; and
- (f) economic, financial, regulatory, political, terrorist, military or other events in one or more jurisdictions, including factors affecting the stock exchange(s) on which any Reference Asset(s) may be traded.

Due to the additional risk characteristics of such Preferred Securities, prospective investors of Preferred Securities linked to one or more Reference Asset(s) should be experienced with respect to derivatives transactions, should understand the risks of transactions involving the relevant Preferred Securities and should reach an investment decision only after careful consideration, with their advisers when appropriate, of the suitability of such Preferred Securities in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Preferred Securities and the particular index (or basket of indices), share (or basket of shares), currency (or basket of currencies), commodity (or basket of commodities) or other asset or basis of reference to which the value of the relevant Preferred Securities may relate, as specified in the applicable Final Terms and any applicable Relevant Annex.

Before selling Preferred Securities, Securityholders should carefully consider, among other things, (i) the trading price of the relevant Preferred Securities, (ii) the value and volatility of the Reference Asset(s) as specified in the applicable Final Terms (if applicable), (iii) the time remaining to redemption or maturity, (iv) any changes in interim interest rates and dividend yields if applicable, (v) any changes in currency exchange rates, (vi) the depth of the market or liquidity of any applicable Reference Asset(s) and (vii) any related transaction costs.

Redemption amounts will only be payable upon the relevant redemption date applicable in respect of the relevant Preferred Securities of any Incorporated Cell, subject to the relevant Final Terms and any applicable Relevant Annex and the risk factors mentioned herein and the specific risk factors mentioned in the applicable Relevant Annex. The value of the relevant Incorporated Cell's Cellular Assets on any other day (or the market price of such Preferred Securities on any day) may not necessarily be reflected in the redemption amount per Preferred Security payable on any such redemption date.

If additional and competing products are introduced in the markets, this may adversely affect the value of the Preferred Securities.

Credit Risk

In order to generate the cash flows to fund the redemption amount or other amounts payable in respect of a particular Incorporated Cell of Preferred Securities, the Issuer will enter into one or more Hedging Instruments with one or more Hedge Counterparties. Such Hedging Instruments may not be collateralised and may expose the Incorporated Cell to the credit risk of the relevant Hedge Counterparty.

Any payment by the Issuer in respect of the Preferred Securities of any Incorporated Cell is therefore dependent upon the receipt by the Issuer of payments from, and the performance by the relevant

Hedge Counterparty of its respective obligations under, the relevant Hedging Instrument. Accordingly, each Incorporated Cell is subject, among other matters, to the credit risk of the relevant Hedge Counterparty as more particularly described below.

The obligations in respect of the Preferred Securities of each Incorporated Cell are solely obligations of the relevant Incorporated Cell of the Issuer and neither a Hedge Counterparty nor any other person has any obligation to the Securityholders for payment of any amount due in respect of the relevant Preferred Securities.

The relevant Hedging Instruments for each Incorporated Cell will include one or more Derivative Contracts entered into between the Issuer and the Hedge Counterparty, as specified in relevant Final Terms prepared in relation to such Incorporated Cell. A description of the Hedging Instruments to be entered into or acquired by the Issuer in respect of a given Incorporated Cell to fund amounts scheduled to be paid by that Incorporated Cell is set out under the heading “INFORMATION RELATING TO THE HEDGING INSTRUMENT” in this Base Prospectus.

Derivative Contracts are expected to be entered into upon terms which include termination provisions arising as a result of, for example, illegality or the imposition on payments by the Issuer of a withholding which the Issuer is unable to gross up. The terms and conditions of the relevant Hedging Instrument may contain default provisions, tax redemption provisions and other terms with which the counterparty to the relevant Hedging Instrument must comply and which, if not complied with, may lead to their early termination or redemption, as appropriate.

Derivative Contracts may be collateralised or uncollateralised. If the Derivative Contract is uncollateralised, Securityholders will be exposed to the full credit risk of the relevant Hedge Counterparties.

If, in respect of any Hedging Instrument attributable to an Incorporated Cell, (i) a Hedge Counterparty defaults or does not make the anticipated payment that it is obliged to pay to the Issuer under the relevant Hedging Instrument for any reason or (ii) a Derivative Contract is terminated for any reason, there will be a shortfall in the value of the relevant Incorporated Cell and, consequently, the relevant Securityholders may not receive the full redemption amount or other amounts anticipated by the Conditions.

Use of leverage factors can amplify losses and gains on Preferred Securities

Where the terms and conditions of the Preferred Securities provide that the return, including any dividends payable, on such Preferred Securities is based upon the performance, price, value or level of one or more Reference Asset(s) is multiplied by a leverage factor, the purchaser may participate disproportionately in any positive performance and/or may have a disproportionate exposure to any negative performance of the Reference Asset(s). Due to this leverage effect, such Preferred Securities represent a very speculative and risky form of investment since any loss in the value of the Reference Asset(s) carries the risk of a correspondingly higher loss.

Securityholders will have no claim against any Reference Asset(s)

A Preferred Security linked to one or more Reference Asset(s) will not represent a claim in respect of any Reference Asset(s) (or any issuer, sponsor, manager, obligor or other connected person in respect of a Reference Asset(s)) and, in the event that the amount paid by the relevant Issuer on redemption of the Preferred Security is less than the Issue Price of such Preferred Security, a holder will not have recourse under such Preferred Security to any Reference Asset(s) (or any issuer, sponsor,

manager, obligor or other connected person in respect of a Reference Asset(s)). Preferred Securities linked to one or more Reference Asset(s) are not in any way sponsored, endorsed or promoted by any issuer, sponsor, manager, obligor or other connected person in respect of any Reference Asset(s) and such entities have no obligation to take into account the consequences of their actions on any Securityholder.

Preferred Securities with foreign exchange risks

Where the applicable Final Terms of the Preferred Securities provide that the Specified Currency is different to the currency of the Reference Asset(s), the investors in such Preferred Securities may be exposed not only to the performance of the Reference Asset(s) but also to the performance of such Specified Currency (which cannot be predicted) as well as the relative performance of the Specified Currency and the currency of the relevant Reference Asset(s).

Prospective investors should be aware that foreign exchange rates are, and have been, highly volatile and determined by supply and demand for currencies in the international foreign exchange markets, which are subject to economic factors, including, but not limited to, inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks (for example, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates as well as the availability of a specified currency).

Foreign exchange fluctuations between an investor's home currency and the Specified Currency may affect investors who intend to convert gains or losses from the sale of Preferred Securities into their home currency.

The Preferred Securities may be redeemed prior to their scheduled redemption date

The Issuer will redeem the Preferred Securities prior to their scheduled redemption date upon the early termination of the relevant Hedging Instrument and, if specified as applicable in the applicable Final Terms, upon the occurrence of certain additional disruption events and/or specified early redemption events (each as more fully described in the Conditions). As a consequence, the yields received upon redemption may be lower than expected, and the relevant early redemption amount in respect of the Preferred Securities may be lower than the Issue Price paid by the Securityholder for the Preferred Securities and may be zero. As a consequence, the Securityholder may not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in Preferred Securities with a lower yield than the redeemed Preferred Securities.

Accordingly, such early redemption may affect the return on, and value of, the Preferred Securities.

Principal protected Preferred Securities are only principal protected to the extent that the Preferred Securities are held to maturity. Therefore, if any such principal protected Preferred Securities are redeemed or cancelled, early Securityholders may lose some or all of their principal.

Adjustment to or early redemption of the Preferred Securities and reinvestment risk following an Additional Disruption Event

If an Additional Disruption Event occurs, the Issuer will either (i) request the relevant Determination Agent to adjust the terms and conditions of the Preferred Securities (without the consent of the Securityholders) or (ii) procure the early redemption of such Preferred Securities, in each case, in accordance with the relevant Conditions, any applicable Relevant Annex and the applicable Final Terms. An investor in such Preferred Securities should be aware that, depending on the terms and conditions of the Preferred Security in question, the amount payable on any such redemption may be less than the Securityholder's initial investment. Following any such early redemption of Preferred Securities, an investor in such Preferred Securities may not be able to reinvest the amount received at any effective interest rate as high as the yield on the Preferred Securities being redeemed or cancelled and may only be able to do so at a significantly lower rate. Investors in Preferred Securities should consider reinvestment risk in light of other investments available at that time.

Certain Factors affecting the Value of the Preferred Securities upon Early Redemption or Buy-Back

If the Preferred Securities are redeemed prior to their due date for redemption as a result of an Early Redemption Event or purchased from the Authorised Participant pursuant to a Buy-Back Order and cancelled, the Issuer will take into account when determining the relevant settlement amount, and deduct therefrom, an amount in respect of all costs, losses and expenses (if any) incurred (or expected to be incurred) by or on behalf of the Issuer in connection with the redemption or purchase and cancellation of the Preferred Securities, including, without duplication or limitation, hedging termination and funding breakage costs (whether actual or notional). Such costs, losses and expenses will reduce the amount received by Securityholders or the Authorised Participant on redemption and may reduce the settlement amount to zero. The Issuer is not under any duty to hedge at all or in any particular manner, and is not required to hedge in a manner that would (or may be expected to) result in the lowest costs, losses and expenses.

In addition, the price at which the Authorised Participant may agree to acquire Preferred Securities from a Securityholder in any secondary market provided by the Authorised Participant will be determined by reference to a number of factors, including, but not limited to, the performance of any Reference Asset(s) since the relevant trade date and some or all of the following:

- (a) changes in interest rates since the relevant trade date;
- (b) changes in Hedge Counterparty funding rates since the relevant trade date and, where applicable, changes in funding rates of third parties;
- (c) changes in FX rates since the relevant trade date;
- (d) changes in implied correlations since the relevant trade date;
- (e) changes in the implied volatility of the relevant Reference Asset(s) since the relevant trade date;
- (f) changes in implied dividend yields since the relevant trade date;
- (g) the impact of any (variable) bid/offer spread imposed by Barclays Bank PLC due to the liquidity of any hedge positions which would need to be unwound;

- (h) the impact of any (variable) bid/offer spread imposed by Barclays Bank PLC due to internal constraints (such as risk weighted asset limits and any other cost of capital usage);
- (i) supply and demand;
- (j) internal risk limits; and
- (k) administrative costs.

The impact of these factors on the secondary market price that is offered by the Authorised Participant in respect of any Preferred Securities means that that price is not calculated entirely, or almost entirely, with respect to the performance of the Reference Asset(s) and will not be calculated on the basis of the net asset value of the relevant cell. Investors must therefore be aware that any price offered by the Authorised Participant could vary significantly from the valuation of the relevant Incorporated Cell or the performance of the Reference Asset(s).

Disrupted Days and Disruption Events

Where the relevant Determination Agent has determined that a day on which a valuation or determination is to be made is a disrupted day or that a relevant disruption event (including, for example, a failure to open of an Exchange or Related Exchange on a Valuation Date or an Averaging Date, as applicable) has occurred, any such determination may have an effect on the timing of valuation and consequently may adversely affect the value of the relevant Preferred Securities and/or may delay exercise of any rights in relation to the Preferred Securities and/or settlement (or the Valuation Date or Averaging Date or other observation date as applicable) in respect of those Preferred Securities. Prospective investors should review the relevant conditions of the Preferred Securities, any applicable Relevant Annex and the applicable Final Terms to ascertain whether and how such provisions apply to any Preferred Securities they are considering purchasing.

Valuation of the Preferred Securities: commissions and/or fees

Prospective investors in the Preferred Securities should be aware that the issue price may include commissions and/or other fees paid by the Issuer to distributors as payment for distribution services. This can cause a difference between the theoretical value of the Preferred Securities and any bid and offer prices quoted by the Issuer or any third party. Information with respect to the amount of these inducements, commissions and fees will be included in the applicable Final Terms and/or may be obtained from the Issuer or Distributor upon request.

Hedging

Prospective purchasers intending to purchase Preferred Securities to hedge against the market risk associated with investing in a reference index (or basket of indices), share (or basket of shares), currency (or basket of currencies), commodity (or basket of commodities), or other asset or basis of reference which may be specified in the applicable Final Terms should recognise the complexities of utilising Preferred Securities in this manner. For example, the value of the Preferred Securities may not correlate with the value of the Reference Asset(s) or basis of reference. Due to fluctuating supply and demand for the Preferred Securities, there is no assurance that their value will correlate with movements in the price or value of the Reference Asset(s) or basis of reference. For these reasons, among others, it may not be possible to purchase or liquidate Preferred Securities in a portfolio at the prices used to calculate the value of any Reference Asset(s) or basis of reference.

Certain Additional Risk Factors Associated with the Reference Asset(s)

An investment in the Preferred Securities should be made only after assessing the direction, timing and magnitude of potential future changes in the value of the relevant Reference Asset(s) and/or the composition or method of calculation of the Reference Asset(s), as the return of any such investment will be dependent upon such changes. More than one risk factor may have simultaneous effect with regard to the Preferred Securities such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Preferred Securities.

The Issuer may issue Preferred Securities relating to various Reference Asset(s) which may be specified in the applicable Final Terms. However, no assurance can be given that Preferred Securities will be issued other than the Preferred Securities to which the relevant Final Terms relates. At any given time, the number of Preferred Securities outstanding may be substantial. Preferred Securities provide opportunities for investment and pose risks to investors resulting from fluctuations in the value of the Reference Asset(s) or basis of reference to which they are linked.

Conflicts of Interest

The Hedge Counterparty, the Determination Agent or the Authorised Participant may engage in trading and market-making activities and may hold long or short positions in the Reference Asset(s) and other instruments or derivative products based on or related to the relevant Reference Asset(s) for their proprietary accounts or for other accounts under their management. One or more Issuers may issue Preferred Securities in respect of the same Reference Asset(s) or issue derivative instruments in respect thereof. To the extent that any Issuer, the Hedge Counterparty, the Determination Agent or the Authorised Participant serves as issuer, agent, manager, sponsor or underwriter of such securities or other instruments, its interests with respect to such products may be adverse to those of the Securityholders. The Hedge Counterparty, the Determination Agent, the Authorised Participant or any of their respective affiliates may also act as underwriter in connection with future offerings of securities which comprise the Reference Asset(s). Such activities could present certain conflicts of interest, could influence the prices of such Reference Asset(s) and could adversely affect the value of the Preferred Securities.

In connection with the offering of the Preferred Securities, the Hedge Counterparty may enter into one or more hedging transactions with respect to the Reference Asset(s) or related derivatives. In connection with such hedging activities or with respect to proprietary or other trading activities by the Hedge Counterparty and/or any of its affiliates, the Hedge Counterparty and/or any of its affiliates may enter into transactions in the Reference Asset(s) or related derivatives which may, but are not intended to, affect the market price, liquidity or value of the Preferred Securities and which could be deemed to be adverse to the interest of the relevant Securityholders.

As the Hedge Counterparty, the Determination Agent and the Authorised Participant may be the same legal entity as the Arranger, an affiliate of the Arranger or the same division of the Arranger, potential conflicts of interest may exist between such parties and the Securityholders, including with respect to the exercise of the very broad discretionary powers of the Determination Agent (see also “**Determination Agent Risk**” below).

Certain affiliates of the Hedge Counterparty, the Determination Agent and the Authorised Participant may from time to time, by virtue of their status as underwriter, adviser or otherwise, possess or have

access to information relating to the Preferred Securities, the Reference Asset(s) and any derivative instruments referencing them. Such affiliates will not be obliged to and will not disclose any such information to a purchaser of Preferred Securities.

Determination Agent Risk

The Determination Agent has the authority (i) to determine whether certain specified events and/or matters so specified in the conditions relating to a Series of Preferred Securities have occurred, and (ii) to determine any resulting adjustments and calculations as described in such conditions. Prospective investors should be aware that any determination made by a Determination Agent may have an impact on the value and financial return of the Preferred Securities. Any such discretion exercised by, or any calculation made by, a Determination Agent (in the absence of manifest or proven error) shall be binding on the Issuer and all Securityholders. In making any determination, the Determination Agent shall act in good faith but shall not otherwise owe any fiduciary duty to any person but shall perform its duties in the capacity of a principal. Consequently, it will act in its best interests or those of its affiliates when exercising any discretion or making any determination.

Authorised Participant Risk

A Securityholder has no right to request the redemption of its Preferred Securities by the Issuer prior to maturity. Only the Authorised Participant may request that the Issuer repurchases any Preferred Securities held by it prior to maturity. Any Securityholder realising its investment prior to the scheduled redemption date of the Preferred Securities will only be able to realise the value of its investment through a sale on any secondary market that has developed in relation to the Preferred Securities (in the absence of an Early Redemption Event). While an Authorised Participant may make a market with respect to any Preferred Securities, it is under no obligation to do so. At any time, the market price at which the Authorised Participant may agree to purchase Preferred Securities will be a function of supply and demand among investors wishing to buy and sell Preferred Securities and the bid/offer spread that the Authorised Participant is willing to quote for the Preferred Securities. Such market price may not reflect the valuation of the relevant Incorporated Cell and therefore could vary significantly from both that value and the performance of the Reference Asset(s) of the Preferred Securities at such time.

Any offers made by the Authorised Participant to a Securityholder will be made in its own name and not as an agent of the Issuer and only the Authorised Participant will be liable for the relevant offer. The Issuer does not accept any liability for the offer or sale of Preferred Securities by the Authorised Participant.

If the Authorised Participant initiates a Buy-Back Order but does not deliver the relevant Preferred Securities to the Issuer, in circumstances where the Issuer has received the related termination payment under the Hedging Instrument(s) based on the value of the Preferred Securities to be purchased on the relevant Buy-Back Trade Date, this may result in the Issuer having insufficient sums available to it to make payments in full in respect of the Preferred Securities when such Preferred Securities are purchased and cancelled. Accordingly, Securityholders are exposed to the credit risk of the Authorised Participant and the risk that the Authorised Participant fails to settle a Buy-Back Order.

Risks relating to sub-custodians and Depositaries.

Where the Custodian holds assets through a sub-custodian or a Depositary, the relationship between the Custodian and such sub-custodian or Depositary, as the case may be, may be governed by a general contract relating to the holding of assets by the sub-custodian or Depositary on behalf of the Custodian and not a specific contract relating to the Preferred Securities. Consequently, there may be no segregation of assets in respect of individual series of Preferred Securities and such holding of assets may be subject to liens or other interests

Risks relating to Service Providers

Preferred Securities are also subject to risk related to operational failures, failure to perform obligations, fraud or other malfeasance on the part of the Directors and other service providers to the Company or an Issuer.

The Arranger may fail to meet its obligation to pay certain fees and expenses of the Company or an Issuer and this may impact the operations and proper functioning of the Issuer and the ability of the Issuer to carry out its obligations in respect of any Preferred Securities.

Minimum Tradeable Amounts

Preferred Securities may, if specified in the applicable Final Terms, be subject to a Minimum Tradeable Amount, in which case such Preferred Securities will, for so long as they are cleared through a Relevant Clearing System, be transferable only in a number of Preferred Securities that is not less than such Minimum Tradeable Amount. Notwithstanding the foregoing, such Preferred Securities will only be transferable in accordance with the Relevant Rules.

Nominee Arrangements

Where a distributor and/or a nominee service provider is used by an investor to invest in the Preferred Securities, such investor will only receive payments and/or deliveries of Preferred Securities on the basis of arrangements entered into by the investors with the distributor or nominee service provider, as the case may be. Such investors must look exclusively to the distributor or nominee service provider for all payments and/or deliveries attributable to the Preferred Securities. Furthermore, any such investor will not appear on the Register of the Issuer, shall have no direct right of recourse against the Issuer and must look to the relevant Distributor, nominee service provider or clearing system for all payments attributable to the relevant Preferred Securities. Neither the Issuer, the Distributor, the Determination Agent nor any other person will be responsible for the acts or omissions of the distributor or nominee service provider, nor make any representation or warranty, express or implied, as to the services provided by the distributor or nominee service provider.

Taxation

Potential purchasers of Preferred Securities should be aware that duties and other taxes and/or expenses, including any applicable depositary charges, transaction charges, stamp duty and other charges may be levied in accordance with the laws and practices in the countries where the Preferred Securities are transferred and/or where Preferred Securities are delivered.

Except to the extent that the Issuer is required by law to withhold or deduct amount for or on account of Taxes or to the extent otherwise disclosed in the Conditions, a holder of Preferred

Securities must pay all taxes and expenses relating to the Preferred Securities. Save to the extent otherwise disclosed in the Conditions, the Issuer is not liable for or otherwise obliged to pay any such taxes or expenses and all payments made by the Issuer will be made subject to any such taxes or expenses which may be required to be paid being made, paid, withheld or deducted. Except to the extent that the Issuer is required by law or to the extent otherwise disclosed in the Conditions, the Issuer will not make any additional payments in the event that any withholding obligation is imposed on payments by the Issuer.

Any change in the Issuer's tax status or in taxation legislation in Guernsey or the UK or any other tax jurisdiction affecting the Issuer or a Securityholder or investor could affect the value of the investments held by the Issuer or affect the Issuer's ability to achieve its investment objective for the relevant Preferred Securities or alter the post-tax returns to Securityholders.

The summaries set out under the heading "TAXATION" in this Base Prospectus are limited as described therein and do not consider all tax aspects of an investment in the Preferred Securities. Prospective investors in Preferred Securities should take their own advice in relation to all the tax implications of their investment.

The information on taxation contained in this Base Prospectus is based on the law and practice currently in force in Guernsey and the UK and is subject to change (possibly with retrospective effect). Any such change could adversely affect the ability of the Issuer to pay the redemption amount due on Preferred Securities on the relevant redemption date and the net amount of any dividends and/or redemption amount payable to Securityholders.

The effect of the current taxation regimes in the UK may vary depending upon the individual circumstances of an investor. The levels and bases of, and reliefs from, taxation can also change. The Issuer does not give any assurance as to the actual tax treatment of the Preferred Securities, or of a particular investor, as a result of the purchase, holding, sale or redemption of a Preferred Security.

Potential purchasers of Preferred Securities should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

The attention of potential purchasers of the Preferred Securities is drawn to the section headed "TAXATION".

Expenses

In addition to General Expenses, the Issuer will incur and be required to pay other expenses, including Series Expenses. The arrangements for funding the payment by the Issuer of such expenses is set out in the section headed "FEES AND EXPENSES".

Cross Liability between Incorporated Cells

(a) *No recourse to the assets of any other Incorporated Cells*

Each Incorporated Cell will maintain separate accounting books and records. A holder of Preferred Securities issued in a given Incorporated Cell shall be entitled to look solely to the assets of that Incorporated Cell in respect of all payments (including dividends, if applicable) due in respect of the Preferred Securities held by that holder which are issued in respect of

such Incorporated Cell. If the realised net assets of the relevant Incorporated Cell are insufficient to pay any amounts due on the relevant Preferred Securities, the holder of those Preferred Securities shall have no further right of payment in respect of those Preferred Securities nor any claim against or recourse to any of the assets of any other Incorporated Cell or any assets of the Company.

(b) *Allocation of liabilities between Incorporated Cells*

The Company may from time to time incur liabilities related to the operation of the Company and which the Company may wish to re-charge to some or all of the Incorporated Cells. In such circumstances, the Directors shall allocate to each relevant Incorporated Cell such charges on such other basis as the Directors may determine having regard to what the Directors consider in their discretion to be fair and reasonable in the circumstances.

(c) *Allocation of liabilities among all Securityholders in the event of non-recognition of incorporated cell status*

Each Incorporated Cell expects from time to time to make issues of Preferred Securities. Each Incorporated Cell is a separate legal entity. The Company is also a separate legal entity. An incorporated cell company is a company whose principal feature is that, by reason of each incorporated cell and the company itself being a separate legal entity, each incorporated cell has its own distinct assets which are not available to creditors of other cells or of the company. Whilst the assets of cells of incorporated cell companies are thus protected from the claims of creditors of other cells or of the Company as a matter of Guernsey law, it is possible that the law of another jurisdiction (including the UK) may not recognise the nature of incorporated cell companies as intended under the Companies Law.

Accordingly, if the assets of the Company or an Issuer are situated in a jurisdiction other than Guernsey, or legal proceedings are brought in respect of the Company or an Issuer outside Guernsey, it is not known whether courts in other jurisdictions would recognise the incorporated cell structure and the separate integrity of cells. As such, it is possible that a judgment in a jurisdiction other than Guernsey may deem the assets of other incorporated cells to be available to meet the claims of creditors of a given incorporated cell or of the Company.

Similarly, it is conceivable that a creditor of one Incorporated Cell or of the Company may, in taking action against the Company or an Incorporated Cell, occasion the transpiration of what may be deemed to be an insolvency, termination or like event insofar as the contractual relations of one or more of the Company's other Incorporated Cells are concerned (whether in respect of any Hedging Instrument or otherwise), thereby causing such other cell or cells or the Company to be in default of their contractual obligations or otherwise adversely impacting upon their respective contractual standing.

However, the Company and an Issuer will, wherever possible, endeavour to transact with all counterparties in accordance with the Companies Law and otherwise on a limited recourse basis with the intention that claims against the Company or an Issuer would be restricted respectively to the assets of the Company and to the assets of the relevant Incorporated Cell in respect of which the transaction or transactions giving rise to the claim were entered into.

(d) *Consequences of winding-up proceedings*

If an Issuer fails for any reason to meet its obligations or is unable to pay its debts, a creditor may be entitled to make an application for the winding-up of that Issuer. The commencement of such proceedings may entitle creditors (including any Hedge Counterparty) to terminate contracts with the Issuer (including Derivative Contracts) and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the Issuer being dissolved at a time prior to the relevant scheduled redemption date of the Preferred Securities held by an investor and the assets (including any collateral held) of the Issuer being realised and applied to pay off the liabilities of the Issuer. In this respect, it is important to note that whilst holders of Preferred Securities have recourse to the assets of the relevant Issuer, their claim is not secured over those assets and consequently the Issuer may incur liabilities that have an equal ranking or senior claim to the same assets.

In the event of winding-up proceedings being commenced, the Issuer may not be able to pay the full redemption amount and any amount of dividends and any other or alternative amounts (if any) anticipated by the Conditions in respect of the Preferred Securities of any Incorporated Cell.

In the event that the Company becomes subject to winding-up proceedings, the winding-up of the Company must be carried out in such a way as not to prejudice the affairs, business and property of any of its Incorporated Cells, and accordingly, during the winding-up, the Company will continue to carry on business to the extent necessary for the continuance of business of its Incorporated Cells. The appointment of a liquidator to the Company does not affect the position of the directors of the Incorporated Cells, subject to any direction to the contrary given by the liquidator, the voting members of the Incorporated Cells or the Royal Court of Guernsey. The Company cannot be dissolved until each of its Incorporated Cells has ceased to exist as an incorporated cell of the Company (including by transfer to another incorporated cell company).

Additional Risk Factors, Disclaimers and Considerations Associated with Certain Preferred Securities

Preferred Securities may be issued subject to additional disclaimers and considerations in respect of risk and tax consequences involved in investing in such Preferred Securities. The text of such additional disclaimers and considerations (if any) will be generally set out in full in the applicable Relevant Annex and/or the applicable Final Terms. Prospective purchasers should understand the risks, regulatory and tax implications associated with an investment in the Preferred Securities and should only reach an investment decision after careful consideration with their legal, tax, accounting and other advisers, of the suitability of an investment in the Preferred Securities in the light of all the information set out in this Base Prospectus, any supplement thereof and the applicable Final Terms.

Change of law

The conditions of the Preferred Securities are based on Guernsey law in effect as at the date of this Base Prospectus. No assurance is given as to the impact of any possible judicial decision or change to Guernsey law or administrative practice after the date of this Base Prospectus.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Preferred Securities are legal investments for it, (ii) Preferred Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Preferred Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Preferred Securities under any applicable risk-based capital or similar rules.

Risks Relating to the Original Hedge Counterparty

Business conditions and general economy

Barclays Bank PLC and its subsidiary undertakings (taken together, the “**Group**”) operate a universal banking business model and its services range from current accounts for personal customers to inflation-risk hedging for governments and institutions. The Group also has significant activities in a large number of countries. There are, therefore, many ways in which changes in business conditions and the general economy can adversely impact the Group’s profitability, be they at the level of the Group, the individual business units or the specific countries in which the Group operates.

The Group’s stress testing framework helps it understand the impact of changes in business conditions and the general economy, as well as the sensitivity of its business goals to such changes and the scope of management actions to mitigate their impact.

As the current downturn has shown, higher unemployment in the UK, US, Spain and South Africa has led to increased arrears in the Group’s card portfolios, while falls in GDP have reduced the credit quality of the Group’s corporate portfolios. In both cases, there is an increased risk that a higher proportion of the Group’s customers and counterparties may be unable to meet their obligations. In addition, declines in residential and commercial property prices have reduced the value of collateral and caused mark to market losses in some of the Group’s trading portfolios.

The business conditions facing the Group in 2010 are subject to significant uncertainties, most notably:

- the extent and sustainability of economic recovery and asset prices in the UK, US, Spain and South Africa as governments consider how and when to withdraw stimulus packages;
- the dynamics of unemployment in those markets and the impact on delinquency and charge-off rates;
- the speed and extent of possible rises in interest rates in the UK, U.S. and the eurozone;
- the possibility of further falls in residential property prices in the UK, South Africa and Spain;
- the potential for single name risk and for idiosyncratic losses in different sectors and geographies where credit positions are sensitive to economic downturn;
- possible additional deterioration in the Group’s remaining credit market exposures, including commercial real estate and leveraged finance;
- the potential impact of deteriorating sovereign credit quality;

- changes in the value of sterling relative to other currencies, which could increase risk weighted assets and therefore raise the capital requirements of the Group; and
- the liquidity and volatility of capital markets and investors' appetite for risk, which could lead to a decline in the income that the Group receives from fees and commissions.

Retail and Wholesale Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. The credit risk that the Group faces arises mainly from wholesale and retail loans and advances. However, credit risk may also arise where the downgrading of an entity's credit rating causes a fall in the fair value of the Group's investment in that entity's financial instruments.

In a recessionary environment, such as that recently seen in the United Kingdom, the United States and other economies, credit risk increases. Credit risk may also be manifested as country risk where difficulties may arise in the country in which the exposure is domiciled, thus impeding or reducing the value of the assets, or where the counterparty may be the country itself.

Another form of credit risk is settlement risk, which is the possibility that the Group may pay funds away to a counterparty but fail to receive the corresponding settlement in return. The Group is exposed to many different industries and counterparties in the normal course of its business, but its exposure to counterparties in the financial services industry is particularly significant. This exposure can arise through trading, lending, deposit-taking, clearance and settlement and many other activities and relationships. These counterparties include broker dealers, commercial banks, investment banks, mutual and hedge funds and other institutional clients. Many of these relationships expose the Group to credit risk in the event of default of a counterparty and to systemic risk affecting its counterparties. Where the Group holds collateral against counterparty exposures, it may not be able to realise it or liquidate it at prices sufficient to cover the full exposures. Many of the hedging and other risk management strategies utilised by the Group also involve transactions with financial services counterparties. The failure of these counterparties to settle or the perceived weakness of these counterparties may impair the effectiveness of the Group's hedging and other risk management strategies.

Market risk

Market risk is the risk that the Group's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates. The majority of the risk resides in the Barclays Capital division of Barclays Bank PLC. The Group is also exposed to market risk through non-traded interest rate risk and the pension fund.

The Group's future earnings could be affected by depressed asset valuations resulting from a deterioration in market conditions. Financial markets are sometimes subject to stress conditions where steep falls in asset values can occur, as demonstrated by events in 2007 and 2008 affecting asset backed CDOs and the US sub-prime residential mortgage market and which may occur in other asset classes during an economic downturn. Severe market events are difficult to predict and, if they continue to occur, could result in the Group incurring additional losses.

From the second half of 2007, the Group recorded material net losses on certain credit market exposures, including ABS CDO Super Senior exposures. As market conditions change, the fair value

of these exposures could fall further and result in additional losses or impairment charges, which could have a material adverse effect on the Group's earnings. Such losses or impairment charges could derive from: a decline in the value of exposures; a decline in the ability of counterparties, including monoline insurers, to meet their obligations as they fall due; or the ineffectiveness of hedging and other risk management strategies in circumstances of severe stress.

Capital risk

Capital risk is the risk that the Group has insufficient capital resources to:

- meet minimum regulatory requirements in the UK and in other jurisdictions such as the United States and South Africa where regulated activities are undertaken. The Group's authority to operate as a bank is dependent upon the maintenance of adequate capital resources;
- support its credit rating. A weaker credit rating would increase the Group's cost of funds; and
- support its growth and strategic options.

Regulators assess the Group's capital position and target levels of capital resources on an ongoing basis. Targets may increase in the future, and rules dictating the measurement of capital may be adversely changed, which would constrain the Group's planned activities and contribute to adverse impacts on the Group's earnings. During periods of market dislocation, increasing the Group's capital resources in order to meet targets may prove more difficult or costly.

In December 2009, the Basel Committee on Banking Supervision issued a consultative document that outlined proposed changes to the definition of regulatory capital. These proposals are going through a period of consultation and are expected to be introduced by the beginning of 2013, with substantial transitional arrangements. While the proposals may significantly impact the capital resources and requirements of the Group, the Group maintains sufficient balance sheet flexibility to adapt accordingly.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations as they fall due as a result of a sudden and protracted increase in cash outflows. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in balance sheet and sales of assets, or potentially an inability to fulfil lending commitments. This risk is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events.

During periods of market dislocation, the Group's ability to manage liquidity requirements may be impacted by a reduction in the availability of wholesale term funding as well as an increase in the cost of raising wholesale funds. Asset sales, balance sheet reductions and the increasing costs of raising funding will affect the earnings of the Group.

In illiquid markets, the Group may decide to hold assets rather than securitising, syndicating or disposing of them. This could affect the Group's ability to originate new loans or support other customer transactions as both capital and liquidity are consumed by existing or legacy assets.

The FSA issued its policy document on 'Strengthening liquidity standards' on 5 October 2009 detailing the requirements for liquidity governance to be in place by 1 December 2009, and the

quantitative requirements for liquidity buffers, which have been in place since 1 June 2010, although with an extended transition period of several years to meet the expected standards.

In addition, the Basel Committee on Banking Supervision released a consultative document 'International framework for liquidity risk measurement, standards and monitoring' in December 2009. This included two new key liquidity metrics: a liquidity coverage ratio aimed at ensuring banks have sufficient unencumbered high quality assets to meet cash outflows in an acute short-term stress and a net stable funding ratio to promote longer-term structural funding of banks' balance sheet and capital market activities.

Operational risk

Operational risk is the risk of direct or indirect losses resulting from human factors, external events, and inadequate or failed internal processes and systems. Operational risks are inherent in the Group's operations and are typical of any large enterprise. Major sources of operational risk include operational process reliability, IT security, outsourcing of operations, dependence on key suppliers, implementation of strategic change, integration of acquisitions, fraud, human error, customer service quality, regulatory compliance, recruitment, training and retention of staff, and social and environmental impacts.

Notwithstanding anything in this risk factor, this risk factor should not be taken to imply that Barclays Bank PLC will be unable to comply with its obligations as a company with securities admitted to the Official List of the Irish Stock Exchange or that any member of the Group will be unable to comply with its obligations as a supervised firm regulated by the Central Bank.

Financial crime risk

Financial crime risk is the risk that the Group might suffer losses as a result of internal and external fraud, or might fail to ensure the security of personnel, physical premises and Barclays Bank PLC's assets or internal damage, loss or harm to people, premises or moveable assets.

Regulatory risk

Regulatory risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Non-compliance could lead to fines, public reprimands, damage to reputation, increased prudential requirements, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

In addition, the Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the United Kingdom, the EU, the United States, South Africa and elsewhere. All these are subject to change, particularly in an environment where recent developments in the global markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. In particular, governmental and regulatory authorities in the United Kingdom, the United States and elsewhere are implementing measures to increase regulatory control in their respective banking sectors, including by imposing enhanced capital and liquidity requirements. Any future regulatory changes may potentially restrict the Group's operations, mandate certain lending activity and impose other compliance costs.

Areas where changes could have an impact include:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Group operates;
- general changes in regulatory requirements, for example, prudential rules relating to the capital adequacy framework and rules designed to promote financial stability and increase depositor protection;
- changes in competition and pricing environments;
- further developments in the financial reporting environment;
- differentiation amongst financial institutions by governments with respect to the extension of guarantees to customer deposits and the terms attaching to those guarantees; and
- implementation of, or costs related to, local customer or depositor compensation or reimbursement schemes.

Two specific matters that directly impact the Group are the Banking Act 2009 and the Financial Services Compensation Scheme:

Banking Act 2009

The Banking Act 2009 (the “**Banking Act**”) provides a permanent regime to allow the FSA, the UK Treasury and the Bank of England to resolve failing banks in the UK. Under the Banking Act, these authorities are given powers, including (a) the power to issue share transfer orders pursuant to which all or some of the securities issued by a bank may be transferred to a commercial purchaser or Bank of England entity and (b) the power to transfer all or some of the property, rights and liabilities of the UK bank to a purchaser or Bank of England entity. A share transfer order can extend to a wide range of securities, including shares and bonds issued by a UK bank (including Barclays Bank PLC) or its holding company (Barclays PLC) and warrants for such shares and bonds. The Banking Act powers apply regardless of any contractual restrictions and compensation may be payable in the context of both share transfer orders and property appropriation.

The Banking Act also gives the Bank of England the power to override, vary or impose contractual obligations between a UK bank or its holding company and its former group undertakings for reasonable consideration, in order to enable any transferee or successor bank of the UK bank to operate effectively. There is also power for the Treasury to amend the law (excluding provisions made by or under the Banking Act) for the purpose of enabling it to use the regime powers effectively, potentially with retrospective effect. In addition, the Banking Act gives the Bank of England statutory responsibility for financial stability in the UK and for the oversight of payment systems.

Financial Services Compensation Scheme

Banks, insurance companies and other financial institutions in the UK are subject to the Financial Services Compensation Scheme (the “**FSCS**”) where an authorised firm is unable or is likely to be unable to meet claims made against it because of its financial circumstances. Most deposits made with branches of Barclays Bank PLC within the European Economic Area (the “**EEA**”) which are denominated in Sterling or other EEA currencies (including the Euro) are covered by the FSCS. Most claims made in respect of investment business will also be protected claims if the business was carried on from the UK or from a branch of Barclays Bank PLC in another EEA member state. The

FSCS is funded by levies on authorised UK firms such as Barclays Bank PLC. As at 30 June 2010, the Group had accrued £108 million (2008: £101 million) for its share of the levies. The provision is based on estimates of the Group's market participation in the relevant charging periods and the interest the FSCS will pay on the facilities provided by HM Treasury in support of its obligations to depositors of banks declared in default (such facilities were, as at 31 December 2009, estimated by the Group to amount to £20 billion). While it is anticipated that the substantial majority of these facilities will be repaid wholly from recoveries from the institutions concerned, there is the risk of a shortfall, such that the FSCS may place additional levies on FSCS participants. As at the date of this Base Prospectus, it was not possible to estimate the amount of any potential additional levies or the Group's share. Consequently, in the event that the FSCS raises funds, raises those funds more frequently or significantly increases the levies to be paid by firms, the associated costs to the Group may have a material impact on the Group's results and financial condition.

Ongoing regulatory reform

The scale of regulatory change remains challenging and the global financial crisis is resulting in a significant tightening of regulation and changes to regulatory structures globally, especially for banks that are deemed to be of systemic importance. Concurrently, there is continuing political and regulatory scrutiny of the operation of the banking and consumer credit industries in the UK and elsewhere which, in some cases, is leading to increased or changing regulation. For example, the UK Chancellor of the Exchequer has proposed reallocating the FSA's current responsibilities between the Bank of England and a new Consumer Protection and Markets Authority by the end of 2012 and has tasked an independent commission with reviewing the UK banking system, in particular focusing on competition issues and the possible splitting of retail and investment banking operations, with findings and recommendations expected by September 2011. As part of an Emergency Budget, the Chancellor also announced a new bank levy, which will apply to certain UK banks and building societies and the UK operations of foreign banks from 1 January 2011. Barclays Bank PLC expects to be subject to the new levy but cannot, as at the date of this Base Prospectus, quantify its potential exposure. In the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act contains far reaching regulatory reform. Whilst focused on U.S. financial institutions, many provisions will significantly affect companies such as Barclays Bank PLC although the full impact will not be known until implementing rules are made by governmental authorities. The nature and impact of future changes in the legal framework, policies and regulatory action cannot currently be fully predicted and are beyond the Group's control, but, especially in the area of banking regulation, are likely to have an impact on the Group's businesses and earnings.

The market for payment protection insurance ("**PPI**") has been under scrutiny by the UK competition authorities and financial services regulators. Following a reference from the Office of Fair Trading ("**OFT**"), the UK Competition Commission ("**CC**") undertook an in-depth enquiry into the PPI market. The CC published its final report on 29 January 2009, concluding that the businesses which offer PPI alongside credit face little or no competition when selling PPI to their credit customers. In March 2009, Barclays submitted a targeted appeal focused on the prohibition on sale of PPI at the point of sale ("**POSP**") remedy on the basis that it was not based on sound analysis, and is unduly draconian. The Competition Appeals Tribunal ("**CAT**") upheld Barclays' appeal on two grounds, meaning that the CC will be required to reconsider the POSP remedy and the basis for it, and made an order to that effect on 26 November 2009. This remittal process is expected to take until the autumn of 2010, at which time the CC will publish its final Remedies Order.

Separately, in 2006, the FSA published the outcome of its broad industry thematic review of PPI sales practices in which it concluded that some firms fail to treat customers fairly and that the FSA would strengthen its actions against such firms. Tackling poor PPI sales practices remains a priority for the FSA. In September 2009, the FSA issued a Consultation Paper on the assessment and redress of PPI complaints made on or after 14 January 2005. It was expected that the FSA would issue a final version of its policy statement in February or March 2010. The FSA will publish a final version of the policy statement, with implementation of the new rules in July 2010 by way of an amendment to the DISP (Dispute Resolution: Complaints) rules in the FSA Sourcebook. It is anticipated that the final rules will be published in August 2010. Barclays voluntarily complied with the FSA's request to cease selling single premium PPI by the end of January 2009.

The OFT has carried out investigations into Visa and MasterCard credit card interchange rates. A decision by the OFT in the MasterCard interchange case was set aside by the CAT in 2006. The OFT is progressing its investigations in the Visa interchange case and a second MasterCard interchange case in parallel and both are ongoing. The outcome is not known but these investigations may have an impact on the consumer credit industry in general and therefore on the Group's business in this sector. In 2007, the OFT expanded its investigation into interchange rates to include debit cards.

Notwithstanding the Supreme Court ruling in relation to the test case, Barclays continues to be involved in the OFT's work on personal current accounts ("PCAs"). The OFT initiated a market study into PCAs in the UK in 2007 which also included an examination of other retail banking products, in particular savings accounts, credit cards, personal loans and mortgages in order to take into account the competitive dynamics of UK retail banking. In 2008, the OFT published its market study report, in which it concluded that certain features of the UK PCA market were not working well for consumers. The OFT reached the provisional view that some form of regulatory intervention is necessary in the UK PCA market. The OFT also held a consultation to seek views on the findings and possible measures to address the issues raised in its report. In October 2009, the OFT published a follow-up report containing details of voluntary initiatives in relation to transparency and switching agreed between the OFT and the industry. A further follow-up report was published in March 2010 to providing details of voluntary initiatives and working practises agreed in relation to certain aspects of charging structures. The Group has participated fully in the market study process and will continue to engage with the working parties.

U.S. laws and regulations require compliance with U.S. economic sanctions, administered by the Office of Foreign Assets Control, against designated foreign countries, nationals and others. HM Treasury regulations similarly require compliance with sanctions adopted by the UK government. The Group has been conducting an internal review of its conduct with respect to US Dollar payments involving countries, persons and entities subject to U.S. economic sanctions and has been reporting the results of that review to various governmental authorities, including the U.S. Department of Justice, the New York County District Attorney's Office and the Office of Foreign Assets Control, which have been conducting investigations of the matter. The Group is in advanced discussions with these and other authorities with respect to a possible resolution of the investigations. Barclays Bank PLC provided £194 million in the first half of 2010 in relation to the possible resolution of this matter. Barclays Bank PLC has also kept the FSA informed of the progress of the U.S. investigations and the Group's internal review and will continue to do so.

Legal risk

The Group is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, the Group is exposed to many forms of legal risk, which may arise in a number of ways. Primarily:

- the Group's business may not be conducted in accordance with applicable laws around the world;
- contractual obligations may either not be enforceable as intended or may be enforced against the Group in an adverse way;
- the intellectual property of the Group (such as its trade names) may not be adequately protected; and
- the Group may be liable for damages to third parties harmed by the conduct of its business.

The Group faces risk where legal proceedings are brought against it. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered even if the Group is successful. Although the Group has processes and controls to manage legal risks, failure to manage these risks could impact the Group adversely, both financially and by reputation.

Taxation risk

The Group is subject to the tax laws in all countries in which it operates, including tax laws adopted at an EU level. A number of double taxation agreements entered between two countries also impact on the taxation of the Group. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions.

The Group takes a responsible and transparent approach to the management and control of its tax affairs and related tax risk, specifically:

- tax risks are assessed as part of the Group's formal governance processes and are reviewed by the Group's Executive Committee, Group Finance Director and the Board Risk Committee;
- the tax charge is also reviewed by the Group's Board Audit Committee;
- the tax risks of proposed transactions or new areas of business are fully considered before proceeding;
- the Group takes appropriate advice from reputable professional firms;
- the Group employs high-quality tax professionals and provides ongoing technical training;
- the tax professionals understand and work closely with the different areas of the business;
- the Group uses effective, well-documented and controlled processes to ensure compliance with tax disclosure and filing obligations; and

- where disputes arise with tax authorities with regard to the interpretation and application of tax law, the Group is committed to addressing the matter promptly and resolving the matter with the tax authority in an open and constructive manner.

INFORMATION RELATING TO THE COMPANY AND THE ISSUERS

General

The Company was incorporated for an unlimited duration on 2 November 2010 with limited liability in Guernsey under the Companies (Guernsey) Law 2008 (as amended) (the “**Companies Law**”) as a closed-ended incorporated cell company with registered number 52575.

The registered office of the Company and the Issuers is Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL, Channel Islands, telephone number +44 (0) 1481 745278.

The share capital of the Company at the date of this Base Prospectus is, and at the date of incorporation was one fully paid-up ordinary share of no par value issued at a price of £1.00.

The ordinary share in the Company is held by Northern Trust Fiduciary Services (Guernsey) Limited on trust.

In accordance with the Companies Law 2008 and the Articles, the Company may reduce its share capital and may purchase its own Preferred Securities.

Incorporated Cells

Under the Companies Law, an incorporated cell is a separate legal entity established by an incorporated cell company whose assets and liabilities are therefore segregated from the assets and liabilities of the incorporated cell company and of any other of its incorporated cells. Therefore, the claims of the creditors and Securityholders attributable to a particular incorporated cell are limited to the assets of that incorporated cell.

Under the Companies Law, any legal proceedings by or against the relevant incorporated cell must be brought by or against the incorporated cell.

The Company is authorised under the Companies Law and its articles of incorporation (the “**Articles**” or “**Articles of Incorporation**”) to create one or more Incorporated Cells.

The share capital of each Incorporated Cell shall comprise:

- (i) one fully paid-up ordinary share of no par value issued at a price of £1.00 (the “**Management Share**”); and
- (ii) an unlimited number of Preferred Securities.

The Management Share in each Incorporated Cell will be held by Northern Trust Fiduciary Services (Guernsey) Limited on trust.

Under the Companies Law and the Articles, the Directors have no power to meet any liability attributable to a particular Incorporated Cell from the assets of the Company or from the assets of any other Incorporated Cell or to meet any liability of the Company from the assets of any Incorporated Cell.

Voting Rights

Preferred Securities do not carry voting rights except to consider any proposal to vary or amend the rights attached to the relevant Preferred Securities as described below under the heading “Articles of Incorporation of the Issuer – (b) Variation of Rights and (c) Voting Rights”.

Accordingly, as a Securityholder you will not be entitled to receive notice of, attend or vote at any general meeting of the Issuer.

The Directors and the Company Secretary

The Directors of the Company are responsible for managing the business affairs of the Company in accordance with the Company’s memorandum (the “**Memorandum**”) and Articles of Incorporation. The Directors of each Incorporated Cell are responsible for managing the business affairs of the relevant Incorporated Cell in accordance with the Memorandum and Articles of Incorporation of the Incorporated Cell. Under the Companies Law, the same Directors must be appointed to the board of each Incorporated Cell as are appointed to the board of the Company. The Directors may delegate certain functions to other parties such as the Determination Agent, the Administrator and the Registrar. The Company will be managed and its affairs supervised by the Directors whose details are set out below. The address of the Directors, all of whom are non-executive and are residents of Guernsey, is the registered office of the Company.

The current directors (the “**Directors**”) are:

<i>Name</i>	<i>Experience and principal outside activities</i>
Robert Paul King	Rob has over 20 years experience in the financial services industry in Guernsey, primarily in the fund administration and custody sectors. Prior to his current position at Cannon Asset Management, Rob spent his entire career with Barings in Guernsey, which was later acquired by Northern Trust. Consequently, he has a good working relationship with the Administrator. Rob is a director of a variety investment companies listed on the London, AIM, Irish and Channel Islands Stock Exchanges, being both open and closed ended funds. He is a member of several audit committees and also a valuation committee for unlisted investments.
Keith Dorrian	Keith is one of the most experienced fund directors in Guernsey, with almost 40 years of experience across a variety fund service related roles, including the setup one of the first protected cell companies in Guernsey. He is currently a member of the Institute of Directors, the Institute of Bankers and the Guernsey Investment Fund Association, and also holds a number of other directorships. Keith is now semi-retired, and divides his time between Guernsey and France, where he also keeps an office to fulfil his directorship duties.
Jonathan Wrigley	Jonathan has over 15 years experience in the fund management industry. Jonathan qualified as a Chartered Accountant and a Chartered Tax Adviser with Ernst and Young in London. Prior to joining Barclays Wealth Jonathan has held a number of senior positions across the investment management industry, with particular responsibility for the establishment and administration of collective investment schemes across various jurisdictions. Jonathan is currently located in Guernsey and is the Head

of Fund Services at Barclays Wealth.

No potential conflicts of interest exist between any duties of the Directors listed above with respect to the Company and the relevant Issuer and their private interests and other duties.

The secretary of the Company and of each Issuer (the “**Secretary**”) is Northern Trust International Fund Administration Services (Guernsey) Limited of Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL.

Articles of Incorporation of the Issuer

The following only contains a description of certain provisions of the Articles and is subject to the express terms of the Articles which are binding on all members of the Issuer (“Members”). Investors are accordingly referred to the Memorandum and Articles for further details. A full version of the Memorandum and Articles is available for inspection by Members. For more details see “GENERAL INFORMATION – Documents Available for Inspection” of this Base Prospectus. Alternatively, a copy is available to Members from the Administrator on written request.

The Articles contain provisions to the following effect:

(a) Directors' Authority to Allot Securities.

The Directors may issue any number of Preferred Securities on such terms and conditions as they see fit.

(b) Variation of Rights.

The special rights attached to any class (a “Class”) or Series of Preferred Securities (subject to the Final Terms relating thereto) may be varied or abrogated by Special Resolution (as defined in the Articles) of the Issuer either whilst the Issuer is a going concern or during or in contemplation of a winding-up, with the consent in writing of the holders of three-quarters of the issued securities of that Class or Series, or with the sanction of a Special Resolution passed at a separate Class or Series meeting, but such consent or sanction shall not be required in the case of a variation, amendment or abrogation of the special rights attached to any Preferred Security of any Class or Series if, in the view of the Directors, such variation, amendment or abrogation does not materially prejudice the interests of the holders of the relevant Class or Series or any of them. Any such variation, amendment or abrogation shall be set out in revised Final Terms in a supplement to the Base Prospectus originally issued in connection therewith, a copy of which will be sent to the affected Class or Series holders entered on the Register on the date of issue of such document and shall be binding on the holders of the relevant Class or Series of Preferred Securities.

Pursuant to the Articles, the special rights conferred upon the holders of any Class or Series shall be deemed to be varied by the reduction of the capital paid up on the Preferred Securities of such Class or Series and by the creation of further securities ranking in priority thereto but shall (unless otherwise expressly provided by the Articles or by the conditions of issue of such Preferred Securities), without limitation, be deemed not to be varied by:

- (i) the creation or issue of further securities ranking after or *pari passu* therewith; or
- (ii) the creation, allotment or issue of any Management Shares; or

- (iii) the allotment, issue or redemption of Preferred Securities of the same Series as any Preferred Securities in issue provided that, on issue of such additional Preferred Securities of the same Series, the assets relating to that Series are increased in the same proportion as the number of additional Preferred Securities of the same Series issued bears to the number of Preferred Securities of that Series already in issue; or
- (iv) the amendment of the definition in the Articles of “U.S. Persons” or “Restricted Person” where the Issuer has been advised that such amendment will not materially prejudice the Issuer.

(c) *Voting Rights.*

The holders of the Preferred Securities shall not be entitled to receive notice of or to attend or vote at any general meeting of the Issuer. Subject to any provisions to the contrary in the Articles, Final Terms, or any applicable supplement to the Base Prospectus (including the relevant Final Terms) holders of Preferred Securities shall be entitled to receive notice of and attend and vote in respect of any meeting of holders of Preferred Securities of any Class held pursuant to the Articles where the sanction by special resolution of that Class is required. A holder of Preferred Securities present in person or represented in accordance with the Articles at such a meeting shall on a poll have one vote in respect of each Preferred Security registered in the name of such holder. The quorum for any Class meeting of holders of Preferred Securities shall be the person or persons holding or representing a clear majority of the issued Preferred Securities or if at any adjourned meeting such a quorum is not present, those holders who are present in person thereat shall be a quorum.

(d) *Directors' Interests.*

Subject to the provisions of the Companies Law, and provided that he has disclosed to the Directors in accordance with the Companies Law the nature and extent of any of his material interests immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction, a Director notwithstanding his office:

- (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or the Issuer or in which the Company or the Issuer is otherwise interested;
- (ii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or the Issuer or in which the Company or the Issuer is otherwise interested; and
- (iii) shall not, by reason of his office, be accountable to the Issuer for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which any contract or arrangement in which he is interested is considered and, provided he has made disclosure to the Directors as provided for in the Articles, may vote in respect of any such contract or arrangement.

The Articles do not contain a share qualification for Directors.

(e) *Borrowing Powers.*

Subject as hereinafter provided, the Directors may exercise all the powers of the Issuer to borrow or raise money for the account of the Issuer (including the power to borrow for the purpose of redeeming or repurchasing Preferred Securities) and hypothecate, mortgage, charge or pledge the assets of the Issuer (both present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock or other securities, whether outright or as collateral security for any debt, liability or obligation of the Issuer. The aggregate amount for the time being remaining undischarged of all monies borrowed (including borrowings in currencies other than pounds sterling) by the Issuer shall not exceed such amount (if any) as may be fixed by the Directors at the time of the creation of the Issuer.

(f) *Committees.*

The Directors may delegate any of their powers to committees consisting of such Directors or Director or such other persons as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors. The meetings and proceedings of any such committee consisting of two or more persons shall be governed by the provisions of the Articles regulating the meetings and proceedings of the Directors, so far as the same are applicable and are not superseded by any regulations made by the Directors under the Articles.

(g) *Retirement of Directors.*

The Directors are not required to retire by rotation or by virtue of their attaining a certain age.

(h) *Directors' Remuneration.*

The Directors shall be entitled to a fee for acting as directors of the Company but shall not be entitled to a separate fee for also acting as directors of an Issuer. The remuneration of the Directors shall from time to time be determined by Ordinary Resolution (as defined in the Articles) of the Company (the Directors' fees are set out under the heading "FEES AND EXPENSES" of this Base Prospectus). The Directors shall be paid their travelling and other expenses properly and necessarily expended by them in attending meetings of the Directors or Members or otherwise on the affairs of the Issuer. If any Director shall be appointed agent or to perform extra services or to make any special exertions or to go or reside abroad for any of the purposes of the Issuer, the Directors may remunerate such Director either by a fixed sum or by commission or participation in profits or otherwise or partly in one way and partly in another as they think fit, and such remuneration may be either in addition to or in substitution for his remuneration described earlier in this paragraph.

(i) *Transfer of Preferred Securities.*

The Articles provide that the Directors may implement such arrangements as they may think fit in order for any Class or Series of Preferred Securities to be admitted to settlement by means of such electronic system as they may from time to time determine.

Title to such of the Preferred Securities as are recorded on the Register as being held in uncertificated form may be transferred only by means of such electronic system as the Directors may from time to time determine. The registration of transfers of Preferred Securities of any Class or Series may be suspended at such times and for such periods as the Directors

may from time to time determine, provided always that such registration shall not be suspended for more than 30 days in any year.

The Directors may in their absolute discretion and the Administrator may, on behalf of the Directors pursuant to the corporate administration agreement, refuse to register any transfer of securities, where the securities may be owned directly or indirectly by a U.S. Person or Restricted Person (each as defined in the Articles).

The Issuer reserves the right to require the transfer of any securities which are or become owned, directly or indirectly, by a U.S. Person or a Restricted Person. Under the Articles, such compulsory transfer may be made to a person (including, without limitation, an existing Member) qualified under the Articles to hold the same. If a transfer notice served has not been complied with to the satisfaction of the Directors and has not been withdrawn, the Directors may, in their sole discretion, so far as they are able, arrange for a transfer to be made at the best price reasonably obtainable at the relevant time and shall give written notice within such reasonable time as the Directors shall determine of such disposal to the former registered holder. The manner, timing and terms under which any such transfer is made or sought to be made by the Directors (including, but not limited to, the price or prices at which the same is made and the extent to which assurance is obtained that no transferee is or would become a Restricted Person) shall be such as the Directors determine, based upon advice from bankers, brokers or other appropriate persons consulted by them for the purpose, to be reasonably practicable having regard to all the circumstances (including, but not limited to, the number of securities to be disposed of and the requirement for the disposal to be made without delay); and the Directors shall not be liable for any of the consequences of reliance on such advice.

(j) Repurchase.

Subject to the Companies Law, the rules of any stock exchange on which the relevant Preferred Securities are listed, the Articles, this Base Prospectus and the relevant Supplement (including the relevant Final Terms), the Issuer, at the discretion of the Directors, may from time to time, but shall not be obliged to, exercise any right of the Issuer to repurchase all or any of the Preferred Securities of a Class or Series, whether or not they are redeemable, and may finance any such repurchase as the Directors determine appropriate. The Preferred Securities of a Class or Series repurchased by the Issuer shall carry no voting rights and shall be cancelled after such repurchase and the Issuer's issued and outstanding share capital shall be reduced accordingly.

Except as provided in the previous paragraph, the Directors shall have discretion to determine all of the terms in relation to any such repurchase, including, without limitation, the frequency of any such repurchases, and the amount payable by the Issuer in respect of any such repurchase.

The Issuer is closed-ended and holders of Preferred Securities have no right whatsoever under the Articles to require the Issuer to repurchase their Preferred Securities.

(k) Participation in the assets of the Issuer generally.

The Issuer is incorporated as an incorporated cell within a Guernsey incorporated cell company structure and the Directors are required by the Companies Law to keep the income, profits and assets of the Incorporated Cell separate from those attributable to the Company

and the other Incorporated Cells of the Company. Under the Companies Law, the creditors of the Issuer only have access to assets attributable to the Incorporated Cell. No Preferred Securities shall be issued on terms that entitle the holders of any Series of Preferred Securities to participate in the assets of the Company or any other Incorporated Cell of the Company. If the realised net assets of the Incorporated Cell are insufficient to pay any amounts due on the relevant Class or Series of Preferred Securities in full in accordance with the Final Terms and the Articles, the relevant Class holders or Series holders shall have no further right of payment in respect of such Preferred Securities or any claim against the Company or any other Incorporated Cell of the Company in respect of any shortfall.

(l) Dividends

Subject to the Companies Law and the Articles, some Series or Classes of Preferred Securities may confer a right (without the need for any declaration by the Directors unless otherwise provided in the Final Terms) to receive such dividends including interim dividends (if any) out of the assets of the relevant Issuer payable on such terms and in such circumstances as the Directors may decide in their absolute discretion pursuant to a resolution of the Board. All such terms relating to the dividends will be described in the Final Terms.

Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall, if the Directors so resolve, be forfeited and thenceforth shall cease to be owing by the Issuer and shall belong to the Issuer absolutely.

(m) Certificated or Uncertificated securities

Preferred Securities may be issued in certificated or uncertificated form as determined by the Directors in their sole and absolute discretion. In the case of a Class of Preferred Securities, the relevant Final Terms will specify whether the Preferred Securities of the Class will be issued in certificated or uncertificated form.

In order to facilitate the clearing and settlement of Preferred Securities of any Class (whether in certificated or uncertificated form) in any clearing and settlement or similar system, including, without limitation, CREST or Euroclear or Clearstream, Luxembourg, the Directors may make such arrangements as they determine to be necessary or desirable for such purpose.

(n) Winding -up

Subject to the provisions of the Companies Law, and to any particular rights or limitations for the time being attached to any shares or securities as may be specified in the Articles or upon such which such shares or securities may be issued, if the Issuer shall be wound up, the liquidator shall apply the assets of the Issuer in such manner and order as he thinks fit in satisfaction of creditors' claims, provided always that the liquidator shall discharge the liabilities of the Issuer out of the assets of the Issuer and no recourse shall be had to the assets of the Company or to any assets of any other incorporated cell of the Company to meet the liabilities of the Issuer. Subject thereto the assets of the Issuer available for distribution shall be applied in the following priority:

- (a) the assets of the Issuer available for distribution shall then be distributed to the holders of the Preferred Securities and to the holders of any other shares or securities entitled to participate in the assets of the Issuer on winding-up, as follows:

- (i) the holders of Preferred Securities shall be entitled to receive a liquidation distribution in respect of each Preferred Security out of the assets of the Issuer to the extent available for distribution in accordance with the conditions governing the rights and obligations attaching to the Preferred Securities;
 - (ii) such entitlement will rank equally with the entitlement of the holders of any other shares or securities, if any, ranking *pari passu* with the Preferred Securities as regards participation in the assets of the Issuer;
 - (iii) in the event that the assets of the Issuer are insufficient to pay a liquidation distribution in full by reason of the foregoing limitations, the amount payable shall be reduced *pro rata* in the proportion that the amount available for payment bears to the full amount that would have been payable but for such limitation; and
 - (iv) after payment of a liquidation distribution, as reduced if applicable, holders of Preferred Securities will have no right or claim to any of the remaining assets of the Issuer;
- (b) if any assets of the Issuer remain after the distribution in (a) above the assets shall be distributed to the holder(s) of the Management Share(s) *pro rata* to its/their respective holding.

Subject to the provisions of the Companies Law and the Articles, if the Issuer shall be wound up (whether the liquidation is voluntary or by the Court) the liquidator may, with the sanction of a special resolution of the Issuer and any other sanction required by the Companies Law divide among the holders so entitled in specie the whole or any part of the assets of the Issuer, whether or not the assets shall consist of property of a single kind, and he may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the relevant holders. Where such a distribution in specie is being made, a holder may elect to have such assets sold at the expense of the holder and to have the net proceeds of such sale remitted to him. The liquidator or receiver may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of holders as the liquidator, with the like authority, shall think fit, and the liquidation of the Issuer may be closed, but so that no holder shall be compelled to accept any asset in respect of which there is liability.

No resolution may be proposed for adoption by the holder(s) of any Management Share in the Issuer providing for the liquidation, dissolution or winding-up of the Issuer, unless a majority of the holders of the Preferred Securities and any other preferred shares or securities ranking *pari passu* as regards participation in profits or assets with the Preferred Securities have approved such resolution. Such approval may only be given by the consent in writing of the holders of a majority of the Preferred Securities and such other preferred shares or securities or with the sanction of a resolution passed by a majority of such holders attending and voting at a meeting of the holders of the Preferred Securities and of such other preferred shares or securities.

(o) *Indemnity*

To the fullest extent permitted by the Companies Law and the Articles, the Directors, secretary and other officers or servants or agents for the time being of the Issuer shall be indemnified out of the assets of the Issuer from and against all actions, costs, charges, losses, damages and expenses in respect of which they may lawfully be indemnified which they or any of them shall or may incur or sustain by reason of any contract entered into or any act done, concurred in, or omitted, in or about the execution of their duty or supposed duty or in relation to the Issuer, except such (if any) as any of them shall incur or sustain by or through their own negligence, default, breach of duty or breach of trust respectively, and none of them shall be answerable for the acts, receipts, negligence or defaults of the other or others of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Issuer shall or may be lodged or deposited for safe custody, or for any bankers, brokers, or other persons into whose hands any money or assets of the Issuer may come, or for any defect of title of the Issuer to any property purchased, or for the insufficiency or deficiency or defect of title of the Issuer, to any security upon which any moneys of the Issuer shall be invested, or for any loss or damage occasioned by an error of judgement or oversight on their part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution of their respective offices or in relation thereto, except the same shall happen by or through their own negligence, default, breach of duty or breach of trust respectively.

(p) *Untraced members*

Subject to compliance with all relevant laws, regulations and directives, the Issuer shall be entitled to sell (at a price which the Issuer shall use its reasonable endeavours to ensure is the best obtainable) the shares of a Member or the shares to which a person is entitled by virtue of transmission on death or insolvency or otherwise by operation of law if and provided that:

- (a) during the period of not less than 12 years prior to the date of the publication of the advertisements referred to below (or, if published on different dates, the first thereof) at least three dividends in respect of the shares in question have become payable and no dividend in respect of those shares has been claimed;
- (b) the Issuer shall following the expiry of such period of 12 years have inserted advertisements in a national newspaper and/or in a newspaper circulating in the area in which the last known address of the Member or the address at which service of notices may be effected under the Articles is located giving notice of its intention to sell the said shares;
- (c) during the period of three months following the publication of such advertisements (or, if published on different dates, the last thereof) the Issuer shall have received indication neither of the whereabouts nor of the existence of such Member or person; and
- (d) notice shall have been given to the stock exchanges on which the Issuer is listed, if any.

Financial Information

The financial statements of the Company and each Issuer will be maintained in Sterling and prepared in accordance with International Financial Reporting Standards (“IFRS”) unless the Directors determine at a future time that another accounting regime is more appropriate to the circumstances of the Company and/or Issuer at such time. The annual audited financial statements of the Company and/or Issuer, subject to the provision of the relevant information to the Company and/or Issuer, will be prepared up to 28 February in each year. The first accounting period of the Company will be from the date of its incorporation up to 28 February 2011. The first accounting period of each Issuer will be from the date of its incorporation up to the next 28 February. Where the Company is required to do so to comply with the applicable continuing obligations of the Irish Stock Exchange, the annual audited financial statements will be sent to the Irish Stock Exchange and each other relevant stock exchange (if any) within a period of six months following the relevant accounting date. The annual audited financial statements of the relevant Issuer will be sent to each Securityholder within a period of four months following the relevant accounting date and will be made available at the offices of the Registrar and the Issue and Paying Agent.

The Company shall also prepare unaudited financial statements of the Company and each Issuer for the six months up to 31 August in each year.

The Determination Agent will be responsible for calculations and valuations in accordance with the Conditions of the Preferred Securities. Except for the annual financial statements and as may be set out in the Conditions of the Preferred Securities, neither the Company nor any Issuer will be responsible for providing Securityholders with regular valuations in relation to the Preferred Securities or Reference Assets.

PricewaterhouseCoopers CI LLP have been appointed as auditors of the Company and Issuer. The annual general meeting of the Company for each year considers the accounts for the previous financial year and the appointment of the auditors. Only a holder of an ordinary share or shares in the Company will be entitled to attend and vote on such matters at the annual general meeting of the Company. The Incorporated Cells are not required to hold annual general meetings.

In accordance with Article 41.6(c) of Directive 2006/43/EC of the European Parliament and of the Council and any relevant implementing measures of Guernsey, the Company does not consider it appropriate to have either an audit committee or an administrative or supervisory body entrusted to carry out the functions of an audit committee. This is because the Company and each Issuer’s principal business consists of the issue of Preferred Securities and the application of amounts received from or in connection with the Preferred Securities towards making payments under the Hedging Instruments and paying certain fees, expenses and other related amounts and as such, neither the Company nor any Issuer is conducting an operating business.

PRO FORMA FINAL TERMS

PRO FORMA FINAL TERMS FOR PREFERRED SECURITIES

The Final Terms for each Series of Preferred Securities will include such of the following information as is applicable with respect to such Preferred Securities and such other information as may be required from time to time by any applicable Relevant Stock Exchange.

Final Terms

[NAME] IC LIMITED

an incorporated cell of

CLARION ICC LIMITED

(Incorporated as an incorporated cell company with limited liability in Guernsey)

pursuant to its

PREFERRED SECURITIES PROGRAMME

for the issue of Preferred Securities

Issue Price: *[issue price]*

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Preferred Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Preferred Securities. Accordingly, any person making or intending to make an offer of the Preferred Securities may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or the Distributor to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in Public Offer Jurisdictions that may be specified of the Final Terms relating to the Preferred Securities, provided such person is one of the persons mentioned in the Final Terms relating to the Preferred Securities and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor the Distributor has authorised, nor do they authorise, the making of any offer of Preferred Securities in any other circumstances.

This document constitutes the final terms of the Preferred Securities (the “**Final Terms**”) described herein for the purposes of Article 5.4 of the Prospectus Directive 2003/71/EC and is prepared in connection with the Preferred Securities Programme established by Clarion ICC Limited (the “**Company**”) and is supplemental to and should be read in conjunction with the Base Prospectus dated 16 November 2010, as supplemented and amended from time to time, which constitutes a base prospectus (the “**Base Prospectus**”) for the purpose of the Prospectus Directive 2003/71/EC. The “**Issuer**” is [Name of Incorporated Cell]. Full information on the Issuer and the offer of the Preferred Securities is only available on the basis of the combination of these Final Terms, the Base Prospectus and the Articles of Incorporation of the Issuer (the “**Articles**”). The Base Prospectus and the Articles are available for viewing during normal business hours at the registered office of the Issuer, at the specified office of the Issue and Paying Agent and at the specified office of any Distributor and copies may be obtained from such office. Words and expressions defined in the Base Prospectus or the Articles and not defined in this document shall bear the same meanings when used herein.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date]

This document constitutes the final terms of the Preferred Securities (the “**Final Terms**”) described herein for the purposes of Article 5.4 of the Prospectus Directive 2003/71/EC and is prepared in connection with the Preferred Securities Programme established by Clarion ICC Limited (the “**Company**”) and is supplemental to and should be read in conjunction with the Base Prospectus dated 16 November 2010, as supplemented and amended from time to time, which constitutes a base prospectus (the “**Base Prospectus**”) for the purpose of the Prospectus Directive 2003/71/EC, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] (the “**Original Offering Document**”), as incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Preferred Securities is only available on the basis of the combination of these Final Terms, the Base Prospectus, the Articles of Incorporation of the Company (the “**Articles**”) and the Original Offering Document. The Base Prospectus, the Articles and the Original Offering Document are available for viewing during normal business hours at the registered office of the Issuer and the specified office of the Issue and Paying Agent for the time being in London and copies may be obtained from such office. Words and expressions defined in the Base Prospectus or the Articles and not defined in this document shall bear the same meanings when used herein.]

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

Guernsey Regulatory Matters

The Guernsey Financial Services Commission has authorised the Programme as an Authorised Closed-Ended Investment Scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and the Authorised Closed-Ended Investment Schemes Rules 2008. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company, the Incorporated Cells or the Preferred Securities or for the correctness of any of the statements made or opinions expressed with regard to them.

Potential investors should note that the Preferred Securities are obligations of [Name of Incorporated Cell] only and accordingly the Securityholders will only have recourse to and their interest shall be limited to the assets from time to time attributable to that Incorporated Cell and their Series and that they will not have any rights of recourse to the assets of any other Incorporated Cell or against any assets of the Company nor to any other person.

There can be no assurance as to how Preferred Securities will trade in the secondary market or whether such market will be liquid or illiquid, which may adversely affect the value of the Preferred Securities and/or the ability of the Securityholder to dispose of them. The number of Preferred Securities of any Series may be relatively small, further adversely affecting the liquidity of such Preferred Securities.

Purchasers of Securities should conduct such independent investigation and analysis regarding the Issuer and the Preferred Securities as they deem appropriate to evaluate the merits and risks of an investment in the Preferred Securities.

Any individual intending to invest in any investment described in this document should consult his or her professional adviser and ensure that (s)he fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.

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

Barclays Capital

Final Terms dated [Issue Date]

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

Part A

Conditions of the Preferred Securities

The Preferred Securities shall have the following terms and conditions, which shall complete, modify and/or amend the Base Conditions and/or any applicable Relevant Annex(es) set out in the Base Prospectus dated 16 November 2010.

[When completing the following terms or adding any additional terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive 2003/71/EC]

GENERAL

- | | | |
|----|--|--|
| 1 | Issuer: | [Name of Incorporated Cell], an incorporated cell of Clarion ICC Limited

<i>(Note: name of each new Incorporated Cell to be sequentially numbered – e.g. Clarion 1 IC Limited, Clarion 2 IC Limited)</i> |
| 2 | [(i)] Series: | [●] |
| | [(ii)] Tranche: | [●] |
| 3 | Preferred Securities: | The redeemable Preferred Securities designated by the Directors pursuant to the Articles as the Series [●] Preferred Securities of the Issuer |
| 4 | Form: | [Global Securities in registered form]

[CREST Securities are issued in dematerialised uncertificated registered form.] |
| 5 | Trade Date: | [●] |
| 6 | Issue Date: | [●] |
| 7 | Issue Price: | [●] per Preferred Security

<i>(Note: The Issue Price must be expressed as an amount per Preferred Security and not as a percentage)</i> |
| 8 | Specified Currency: | [●] |
| 9 | Aggregate Number of Preferred Securities as at the Issue Date: | [Up to] [●] |
| 10 | Nominal Value per Preferred Security: | [●] |
| 11 | Minimum Tradeable Amount: | [1,000 Preferred Securities and integral multiples of 1 Preferred Securities in excess thereof]

[Not Applicable]

<i>(Note: If specified, the Minimum Tradeable Amount must be expressed as a number of Preferred Securities)</i> |

- 12 Business Day Convention: [Following]
[Modified Following]
[Nearest]
[Preceding]
- 13 Additional Business Centre(s): [●]
- 14 The following Relevant Annex(es) shall apply to the Preferred Securities: [Equity Linked Annex]
[Other *(specify)*]
[N/A]
(Note: specify each Relevant Annex that is applicable (more than one set may apply))
- 15 Hedge Counterparty: [Barclays Bank PLC] [Other *(specify)*]
- 16 Collateralisation: [Applicable][None]
- 17 Valuation Date: [●] *(Provide details if Collateralisation is applicable and Valuation Date differs from that specified in the Master Credit Support Annex Terms or delete otherwise)*
- 18 Valuation Time: [●] *(Provide details if Collateralisation is applicable and Valuation Time differs from that specified in the Master Credit Support Annex Terms or delete otherwise)*
- 19 Notification Time: [●] *(Provide details if Collateralisation is applicable and Notification Time differs from that specified in the Master Credit Support Annex Terms or delete otherwise)*
- 20 Valuation Agent [●] *(Provide details if Collateralisation is applicable and the Valuation Agent is other than Party A or delete otherwise)*
- 21 Valuation Percentage(s): [●] *(Provide details if Collateralisation is applicable and Valuation Percentage(s) differ from those specified in the Master Credit Support Annex Terms or delete otherwise)*
- 22 Independent Amount: [●] *(Provide details if Collateralisation is applicable and Independent Amount differs from that specified in the Master Credit Support Annex Terms or delete otherwise)*
- 23 Threshold: [●] *(Provide details if Collateralisation is applicable and Threshold differs from that specified in the Master Credit Support Annex Terms or delete otherwise)*
- 24 Minimum Transfer Amount(s) (for the purpose of the ISDA Credit Support Annex): [●] *(Provide details if Collateralisation is applicable and either Minimum Transfer Amount differs from that specified in the Master Credit Support Annex Terms or delete otherwise)*
- 25 Determination Agent: [●]
- 26 Distributor: [●]
- 27 Selling Agent: [●] [Not Applicable]

PROVISIONS RELATING TO DIVIDENDS

- 28 Dividends: [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Dividend Amount: [[●] per Preferred Security payable on each Dividend Payment Date]
[The Dividend Amount per Preferred Security payable on each Dividend Payment Date will be determined by the Determination Agent in accordance with [the following formula: [insert formula]]/[the applicable Relevant Annex]. Without limitation to the foregoing or Condition 3, the payment of any Dividend Amount on any Dividend Payment Date may be contingent on or calculated by reference to the performance, price, value or other factor relating to one or more Reference Asset(s) as specified in the applicable Relevant Annex.]
- (ii) Dividend Payment Date(s): [●]

PROVISIONS RELATING TO REDEMPTION

- 29 Final Redemption:
- (i) Final Redemption Amount: [[●] per Preferred Security] [The Final Redemption Amount per Preferred Security will be determined by the Determination Agent in accordance with [the following formula: [insert formula]]/[the applicable Relevant Annex]. Without limitation to the foregoing or Condition 5, the payment of any Final Redemption Amount on the Redemption Date may be contingent on or calculated by reference to the performance, price, value or other factor relating to one or more Reference Asset(s) and/or a formula, as specified in the applicable Relevant Annex.]
- (ii) Redemption Date: [●], subject to the occurrence of an Early Redemption Event, in which case the Redemption Date shall be adjusted accordingly.
- 30 Early Redemption:
- (i) Additional Disruption Events: Change in Law: Applicable
Issuer Tax Event: [Applicable][Not Applicable]
Hedging Disruption: [Applicable][Not Applicable]
Increased Cost of Hedging: [Applicable][Not Applicable]
- (ii) Specified Early Redemption Events: Change in Law: [Applicable][Not Applicable]
Illegality: [Applicable][Not Applicable]
De-Listing Event: [Applicable][Not Applicable]
Nominal Amount Trigger Event: [Applicable][Not

- Applicable]
- Agent Event: [Applicable][Not Applicable]
- (iii) Minimum Threshold Amount: [Specify nominal amount of Securities] [Not Applicable]
- 31 Index Linked Preferred Securities: [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Basket of Indices (each a Reference Asset): [●] [See the Equity Linked Annex for information relating to the [Index] [Basket of Indices]]
 [The [●] Index is a Multi-exchange Index]
- (ii) Index Sponsor(s): [●]
- (iii) Exchange(s): [●] [Not Applicable]
- (iv) Related Exchange: [●] [All Exchanges] [Not Applicable]
- (v) Determination Agent responsible for making determinations and calculations in respect of the Preferred Securities: [Barclays Bank PLC]
 [Barclays Capital Securities Limited]
 [Other (Specify)]
- (vi) Weighting: [Not Applicable] [The weighting to be applied to each Index comprising the Basket is [●]] *(Note: Only applicable in relation to Index Linked Preferred Securities relating to a Basket of Indices)*
- (vii) Averaging:
- (a) Averaging Dates: [The Averaging Dates are [●] [and the Final Reference Date]]
- (b) Consequence of an Averaging Date being a Disrupted Day: [In the event that Averaging applies and an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply]
- (viii) Index Performance: [Not Applicable] [Index Performance will be determined by the Determination Agent in accordance with the applicable Relevant Annex] [●]
- (ix) Basket Performance: [Not Applicable] [Basket Performance will be determined by the Determination Agent in accordance with the applicable Relevant Annex] [●]
- (x) Initial Reference Date: [●]
- (xi) Final Reference Date: [●] [The last Averaging Date] *(Specify the last Averaging Date or the final Valuation Date)*
- (xii) Valuation Date(s): [●] [The Initial Reference Date/each Early Redemption Valuation Date/each Averaging Date/each Observation Date/the Final Reference Date]
(Note: this should specify each date which needs to be a Business Day and to which the Disrupted Day/Market Disruption provisions should apply)

[NB: Averaging Date should only be specified as a Valuation Date if Postponement is specified as the consequence of an Averaging Date being a Disrupted Day]

- (xiii) Valuation Time: [●] (*Note: Consider whether intra day levels are relevant*)
- (xiv) Observation Date(s): [●] [Not Applicable]
- (xv) Observation Period: [●] [The period from (but excluding) the Initial Reference Date up to (and including) the Final Reference Date] [Not Applicable]
- (xvi) Additional Disruption Events in respect of Index Linked Preferred Securities:
- (a) Insolvency Filing: [Applicable] [Not Applicable]
 - (b) Increased Cost of Stock Borrow: [Applicable: Initial Stock Loan Rate: [●]] [Not Applicable]
 - (c) Loss of Stock Borrow: [Applicable: Maximum Stock Loan Rate: [●]] [Not Applicable]
 - (d) Fund Disruption Event: [Applicable] [Not Applicable] [Other (*specify*)]
- (xvii) FX Disruption Event: [Applicable] [Not Applicable]
- (a) Alternative Specified Currency: [●]
 - (b) Specified Jurisdiction: [●]
 - (c) Other Adjustments: [●]
- 32 Share Linked Preferred Securities: [Applicable] [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Share/Basket of Shares, Fund Unit, or Unit in an Index (each a Reference Asset): [●] [See the Equity Linked Annex for information relating to the [Share] [Basket of Shares]][Fund Unit] [Unit in an Index]
 - (ii) Exchange(s): [●] [Not Applicable]
 - (iii) Related Exchange: [●] [All Exchanges] [Not Applicable]
 - (iv) Determination Agent responsible for making determinations and calculations in respect of the Preferred Securities: [Barclays Bank PLC] [Barclays Capital Securities Limited] [Other (*Specify*)]
 - (v) Weighting: [Not Applicable] [The weighting to be applied to each Share comprising the Basket is [●]] (*Note: Only applicable in relation to Share Linked Preferred Securities relating to a Basket of Shares*)
 - (vi) Substitution of Shares: [Applicable] [Not Applicable]

- (vii) Averaging: [Applicable] [Not Applicable]
- (a) Averaging Dates: [The Averaging Dates are [●] [and the Final Reference Date]]
- (b) Consequence of an Averaging Date being a Disrupted Day: [In the event that Averaging applies and an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply]
- (viii) Share Performance: [Not Applicable] [Share Performance will be determined by the Determination Agent in accordance with the applicable Relevant Annex]
- (ix) Basket Performance: [Not Applicable] [Basket Performance will be determined by the Determination Agent in accordance with the applicable Relevant Annex]
- (x) Initial Reference Date: [●]
- (xi) Final Reference Date: [●] [The last Averaging Date] (*Specify the last Averaging Date or the final Valuation Date*)
- (xii) Initial Price of each Reference Asset(s): [●]
- (xiii) Valuation Date(s): [●] [The Initial Reference Date/each Early Redemption Valuation Date/each Averaging Date/each Observation Date/the Final Reference Date]
- (Note: this should specify each date which needs to be a Scheduled Trading Day and to which the Disrupted Day/Market Disruption provisions should apply)*
- [NB: Averaging Date should only be specified as a Valuation Date if Postponement is specified as the consequence of an Averaging Date being a Disrupted Day]*
- (xiv) Observation Date(s): [●] [Not Applicable]
- (xv) Observation Period: [●] [The period from (but excluding) the Initial Reference Date up to (and including) the Final Reference Date] [Not Applicable]
- (xvi) Additional Disruption Events in respect of Share Linked Preferred Securities: Insolvency Filing: [Applicable] [Not Applicable]
- Increased Cost of Stock Borrow: [Applicable: Initial Stock Loan Rate: [●]] [Not Applicable]
- Loss of Stock Borrow: [Applicable: Maximum Stock Loan Rate: [●]] [Not Applicable]
- Fund Disruption Event: [Applicable] [Not Applicable]
- [Other (*specify*)]

(xvii) FX Disruption Event:	[Applicable] [Not Applicable]
(a) Alternative Specified Currency:	[●]
(b) Specified Jurisdiction:	[●]
(c) Other Adjustments:	[●]
33 Commodity Linked Preferred Securities:	[Applicable] [Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Relevant Commodity, Commodity Index, Basket of Commodities/Commodity Indices (including weighting of commodities/commodity indices) (each a Reference Asset(s)):	[●] See the Commodity Linked Annex for information relating to the [Relevant Commodity] [Commodity Index] [Basket of Commodities/Commodity Indices]
(ii) Commodity Reference Price:	[●]
(iii) Alternate Commodity Reference Price:	[●] [Not Applicable]
(iv) Price Source(s):	[●] [As specified in the Commodity Reference Price]
(v) Exchange(s):	[●] [As specified in the Commodity Reference Price]
(vi) [Determination Agent responsible for making determinations and calculations in respect of the Preferred Securities]:	[Barclays Bank PLC] [Barclays Capital Securities Limited] [Other (Specify)]
(vii) Weighting:	[Not Applicable] [The weighting to be applied to each Commodity comprising the Basket of Commodities/Commodity Indices is [●]] <i>(NB: only applicable in relation to Commodity Linked Preferred Securities relating to a Basket of Commodities/Commodity Indices)</i>
(viii) Specified Price:	[●]
(ix) Delivery Date:	[●] <i>(Specify whether price based on spot market, First Nearby Month, Second Nearby Month, etc.)</i>
(x) Pricing Date:	[[●], subject to adjustment in accordance with the Commodity Business Day Convention]
(xi) Common Pricing:	[Applicable] [Not Applicable] <i>(NB: include only in relation to Commodity Linked Preferred Securities relating to a Basket of Commodities/Commodity Indices)</i>
(xii) Commodity Market Disruption Events:	[As per the Commodity Linked Annex] [Other (specify)]
(xiii) Disruption Fallback(s):	[As per the Commodity Linked Annex] [Other (specify any

	<i>other applicable additional Disruption Fallback(s)]</i>
(xiv) Additional provisions for Trading Disruption:	[If Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption applies]
(xv) Index Adjustment Events:	[As per the Commodity Linked Annex] [Other (<i>specify</i>)]
(xvi) Commodity Business Day Convention:	[Following] [Modified Following] [Nearest] [Preceding]
34 FX Linked Preferred Securities:	[Applicable] [Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Single FX Rate, Basket of FX Rates, Currency Pair, FX index, or FX-linked product or transaction:	[FX Rate: [means the spot rate][the rate on [<i>specify source or definition</i>]][●]] [Basket of FX Rates: [●]] [Currency Pair: [●]] [[FX index: [<i>insert formula</i>]]] <i>(Define and include details for each relevant Reference Asset(s) and components as applicable)</i>
(ii) FX Rate Source(s):	[●]
(iii) Specified Time:	[●]
(iv) Reference Currency:	[●]
(v) Settlement Currency:	[●]
(vi) Determination Agent responsible for making determinations and calculations in respect of the Preferred Securities:	[Barclays Bank PLC] [Barclays Capital Securities Limited] [<i>Other (Specify)</i>]
(vii) Weighting:	[Not Applicable] [The weighting to be applied to each Reference Asset(s) comprising the Basket is [●]] (<i>NB: Only applicable in relation to FX Linked Preferred Securities relating to a Basket of FX Rates</i>)
(viii) Specified Rate:	[●]
(ix) Spot Rate:	[●][the rate on [<i>specify source</i>]][Has the meaning given in the FX Linked Annex]
(x) Principal Financial Centre:	FX Linked Condition 3(b) is [Applicable] [Not Applicable] [<i>Other (specify)</i>]
(xi) Elective FX Disruption Event:	[Applicable] [Not Applicable] [The following event shall also constitute an Elective FX Disruption Event: [<i>specify</i>]] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>

- (a) Benchmark Obligation [Applicable (*specify*)] [Not Applicable]
Default:
- (b) Price Materiality: [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- Primary Rate: [●]
 - Secondary Rate: [●]
 - Price Materiality Percentage: [●]
- (xii) FX Disruption Event: [Applicable] [Not Applicable]
[The following event shall also constitute an FX Disruption Event: *specify*]
- (xiii) Averaging: [Applicable] [Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Averaging Dates: [●]
- (b) Consequences of an Averaging Date being a Disrupted Day: [Modified] [Preceding] [Business Day Convention]
- (xiv) Initial Reference Date: [●]
- (xv) Final Reference Date: [●] [The last Averaging Date]
- (xvi) [Observation Date(s): [●] [Not Applicable]
- (xvii)[Observation Period: [●] [The period from (but excluding) the Initial Reference Date up to (and including) the Final Reference Date] [Not Applicable]
- (xviii) Rate Calculation Date: [The Initial Reference Date/each Early Redemption Valuation Date/each Averaging Date/each Observation Date/the Final Reference Date]

MISCELLANEOUS

- 35 Date of Incorporation of Issuer: [●]
- 36 Registration No. of Issuer: [●]
- 37 Status of Issuer: The Issuer is a special purpose entity establish for the purpose of issuing asset-backed securities in the form of Preferred Securities.
- 38 Other Relevant Conditions: [*Insert*][Not Applicable]
When adding any additional conditions, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.
- 39 Additional Selling Restrictions: [None][In addition to the selling restrictions set out in the

section headed “PURCHASE AND SALE” in the Base Prospectus, the following selling restrictions shall also apply:

[insert]

40 Non-exempt Offer:

[Not Applicable] [An offer of the Preferred Securities may be made by the Distributor [and *[specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. “other parties authorised by the Distributor”)* or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] other than pursuant to Article 3(2) of the Prospectus Directive in *[specify relevant Member State(s) - which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)]* (“**Public Offer Jurisdictions**”) during the Offer Period (as specified in Part B below).

[PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [specify relevant regulated market and, if relevant, listing on an official list] of the Preferred Securities described herein] pursuant to the Preferred Securities Programme of the Company.]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of the Preferred Securities described herein pursuant to the Preferred Securities Programme of the Company.]

Signed on behalf of **[Incorporated Cell]**

by:

Duly Authorised

Part B
Other Information

1 LISTING AND ADMISSION TO TRADING

- (i) Listing [[Ireland] (specify)/None]
- (ii) Admission to trading: [Application has been made to the Irish Stock Exchange for the Preferred Securities to be admitted to the Official List and trading on its regulated market with effect from [●].] [Application is expected to be made to the Irish Stock Exchange for the Preferred Securities to be admitted to the Official List and to trading on its regulated market on or around the Issue Date.]
- [N/A]
- (Where documenting a fungible issue, indicate that original Preferred Securities are already admitted to trading by including the following statement)*
- [The Preferred Securities will be consolidated with, and form part of, the Series [●] Preferred Securities issued on [●] and admitted to the Official List of the Irish Stock Exchange and to trading on the Irish Stock Exchange's Regulated Market/[specify] on [●].]
- [(iii) Estimate of total expenses related to admission to trading: [●]]¹

2 RATINGS

- Ratings: The Preferred Securities have not been individually rated.

3 NOTIFICATION

[The Central Bank of Ireland has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive and Commission Regulation (EC) 809/2004.]

[N/A]

¹ Only applicable to Tranches and Series of Securities with a denomination of at least EUR50,000 or equivalent in other currencies.

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

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

[N/A]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

5 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer:

[General funding]

[Specify if other reasons]

(See “Use of Proceeds” wording in Base Prospectus — if reasons for offer different from general corporate purposes and/or hedging certain risks, will need to include those reasons here.)

[(ii) Estimated net proceeds:

[●] [Not Applicable]

(If proceeds are intended for more than one use, will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses, state amount and sources of other funding.)

[(iii) Estimated total expenses:

[●] [Not Applicable]

[Include breakdown of expenses]

(Note: This relates to the total expenses of the offer. If the Preferred Securities are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

6 PERFORMANCE OF REFERENCE ASSET(S) AND OTHER INFORMATION CONCERNING THE REFERENCE ASSET(S)

[The Preferred Securities are linked to the performance of *[specify Reference Asset(s)]*.]

[In connection with such Reference Asset(s), the Issuer and the Hedge Counterparty have entered into *[describe Hedging Instrument]*.]

[Such Hedging Instrument will be collateralised pursuant to *[describe collateral agreement/arrangements]*.] Further information with respect to the Reference Asset(s), including its past and future performance and volatility, can be obtained from *[specify]*.

(Include details of where past and future performance and volatility of the relevant Reference Asset(s) can be obtained.)

(Where the Reference Asset(s) is (i) a security, include the name of the issuer and the relevant ISIN, (ii) an index, include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer include details of where the information about the index can be obtained, (iii) any other asset, equivalent information and (iv) a basket of underlyings, the weightings of each underlying in the basket.)

(When completing this section, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

[N/A]

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

7 OPERATIONAL INFORMATION

Settlement/Clearing:	[CREST][<i>Insert CREST operational information</i>] [Euroclear Bank S.A/N.V. and Clearstream Banking Société Anonyme: ISIN: [●] Common Code: [●]] [<i>Other</i>] <i>(Include operational information and address of any alternative clearing system)</i>
Delivery:	Delivery [against/free of] payment
[Registrar:	[●] <i>(Include name of Registrar if this will not be Computershare Investor Services (Guernsey) Limited)</i>
Names and addresses of additional Paying Agent(s) (if any):	[●] [N/A]

8 OFFER INFORMATION

[If applicable, the following details should be included:

- | | |
|---|--|
| (i) Offer Price: | [Issue Price] <i>[specify]</i> |
| (ii) Offer Period: | [Not Applicable/ <i>give details</i>] |
| (iii) Conditions to which the offer is subject: | [Not Applicable/ <i>give details</i>] |

- | | |
|---|---|
| (iv) Description of the application process: | [Not Applicable/ <i>give details</i>] |
| (v) Details of the minimum and/or maximum amount of application: | [Not Applicable/ <i>give details</i>] |
| (vi) Details of the minimum holding amount of the Preferred Securities: | [[1,000] Preferred Securities/Not Applicable] |
| (vii) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | [Not Applicable/ <i>give details</i>] |
| (viii) Details of method and time limits for paying up and delivering the Preferred Securities: | [Not Applicable/ <i>give details</i>] |
| (ix) Manner in and date on which results of the offer are to be made public: | [Not Applicable/ <i>give details</i>] |
| (x) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable/ <i>give details</i>] |
| (xi) Categories of prospective investors to which the Preferred Securities are offered and whether tranche(s) have been reserved for certain countries: | [Not Applicable/ <i>give details</i>] |
| (xii) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: | [Not Applicable/ <i>give details</i>] |
| (xiii) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | [Not Applicable/ <i>give details</i>] |
| (xiv) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: | [Name/ <i>give details</i>] |

[[The Issue Price includes a commission element to be shared with a third party which shall not exceed [] per cent., further details of which are available upon request.][*Or if applicable*] [A distribution fee has been paid to a third party. The amount of this fee will not exceed [] per cent. of the [Issue Price], of each year of the product's term. Such fee shall be paid [on the Trade Date]/[annually] and is not refundable in the event of early cancellation or sale on the secondary market.]]

TERMS AND CONDITIONS OF THE PREFERRED SECURITIES

BASE CONDITIONS

*The terms of, and the rights attaching to, the Preferred Securities are contained in the Issuer's Articles of Incorporation (the "**Articles**") and in a resolution of the Board of Directors of the Issuer. The following are the "**Base Conditions**" that will apply to each Series, subject to amendment and as supplemented or varied in accordance with the provisions of the applicable Final Terms and any applicable Relevant Annex specified to be applicable in such Final Terms (together, the "**Conditions**" of the relevant Series). The Conditions as incorporated in the relevant resolution of the Board of Directors of the Issuer with respect to the issuance of a Series of Preferred Securities shall supplement the Articles and shall be binding on the Issuer and the Securityholders of the relevant Series as if set out in the Articles.*

Where a Relevant Annex is specified in the applicable Final Terms for any Series, these Base Conditions shall be subject to any contrary provisions contained in such Relevant Annex and the provisions of these Base Conditions will not apply to the extent they are inconsistent with the provisions of such Relevant Annex. In all cases, these Base Conditions and the provisions of such Relevant Annex shall be subject to the applicable Final Terms, and will not apply to the extent they are inconsistent with the provisions of such Final Terms.

Words and expressions defined or used in the applicable Final Terms shall have the same meanings where used in these Base Conditions unless the context otherwise requires or unless otherwise stated. All capitalised terms that are not defined in Condition 20 or elsewhere in these Base Conditions will have the meanings given to them in the applicable Relevant Annex or applicable Final Terms.

*References in these Base Conditions or any Relevant Annex to "**Preferred Securities**" are to the Preferred Securities of one Series only, not to all Preferred Securities that may be issued pursuant to the Programme. A "Series" of Preferred Securities comprises Preferred Securities issued by the Issuer on (subject as provided in Condition 17) the same terms and identified in the Conditions as forming a Series.*

The Preferred Securities are issued as preference securities by the relevant Incorporated Cell (the "**Issuer**") of Clarion ICC Limited (the "**Company**") having the Nominal Value and other terms specified in the applicable Board Resolution and described in the Base Conditions as supplemented by any applicable Relevant Annex and the Final Terms, and references to "**Preferred Securities**" and the "**Issuer**" shall be construed accordingly. The Preferred Securities are issued pursuant to the Articles and in accordance with the Agency Agreement entered into in respect of the Issuer and the Preferred Securities.

The "**Agency Agreement**" in respect of the Issuer and the Preferred Securities is constituted by the Master Agency Terms, as amended and supplemented by the Master Programme Deed, together with the relevant Accession Deed.

These Base Conditions include summaries of, and are subject to, the provisions of the Agency Agreement. The Securityholders are entitled to the benefit of, and are deemed to have notice of and are bound by, the provisions of the Agency Agreement (insofar as they relate to the Preferred

Securities), any applicable Relevant Annex and the applicable Final Terms (as incorporated in the relevant resolution of the Board of Directors of the Issuer), which are binding on them. Copies of the Articles and the Master Programme Deed (setting out the Master Agency Terms) are available for inspection at the registered office of the Company and the specified offices of the Registrar and the Paying Agents. The determination agent, the issue and paying agent, the registrar and the paying agents for the time being are referred to below respectively as the “**Determination Agent**”, the “**Issue and Paying Agent**”, the “**Registrar**” and the “**Paying Agents**”. In respect of any issue of Preferred Securities, “**Agents**” means the Determination Agent and the Issue and Paying Agent together with the Registrar and any other agent or agents appointed from time to time in respect of the Preferred Securities.

Unless otherwise specified in the applicable Final Terms, the initial Agents shall be as follows:

- (i) the initial Determination Agent shall be Barclays Bank PLC;
- (ii) the initial Issue and Paying Agent shall be The Bank of New York Mellon (acting through its London branch);
- (iii) the initial Registrar shall be Computershare Investor Services (Guernsey) Limited (the “**Registrar**”);
- (iv) the initial Paying Agents shall be the initial Issue and Paying Agent together with Computershare Investor Services (Guernsey) Limited.

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

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

1 Form, Title and Transfers

1.1 Form

The Preferred Securities are issued and held either (i) in registered form, represented by Global Securities or (ii) in dematerialised uncertificated registered form and, in each case, are constituted in accordance with the Articles. Preferred Securities in definitive registered form will not be issued, either initially or in exchange for any Preferred Security in dematerialised uncertificated registered form. Preferred Securities represented by Global Securities may be eligible for clearing and settlement through Euroclear and/or Clearstream and Preferred

Securities issued in dematerialised uncertificated registered form may be eligible for clearing and settlement through CREST.

1.2 Title

(a) CREST Securities

Title to CREST Securities is recorded on the Register and shall pass by registration in the Register. Except as ordered by a court of competent jurisdiction or as required by law, a Securityholder shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, and no person shall be liable for so treating such Securityholder.

(b) Non-CREST Securities

Title to Preferred Securities that are not CREST Securities passes by registration in the Register that the Issuer shall procure is kept by the Registrar in accordance with the provisions of the Agency Agreement.

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

Notwithstanding the foregoing, for the purposes only of the repurchase of Preferred Securities from an Authorised Participant in respect of Preferred Securities represented by a Global Security, the Issuer and the relevant Agents shall (except as otherwise required by law or ordered by a court of competent jurisdiction) treat such Authorised Participant as the as the Securityholder and absolute owner of such number or nominal amount (as applicable) of Preferred Securities to the extent that such Authorised Participant is at the relevant time shown in the records of the Relevant Clearing System as the holder of a particular number of Preferred Securities represented by the relevant Global Security (in which regard any certificate or other document issued by such Relevant Clearing System as to the number or nominal amount (as applicable) of Preferred Securities standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall for all purposes other than with respect to the payments and deliveries on such Preferred Securities.

1.3 Transfers

(a) General

Title to the Preferred Securities will pass upon registration of the transfer in the Register. All transactions in respect of the Preferred Securities (including, without limitation, transfers of the Preferred Securities) in the open market or otherwise must, in respect of CREST Securities be effected through an account with EUI and, in respect of all other Preferred Securities, in accordance with the Relevant Rules of the Relevant Clearing System. All transfers of the Preferred Securities shall be subject to and made

in accordance with the Articles and the rules, procedures and practices in effect of the Registrar and the Relevant Clearing System.

No provision of the Conditions shall (notwithstanding anything to the contrary herein) apply or have effect to the extent that it is in any respect inconsistent with (i) the holding of title to the Preferred Securities in uncertificated form or (ii) the transfer of title to the Preferred Securities by means of registration in the Register.

(b) Cessation of Clearing System Eligibility

If at any time the Preferred Securities cease to be held in uncertificated form and/or accepted for clearance through a Relevant Clearing System, or notice is received by or on behalf of the Issuer that the Preferred Securities will cease to be held in uncertificated form and cleared through a Relevant Clearing System and/or the Relevant Clearing System is closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or a Relevant Clearing System CREST announces an intention permanently to cease business or does in fact do so, the Preferred Securities shall continue to be in registered form and the Issuer, the Registrar, the Issue and Paying Agent and any other relevant Agent (other than the Authorised Participant) may agree such procedures as they determine necessary in relation to the transfer of Preferred Securities and shall as soon as reasonably practicable give notice thereof to the Securityholders in accordance with Condition 14 and to the Authorised Participant.

(c) Closed Periods

If the rules and procedures of the Registrar and/or the rules and procedures of the Relevant Clearing System (for so long as the Preferred Securities are held in a Relevant Clearing System) include any closed period in which no Securityholder may require the transfer of a Preferred Security, such closed periods shall apply to the Preferred Securities. Details of any such closed period are available from the Registrar.

(d) Minimum Tradeable Amount

Preferred Securities may, if specified in the applicable Final Terms, be subject to a Minimum Tradeable Amount, in which case such Preferred Securities will, for so long as they are cleared through a Relevant Clearing System, be transferable only in a number of Preferred Securities that is not less than such Minimum Tradeable Amount. Notwithstanding the foregoing, such Preferred Securities will only be transferable in accordance with the Relevant Rules.

2 Status and Limited Recourse

The Preferred Securities of each Series are unsecured, subordinated obligations of the Issuer and within each Series rank *pari passu* without any preference among themselves. The Preferred Securities of each Series will rank in priority to the Management Share(s) of the Issuer. Recourse in respect of the Preferred Securities of each Series is limited to the assets of the issuing Incorporated Cell in respect of that Series. The obligations of the Issuer in respect of the Preferred Securities within each Series shall be payable only from, and all claims in respect of such Preferred Securities will be limited to, the assets of the issuing Incorporated Cell. In the event that the assets of the

issuing Incorporated Cell are insufficient to meet the demand of the relevant Securityholders or any obligation of the Issuer to pay monies to the relevant Securityholders, such Securityholders shall be permitted to proceed against the Issuer only and shall not be entitled to exercise any rights against and shall not have further recourse to any assets of the Company or any assets of any other Incorporated Cell. The assets of the Issuer having been liquidated and the net proceeds having been distributed, no Securityholder shall be entitled to take any further steps against the Issuer (or, for the avoidance of doubt, against any other Incorporated Cell or the Company) to recover any sums due but still unpaid by the Issuer after such distribution and all claims in respect of such sums due but still unpaid shall be extinguished.

Furthermore, no Securityholder shall be entitled to petition or take any other step for the winding-up, administration or insolvency of the Company, or any Issuer.

3 Dividends

If the Final Terms of the Preferred Securities provide for the payment of dividends in respect of the Preferred Securities, such dividends shall accrue in respect of the Nominal Amount of each Preferred Security and the Issuer will pay or cause to be paid the relevant Dividend Amount on each Dividend Payment Date in respect of each outstanding Preferred Security on such Dividend Payment Date, in accordance with, and subject to, the Articles, the Companies Law and the relevant Conditions.

4 The Hedging Instrument

If specified as applicable in the Final Terms, the Issuer has entered into a Hedging Instrument with the Hedge Counterparty, the purpose of which is to allow the Issuer to perform its scheduled obligations under the terms of the Preferred Securities. Such Hedging Instrument shall provide as follows:

- (a) initially, the Issuer shall pay to the Hedge Counterparty the proceeds of issue of the Preferred Securities;
- (b) where relevant, over the term of the Preferred Securities, the Hedge Counterparty shall make scheduled payments to the Issuer which, provided that no termination of the Hedging Instrument has occurred prior to the Redemption Date, correspond to those which the Issuer is scheduled to make to Securityholders under the Conditions; and
- (c) a payment corresponding to the amount payable on the Redemption Date to Securityholders;
- (d) the Hedge Counterparty shall have rights thereunder corresponding to any buyback or early redemption rights or other discretionary rights of the Issuer under the Conditions.

The notional amount of the Hedging Instrument shall be equal to the Aggregate Nominal Amount of the outstanding Preferred Securities of the relevant Series unless otherwise specified in the relevant Hedging Instrument.

Neither the Issuer nor any Hedge Counterparty is obliged under the Hedging Instrument to gross up payments to be made by it to the other if withholding taxes are imposed on such payments.

5 Redemption of the Preferred Securities

5.1 Redemption

Unless previously purchased, cancelled or redeemed, each Preferred Security will be redeemed by payment of the Final Redemption Amount on the Redemption Date.

The expression “**redemption**” and related expressions shall be construed to apply to any Preferred Securities that are redeemed on the relevant Redemption Date in accordance with this provision.

5.2 Early Redemption following the occurrence of a Hedging Termination Event

Upon the occurrence of a Hedging Termination Event, the Issuer shall, on giving not less than 10 Business Days’ irrevocable notice to Securityholders (or such other notice period as may be specified in the applicable Final Terms), redeem each outstanding Preferred Security at its Early Redemption Amount on the Early Redemption Date and each such outstanding Preferred Security will be so redeemed to the extent permitted by applicable laws, the Articles, the Companies Law and the Conditions.

5.3 Early Redemption or Adjustment following the occurrence of an Additional Disruption Event

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

- (a) request that the Determination Agent determines, at its sole and absolute discretion, whether an appropriate adjustment can be made to the Conditions and any other provisions relating to the Preferred Securities to account for the economic effect of such event on the Preferred Securities and to preserve substantially the economic effect to the Securityholders of a holding of the relevant Preferred Security. If the Determination Agent determines that such adjustment(s) can be made, the Issuer shall determine the effective date of such adjustment(s) and take the necessary steps to effect such adjustment(s). The Issuer shall notify Securityholders of any such adjustment(s) in accordance with Condition 14 as soon as reasonably practicable after the nature and effective date of the adjustments is determined. If the Determination Agent determines that no adjustment that could be made would produce a commercially reasonable result and preserve substantially the economic effect to the Securityholders of a holding of the relevant Preferred Security, it shall notify the Issuer of such determination and no adjustment(s) shall be made. None of the Determination Agent, the Issuer or any other party shall be liable to any Securityholder or any other person for any determination and/or adjustment made by the Determination Agent and/or the Issuer pursuant to this Condition 5.3(a); or
- (b) on giving not less than 10 Business Days’ irrevocable notice to Securityholders the Issue and Paying Agent and the Registrar (or such other notice period as may be specified in the applicable Final Terms) in accordance with Condition 14, redeem each outstanding Preferred Security at its Early Redemption Amount on the Early Redemption Date and each such outstanding Preferred Security will be so redeemed to the extent permitted by applicable laws, the Articles, the Companies Law and the Conditions.

5.4 Early Redemption following the occurrence of a Specified Early Redemption Event

If a Specified Early Redemption Event occurs, the Issuer may, or shall if “Automatic Early Redemption” is specified as applicable in the applicable Final Terms, on giving not less than 10 Business Days’ irrevocable notice to Securityholders the Issue and Paying Agent and the Registrar (or such other notice period as may be specified in the applicable Final Terms), redeem each outstanding Preferred Security (in whole or in part) at its Early Redemption Amount on the Early Redemption Date and each such outstanding Preferred Security will be so redeemed to the extent permitted by applicable laws, the Articles, the Companies Law and the Conditions.

5.5 Purchases

The Issuer may, at any time and from time to time, repurchase all or some of the Preferred Securities at any price, subject to, and in accordance with, the Companies (Guernsey) Law 2008, as amended. Pursuant to the terms of the Dealer Agreement, an Authorised Participant may request that the Issuer buy back Preferred Securities by delivering a valid Buy-Back Order to the Issuer. The Issuer shall be obliged to accept such Buy-Back Order and repurchase the Preferred Securities if (i) such Buy-Back Order is validly given by the Authorised Participant, (ii) the Issuer obtains all necessary internal approvals, including the discretionary approval of its Directors, and (iii) all conditions precedent to a redemption of the Preferred Securities are satisfied.

The Issuer shall have no obligation to purchase Preferred Securities and no obligation to accept any Buy-Back Orders from (but excluding) the third Business Day preceding the Redemption Date.

In accordance with the terms of the Dealer Agreement, the Issuer will not be obliged to accept any Buy-Back Order and/or buy back Preferred Securities if an Early Redemption Event has occurred and/or an Early Termination Date has been designated or occurred under the Hedging Instrument (if any).

Preferred Securities purchased by the Issuer from an Authorised Participant will be purchased on such terms as may be agreed between the Issuer and the Authorised Participant on a delivery versus payment basis. Preferred Securities purchased by or on behalf of the Issuer may (but need not be) cancelled. Any Preferred Securities so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Preferred Securities shall be discharged.

In relation to any Buy-Back Order which has been accepted by or on behalf of the Issuer but in respect of which the Buy-Back Settlement Date has not yet occurred as at the date of the occurrence of an Early Redemption Event, each such Buy-Back Order shall automatically be cancelled with effect from the date of the occurrence of such Early Redemption Event.

If at any time after the occurrence of a Buy-Back Settlement Date in respect of which the Authorised Participant has not delivered the relevant Preferred Securities under the Dealer Agreement an Early Redemption Event occurs, the Buy-Back Order shall automatically be cancelled with effect from the date of the occurrence of such Early Redemption Event or the Final Redemption Valuation Date, as applicable.

6 Calculations and Determinations

6.1 Calculations

For the purposes of any calculations required pursuant to the Conditions (unless otherwise specified in the applicable Relevant Annex or applicable Final Terms), (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (b) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (c) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency. Notwithstanding the foregoing, if Securities are in global form or uncertificated registered form, (x) any calculations in respect of such Securities shall be made in respect of the aggregate nominal amount or number, as the case may be, of such Securities from time to time outstanding (or the relevant affected portion thereof) and (y) the result of any such calculation shall be rounded in accordance with the relevant method above.

6.2 Determination of Redemption and Dividend Amounts

Any Redemption Amount and/or Dividend Amount and/or other amount payable in respect of any Preferred Security and the timing of any Redemption Date and/or Dividend Payment Date may be, if so specified in the applicable Final Terms, contingent on, or calculated by reference to, the performance, price, value, level or other factor relating to one or more Reference Asset(s), further details of which will be specified in the applicable Final Terms and any applicable Relevant Annex.

6.3 Currency

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

6.4 Business Day Convention

If any date which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then such date will be adjusted according to the Business Day Convention specified in the applicable Final Terms. If the Business Day Convention is specified to be:

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

first following day that is a Business Day if the relevant date otherwise falls on a Sunday or a Monday; or

- (d) the “Preceding”, such date shall be brought forward to the immediately preceding Business Day.

7 Payments

Payments in respect of the Preferred Securities shall be made to the person shown on the Register at the close of business on the Business Day that falls 15 calendar days (or in the case of CREST Securities seven Business Day) before the due date for payment thereof (the “**Record Date**”) and shall be made in the relevant currency drawn on a bank in the principal financial centre of the country of such currency concerned (or, in the case of a payment in euro, any bank which processes payments in euro), subject as provided above, and, (i) in the case of Non_CREST Securities, transferred to the Securityholder (or to the first named of joint holders) of such Preferred Security or, (ii) in the case of CREST Securities, sent via BACs payment to the account details provided by the Preferred Securityholder. Upon application by the Securityholder to the specified office of the Registrar or the Paying Agent before the Record Date, subject as provided above, such payment may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of such currency.

If any date for such payment in respect of any Preferred Security is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day, or otherwise in accordance with such Business Day Convention or conditions as may be specified in the Conditions, nor to any interest or other sum in respect of such postponed payment.

All payments are subject to compliance with the requirements of applicable laws, regulations and directives (including, without limitation, the Companies Law and the Articles). In the event of a market disruption, price disruption or other disruption as specified in the Relevant Annex which results in the postponement of payment or settlement, such payment or settlement shall occur on the next following Business Day on which such payment or settlement is commercially reasonable and practicable, as determined by the Issuer.

8 Agents

8.1 Appointment of Agents

The Agents act solely as agents of the Issuer and do not assume any obligation or duty to, or any relationship of agency or trust for or with, any Securityholder. The Issuer reserves the right at any time to vary or terminate the appointment of any of the Agents and to appoint additional or other Paying Agents, provided that the Issuer will at all times maintain (i) a Registrar, (ii) a Paying Agent and (iii) a Determination Agent. Notice of any such change or any change of any specified office of the Registrar or Paying Agent will promptly be given to the Securityholders in accordance with Condition 14.

Whenever the Determination Agent is required to act, make a determination or to exercise judgment in any way, it will do so in good faith and in a commercially reasonable manner. Except to the extent that the Determination Agent has acted negligently, fraudulently or is in wilful breach of its duties, the Determination Agent shall not be liable to any Securityholder

for any expense, loss or damage suffered by or occasioned to such Securityholder. In any event, the Determination Agent shall not be responsible for any consequential or indirect loss, notwithstanding it having been advised of the possibility of such loss. Any calculation or determination made by the Determination Agent in respect of the Preferred Securities shall be binding except in the case of manifest error. The Determination Agent may, with the consent of the Issuer, delegate any of the obligations and functions to a third party as it deems appropriate.

8.2 Modification of Agency Agreement

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so would not in the opinion of the Issuer be expected to be materially prejudicial to the interests of the Securityholders or if such modification is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of any applicable law or to cure, correct or supplement any defective provision contained therein.

Any such modification shall be binding on the Securityholders and shall be notified to the Securityholders in accordance with Condition 14 as soon as practicable thereafter, provided that failure to give, or non-receipt of, such notice will not affect the validity or binding nature of such modification.

8.3 Responsibility of the Issuer and the Agents

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

None of the Issuer or any Agent shall be held responsible for any loss or damage resulting from any legal enactment (domestic or foreign), the intervention of a public authority (domestic or foreign), an act of war, strike, blockade, boycott, lockout, natural disaster or any other similar event or circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts shall also apply if any of such parties itself takes such measures or becomes the subject of such measures. Under no circumstances shall any of the Issuer or Agents be liable to pay compensation to any Securityholder for any loss, damage, liability, cost, claim, action or demand to any Securityholder in the absence of fraud. Furthermore, under no circumstances shall the Issuer or Agents be liable to any Securityholder for loss of profit, indirect loss or damage or consequential loss or damage, notwithstanding it having been pre-advised of the possibility of such loss.

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

9 Restrictions

The Issuer covenants for the benefit of the Securityholders that, so long as any of the Preferred Securities remain outstanding, it will not, without the consent of the Arranger:

- (a) engage in any activity or do any thing whatsoever except:
 - (i) issue Preferred Securities, which are subject to the enforcement and limited recourse provisions on terms substantially similar to those set out in the Articles (“**Permitted Investments**”);
 - (ii) enter into any agency agreement, Hedging Instrument, repurchase agreement, or any deed or agreement of any other kind related to any Permitted Investment;
 - (iii) perform its obligations under each Permitted Investment, agency agreement, Hedging Instrument, repurchase agreement, or other deeds or agreements incidental to the issue and constitution of any Permitted Investment;
 - (iv) enforce any of its rights under each agency agreement, Hedging Instrument, repurchase agreement, or any other deed or agreement entered into in relation to any Permitted Investment;
 - (v) perform any act incidental to or necessary in connection with any of the above; or
 - (vi) as permitted by the Articles;
- (b) have any subsidiaries or employees;
- (c) subject to Condition 9(a) above, dispose of any of its property or other assets or any part thereof or interest therein;
- (d) purchase, own, lease or otherwise acquire any real property (including office premises or like facilities);
- (e) consolidate or merge with any other person; or
- (f) incur any indebtedness for borrowed money other than in respect of any Permitted Investment.

10 Share Capital

- (a) The Issuer may give financial assistance, as defined by section 329 of the Companies Law, directly or indirectly for the purpose of or in connection with the acquisition of its Preferred Securities.
- (b) The Issuer may purchase its own Preferred Securities in any manner in accordance with the Companies Law.
- (c) Subject to the provisions of the Companies Law, the Issuer may from time to time hold its own Preferred Securities as treasury shares.
- (d) The Directors may in their absolute discretion refuse to accept any application for Preferred Securities in the Issuer or may accept any application in whole or in part.

11 Incorporated Cells

The Directors shall maintain all the assets, income, earnings, liabilities, expenses and costs of each Incorporated Cell segregated and separate from all assets, income, earnings, liabilities, expenses and costs of the Company and each other Incorporated Cell.

Subject to the Conditions, any consideration received on a Series of Preferred Securities and the proceeds from the allotment and issue of each Series of Preferred Securities shall be applied in the books kept by the Company for the Incorporated Cell established for such Preferred Securities and may be applied in meeting any liabilities and expenditure attributable or allocated to such Incorporated Cell and the assets, liabilities, income and expenditure attributable to such Incorporated Cell shall be applied to that Incorporated Cell.

12 Taxation

All payments in respect of the Preferred Securities will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever). The Issuer shall not be liable for or otherwise obliged to pay, and the relevant Securityholder shall be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer, redemption, sale or any other disposal in respect of the Preferred Securities held by such Securityholder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable to the Securityholder, such amount or portion as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

13 Prescription

Claims against the Issuer for payment in respect of the Preferred Securities shall be prescribed and become void unless made within 10 years from the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which notice is duly given to the Securityholders in accordance with Condition 14 that, upon further presentation of the Preferred Security being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

14 Notices

14.1 To Securityholders

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

- (a) if and so long as Preferred Securities are listed on a Relevant Stock Exchange or are admitted to trading by another relevant authority, if given in accordance with the rules and regulations of the Relevant Stock Exchange or other relevant authority and will be deemed to have been given on the first date of transmission or publication in accordance with such rules and regulations; and/or
- (b) in the case of Preferred Securities held via CREST, Euroclear or Clearstream, in substitution for publication or mailing as required above, notices to Securityholders may

be given to the relevant Registrar for communication to such Securityholders pursuant to the procedures for delivery of notices to accountholders in such Relevant Clearing System, provided that any publication or other requirements required pursuant to Condition 14.1(a) shall also be complied with, if applicable. In such cases, notices will be deemed given on the first date of transmission to the accountholders in such Relevant Clearing System (regardless of any subsequent publication or mailing); and/or

- (c) in all other cases, if mailed to the relevant Securityholders at their respective designated addresses appearing in the Register and will be deemed delivered on the third weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

If any publication required pursuant to Condition 14.1(a) is not practicable, notice shall be validly given if published in another leading English language daily newspaper with circulation in Europe on the date of first publication.

14.2 To the Issuer and the Agents

In respect of any Series of Preferred Securities, all notices to the Issuer and/or the Agents must be sent to the address specified for each such entity in the Master Agency Agreement or to such other person or place as shall be specified by the Issuer and/or the Agent by notice given to Securityholders in accordance with this Condition 14.

14.3 Validity of Notices

Any determinations as to whether any notice is valid, effective and/or duly completed and in the proper form shall be made (i) in the case of Preferred Securities cleared through a Relevant Clearing System, by the Issuer and such Relevant Clearing System or (ii) in the case of any other Preferred Securities by the Issuer, in consultation with the Issue and Paying Agent and shall be conclusive and binding on the Issuer, the Agents and the relevant Securityholder(s).

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

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

15 Modification of Rights, Meetings and Voting

15.1 Modification of Rights

- (a) The Articles provide that certain rights applicable in respect of any Preferred Securities may be varied:
 - (i) with the consent in writing of a majority of Securityholders of a Series; or

- (ii) with the sanction of a Special Resolution passed at a separate meeting of Securityholders of a Series,

but such consent or sanction shall not be required in the case of a variation, amendment or abrogation of the special rights attached to any Preferred Securities if, in the view of the Directors, such variation, amendment or abrogation does not materially prejudice the interests of the Securityholders or is of a formal, minor or technical nature or corrects a manifest error. For these purposes, the interests of the Securityholders shall be deemed to be what the Directors consider in their absolute discretion to be the interests of a majority of such Securityholders, without making any enquiry in relation to the interests of any individual Securityholder in light of that Securityholder's personal circumstances.

- (b) Subject to the provisions of the Articles summarised in Condition 15.1(a), the special rights conferred upon the Securityholders shall not, unless otherwise expressly provided by the terms of issue of such Preferred Securities, be deemed to be varied by:
 - (i) the creation or issue of further shares or securities ranking after or *pari passu* therewith; or
 - (ii) the creation, allotment or issue of any Management Shares; or
 - (iii) the amendment of the definition in the Articles of U.S. Persons or Restricted Person, where the Issuer has been advised that such amendment will not materially prejudice the Issuer.

15.2 Meetings

Meetings shall be held in accordance with and subject to the provisions of the Articles.

15.3 Voting

Subject as provided in Condition 15.1(a), Securityholders shall not be entitled to vote.

16 Winding Up

If the Issuer shall be wound up, the liquidator shall, subject to the Companies Law and the terms of the outstanding Preferred Securities, apply the assets of the Issuer (being the Cellular Assets) in such manner and order as he thinks fit in satisfaction of creditors' claims.

Following the satisfaction of all creditors' claims, the Cellular Assets available for distribution shall then be applied in the following priority:

- (a) The Cellular Assets available for distribution shall then be distributed to the Securityholders and to the holders of any other shares or securities entitled to participate in the Cellular Assets on winding-up, as follows:

Securityholders shall be entitled to receive the Liquidation Distribution in respect of each Preferred Security out of the Cellular Assets to the extent available for distribution in accordance with the Conditions. Such entitlement will rank equally with the entitlement of the holders of any other shares or securities, if any, ranking *pari passu* with the Preferred Securities as regards participation in the Cellular Assets. In the event that the Cellular Assets are insufficient to pay the Liquidation Distribution in full by reason of the foregoing

limitations, the amount payable shall be reduced pro rata in the proportion that the amount available for payment bears to the full amount that would have been payable but for such limitation. After payment of the Liquidation Distribution, as reduced if applicable, Securityholders will have no right or claim to any of the remaining assets of the Issuer.

- (b) If any Cellular Assets remain after the distribution in paragraph (a) above, issued assets shall be distributed to each holder of a Management Share pro rata to their respective holding. In no event shall any holder of any shares or security in the Issuer be entitled to receive the proceeds of or participate in any assets of the Company or any assets of any other Incorporated Cell.

If the Issuer shall be wound up, the liquidator may, with the authority of a Special Resolution and any other sanction required by the Companies Law, divide among the holders of securities *in specie* the whole or any part of the assets of the Issuer in accordance with the Articles.

17 Further Issues

The Issuer may from time to time, without the consent of the Securityholders, issue further Preferred Securities of any Series on the same terms and conditions as the existing Preferred Securities (so that, for the avoidance of doubt, references to “Issue Date” in these Base Conditions shall be to the first issue date of the Preferred Securities) and on terms that such further Preferred Securities shall be consolidated and form a single Series with such existing Preferred Securities. References in the Conditions to “Preferred Securities” shall be construed accordingly.

18 Severability

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

19 Governing Law

The Preferred Securities and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with Guernsey law.

20 Definitions

For the purposes of the Conditions, the following definitions apply:

“**Accession Deed**” means the accession deed executed by the Issuer establishing its Preferred Securities Programme on the terms specified in the Master Programme Deed as, supplemented and amended by such accession deed.

“**Additional Disruption Event**” means, with respect to a Series of Preferred Securities and if specified as applicable in the applicable Final Terms:

- (a) Change in Law; or
- (b) Issuer Tax Event; or
- (c) Hedging Disruption; or

(d) Increased Cost of Hedging.

“Agent Event” means the Issue and Paying Agent, Registrar or Authorised Participant:

- (a) is dissolved, becomes insolvent or is unable to pay its debts as they become due, makes a general assignment, arrangement or composition with or for the benefit of its creditors, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any law, has a secured party take possession of all or substantially all its assets, or takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or
- (b) fails to perform in a full and timely manner all of its material obligations under the Transaction Agreements (which shall include, for the avoidance of doubt, a repudiation or termination of any such Transaction Agreements to which it is a party without the prior consent of the Issuer).

“Authorised Participant” means Barclays Bank PLC.

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

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

“Buy-Back Order” means a request from an Authorised Participant delivered to the Issuer for the Issuer to buy back from the Authorised Participant Preferred Securities and which the Determination Agent determines is valid in accordance with the Dealer Agreement.

“Buy-Back Settlement Date” means the third Business Day after the related Buy-Back Trade Date.

“Buy-Back Trade Date” means a Business Day on which a Buy-Back Order is determined to be valid and accepted by or on behalf of the Issuer in accordance with the terms of the Dealer Agreement.

“Cellular Assets” means, in relation to any Incorporated Cell, the assets of that Incorporated Cell comprising the Series Assets of each Series relating to that Cell and the proceeds thereof, the proceeds of any equalisation accounts established for any Series in accordance with the Articles and any other assets of that Incorporated Cell.

“Change in Law” means that, on or after the Trade Date (a) due to the adoption or announcement of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory

authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer or the Determination Agent acting on behalf of the Issuer determines in its sole and absolute discretion that (i) it has become illegal for the Company to hold, acquire, deal in or dispose of the Hedging Instrument relating to the Preferred Securities or contracts in securities, options, futures, derivatives or foreign exchange relating to such Hedging Instrument, or (ii) the Issuer will incur a materially increased cost in performing its obligations under the Preferred Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on their tax position).

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

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

“**Common Depository**” means the common depository for Euroclear or Clearstream, as applicable.

“**Companies Law**” means the Companies (Guernsey) Law 2008 (as amended).

“**CREST**” means the system for the paperless settlement of trades and the holding of uncertificated securities operated by EUI.

“**CREST Securities**” means Preferred Securities accepted for clearing through CREST.

“**Dealer Agreement**” means the “Master Dealer Terms” as set out in the Master Programme Deed, as amended or supplemented by such Master Programme Deed, together with the relevant Accession Deed.

“**De-Listing Event**” means, in respect of any Preferred Securities that are listed on a Relevant Stock Exchange, that the Relevant Stock Exchange announces that, pursuant to the rules of the Relevant Stock Exchange, such Preferred Securities cease (or will cease) to be listed, traded or publicly quoted on the Relevant Stock Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Relevant Stock Exchange (or, where the Relevant Stock Exchange is within the European Union, in a member state of the European Union).

“**Determination Agent**” means the person specified in the applicable Final Terms or such other person from time to time appointed by the Issuer to act as its Determination Agent in respect of any Preferred Securities in place of the original or any replacement Determination Agent.

“**Director**” means a director of the Company or of the Issuer, as applicable, (and includes any alternative director).

“**Dividend Amount**” means, in respect of each Preferred Security, each amount specified as such in the applicable Final Terms.

“**Dividend Payment Date**” means each date specified as such in the applicable Final Terms.

“**Early Redemption Amount**” means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, in respect of any early redemption or cancellation of the Preferred Securities, an amount per Preferred Security determined by the Determination Agent as the market value of the Preferred Securities following the event triggering the early redemption or cancellation, taking into account any termination payments under the Hedging Instrument and any costs, losses

and expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with the early redemption or cancellation of the Preferred Securities. In determining the Early Redemption Amount, the Determination Agent may take into account prevailing market prices and/or proprietary pricing models, or where these pricing methods may not yield a commercially reasonable result, may estimate such Early Redemption Amount in a commercially reasonable manner. The Early Redemption Amount will be determined by the Determination Agent on or as soon as reasonably practicable following the event giving rise to the early redemption or cancellation of the Preferred Securities.

“Early Redemption Date” means the date specified as such in the Early Redemption Notice or, if not so specified, the fifth Business Day following the end of the Early Redemption Notice Period.

“Early Redemption Event” means a Hedging Termination Event, an Additional Disruption Early Redemption Event or a Specified Early Redemption Event.

“Early Redemption Notice” means any valid notice of redemption given by the Issuer in accordance with the Conditions, which shall be irrevocable.

“Early Redemption Notice Period” means a period of 10 Business Days following the date of the relevant Early Redemption Notice or such other notice period as may be specified in the applicable Final Terms.

“EUI” means Euroclear UK & Ireland Limited (formerly known as CRESTCO Limited) incorporated in England and Wales under number 2878738 and whose registered office as at 33 Cannon Street, London EC4M 5SB and any successor thereto.

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

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

“Exchange Rate” means the rate of exchange of the currency of one country for the currency of another country, as specified in the applicable Relevant Annex or the applicable Final Terms, as the case may be.

“Final Redemption Amount” means, in respect of each Preferred Security, the amount specified as such in the applicable Final Terms.

“Final Terms” means, in respect of the relevant Preferred Securities, the document (which may be in the form of the pro-forma Final Terms included in the Base Prospectus, or in such other form as the Directors shall from time to time determine to be appropriate) issued by the Issuer in respect of the relevant Preferred Securities.

“Hedge Counterparty” means a counterparty specified as such in the applicable Final Terms.

“Hedging Disruption” means:

- (a) that the Issuer is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the Preferred Securities, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s); or

- (b) that the performance by the Issuer or the Hedge Counterparty of any of their absolute or contingent obligations under the Hedging Instrument has become illegal or a physical impracticability in whole or in part for any reason.

“Hedging Instrument” means one or more Derivative Contract(s) entered into with a Hedge Counterparty.

“Hedging Termination Event” means the hedging instrument is terminated or redeemed prior to its scheduled termination date or scheduled date for redemption.

“Illegality” means, with respect to a Series of Preferred Securities, the Issuer determines that the performance of any of its absolute or contingent obligations under the Preferred Securities has become illegal or a physical impracticability in whole or in part for any reason.

“Incorporated Cell” means an incorporated cell (for the purposes of the Companies Law) of the Company in respect of which a Series of Preferred Securities may be issued.

“Increased Cost of Hedging” means that the Issuer would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) continue to perform its obligations under the Hedging Instrument; (b) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the relevant Preferred Securities, or (c) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

“Issue Date” means, in respect of each Preferred Security, the issue date specified in the applicable Final Terms.

“Issue Price” means, in respect of each Preferred Security, the issue price specified in the applicable Final Terms.

“Issuer Tax Event” means the imposition of any withholding or deduction for any present or future Taxes on any payments by or on behalf of the Issuer in respect of the Preferred Securities, if such withholding or deduction is required by law.

“Liquidation Distribution” means the Issue Price of each Preferred Security.

“Management Share” has the meaning set out in the Articles.

“Minimum Threshold Amount” means the amount specified as such in the applicable Final Terms or, if no such amount is specified, £50,000 (or the Specified Currency equivalent thereof).

“Nominal Amount Trigger Event” means, with respect to a Series of Preferred Securities, that on any day the outstanding Aggregate Nominal Amount of such Preferred Securities is less than the Minimum Threshold Amount (or the Specified Currency equivalent thereof).

“Ordinary Resolution” has the meaning set out in the Articles.

“Payment Day” means any day which is:

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

“Preferred Securities” means the Preferred Securities specified in the applicable Final Terms.

“Master Programme Deed” means the master programme deed dated 16 November 2010 between the Company and the other programme parties specified therein.

“Redemption Amount” means the Early Redemption Amount or the Final Redemption Amount, as applicable.

“Redemption Date” means, in respect of any Series, the date specified as such in the Final Terms.

“Reference Asset(s)” means, in respect of each Preferred Security, the Reference Asset(s) specified in the applicable Final Terms to which that Preferred Security is designed to offer investment exposure and/or by reference to which amounts payable in respect of that Preferred Security are determined, which may include, but will not be limited to, equity, debt or derivative securities, indices, investments, funds, commodities, baskets of securities or indices, currencies, portfolios and trading strategies, and which may change over time as a result of performance, the exercise of investment management discretion or other factors.

“Register” means the register of members of the relevant Issuer.

“Relevant Clearing System” means, as appropriate, CREST, Euroclear, Clearstream or any alternative clearing system specified in the applicable Final Terms.

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

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

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

“Securityholder” means, subject to Condition 1.2(b), a person in whose name the Preferred Securities of a Series are registered in the Register.

“**Series**” means the series of Preferred Securities specified in the applicable Final Terms.

“**Special Resolution**” has the meaning set out in the Articles.

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

“**Specified Early Redemption Event**” means, with respect to a Series of Preferred Securities and if specified as applicable in the applicable Final Terms:

- (a) Illegality;
- (b) De-Listing Event;
- (c) Nominal Amount Trigger Event;
- (d) Authorised Participant Event; or
- (e) Agent Event.

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

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

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (or if such system ceases to be operative, such other system (if any) determined by the Determination Agent to be a suitable replacement).

“**Trade Date**” means, in respect of each Preferred Security, the date specified as such in the applicable Final Terms.

“**Transaction Agreements**” means the Master Agency Agreement, the Administration Agreement and the Dealer Agreement.

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

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

TERMS RELATING TO THE OFFER OF THE PREFERRED SECURITIES

Timetable for the offer of the Preferred Securities

The timetable for the issue of the applicable Preferred Securities will be determined in accordance with the applicable Final Terms relating to such Preferred Securities.

The “**Offer Period**” will be specified in the applicable Final Terms. The Issuer may instruct the Distributor to change the dates of the Offer Period.

The Issuer reserves the right to cancel the offer of the Preferred Securities at any time on or prior to the end of the Offer Period.

Information about the changes to the offer period and cancellation, if any, of the offer in the course of its duration will be announced in the same manner as the Final Terms were made publicly available.

The date on which the Preferred Securities will be issued and the date on which the Preferred Securities will be allocated to investors purchasing the relevant Preferred Securities will be specified in the applicable Final Terms.

No dealings in the Preferred Securities may take place prior to the Issue Date.

Applications for Preferred Securities

Applications to subscribe for the relevant Preferred Securities may be made during the Offer Period to the Distributor and/or the Selling Agents specified in the applicable Final Terms.

The minimum and maximum subscription amounts per investor (as applicable) will be specified in the applicable Final Terms.

Further information with respect to the application process will be available from the applicable Distributor and/or Selling Agents upon request. Each prospective investor should find out from the Distributor or, where applicable, Selling Agent when receipt of cleared funds in respect of its purchase of the relevant Preferred Securities is required and how payment should be made.

Pursuant to anti-money laundering laws and regulations in force in the UK and/or Guernsey and in accordance with the Articles, the Issuer, the Distributor, any Selling Agent or any of their respective agents may require evidence in connection with any application for Preferred Securities, including further identification of the prospective investor(s), before any Preferred Securities are issued and/or sold to the prospective investor(s).

The Directors or the Distributor may reject any application, in whole or in part, in their/its absolute discretion.

It is expected that on issue the Preferred Securities of each Series will be purchased by the Distributor as principal. The Distributor and its Selling Agents will re-sell the Preferred Securities to eligible investors. The Offering Documents relating to such Preferred Securities may only be relied on during the Offer Period.

Applicants will be notified directly by the Distributor of the success of their application within five Business Days after the end of the Offer Period.

Conditions to be satisfied before any Preferred Securities of a particular Series are issued and purchased

The issue of Preferred Securities of each Series and any purchase of such Preferred Securities will be conditional on:

- (i) the Issuer having entered into (or the Directors being satisfied that the Issuer is reasonably likely to be able to enter into) the Hedging Instrument on terms that the Directors consider to be such as to enable the Issuer to meet its obligations in respect of the Preferred Securities of that Series;
- (ii) the issue of the Preferred Securities; and
- (iii) if the Preferred Securities are to be listed, having received the approval of the Irish Stock Exchange for the relevant Series of Preferred Securities to be admitted to the Official List of the Irish Stock Exchange and to trading on the Irish Stock Exchange's Regulated Market (the "**Listing Condition**").

Except as specified in the applicable Final Terms, the Directors may, in their sole discretion, waive any of the conditions to the issue of such Series of Preferred Securities except, where such Preferred Securities are intended to be listed on the Irish Stock Exchange, the Listing Condition.

If any of the applicable conditions are not satisfied or waived in respect of the relevant Series of Preferred Securities, the Issuer shall not issue the relevant Preferred Securities and will return the application monies for the relevant Preferred Securities of that Series (without interest and at each applicants' risk) to the applicants. Application monies (if any) will be returned by cheque mailed to the applicant's address as indicated on the application form, or by wire transfer to the bank account as detailed on the application form or such other method as the Directors consider appropriate.

Commissions

Prospective investors in the Preferred Securities should be aware that the Issue Price may include commissions and/or other fees paid by the relevant Issuer to the Distributors and/or Selling Agents as payment for distribution services. This can cause a difference between the theoretical value of the Preferred Securities and any bid and offer prices quoted by the relevant Issuer or any third party.

Purchasers of Notes should request details of any such Distribution Fee from the Distributor and/or Selling Agents before purchase. In addition to the Issue Price, purchasers may be required to pay a brokerage commission to the Distributor, which is not refundable in the event of an early redemption of the Preferred Securities or a sale of the Preferred Securities to the Issuer. The brokerage commission will be a percentage per annum of the nominal amount of the Preferred Securities specified in the applicable Final Terms.

Additional information in respect of the Preferred Securities

The Preferred Securities of each Series are freely transferable, subject to the selling and transfer restrictions described in this Base Prospectus and the Articles and any additional selling and transfer restrictions (if any) specified in the applicable Final Terms.

Prospective investors who purchase Preferred Securities after the Offer Period specified in the applicable Final Terms should note that the Offering Documents may not be accurate or complete as of any date after the end of such Offer Period and accordingly must not rely on the Offering Documents when making any investment decision with respect to such Preferred Securities. For the avoidance of doubt, the Conditions of the relevant Preferred Securities as set out in the Offering Documents will continue to apply for the entire investment term of such Preferred Securities unless varied in accordance with such Conditions, the Articles and applicable laws and regulations.

If the Issuer publishes a supplement to this Base Prospectus pursuant to Article 16 of the Prospectus Directive other than a supplement which does not relate to the Preferred Securities, investors who have already agreed to purchase but have not taken delivery of the relevant Preferred Securities before the supplement is published shall have the right to withdraw their acceptances by informing the Distributor in writing thereof within two working days (or such other longer period as may mandatorily apply in the relevant country) of publication of the supplement. The Conditions of the Preferred Securities and the terms on which they are offered and issued will be subject to the provisions of any such supplement.

Neither the Company nor any Issuer has any responsibility for, or liability arising out of, the relationship between prospective investors and any Distributors, Selling Agents and/or clearing system operators, including, without limitation, in respect of arrangements concerning the return of monies by such persons to their clients.

Prospective investors should note that ownership of the relevant Preferred Securities may be subject to the minimum holding amounts per investor as specified in the applicable Final Terms.

Clearing and settlement of the Preferred Securities

Except as specified in the applicable Final Terms relating to the relevant Series of Preferred Securities, the Preferred Securities of each Series will be issued either (i) in registered form, represented by Global Securities and settled through Euroclear and/or Clearstream or (ii) in dematerialised uncertificated registered form and settled through CREST. Uncertificated form means that no physical certificate of ownership will be issued in respect of the relevant Preferred Securities.

The Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of the Preferred Securities of each Series to be represented by a Global Security. Each Global Security deposited with a Common Depositary for, and registered in the name of, a nominee of a Common Depositary for Euroclear and/or Clearstream will have an ISIN and a Common Code. Preferred Securities will be tradable in units.

Transfers of interests in Global Securities within Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the relevant clearing system. Beneficial interests in a Global Security may only be held through Euroclear or Clearstream.

Preferred Securities to be settled through CREST may be issued and held in uncertificated registered form in accordance with the United Kingdom Uncertificated Securities Regulations 2001 (SI 2001/3755), as modified or re-enacted (the “**Uncertificated Regulations**”). As such Preferred Securities settled through CREST are dematerialised and not constituted by any physical document of title. Preferred Securities cleared through CREST are participating securities for the purposes of the Uncertificated Regulations. The payment by the Issuer of the applicable Redemption Amount (if any) or Dividend Amounts (if any) to Securityholders in respect of the relevant Preferred Securities will be made to the order of the Relevant Clearing System, to be credited to the accountholders who hold an interest in the Preferred Securities through the Relevant Clearing System. Holders of interests in Preferred Securities held through an “**Investment Plan**” or other arrangement will only receive payments made in respect of redemption proceeds or dividends (if any) on the Preferred Securities in which they have any interest in accordance with the terms of the applicable Investment Plan or other arrangement, as applicable.

Prospective investors should note that they may be required to pay certain fees, commissions or charges for custodial, transfer and clearing services charged by the Relevant Clearing System and/or any third party nominee service provider for the purchase, holding, transfer or redemption of Preferred Securities or the payment of dividends or other amounts payable in respect of Preferred Securities. Prospective investors should contact the Relevant Clearing System or the relevant third party nominee service provider (as applicable) for full details of these fees, commissions or charges that may, directly or indirectly, be passed on to the investor.

INFORMATION RELATING TO THE HEDGING INSTRUMENT

General

The proceeds of each issuance of Preferred Securities will be applied by the Issuer under a Hedging Instrument entered into by the Issuer with the Hedge Counterparty. As described further below, the Hedging Instrument will be a Derivative Contract (as defined below) that is expected to generate the cashflows required by the Issuer to fund the amounts payable in respect of the Preferred Securities of the relevant Series.

There is no requirement for the Hedging Instrument to be collateralised by either the Issuer or the Hedge Counterparty. Any collateral taken will be taken under the terms of a collateral arrangement agreed between the Issuer and Hedge Counterparty, as described further below and in the applicable Final Terms in relation to the relevant Hedging Instrument.

Derivative Contracts

The Company on behalf of the Issuer and the relevant Hedge Counterparty will enter into derivative transactions that will be documented by one or more confirmations entered into pursuant to the Master Swap Agreement (“**Derivative Contracts**”). The “**Master Swap Agreement**” is constituted by the Master Programme Deed together with the Master Swap Terms and incorporates the terms of the 1992 ISDA Master Agreement (Multicurrency – Cross Border) as published by the International Swaps and Derivatives Association, Inc. The Master Swap Agreement is, and each Derivative Contract entered into under the Master Swap Agreement will, be governed by English law.

The following description of certain provisions of the Hedging Instrument does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the confirmations relating to the derivative transactions entered into with respect to the relevant Series of Preferred Securities. Such confirmations will be available upon request from the Issuer.

Payments under the Hedging Instrument

Under the Hedging Instrument, the Issuer will pay to the Hedge Counterparty the proceeds of the issue of the Preferred Securities in exchange for payment of such cash amounts as may be specified in the Hedging Instrument which correspond to those which the Issuer is scheduled to make to the Securityholders as specified in the applicable Final Terms.

Notional Amount

The notional amount of the Hedging Instrument shall be equal to the Aggregate Nominal Amount of the Preferred Securities issued by the Issuer on the Issue Date.

Termination and Early Termination of the Hedging Instrument

The scheduled termination date of the Hedging instrument will correspond to the scheduled Redemption Date of the relevant Series of Preferred Securities.

The Hedging Instrument also provides for certain “Events of Default” and “Termination Events” relating to the Issuer and the Hedge Counterparty, the occurrence of which may lead to a termination of the Hedging Instrument prior to its scheduled termination date. In particular, the Hedging Instrument may be terminated early, among other circumstances:

- (i) if at any time all of the Securities are cancelled in accordance with the Conditions prior to the relevant Maturity Date;
- (ii) at the option of one party, if there is a failure by the other party to pay any amounts due under the Hedging Instrument;
- (iii) if (subject as provided in the Hedging Instrument) withholding taxes are imposed on payments made by the Issuer or the Hedge Counterparty under the Hedging Instrument or it becomes illegal for either party to perform its obligations under the Hedging Instrument or if the tax treatment of the Hedging Instrument becomes unfavourable; and
- (iv) upon the occurrence of certain other events with respect to either party and the Hedging Instrument, including illegality due to a change in law and insolvency.

Upon any such early termination of the Hedging Instrument, the Hedge Counterparty may be liable to make a termination payment to the Issuer. Such termination payment will be determined by the determining party (or its agent) in accordance with Section 6(e) of the Master Swap Agreement (subject to any amendment or variation pursuant to the relevant transaction confirmation), acting in good faith and in a commercially reasonable manner.

Collateralisation

If “Collateralisation” is specified as applicable in the applicable Final Terms, the exposure of the Hedge Counterparty under a Hedging Instrument may be collateralised under the terms of an ISDA Credit Support Annex or other collateral arrangement agreed to by the Issuer and the Hedge Counterparty. The ISDA Credit Support Annex is constituted by the Master Credit Support Annex Terms set out in Section B of the Master Swap Agreement in the Master Programme Deed.

Collateral for the Hedge Counterparty may take the form of:

- (i) cash in an “Eligible Currency” (which shall be USD, EUR and GBP);.
- (ii) Negotiable debt obligations issued by the Government of: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland, United Kingdom, United States; and/or
- (iii) any security that:
 - (a) is an asset backed security, a corporate bond or represents either a fixed term deposit (including, for the avoidance of doubt, any deposit with Barclays Banks PLC) or a floating rate collateralised debt obligation;
 - (b) is issued the form of a bond, note, certificated security or other debt security;
 - (c) is denominated in USD, GBP or EUR;
 - (d) is freely transferable; and
 - (e) in the case of any asset backed security and security representing a collateralised debt obligation, is rated Aaa/AAA by Moody’s and/or S&P.

No collateral shall be posted by the Issuer.

The collateral will be valued on each local business day, unless otherwise specified in the applicable Final Terms. The value for each such day shall be calculated at the close of business on the

preceding local business day, unless otherwise specified in the applicable Final Terms. Calculations shall be made using a “Base Currency” of GBP.

The ISDA Credit Support Annex provides for the calculation of a “Credit Support Amount” in respect of each of the Issuer and the Hedge Counterparty, which reflects the exposure each party has to the other under the other credit support arrangements governed by the Master Swap Agreement and may be adjusted to take into account the “Thresholds” and “Independent Amounts” specified in the applicable Final Terms (such amounts shall be equal to zero, other than the Threshold in respect of the Issuer, which shall be infinity, unless otherwise specified in the applicable Final Terms).

If the Credit Support Amount of the Hedge Counterparty exceeds the total value of the collateral that has been transferred by the Hedge Counterparty to the Issuer, the Hedge Counterparty may be required by the Issuer, provided the difference is greater than or equal to the specified “Minimum Transfer Amount” of the Hedge Counterparty (which shall be 150,000 units of GBP, unless otherwise specified in the applicable Final Terms), to deliver additional collateral of a value of at least equal to such difference to the Issuer.

If the total value of the collateral that has been transferred by the Hedge Counterparty to the Issuer exceeds the Credit Support Amount of the Hedge Counterparty then, provided the difference is greater than or equal to the Issuer’s specified “Minimum Transfer Amount” (which shall be zero units of GBP, unless specified otherwise in the applicable Final Terms), the Hedge Counterparty may require the Issuer to return collateral of value as close as practicable to the difference to the Issuer.

Other

The Hedge Counterparty shall have rights corresponding to any early buyback right, the right to select the method of settlement and any similar discretionary rights of the Issuer under the Conditions of the Preferred Securities.

INFORMATION RELATING TO THE HEDGE COUNTERPARTY

The original Hedge Counterparty will be Barclays Bank PLC. Further Hedge Counterparties may enter into Hedging Instruments with respect to a Series of Preferred Securities from time to time. Information with respect to such Hedge Counterparties will be contained in a Supplement to this Base Prospectus.

The following information relating to Barclays Bank PLC has been accurately reproduced from information published by Barclays Bank PLC. So far as the Company is aware and is able to ascertain from information published by Barclays Bank PLC, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, telephone number +44 (0)20 7116 1000. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank PLC was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC and its subsidiary undertakings (taken together, the “**Group**”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, United States, Africa and Asia. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-1+ by Standard & Poor’s, P-1 by Moody’s and F1+ by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated AA- by Standard & Poor’s, Aa3 by Moody’s and AA- by Fitch Ratings Limited.

Barclays Bank PLC currently has securities admitted to trading on the regulated market of the London Stock Exchange.

Based on the Group’s audited financial information for the year ended 31 December 2009, the Group had total assets of £1,379,148 million (2008: £2,053,029 million), total net loans and advances² of £461,359 million (2008: £509,522 million), total deposits³ of £398,901 million (2008: £450,443 million), and total shareholders’ equity of £58,699 million (2008: £43,574 million) (including non-controlling interests of £2,774 million (2008: £2,372 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2009 was £4,559 million (2008: £5,094 million) after impairment charges and other credit provisions of £8,071 million (2008: £5,419 million).

Profit after tax for the year ended 31 December 2009, including discontinued operations and the sale of Barclays Global Investors, was £10,289 million (2008: £5,249 million). The financial

² Total net loans and advances include balances relating to both banks and customer accounts.

³ Total deposits include deposits from banks and customer accounts.

information in this paragraph is extracted from the audited Annual Report for the year ended 31 December 2009.

Based on the Group's unaudited financial information for the six months ended 30 June 2010, the Group had total assets of £1,587,806 million, total net loans and advances⁴ of £494,190 million, total deposits⁵ of £455,297 million, and total shareholders' equity of £61,720 million (including non-controlling interests of £3,016 million). The profit before tax from continuing operations of the Group for the six months ended 30 June 2010 was £3,947 million after impairment charges on loans and advances and other credit provisions of £3,080 million. The financial information in this paragraph is extracted from the unaudited Barclays Bank PLC Interim Results Announcement for the six months ended 30 June 2010.

⁴ Total net loans and advances include balances relating to both banks and customer accounts.

⁵ Total deposits include deposits from banks and customer accounts.

INFORMATION RELATING TO THE SERVICE PROVIDERS

Issue and Paying Agent

The Bank of New York Mellon, London Branch is appointed as the Issue and Paying Agent of each Issuer under the Agency Agreement.

The Issue and Paying Agent will be responsible, among other matters, for making payments on behalf of the relevant Issuer in respect of Preferred Securities to the relevant Securityholders in accordance with the Articles and the Conditions.

The fees and expenses payable to the Issue and Paying Agent, and the manner in which payment of such fees and expenses is expected to be funded, are set out under the heading "FEES AND EXPENSES" in this Base Prospectus.

The "**Agency Agreement**" is constituted by the Master Agency Terms set out in the Master Programme Deed together with the relevant Accession Deed (which may include any amendments or variations to the Master Agency Terms with respect to the Issuer and the relevant Series of Preferred Securities).

The Agency Agreement contains limited recourse provisions under which the recourse of the Issue and Paying Agent against an Issuer in respect of any claims arising under or in relation to the Agency Agreement is expressed to be limited to that Issuer, and the Issue and Paying Agent shall have no recourse to any assets of the Company or any other Issuer.

Determination Agent

Barclays Bank PLC has been appointed to be the Determination Agent of each Issuer under the Agency Agreement.

Under the Agency Agreement, the Determination Agent will provide calculation agency services to the Issuer. The Determination Agent shall also perform the functions and duties imposed on the Determination Agent by the Conditions of the relevant Preferred Securities. In addition, the Determination Agent will provide such assistance to the Administrator as the Administrator may reasonably request in relation to the valuation of the assets and liabilities of the Issuer.

The fees and expenses payable to Barclays Bank PLC as the Determination Agent, and the manner in which payment by the Company of such fees and expenses are expected to be funded, are set out under the heading "FEES AND EXPENSES" of this Base Prospectus.

The Agency Agreement contains limited recourse provisions under which the recourse of the Determination Agent against an Issuer in respect of any claims arising under or in relation to the Agency Agreement is expressed to be limited to that Issuer and the Determination Agent shall have no recourse to any assets of the Company or any other Issuer.

Custodian

The Bank of New York Mellon SA/NV, London Branch is appointed as the custodian of each Issuer (the "**Custodian**") under the Custody Agreement.

The Custodian is responsible for holding the assets of the Issuers and collecting the proceeds of the Hedging Instruments for payment to Securityholders as directed by or on behalf of the Issuers.

The fees and expenses payable to the Custodian, and the manner in which payment of such fees and expenses is expected to be funded, are set out under the heading "FEES AND EXPENSES" in this Base Prospectus.

The "**Custody Agreement**" is constituted by the Master Custody Terms set out in the Master Programme Deed together with the relevant Accession Deed (which may include any amendments or variations to the Master Custody Terms with respect to the Issuer and the relevant Series of Preferred Securities).

The Custody Agreement contains limited recourse provisions under which the recourse of the Custodian against an Issuer in respect of any claims arising under or in relation to the Custody Agreement is expressed to be limited to that Issuer, and the Custodian shall have no recourse to any assets of the Company or any other Issuer.

Administrator and Secretary

Northern Trust International Fund Administration Services (Guernsey) Limited is appointed as the Administrator and Secretary to the Company and the Issuers under the Administration Agreement.

The Administrator provides the following services to the Company:

- (i) corporate administration and secretarial services, including keeping all relevant records and accounts of the Company and the Issuers, preparing the unaudited financial statements of the Company and the Issuers and assisting the auditors, where requested, in relation to the audit of the financial statements of the Company and the Issuers; and
- (ii) when requested to do so by the Company, assisting the Company to comply with applicable legal and regulatory requirements.

The Administrator provides the following services to the Issuers:

- (i) corporate administration and secretarial services; and
- (ii) when requested to do so by the Issuer, assisting the Issuer to comply with applicable legal and regulatory requirements, including the rules of any stock exchanges or, when otherwise reasonably requested to do so by the Issuer, calculating, on the basis of information supplied by or on behalf of the Issuer, the assets and liabilities of the Issuer and, if required, publishing the same on behalf of the Issuer.

The fees and expenses payable to the Administrator, and the manner in which payment of such expenses is funded, are set out under the heading "FEES AND EXPENSES" in this Base Prospectus.

The "**Administration Agreement**" is constituted by the Master Administration Terms set out in the Master Programme Deed together with the relevant Accession Deed (which may include any amendments or variations to the Master Administration Terms with respect to the Issuer and the relevant Series of Preferred Securities).

The Administration Agreement contains limited recourse provisions under which; (a) the recourse against the Company of the Administrator and Secretary in respect of any claims arising under or in relation to the Administration Agreement is expressed to be limited to the Company and the

Administrator and Secretary shall have no recourse to any assets of any Issuer, and (b) the recourse against an Issuer of the Administrator and Security in respect of any claims arising under or in relation to the Administration Agreement is expressed to be limited to that Issuer and the Administrator and Secretary shall have no recourse to any assets of the Company or of any other Issuers.

Registrar

Computershare Investor Services (Guernsey) Limited is appointed as the “Registrar” of the Company and the Issuers under the Guernsey Registrar Agreement.

The Registrar will maintain the register of the Preferred Securities of each Series, including both CREST Securities and Non-CREST Securities, and perform such services as reviewing and accepting transfer requests in respect of Preferred Securities.

The fees and expenses payable to the Registrar, and the manner in which payment of such expenses is funded, are set out under the heading "FEES AND EXPENSES" in this Base Prospectus.

The “**Guernsey Registrar Agreement**” is constituted by the Master Guernsey Registrar Terms set out in the Master Programme Deed together with the relevant Accession Deed (which may include any amendments or variations to the Master Guernsey Registrar Terms with respect to the Issuer and the relevant Series of Preferred Securities).

The Guernsey Registrar Agreement contains limited recourse provisions under which the recourse against the Company in respect of any claims arising under or in relation to the Guernsey Registrar Agreement is expressed to be limited to the Company, and the Registrar shall have no recourse to any assets of any Issuer.

Authorised Participant

Barclays Bank PLC is appointed as the Authorised Participant of each Issuer in respect of each Series of Preferred Securities. The Dealer Agreement will set out the terms on which the Authorised Participant is appointed and on which an Issuer will repurchase Preferred Securities from the Authorised Participant.

The fees and expenses payable to the Authorised Participant, and the manner in which payment of such fees and expenses is expected to be funded, are set out under the heading "FEES AND EXPENSES" in this Base Prospectus.

The “**Dealer Agreement**” is constituted by the Master Dealer Terms set out in the Master Programme Deed together with the relevant Accession Deed (which may include any amendments or variations to the Master Dealer Terms with respect to the Issuer and the relevant Series of Preferred Securities).

The Dealer Agreement will contain limited recourse provisions under which the recourse of the Authorised Participant against an Issuer in respect of any claims arising under or in relation to the Dealer Agreement is expressed to be limited to that Issuer, and the Authorised Participant shall have no recourse to any assets of the Company or any other Issuer.

Distributor

Barclays Bank PLC is expected to be appointed as the Distributor of each Issuer in respect of each Series of Preferred Securities unless otherwise specified in the applicable Final Terms. The Dealer Agreement will set out the terms on which the Distributor will purchase the relevant Preferred Securities from the Issuers as principal.

An Issuer may appoint a person other than Barclays Bank PLC to be the Distributor or an additional Distributor in respect of any Preferred Securities. Details of any such appointment will be set out in the applicable Final Terms.

The fees and expenses payable to the Distributor, and the manner in which payment of such fees and expenses is expected to be funded, are set out under the heading "FEES AND EXPENSES" in this Base Prospectus.

The Dealer Agreement will contain limited recourse provisions under which the recourse of the Distributor against an Issuer in respect of any claims arising under or in relation to the Dealer Agreement is expressed to be limited to that Issuer, and the Distributor shall have no recourse to any assets of the Company or any other Issuer.

Interested Dealings

None of the Directors, the Issue and Paying Agent, the Determination Agent, the Custodian, the Administrator, the Secretary, the Registrar, the Authorised Participant or the Distributor hold any shares in the Company or will hold any Management Shares in any Issuer, and none is expected to hold any Preferred Securities of any Issuer for their own account.

The respective agreements entered into between the Company, an Issuer and the Determination Agent, the Administrator, the Secretary, the Registrar, the Issue and Paying Agent, the Authorised Participant, each Distributor and the Custodian provide that they and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (together the "**Interested Parties**" and each an "**Interested Party**") may:

- (1) contract or enter into any financial, banking or any other transaction with one another or with the Company or an Issuer, including, without limitation, investment in the Company or an Issuer, in securities in any company or body any of whose investments or obligations form part of the assets of the Company or an Issuer, or be interested in any such contracts or transactions;
- (2) invest in and deal with Preferred Securities or any property of the kind included in the property of the Company or an Issuer (including investments or transactions which relate to any of the Hedging Instruments of the Company or an Issuer or the related Hedge Counterparty or to any of the specified investments, funds, or indices or baskets or trading strategies by reference to which the return under any Series of Preferred Securities may be directly or indirectly calculated) for their respective individual accounts or for the account of a third party; and
- (3) deal as agent or principal in the sale, issue or purchase of securities and other investments to, or from, the Company or an Issuer through, or with, the Determination Agent, the Custodian or any subsidiary, Affiliate, associate, agent or delegate thereof.

There will be no obligation on the part of any Interested Party to account to Securityholders for any benefits so arising and any such benefits may be retained by the relevant party.

Any such contracts, transactions and arrangements between any Interested Party and the Company or an Issuer or (to the extent known by the relevant Interested Party) any other person for the account of the Company or an Issuer must be carried out as if effected on normal commercial terms negotiated at arm's length.

Without prejudice to the generality of the foregoing, notwithstanding its capacity as the Determination Agent, Barclays and any of its respective subsidiaries, Affiliates, associates, agents, directors, officers, employees or delegates (together the **“Related Persons”** and each a **“Related Person”**) may:

- (a) become the owner of Preferred Securities and hold, dispose of or otherwise deal with the same and with the same rights which it would have had if the Determination Agent was not appointed as the Determination Agent pursuant to the Master Agency Agreement;
- (b) buy, hold and deal in any assets upon its own account notwithstanding that the same or similar assets may be held by or for the account of or otherwise connected with an Issuer;
- (c) match an Issuer's transactions with their own or their customers' by acting on their own or their customers' behalf as well as on behalf of that Issuer;
- (d) publish a research recommendation to their customers (including the Company) knowing that they or an Affiliate may to the extent permitted by the FSA's Conduct of Business Sourcebook have acted upon it or made use of the information on which it is based;
- (e) act as the financial adviser or a lending bank to any Hedge Counterparty;
- (f) arrange for or advise the Company or an Issuer to purchase securities (including a Hedging Instrument) held by themselves on their own accounts or issue a Hedging Instrument to or enter into a Hedging Instrument with the Company or an Issuer and no Related Person so interested shall be liable to disclose or account for any benefit to any other party by reason solely of such interest;
- (g) sell or enter into a Hedging Instrument to or with the Company or an Issuer, purchase a Hedging Instrument from or vest a Hedging Instrument in the Company or an Issuer or contract or enter into any financial, banking, currency or other transactions with the Company or an Issuer or any Member or any company or body, any of whose securities (including a Hedging Instrument) are held by or for the account of or otherwise connected with the Company or an Issuer or be interested in any such transaction and the Related Person shall not be called upon to disclose or account in respect of any such contract or transaction or benefit derived therefrom by virtue only of the relationship between the parties concerned;
- (h) receive any commissions which it may negotiate in relation to any sale, purchase or entry into of a Hedging Instrument effected by or for the account of the Company and the Related Person shall be entitled to retain for its own benefit any profit or benefit derived therefrom;
- (i) complete a transaction which is made pursuant to a contract effected in the normal manner on a stock exchange or other market where the purchaser or the vendor is undisclosed at the time;

- (j) acquire, hold or dispose of a Hedging Instrument notwithstanding that such a Hedging Instrument has been acquired or entered into, as the case may be, at prices lower than those paid by or on behalf of the Company or an Issuer in respect of the acquisition of or entry into the a Hedging Instrument of the same Class or type in or with any Hedge Counterparty or disposed of at prices higher than those received by or on behalf of the Company or an Issuer by virtue of a transaction effected by the Company at or about the same time in which the Related Person was concerned and the Related Person shall be entitled to retain for its own benefit any profit or benefit derived therefrom; and
- (k) continue or agree to act as determination agent or in such other capacity for other persons, as appropriate, with similar objectives and policies as the Company or an Issuer, or make investments for other clients without making the same available to the Company or an Issuer,

provided that the Determination Agent shall at all times have regard to its obligations to act in accordance with the rules of the FSA and any other regulatory regime to which it is subject, its obligations to other clients and its obligations as Hedge Counterparty in respect of any Hedging Instrument.

Conflicts of Interest and Resolution of Conflict

Each of the Directors, the Distributor, the Determination Agent, the Custodian, the Registrar, the Issue and Paying Agent, the Authorised Participant, the Administrator or the Secretary or any affiliate of each such party may, in the course of its business, have potential conflicts of interest with the Company or any Issuer. Each of such persons is expected to have regard to its obligations to act in accordance with the rules of the regulatory regime to which it is subject and to its respective duties to the Company and relevant Issuer and other persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each of such persons has undertaken or shall be requested by the Company or any Issuer to undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly having regard to its conflicts management policy and to ensure that the interests of the Company or any Issuer (as applicable) are not unfairly prejudiced. However, where any such conflict is resolved in this way, such resolution may be adverse to the Company or any Issuer (as applicable) and the Securityholders or to the interests of the Company or any Issuer (as applicable) and the Securityholders and the ability of an Issuer to pay the redemption amount (if any) and/or the dividend amounts (if any) payable in respect of the relevant Series of Preferred Securities may be adversely affected.

The Hedge Counterparty to any Hedging Instrument may be required from time to time to provide valuations of each such Hedging Instrument for the purposes of the calculation of any redemption amount or any valuation of the assets of the relevant Issuer. The Directors acknowledge that the Hedge Counterparty may have a potential conflict of interest by virtue of acting as Hedge Counterparty and providing such valuations. However, the Directors expect that the Hedge Counterparty will be a person suitable and competent to provide such valuations and who will do so at no further cost to the Company which would be the case if the services of a third party were engaged to fulfil this role.

Barclays Bank PLC or one of its affiliates may be a Hedge Counterparty with respect to any Hedging Instrument. The Company and the Issuers acknowledge and agree that, in having regard to its or its

affiliates' obligations as Hedge Counterparty to any Hedging Instrument and/or as issuer of any other investments, Barclays Bank PLC may resolve any conflicts of interest in respect of any such obligations in its or its affiliates' favour taking into account its or its affiliates' interests as a Hedge Counterparty or issuer of other investments.

FEES AND EXPENSES

General

In the ordinary course of business, the Company and the Issuers face two categories of expenses: General Expenses (fees and expenses relating to the establishment and ongoing general corporate administration of the Company, including administrative functions which the Company performs on behalf of each Incorporated Cell as required by the Companies Law) and Series Expenses (fees and expenses relating to the establishment and ongoing administration of the relevant Incorporated Cell and the issue and ongoing administration of the particular Series of Preferred Securities issued by that Incorporated Cell). Except as specified in the applicable Final Terms, the Arranger will, in accordance with the terms of the Expenses Agreement, pay or reimburse the Company for the General Expenses and the relevant Issuer for the Series Expenses, together with any other fees and expenses that the Arranger agrees, in writing, to reimburse or to pay on behalf of the Company or the relevant Issuer, as the case may be. The payment or reimbursement of such General Expenses, Series Expenses and other fees and expenses will be reflected in the terms upon which the relevant Issuer enters into a Hedging Instrument relating to the relevant Series of Preferred Securities.

The “**Expenses Agreement**” is constituted by the Master Expenses Terms set out in the Master Programme Deed together with the relevant Accession Deed and any applicable expenses side letter (which may include any amendments or variations to the Master Agency Terms with respect to the Issuer and the relevant Series of Preferred Securities).

General Expenses

All of the General Expenses of the Company set out below, together with any other fees and expenses incurred by the Company which the Arranger agrees, in writing, to reimburse or to pay on behalf of the Company have been or, shall be reimbursed or paid (as the case may be) by the Arranger under the terms of the Expenses Agreement.

The “**General Expenses**” that have been or will be reimbursed or paid on behalf of the Company (as the case may be) by the Arranger comprise the following fees and expenses:

(i) Initial General Expenses

The fees and expenses incurred as a result of: (1) establishing the Company; (2) the preparation of this Base Prospectus and its review by the Irish Stock Exchange, the Central Bank and the Guernsey Financial Services Commission (including regulatory fees and the fees and expenses of legal advisers to the Company and the Arranger and of the auditors to the Company); (3) the preparation of the Master Programme Deed (including the fees and expenses of legal advisers to the Company and the Arranger); and (4) any initial costs and any initial charges payable to the Directors, the Secretary, the Administrator and the auditors relating to their appointments to their respective positions, as applicable, in respect of the Company.

The initial General Expenses are expected to be approximately £255,000.

(ii) Ongoing General Expenses

The following fees and expenses, as relevant, to the extent that they do not relate to one or more specific Series of Preferred Securities: (1) the preparation of each updated Base Prospectus as required for the purposes of future issues of Preferred Securities under the Programme; (2) any costs and charges payable to the Directors, the Secretary, the Administrator, the Registrar and the auditors relating to their appointments to their respective positions, as applicable, in respect of the Company; (3) the reimbursement of Directors' travelling and other out-of-pocket expenses; (4) the costs of preparing, printing, publishing and distributing annual and semi-annual reports, financial statements and other notices and communications to Securityholders as a whole and the costs of convening and holding the annual general meetings of the Company; (5) general administrative out-of-pocket expenses such as postage and telephone expenses; (6) the general expenses of the Company, including statutory fees, permit fees, exempt company fees and fees of the process agent; (7) the payment of certain fees and expenses of legal advisers to the Company and the Arranger; and (8) the payment of fees for regulatory filings in Guernsey in relation to the Company.

In relation to (2) above, the fee payable to each Director is currently £15,000 per annum.

Series Expenses

Except as specified in the applicable Final Terms, the “**Series Expenses**” relating to each Series of Preferred Securities that will be reimbursed, or paid on behalf of the relevant Issuer, by the Arranger as described above comprise the following fees and expenses:

(i) Initial Series Expenses

The fees and expenses of: (1) preparing the applicable Final Terms (including regulatory fees and the fees and expenses of the auditors to the Issuer); (2) where applicable, obtaining the official listing of the applicable Preferred Securities on the Official List of the Irish Stock Exchange or other relevant Stock Exchange; (3) making the offer, allotment, issue and initial settlement of the applicable Preferred Securities; (4) establishing an Incorporated Cell; and (5) any fees, costs and charges payable to the Arranger, the Determination Agent, the Administrator, the Secretary, the Issue and Paying Agent, the Authorised Participant, the Distributor, the Custodian and any other agents in relation to their appointment with respect to the relevant Series of Preferred Securities; and (6) the legal advisers to the Issuer and the Arranger in respect of the relevant Series of Preferred Securities.

If the reasons for the offer of and use of proceeds arising from a Series of Preferred Securities are different from making profit and/or hedging certain risks, the initial Series Expenses for the related Series of Preferred Securities will be specified in the applicable Final Terms.

(ii) Ongoing Series Expenses

The fees and expenses of the Determination Agent, the Administrator, the Secretary, the Issue and Paying Agent, the Authorised Participant, the Distributor and the Custodian and any other agent in relation to the applicable Preferred Securities, including the Issuer's contribution to the Company for fees and expenses of the Registrar, banking and brokerage fees payable in connection with transactions relating to the assets of the applicable Incorporated Cell and (where so required) the costs of calculating and publishing information with respect to the

relevant Preferred Securities and the costs of maintaining the listing of the relevant Preferred Securities on the Official List of the Irish Stock Exchange or other relevant Stock Exchange.

The aggregate amount of the ongoing Series Expenses for each Series of Preferred Securities plus the ongoing General Expenses is expected to be approximately £320,000 per annum (assuming for such purposes that there will be approximately 50 Series of Preferred Securities in issue).

(iii) Expenses related to the payment of Redemption Amounts and Dividend Amounts

The administrative fees and expenses relating to the payment of the Redemption Amounts (if any) payable in respect of the relevant Preferred Securities and, where applicable, the Dividend Amount (if any) payable in respect of the relevant Preferred Securities (but, for the avoidance of doubt, not the Redemption Amounts or, if applicable, the Dividend Amounts, themselves (if any)) and, if the Issuer so elects, the subsequent cancellation of the applicable Preferred Securities.

The Arranger may (but shall not be obliged to) reimburse the Issuer for or otherwise pay any fees and expenses not referred to above that are incurred by the Issuer in the ordinary course of its business.

Except as otherwise specified in the applicable Final Terms, the Series Expenses relating to the relevant Preferred Securities will be reflected in the terms upon which the relevant issuer acquires or enters into any Hedging Instrument for the Incorporated Cell relating to the relevant Preferred Securities. Alternative methods of funding Series Expenses (details of the applicable methods will be included in the applicable Final Terms) may include funding from amounts:

- (1) paid to the Issuer under the Hedging Instrument comprised within the Incorporated Cell established by the Issuer in respect of the Preferred Securities; and/or
- (2) reimbursed to or paid on behalf of the Issuer by the Distributor; and/or
- (3) reimbursed to or paid on behalf of the Issuer by the Arranger in consideration of a payment by the Issuer to the Arranger; and/or
- (4) set aside by the Issuer from the aggregate Issue Price of the relevant Preferred Securities, from which the Issuer makes provision for such Series Expenses.

TAXATION

General Taxation Information

The taxation of the Company and investors is subject, inter alia, to the fiscal law and practice of the jurisdiction of establishment and/or residence of the Company and the jurisdictions in which investors are resident or otherwise subject to tax.

This summary is based on the taxation law in force and published practice understood to be applicable at the date of this Base Prospectus, but prospective investors should be aware that the relevant fiscal rules and practice, or their interpretation, may change. The following summary is not a guarantee to any investor of the taxation results of investing in the Company

Transactions involving Preferred Securities (including purchases, transfers, redemptions, cancellations, sale or other disposal), the accrual or receipt of any dividend payable on the Preferred Securities, the delivery of any other entitlement and the death of a holder of any Security may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax residence and/or status of the potential purchaser. Potential purchasers of Preferred Securities are therefore advised to consult their own tax advisers as to the tax consequences of transactions involving Preferred Securities and the effect of any tax laws in any jurisdiction in which they may be tax resident or otherwise liable to tax. In particular, no representation is made as to the manner in which payments under the Preferred Securities would be characterised by any relevant taxing authority.

Purchasers and/or sellers of Preferred Securities may be required to pay stamp taxes and other charges in addition to the issue price or purchase price (if different) of the Preferred Securities and in connection with the transfer or delivery of any Reference Asset(s).

Prospective investors are referred to in Condition 12 of the Base Conditions.

Prospective investors should also note that there may be limited or no liquidity of the Preferred Securities.

Guernsey Taxation

Under the Income Tax (Guernsey) Law, 1975 (as amended), each Issuer is treated as tax resident in Guernsey and subject to a zero rate of Guernsey income tax on all its income, other than chargeable income. For these purposes "chargeable income" includes: (i) income from banking business carried on by a bank that is a licensed institution under the Banking Supervision (Bailiwick of Guernsey) Law, 1994 and income from any business that, in the usual course of its business, provides or makes available credit facilities; (ii) income from activities regulated by the Office of the Director General of Utility Regulation in Guernsey; and (iii) income from the ownership of lands and buildings situate in Guernsey.

It is not expected that any Issuer will have any chargeable income for Guernsey income tax purposes.

Securityholders (other than residents of Guernsey) are not subject to any tax in Guernsey in respect of the holding, sale or other disposition of the Preferred Securities.

Under the current Guernsey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Guernsey on the issue, transfer, acquisition, ownership, redemption, sale or other disposal of Preferred Securities. In the event of the death of an individual sole Securityholder, duty may be payable on registration of Guernsey probate or letters of administration which may be required in order to transfer or otherwise deal with Preferred Securities held by the deceased individual sole Securityholder.

United Kingdom Taxation

The following general summary of the anticipated tax treatment in the United Kingdom does not constitute legal or tax advice. Prospective investors should consult their own professional advisers on the implications of making an investment in and holding or disposing of Preferred Securities, and the receipt of distributions (whether or not on redemption) in respect of such Preferred Securities under the laws of the countries in which they are liable to taxation.

Unless expressly stated otherwise, the summary below applies only to United Kingdom resident and (in the case of individuals) ordinarily resident and domiciled investors, holding Preferred Securities as an investment as the absolute beneficial owners thereof (“UK Investors”). It may not apply to certain categories of UK Investors.

Taxation of the Company

The Directors intend to conduct the affairs of the Company (which, for the purposes of this summary, means both the Company and each Incorporated Cell) in such a manner as to minimise, so far as they consider reasonably practicable, taxation suffered by the Company in the United Kingdom. This will include conducting the affairs of the Company so that it does not become resident in the United Kingdom for taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a permanent establishment situated therein), the Company will not be subject to United Kingdom income tax or corporation tax other than United Kingdom income tax on United Kingdom source income.

Taxation of Investors

Application of the Offshore Funds Rules

The Company has been advised, based upon the information provided to its advisers, that each Series of Preferred Securities issued by an Incorporated Cell is not expected to constitute an offshore fund for the purposes of the United Kingdom offshore fund rules. This is on the basis that: (i) an investor in Preferred Securities would not expect to be able to realise all or part of his investment prior to maturity on a basis calculated entirely, or almost entirely, by reference to its net asset value or an underlying index (investors are referred to the Risk Factors section of this Prospectus for an explanation of why this is the case); and (ii) each Issuer will either not invest in assets which produce income or any net income arising will be distributed to the holders of the relevant Series of Preferred Securities.

Capital Gains

- (a) In relation to any Series of Preferred Securities which is not an offshore fund, any gain realised on a disposal of Preferred Securities of that Series by a UK Investor should fall to be taxed as a capital gain under normal principles.
- (b) If any Series of Preferred Securities falls to be treated as an offshore fund, the Directors will be required to decide whether they wish to apply to HM Revenue & Customs for Reporting Fund status in respect of that Series of Preferred Securities for future periods.

Should the Directors decide to seek Reporting Fund status for any relevant Series of Preferred Securities then any gain on a disposal of Preferred Securities of that Series by a UK Investor should generally fall to be taxed as a capital gain provided that Reporting Fund status has been maintained throughout the UK Investor's period of ownership of the relevant Preferred Securities. If Reporting Fund status is not obtained or, once obtained, is not maintained in respect of any Series of Preferred Securities, any gain arising to a UK Investor on a disposal of relevant Preferred Securities (for example, by way of transfer or on redemption) will generally constitute income for all purposes of United Kingdom taxation.

Bond Funds

If any Series of Preferred Securities is deemed to be an offshore fund and the relevant Incorporated Cell has invested more than 60 per cent. by market value of its investments in, broadly speaking, cash or debt-like investments the relevant Series of Preferred Securities would be a “**Bond Fund**”, to which special rules would apply. Even if any Series of Preferred Securities did fall to be treated as an offshore fund, it is not expected that any Issuer will invest in such a way as to cause it to be treated as a Bond Fund.

Income

According to their personal circumstances, and subject to the points set out below, UK Investors will be liable to income tax or corporation tax in respect of dividend or other income distributions (if any) of the Company.

Investors who are within the charge to corporation tax in respect of the Preferred Securities will generally be exempt from corporation tax on dividends and other income distributions (unless anti-avoidance provisions were to apply).

Investors within the charge to income tax may in certain circumstances be entitled to a non-payable tax credit which may be set off against their total income tax liability on the dividends or other income distributions. Where applicable, the tax credit is equal to 10 per cent. of the aggregate of the distribution and the tax credit, or one-ninth of the distribution received.

Anti-Avoidance

Transfer of Assets Abroad

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad, and may render them liable to taxation in respect of undistributed income and profits of the Company on an annual basis. These

provisions also apply to individuals ordinarily resident in the United Kingdom but domiciled outside the United Kingdom, unless they are claiming assessment to United Kingdom income tax on the remittance basis of taxation.

Controlled Foreign Company Rules

The Income and Corporation Taxes Act 1988 contains provisions which subject certain United Kingdom resident companies to corporation tax on profits of companies not so resident in which they have an interest. The provisions affect United Kingdom resident companies which are deemed to be interested (whether directly or indirectly) in at least 25 per cent. of the profits of a non-resident company which is controlled by residents of the United Kingdom and is resident in a low tax jurisdiction. The legislation is not directed towards the taxation of capital gains. Investors should note that the Government is currently considering reform of these rules.

Attribution of Gains of Non-Resident Companies

The attention of UK Investors resident (or, in the case of individuals, ordinarily resident) in the United Kingdom (and who, if individuals, are also domiciled in the United Kingdom) is drawn to provisions of the Taxation of Chargeable Gains Act 1992 which could be material to such a person who, whether alone or together with certain connected persons, holds more than a 10 per cent interest in the Company if, at the same time, the Company is controlled in such a manner as to render it a company that would, were it to be resident in the United Kingdom, be a close company for United Kingdom tax purposes. If applicable, these provisions could result in such a UK Investor being treated for the purposes of United Kingdom taxation as if a proportionate part of any gain accruing to the Company had accrued to that person at the time when the chargeable gain accrued to the Company.

European Union Taxation

Under EC Council Directive 2003/48/EC on the taxation of savings income, each EU Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg will (unless they elect otherwise) instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU territories to the exchange of information relating to such payments.

A number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual or certain other persons in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Guernsey has implemented a similar tax retention system by means of bilateral agreements with each of the EU Member States, the Foreign Tax (Retention Arrangements) (Guernsey and Alderney)

Ordinance, 2005 and Guidance Notes issued by the Policy Council of the States of Guernsey. Based on these equivalent measures and what is understood to be the current practice of the Guernsey tax authorities, the Issuer will not be regarded as an undertaking that is equivalent to a UCITS (an undertaking for collective investment in transferable securities authorised in accordance with EC Directive 85/611/EEC). As a result, the Issuer or its paying agent (as defined for these purposes) would not be required under such equivalent measures to retain tax from, or exchange information regarding, distributions made by the Issuer, and/or the proceeds of the sale, refund or redemption of Preferred Securities in the Issuer.

PURCHASE AND SALE

Initial Purchase

Except as set out in this Base Prospectus, no action has been or will be taken that would permit a public offering of the Preferred Securities or possession or distribution of any offering material in relation to the Preferred Securities in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of the Preferred Securities, or distribution of any offering material relating to the Preferred Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer.

Any offers or sales of the Preferred Securities or distribution of any offering materials relating thereto in any country or jurisdiction are required to comply with all applicable laws in such country or jurisdiction.

General

The distribution of this document and the offering of the Preferred Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about and to observe any such restrictions.

All relevant laws, regulations and directives shall be complied with in each jurisdiction where the Preferred Securities are purchased, offered, sold or delivered or where this Prospectus or any part thereof or any other offering material is possessed or distributed in all cases at no expense to the Issuer unless otherwise agreed and the Issuer shall have no responsibility therefor.

No action has been taken or will be taken that would permit a public offering of the Preferred Securities or possession or distribution of any offering material in relation to the Preferred Securities in any jurisdiction. No offers, sales, re-sales or deliveries of any Preferred Securities or distribution of any offering material relating to the Preferred Securities, directly or indirectly, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer or the Arranger (as the case may be) and the Determination Agent.

There can be no assurance as to how Preferred Securities will trade in the secondary market or whether such market will be liquid or illiquid, which may adversely affect the value of the Preferred Securities and/or the ability of the Securityholder to dispose of them.

United States

The Preferred Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons.

The Preferred 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 not

be offered, sold or delivered within the United States or to or for the account or benefit of any U.S. Person. The Company has not been and will not be registered under the Investment Company Act. Accordingly, the Preferred Securities are being offered and sold only outside the United States to persons that are other than U.S. Persons in offshore transactions that meet the requirements of Regulation S under the Securities Act. Any Securityholder intending to become a U.S. Person is required to transfer their Preferred Securities prior to becoming such a person. The Company reserves the right to require the transfer of any Preferred Securities which are, or become, owned, directly or indirectly, by a U.S. Person. Furthermore, trading in the Preferred Securities has not been approved by the U.S. Commodity Futures Trading Commission under the Commodity Exchange Act and no U.S. Person may at any time trade or maintain a position in the Preferred Securities.

Terms used herein have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

Any Preferred Securities which have a maturity of less than one year may only be sold to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business where the issue of the Preferred Securities would not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer. Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of any Preferred Securities is to be communicated or caused to be communicated only in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

All applicable provisions of the FSMA with respect to anything done in relation to such Preferred Securities in, from or otherwise involving the United Kingdom shall be complied with.

Guernsey

The Preferred Securities are not to be offered or sold to any persons resident for income tax purposes in Guernsey.

No prospectus, explanatory memorandum or other invitation offering the Preferred Securities for subscription, sale or exchange is to be circulated in Guernsey other than to licensees holding a licence under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended, the Regulation of Fiduciaries, Administration, Businesses and Company Directors etc. (Bailiwick of Guernsey) Law, 2000 or the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), and with effect from and including the date on which the Prospectus Directive is implemented in such Relevant Member State (the “**Relevant Implementation Date**”), the Preferred Securities will not be offered or sold to the public in

such Relevant Member State prior to the publication of a prospectus in relation to the Preferred Securities which has been approved by the competent authority in such Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of Preferred Securities to the public in that Relevant Member State at any time may be made:

- (1) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Preferred Securities which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (2) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (3) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000; and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or
- (4) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Securities to the public” in relation to any Preferred 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 Preferred Securities to be offered so as to enable an investor to decide to purchase or subscribe to the Preferred 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 includes any relevant implementing measure in each Relevant Member State.

Singapore

THIS DOCUMENT HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS DOCUMENT AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF INTERESTS MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY INTERESTS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE “SFA”), (II) TO A RELEVANT PERSON PURSUANT TO SECTION 275(1), OR ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA, OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA.

WHERE INTERESTS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 BY A RELEVANT PERSON WHICH IS:

- (I) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR
- (II) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR,

SECURITIES (AS DEFINED IN SECTION 239(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN SIX MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE INTERESTS PURSUANT TO AN OFFER MADE UNDER SECTION 275 EXCEPT:

- (1) TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON DEFINED IN SECTION 275(2) OF THE SFA, OR TO ANY PERSON ARISING FROM AN OFFER REFERRED TO IN SECTION 275(1A) OR SECTION 276(4)(i)(B) OF THE SFA;
- (2) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;
- (3) WHERE THE TRANSFER IS BY OPERATION OF LAW; OR
- (4) AS SPECIFIED IN SECTION 276(7) OF THE SFA.

Hong Kong

Each Distributor has represented and agreed (and each additional Distributor named in a set of Final Terms will be required to represent and agree) that:

- (a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Preferred Securities other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent), or (ii) in other circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) (the “**CO**”), or (iii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) (the “**SFO**”) and any rules made under the SFO, or (iv) in other circumstances which do not result in the document being a “prospectus” within the meaning of the CO; 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 (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Preferred Securities which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Preferred Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under the SFO.

Japan

The Preferred Securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No 25 of 1948, as amended) (the “**Financial Instruments and Exchange Law**”). Accordingly, each Distributor has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Preferred Securities in Japan or to, or for the benefit of, any resident of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to any resident of Japan except in circumstances which will result in compliance with the Financial Instruments and Exchange Law and all applicable other laws, regulations and ministerial guidelines in Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Korea

Each Distributor has represented, warranted and agreed, and any additional Distributor named in the applicable Final Terms will be required to represent warrant and agree that the Preferred Securities have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Republic of Korea and that Preferred Securities have not been and will not be offered, delivered or sold directly or indirectly in Korea or to any resident of Korea (as defined under the Foreign Exchange Transactions Law of Korea and the regulations thereunder) or to others for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted under the applicable laws and regulations of Korea. Each Distributor has undertaken, and any additional Distributor named in the applicable Final Terms will be required to undertake to ensure that any securities dealer to which it sells Preferred Securities confirms that it is purchasing such Preferred Securities as principal and agrees with such Distributor that it will comply with the restrictions described above.

Taiwan

The Preferred Securities may not be sold, offered or issued to Taiwan resident investors or in Taiwan unless they are made available, (i) outside Taiwan for purchase outside Taiwan by such inventors and/or (ii) in Taiwan through bank trust departments, licensed securities brokers and/or insurance company investment linked insurance policies pursuant to the Taiwan Rules Governing Offshore Structured Products.

RELEVANT ANNEXES

TABLE OF CONTENTS

1	Equity Linked Annex	Page 116
---	---------------------	----------

EQUITY LINKED ANNEX

TABLE OF CONTENTS

PART A – DESCRIPTION AND RISK FACTORS

1. Brief description of Equity Linked Preferred Securities
2. Risk Factors relating to Equity Linked Preferred Securities

PART B – ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED PREFERRED SECURITIES

1. Index Modification, Cancellation, Disruption or Adjustment Event
2. Share Adjustments
3. Other Adjustments
4. FX Disruption Event
5. Notice of Adjustments
6. Additional Disruption Events

PART C – DEFINITIONS APPLICABLE TO EQUITY LINKED PREFERRED SECURITIES

1. Definitions relating to Equity Linked Preferred Securities

PART A – DESCRIPTION AND RISK FACTORS

1 BRIEF DESCRIPTION OF EQUITY LINKED PREFERRED SECURITIES

Equity Linked Preferred Securities are Preferred Securities where the Final Redemption Amount and the Dividend Amount(s) (if applicable) or other amounts payable in respect of such Preferred Securities, as specified in the applicable Final Terms, will be calculated by reference to and/or contingent upon the performance of a share, fund unit, depositary receipt, equity interest or other equity unit, an equity index or a basket of shares, proprietary algorithmic equity strategies, American Depositary Receipts, Global Depositary Receipts, exchange traded funds or equity indices over a period of time or on certain dates.

2 RISK FACTORS RELATING TO EQUITY LINKED PREFERRED SECURITIES

The return on an Equity Linked Preferred Security is dependant on the performance of a proprietary algorithmic equity strategy, Share or an Index or a Basket of Shares or a Basket of Indices. Investing in an Equity Linked Preferred Security is not equivalent to investing directly in any underlying Share or the components of any underlying Index.

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

2.1 Certain Considerations Associated with Equity Linked Preferred Securities

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

Due to the character of the particular markets on which most equity securities are traded, the absence of last sale information and the limited availability of quotations for such equity securities may make it difficult for many investors to obtain timely, accurate data for the price or yield of such equity securities.

Securityholders will not have any voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant Shares to which such Preferred Securities relate.

Fluctuations in the value of the relevant proprietary algorithmic strategy, Index or basket of underlying Indices (including the prices of any Component included in such Index or Basket of Indices) will affect the value of the related Equity Linked Preferred Securities.

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

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

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

Such Preferred Securities are also subject to risk relating to operational errors, failure to perform, fraud or other malfeasance on the part of the directors, trustees or any other service providers of such fund, pooled investment vehicle, collective investment scheme, partnership, trust or other similar legal arrangement.

2.3 Certain Considerations Associated with Preferred Securities relating to American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) (or Baskets of ADRs and/or GDRs)

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

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

PART B – ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED PREFERRED SECURITIES

The Conditions applicable to each Series of Equity Linked Preferred Securities will comprise the Base Conditions and the Additional Terms and Conditions for Equity Linked Preferred Securities set out below (the Equity Linked Conditions), in each case subject to completion and/or amendment in the applicable Final Terms.

The Conditions of each Series of Equity Linked Preferred Securities will be incorporated in the relevant resolution of the Board of Directors of the Issuer with respect to the issuance of that Series of Equity Linked Preferred Securities, shall supplement the Articles of Incorporation of the Issuer (the “Articles”) and shall be binding on the Issuer and the Securityholders of that Series of Equity Linked Preferred Securities as if set out in the Articles.

In the event of any inconsistency between the Conditions of a Series of Equity Linked Preferred Securities and the Articles, the Conditions of such Series of Equity Linked Preferred Securities shall prevail. In the event of any inconsistency between the Base Conditions, the Equity Linked Conditions and/or the applicable Final Terms with respect to a Series of Equity Linked Preferred Securities, the first named shall prevail.

Unless the context otherwise requires or as otherwise defined in these Equity Linked Conditions, terms defined in the Base Prospectus (including the Base Conditions) shall bear the same meaning in these Equity Linked Conditions.

Index Modification, Cancellation, Disruption or Adjustment Event

The following provisions will apply to all Index Linked Preferred Securities.

1 INDEX ADJUSTMENT EVENTS

1.1 If:

- (a) on or prior to any date on which the level of an Index is to be calculated, including without limitation any Averaging Date or Valuation Date (a “Determination Date”) in respect of Index Linked Preferred Securities, the relevant Index Sponsor announces that it will make a material change (the materiality of which shall be determined by the Determination Agent in its sole discretion) in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events) (an Index Modification) or permanently cancels the Index and no Successor Index exists (an Index Cancellation); or
- (b) on any Determination Date in respect of Index Linked Preferred Securities the Index Sponsor fails to calculate and announce a relevant Index (an Index Disruption and together with an Index Modification and an Index Cancellation, an Index Adjustment Event),

then the Determination Agent on each relevant Determination Date shall determine if such Index Adjustment Event has a material effect on the Index Linked Preferred Securities and, if so, shall calculate the level of that Index by using, in lieu of a published level for the relevant Index, the level for that Index as at that Determination Date as determined by the Determination Agent in accordance with the formula for and method of calculating that Index last in effect prior to that Index Adjustment Event, but using only those securities that constituted the relevant Index

immediately prior to that Index Adjustment Event (other than those securities that have since ceased to be listed on any relevant Exchange). In the event that the Determination Agent determines that it can no longer continue to calculate such Index, the Determination Agent may, in its sole discretion, deem such Index Adjustment Event to constitute an Additional Disruption Event for the purposes of these provisions and shall adjust and/or take any other necessary action in accordance with the applicable provisions of the Conditions as the case may be in respect of the Preferred Securities.

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

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

1.3 Correction of an Index

If the level of a relevant Index published on any Determination Date and used or to be used by the Determination Agent to determine the relevant Index value is subsequently corrected and the correction is published by the Index Sponsor or a Successor Index Sponsor prior to the second Exchange Business Day preceding any Early Redemption Amount or Final Redemption Date or any Dividend Payment Date, or other relevant date, as the case may be, the Determination Agent shall recalculate the relevant Early Redemption Date or Final Redemption Amount or Dividend Amount or other relevant amount, as the case may be, using such corrected level of the relevant Index. The Determination Agent shall notify the Company and the Company shall notify the Securityholders of (1) that correction and (2) the amount, if any, that is payable as a result of that correction.

1.4 Error in Index Calculation

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

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

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

For the avoidance of doubt, where a correction to the level of the Index is published by the Index Sponsor as described in Equity Linked Condition 1.3 above after the Determination Agent has

calculated the level of the Index pursuant to this Equity Linked Condition 1.4, the Determination Agent may, notwithstanding any such calculation, recalculate the relevant Settlement Amount, Entitlement or other relevant amount, as the case may be, using such corrected level of the relevant Index. The Determination Agent shall give notice in writing to the Securityholder in accordance with Condition 14 of the Base Conditions of such recalculation no later than ten Business Days after the correction to the level of the Index is published by the Index Sponsor.

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

1.5 Consequences of Disrupted Days following a Market Disruption Event affecting an Index or Basket of Indices

If, in the opinion of the Determination Agent, a Valuation Date is a Disrupted Day, then:

- (a) in the case of an Index Linked Preferred Security referencing an Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (1) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (2) the Determination Agent shall determine in a commercially reasonable manner the level of the Index that would have prevailed on that eighth Scheduled Trading Day but for that Disrupted Day as of the Valuation Time on that eighth Scheduled Trading Day (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant Component on that eighth Scheduled Trading Day, its determination made in a commercially reasonable manner of the Traded Price for the relevant Component as of the Valuation Time on that eighth Scheduled Trading Day); or
- (b) in the case of an Index Linked Preferred Security referencing a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an **Affected Index**) shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the eight Scheduled Trading Days for the Affected Index immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Index. In that case (1) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (2) the Determination Agent shall determine in a commercially reasonable manner the level of the Affected Index as of the Valuation Time on the eighth Scheduled Trading Day (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant Component on that eighth Scheduled Trading Day, its determination made in a commercially reasonable manner of the Traded Price for the relevant Component as of the Valuation Time on that eighth Scheduled Trading Day).

2 SHARE ADJUSTMENTS OR DISRUPTIONS

The following conditions will apply to all Share Linked Preferred Securities.

2.1 Potential Adjustment Events

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

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

2.2 Merger Events

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

2.3 Nationalisation, Insolvency and Delisting

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

2.4 Tender Offers

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

2.5 Substitution of Shares

If "Substitution of Shares" is specified as applicable in the applicable Final Terms, if any Share shall be affected by a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting, as the case may be, (the **Affected Shares**) then, without prejudice to the rights that the Issuer has under the Preferred Securities (as described above), the Issuer, or the Determination Agent on its behalf, shall have the discretion to substitute the Affected Shares with substitute shares (the **Substitute**

Shares) as selected by the Determination Agent in its sole discretion as of the Announcement Date or the Tender Offer Date, as the case may be.

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

- (a) the Substitute Shares shall be of the same broad economic exposure as the Share Company of the Affected Shares;
- (b) the issuer of the Substitute Share shall be of a similar international standing and creditworthiness as the Share Company of the Affected Shares; and
- (c) the Substitute Share shall not be a Share already in the Basket of Shares; and
- (d) trading considerations such as market capitalisation, liquidity, exchange listing, and hedging potential.

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

Initial Price = Substitute Price x (Affected Share(k)/Affected Share(j))

where:

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

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

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

2.6 Consequences of Disrupted Days following a Market Disruption Event affecting a Share or Basket of Shares

If, in the opinion of the Determination Agent, any Valuation Date is a Disrupted Day, then:

- (a) in the case of a Share Linked Preferred Security referencing a Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day, in which case that eighth Scheduled Trading Day shall be deemed to be the Valuation Date notwithstanding the fact that it is a Disrupted Day, and the Determination Agent shall determine in a commercially reasonable manner the relevant Traded Price for such Share that would have prevailed on that eighth Scheduled Trading Day but for that Disrupted Day; and
- (b) in the case of a Share Linked Preferred Security referencing a Basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Share affected by the occurrence of a Disrupted Day (each an **Affected Share**) shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the eight Scheduled Trading Days for the Affected Share immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Share. In that case (1) that that eighth Scheduled Trading Day shall be

deemed to be the Valuation Date for the Affected Share notwithstanding the fact that such day is a Disrupted Day and (2) the Determination Agent shall determine the relevant Traded Price for such Share that would have prevailed on that eighth Scheduled Trading Day but for that Disrupted Day.

3 FX DISRUPTION EVENT

If “FX Disruption Event” is specified as applying in the applicable Final Terms, upon the occurrence of an FX Disruption Event, the Issuer may in its sole and absolute discretion take any one or more of the actions described below:

- (a) make payment of the relevant Redemption Amount and/or Dividend Amount and/or any other amount payable by the Issuer pursuant to the Conditions in the Alternative Specified Currency instead of the Specified Currency the amount payable in the Alternative Specified Currency being determined by the Determination Agent in its sole and absolute discretion; or
- (b) deduct an amount calculated by the Determination Agent in its sole and absolute discretion from the relevant Redemption Amount and/or Dividend Amount and/or any other amount payable by the Company pursuant to the relevant terms and Conditions; or
- (c) postpone the relevant Redemption Date, Early Redemption Date and/or Dividend Payment Date or any other relevant date, as the case may be, and/or payment of any amount payable by the Issuer pursuant to the Conditions until, in the determination of the Determination Agent, an FX Disruption Event is no longer subsisting.

4 NOTICE OF ADJUSTMENTS

All determinations made by the Determination Agent pursuant to these Equity Linked Conditions shall be conclusive and binding on the Securityholders and the Issuer, except in the case of manifest error. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 14 of the Base Conditions provided that failure to give, or non-receipt of, such notice will not affect the validity or binding nature of such adjustment.

5 ADDITIONAL DISRUPTION EVENTS

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

PART C – DEFINITIONS APPLICABLE TO EQUITY LINKED PREFERRED SECURITIES

1 DEFINITIONS RELATING TO EQUITY LINKED PREFERRED SECURITIES

Alternative Specified Currency means the currency specified as such in the applicable Final Terms.

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

Averaging Date means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Determination Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if “Omission” is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level, price or amount provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of “Valuation Date” and Equity Linked Condition 1.4 or 2.6 (as applicable) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if “Postponement” is specified as applying in the applicable Final Terms, then the provisions of the definition of “Valuation Date” and Equity Linked Condition 1.4 or 2.6 (as applicable) will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “Modified Postponement” is specified as applying in the applicable Final Terms then:
 - (i) where the Equity Linked Preferred Securities reference a single Reference Asset, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the Scheduled Valuation Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Determination Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a) of the definition of “Valuation Date” and Equity Linked Condition 1.4 or 2.6 (as applicable); and

- (ii) where the Preferred Securities reference a basket or portfolio of Reference Assets, the Averaging Date for each Reference Asset not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for a Reference Asset affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Reference Asset. If the first succeeding Valid Date in relation to such Reference Asset has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the Scheduled Valuation Date, then (A) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Reference Asset, and (B) the Determination Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b) of the definition of “Valuation Date” and Equity Linked Condition 1.4 or 2.6 (as applicable),

for the purposes of this definition, **Valid Date** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

Basket of Indices means, in relation to a Series of Equity Linked Preferred Securities, a basket composed of each Index specified in the applicable Final Terms in the relative Weightings specified in the applicable Final Terms.

Basket of Shares means, in relation to a Series of Preferred Securities, a basket composed of Shares of each Share Company specified in the applicable Final Terms in the relative Weightings specified in the applicable Final Terms.

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

Delisting means in respect of any Shares, that the relevant Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union).

Disrupted Day means:

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

Early Closure means:

- (a) except with respect to a Multi-exchange Index, the closure on any Exchange Business Day of the relevant Exchange (or in the case of an Index Linked Preferred Security, any relevant Exchange(s) relating to Components that comprise 20 percent or more of the level of the relevant Index) or any Related Exchange(s) prior to its Scheduled Closing Time unless such

earlier closing time is announced by such Exchange(s) or any Related Exchange(s) at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (b) the submission deadline of orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day, and

- (b) with respect to any Multi-exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

Equity Linked Preferred Security means a Preferred Security that is a Share Linked Preferred Security or an Index Linked Preferred Security or a combination of both.

Exchange means:

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

Exchange Business Day means:

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

Exchange Disruption means:

- (a) except with respect to a Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange (or in the case of Index Linked Preferred Securities, on any relevant Exchange(s) relating to Components that comprise 20 percent or more of the level of the relevant Index), or (ii) to effect transactions in, or obtain market values for, futures and options contracts relating to the Components of the relevant Index on any relevant Related Exchange, and
- (b) with respect to any Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component on the Exchange in respect of such Component; or (ii) futures or options contracts relating to the Index on the Related Exchange.

Fund Disruption Event means any of the following:

- (a) the Shares are reclassified or the Share Company is acquired by, or aggregated into, another fund, depository bank, pooled investment vehicle, collective investment scheme, partnership, trust or other similar legal arrangement, whose mandate, risk-profile (including but not limited to a change in leverage policy or the use of derivatives) and/or benchmarks are different from the mandate, risk-profile and/or benchmark of the Share Company as stated as of the Trade Date;
- (b) there is a material change in the Share Company, the constitutional documents of the Share Company, the mandate, risk profile or investment guidelines or objectives of the Share Company as stated as of the Trade Date;
- (c) there is a material breach of the investment, borrowing or stock lending restrictions of the Share Company;
- (d) the director, trustee and/or investment manager of the Share Company, in accordance with the provisions of the constitutional documents of the Share Issuer, requires the Issuer to redeem or transfer such Shares held by the Issuer;
- (e) the currency denomination of the Shares is amended in accordance with the constitutional documents of the Share Company;
- (f) any change in the regulatory or tax treatment applicable to the Share Company or the Shares, as applicable, which could have a negative effect on the Issuer if it were the holder of such Shares;
- (g) the activities of the Share Company, the director, the trustee and/or the investment manager of the Share Company or any service provider of the Share Company is placed under review by its regulators for reasons of wrongdoing, breach of any rule or regulation or other similar reason or any disciplinary action is taken in respect of such director, trustee and/or investment manager or service provider, as the case may be, by its regulators;
- (h) a change in the national, international, financial, political, economic conditions or currency exchange rate or exchange controls;
- (i) a material change or prospective material change in the size, nature, management, frequency of trading of the Shares or any other characteristics of the Share Company;

- (j) the occurrence or existence of any event, circumstance or cause (including but not limited to any change in legal, tax, or regulatory treatment of the Share Company or Shares) beyond the control of the Issuer that has had or would be expected to have a material adverse effect on (i) the hedge positions of the Issuer and/or a Hedge Counterparty or their ability to hedge their positions or (ii) the cost which the Issuer and/or an Hedge Counterparty incurs in hedging its position, in each case with respect to the Share Company;
- (k) in relation to the events (a) to (f) above, there is an announcement by or on behalf of the Share Company or by the Exchange that such an event will occur;
- (l) an illegality occurs or the relevant authorisation or licence is revoked in respect of the directors, the trustee and/or the investment manager of the Share Company and/or the Share Company;
- (m) There is a change in respect of the service providers, operational structure or set-up of the Share Company, including but not limited to, fraud or other malfeasance by any service provider or its agents or employees, bankruptcy (or an event with equivalent effect) of any service provider and any other event that materially affects the ability of any service provider to provide necessary services to the Share Company;
- (n) There is a disruption in the reporting (including but not limited to the publication of the value of assets under management or the net asset value) provided by the Share Company; or

There is an equalisation method or series accounting issued by the Share Company.

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

FX Disruption Event means:

- (a) the determination by the Determination Agent of the occurrence of any event on or prior to the relevant Redemption Date, Early Redemption Date and/or Dividend Payment Date or any other relevant date that has or would have the effect of preventing or delaying the Company directly or indirectly from:
 - (i) converting any applicable currency into the Specified Currency through customary legal channels;
 - (ii) converting any applicable currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in the Specified Jurisdiction;
 - (iii) delivering the Specified Currency from accounts inside the Specified Jurisdiction to accounts outside the Specified Jurisdiction; or
 - (iv) delivering the Specified Currency between accounts inside the Specified Jurisdiction or to a party that is a non-resident of the Specified Jurisdiction; or
- (b) the Determination Agent determines that the government of the Specified Jurisdiction has given public notice of its intention to impose any capital controls which the Determination Agent determines are likely to materially affect the Company's ability to hedge its obligations with respect to the Preferred Securities or to unwind such hedge.

Hedging Shares means the number of Shares (in the case of Share Linked Preferred Securities) or Components comprised in an Index (in the case of Index Linked Preferred Securities) that the Issuer

deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Share Linked Preferred Securities .

Increased Cost of Stock Borrow means that the Issuer would incur a rate to borrow any Share (in the case of Share Linked Preferred Securities) or any Component comprised in an Index (in the case of Index Linked Preferred Securities) that is greater than the Initial Stock Loan Rate.

Index means an index or indices specified in the applicable Final Terms.

Index Closing Level means, in respect of an Index and subject to these Equity Linked Conditions and to "Valuation Date" and "Averaging Date", as the case may be, the level or price equal to the official closing level or value of such Index as determined by the Determination Agent as of the Valuation Date, Averaging Date or other date specified in the applicable Final Terms, as applicable.

Index Level means, in respect of an Index and a time on a Scheduled Trading Day and subject to these Equity Linked Conditions the level of such Index at such time on such day as determined by the Determination Agent.

Index Linked Preferred Security means a Preferred Security, payments in respect of which are calculated by reference to an Index or a Basket of Indices, as the case may be, as specified in the applicable Final Terms.

Index Sponsor means, in relation to an Index, the corporation or entity that is responsible for setting and reviewing the rules and procedures, and the methods of calculation and adjustments, if any, related to such Index or any Successor Index Sponsor as defined in Equity Linked Condition 1.2.

Initial Stock Loan Rate means, in respect of a Share (in the case of Share Linked Preferred Securities) or a Component comprised in an Index (in the case of Index Linked Preferred Securities), the initial stock loan rate specified in relation to such Share or Index in the applicable Final Terms.

Insolvency means by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution termination or winding-up of or any analogous proceeding affecting a Share Company (a) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (b) the holders of the Shares of that Share Company become legally prohibited from transferring them or (c) the Share Company is dissolved, terminated or ceases to exist, as the case may be.

Insolvency Filing means that a Share Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, or it has a resolution passed or an announcement published for its dissolution or termination, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company shall not be deemed an Insolvency Filing.

Loss of Stock Borrow means that the Issuer is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share (in the case of Share Linked Preferred Securities) or any Components comprised in an Index (in the case of Index Linked Preferred Securities) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

Market Disruption Event means:

- (a) except with respect to a Multi-exchange Index, the occurrence or existence of:
 - (i) a Trading Disruption which the Determination Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time;
 - (ii) an Exchange Disruption, which the Determination Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time;
 - (ii) an Early Closure; or
 - (iv) any event, which the Determination Agent determines is material, which disrupts or impairs the ability of the Issuer or of any market participants to effect transactions in, or obtain market values for, futures, options or derivatives contracts relating to the Reference Asset;
- (b) with respect to a Multi-exchange Index:
 - (i) both of the following are satisfied:
 - (A) the occurrence or existence, in respect of any Component, of:
 - (1) a Trading Disruption in respect of such Component, which the Determination Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component is principally traded;
 - (2) an Exchange Disruption in respect of such Component, which the Determination Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component is principally traded; OR
 - (3) an Early Closure in respect of such Component; AND
 - (B) the aggregate of all Components in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 percent or more of the level of the Index; OR
 - (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (i) a Trading Disruption; (ii) an Exchange Disruption, which in either case the Determination Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange; or (iii) an Early Closure, in each case in respect of such futures or options contracts.

In addition:

- (1) for the purposes of determining whether a Market Disruption Event exists in respect of an Index which is not a Multi-exchange Index at any time, if a Market Disruption Event occurs in respect of a security included in such Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based in a comparison of (x) the portion of the

level of such Index attributable to that security and (y) the overall level of such Index, in each case immediately before the Market Disruption Event occurred; and

- (2) for the purposes of determining whether a Market Disruption Event exists in respect of an Index which is a Multi-exchange Index at any time, if a Market Disruption Event occurs in respect of a Component included in such Index at any time, then the relevant percentage contribution of that Component to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market “opening data”.

Maximum Stock Loan Rate means, in respect of a Share (in the case of Share Linked Preferred Securities) or a Component comprised in an Index (in the case of Index Linked Preferred Securities), the rate specified as such in the applicable Final Terms.

Merger Event means in respect of any relevant Shares, any:

- (a) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer 20 percent or more of such Shares outstanding;
- (b) consolidation, amalgamation, merger or binding share exchange of the Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which results in a reclassification or change of less than 20 percent of the relevant Shares outstanding);
- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity for such Shares that results in a transfer of or an irrevocable commitment to transfer 20 percent or more of such Shares (other than such Shares owned or controlled by the offeror); or
- (d) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 percent of the outstanding Shares immediately following such event

if, in each case, the date on which the Determination Agent determines that such event occurs is on or before the Determination Date in respect of the relevant Preferred Securities.

Multi-exchange Index means any Index specified as such in the applicable Final Terms.

Nationalisation means that all the Shares or all the assets or substantially all the assets of the Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

Potential Adjustment Event means any of the following:

- (a) a subdivision, consolidation or reclassification of the relevant Shares (other than a Merger Event) or a free distribution or dividend of any such Shares to existing holders of the relevant Shares by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (i) additional Shares, or (ii) other share capital or securities granting the right to payment of dividends and/or

the proceeds of dissolution, liquidation or termination of the Share Company equally or proportionately with such payments to Securityholders of such Shares, (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off or other similar transaction or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Determination Agent;

- (c) an amount per Share which the Determination Agent determines should be characterised as an extraordinary dividend;
- (d) a call by the Share Company in respect of the relevant Shares that are not fully paid;
- (e) a repurchase by the Share Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of the Share Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrant, debt instruments or stock rights at a price below their market value, as determined by the Determination Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

Related Exchange means, subject to the proviso below, in respect of a Reference Asset, each exchange or quotation system specified as such for such Reference Asset in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures and options contracts relating to such Reference Asset has temporarily relocated (provided that the Determination Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Reference Asset on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however that where “All Exchanges” is specified as the Related Exchange in the applicable Final Terms, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Determination Agent) on the overall market for futures or options contracts relating to such Reference Asset.

Scheduled Closing Time means, in respect of any Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours or other trading outside regular trading session hours.

Scheduled Trading Day means:

- (a) except with respect to a Multi-exchange Index, any day on which each Exchange and each Related Exchange are scheduled to open for trading for their respective regular trading sessions, provided that a day shall be a Scheduled Trading Day if it is known at any time before that day each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions on that day. Conversely, a day shall not be a Scheduled

Trading Day if it is known at any time before that day that an Exchange or Related Exchange is not scheduled to be open for trading for its regular trading session on that day; and

- (b) with respect to any Multi-exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session, provided that a day shall be a Scheduled Trading Day if it is known at any time before that day that the Related Exchange is scheduled to be open for trading for its regular trading session on that day. Conversely, a day shall not be a Scheduled Trading Day if it is known at any time before that day that the Related Exchange is not scheduled to be open for trading for its regular trading session on that day.

Scheduled Valuation Date means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

Share means, in relation to an Equity Linked Preferred Security, a share, fund unit, depositary receipt, equity interest or other equity unit, an equity index or a basket of shares, American Depositary Receipts, Global Depositary Receipts or exchange traded funds to which such Equity Linked Preferred Security relates.

Share Company means, in the case of an Equity Linked Preferred Security, the company, the depositary bank, the fund, the pooled investment vehicle, the collective investment scheme, the partnership, the trust or other legal arrangement that has issued or gave rise to the relevant Share.

Share Linked Preferred Security means, a Preferred Security, payments in respect of which are calculated by reference to a Share or a Basket of Shares, as the case may be, as specified in the applicable Final Terms.

Specified Currency means the currency specified as such in the applicable Final Terms.

Specified Jurisdiction means the jurisdiction specified in the applicable Final Terms.

Tender Offer means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 percent and less than 100 percent of the outstanding voting shares of the Share Company as determined by the Determination Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Determination Agent deems relevant.

Tender Offer Date means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Determination Agent).

Traded Price means the relevant Exchange traded or quoted price of any Component.

Trading Disruption means:

- (a) except with respect to a Multi-exchange Index, any suspension of, impairment of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange, or in the case of an Index Linked Preferred Security, on any relevant Exchange(s) relating to any Components that comprise 20 percent or more of the level of the relevant Index or Indices, or (ii) in futures or options contracts relating to the Shares or the relevant Index or Indices on any relevant Related Exchange; and

- (b) with respect to any Multi-exchange Index, any suspension of, impairment of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to any Component on the Exchange in respect of such Component; or (ii) in futures or options contracts relating to the Index (or any Component thereof) on the Related Exchange.

For the avoidance of doubt, the following events shall be deemed to be a suspension or limitation of trading for the purposes of a Trading Disruption, as determined by the Determination Agent: (i) a price change exceeding limits set by the relevant Exchange; (ii) an imbalance of orders or (iii) a disparity in bid prices and ask prices.

Valuation Date means, unless otherwise specified in the applicable Final Terms, in the case of:

- (a) a particular Series of Equity Linked Preferred Securities that references a Share or an Index, any date specified as such in the applicable Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day) unless there is a Disrupted Day in respect of such Share or Index on that date in which event Equity Linked Condition 1.4 or 2.6 (as applicable) will apply; and
- (b) a particular Series of Equity Linked Preferred Securities that references a Basket of Shares and/or a Basket of Indices, any date specified as such in the applicable Final Terms (or, if such date is not a Scheduled Trading Date for a Share or an Index in such Basket of Shares or Basket of Indices (as the case may be), the date determined in the manner set out in the applicable Final Terms, or, if not set out, the next following Scheduled Trading Day for all Shares and/or Indices in such Basket of Shares and/or Basket of Indices) unless there is a Disrupted Day in respect of any relevant Share or Index on that date in which event Equity Linked Condition 1.4 or 2.6 (as applicable) will apply.

provided that in each case, where the Equity Linked Preferred Securities are to be redeemed in accordance with the Conditions, the date will be no later than the second Business Day preceding the relevant Redemption Date or Early Redemption Date, as the case may be. In such cases the Determination Agent will make such reasonable determinations as are necessary to designate a day as the relevant Valuation Date, and the Determination Agent shall determine in a commercially reasonable manner the relevant Traded Price.

Valuation Time means the time specified as such in the applicable Final Terms, or if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the Valuation Date or Averaging Date, as the case may be, in relation to each Index or Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time. In relation to a Multi-exchange Index, "Valuation Time" means (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component, the Scheduled Closing Time on the Exchange in respect of such Component, and (b) in respect of any options contracts or future contracts on the relevant Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the relevant Index is calculated and published by the Index Sponsor.

GENERAL INFORMATION

Authorisation and Consents

This Base Prospectus and the establishment of the Programme has been duly authorised by resolutions of the Board of Directors of the Company on 5 November 2010.

The Company has obtained all necessary consents, approvals and authorisations in connection with this Base Prospectus and the establishment of the Programme and will procure that each Issuer obtains all such consents, approvals and authorisations in connection with the issue and performance of each Series of Preferred Securities issued by such Issuer.

Use of Proceeds

Each Issuer intends to apply the net proceeds from the sale of any Preferred Securities either for hedging purposes or for general corporate purposes unless otherwise specified in the Final Terms relating to a particular Preferred Security or Series of Preferred Securities. If, in respect of any particular issue of Preferred Securities, there is a particular identified use of proceeds this will be stated in the applicable Final Terms.

Base Prospectus

This Base Prospectus may be used for a period of one year from its date in connection with a public offer of Preferred Securities in the EU, or for the listing and admission to trading of any Series of Preferred Securities. A revised Base Prospectus will be prepared in connection with the listing of any Series of Preferred Securities issued after such period unless all consents necessary are obtained for an extension of such period.

If at any time the Company shall be required to prepare a supplement to the Base Prospectus (a “**Supplement**”) pursuant to Regulations 23 and 51 of S.I. No. 324, Prospectus (Directive 2003/71/EC) Regulations 2005 (the “**Irish Prospectus Regulations**”), or to give effect to the provisions of Article 16(1) of the Prospectus Directive, the Company will prepare and make available an appropriate amendment or supplement to this Base Prospectus or a further base prospectus which, in respect of any subsequent issue of Preferred Securities to be offered to the public or to be admitted to trading on the Regulated Market of the Irish Stock Exchange, or of any other Relevant Stock Exchange shall constitute a Supplement as required by the Central Bank and the Irish Prospectus Regulations.

Listing

Any Series of Preferred Securities may be admitted to listing and trading on the Irish Stock Exchange or any other Relevant Stock Exchange as set out in the applicable Final Terms.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuers in connection with the Preferred Securities and is not itself seeking admission of any Preferred

Securities to trading on the regulated market of the Irish Stock Exchange. Unlisted Preferred Securities may also be issued under the Programme.

Clearing

Preferred Securities may be accepted for clearing through CREST, Euroclear, Clearstream or any alternative clearing system specified in the applicable Final Terms.

The address for CREST is Euroclear UK and Ireland Limited, 33 Cannon Street, London, EC4M 5SB.

The address for Euroclear is UK and Ireland Limited, 33 Cannon Street, London, EC4M 5SB.

The address for Clearstream is 1 Canada Square, London, E14 5DR.

Litigation

The Company has not been involved in any litigation, arbitration or governmental proceedings (including such proceedings which are pending or threatened or of which the Company is aware since its date of incorporation) which may have or have had, in the recent past, significant effects on the financial position or profitability of the Company.

Corporate Governance and Financial Statements

As of the date of this Base Prospectus, the Company is in compliance with the applicable corporate governance regime of Guernsey, Channel Islands.

The Company has not yet commenced operations and no financial statements have been produced as of the date of this Base Prospectus.

Documents available for inspection

For as long as this Base Prospectus remains in effect or any Preferred Securities remain outstanding, copies of the following documents will, when available, be made available during usual business hours on a weekday (Saturdays and public holidays excepted) for inspection in physical form and in the case of (a) to (e) below shall be available for collection free of charge at the registered office of the Company and at the specified office of the Issue and Paying Agent and, in the case of the Final Terms in respect of any Series, at the specified office of the relevant Paying Agents:

- (a) the Master Programme Deed;
- (b) the Accession Deed of the Issuer;
- (c) the constitutional documents of the Issuer;
- (d) all annual reports and semi-annual financial statements of the Company and each Issuer;
- (e) the current Base Prospectus in respect of the Programme and any future supplements thereto;
- (f) any Final Terms issued in respect of Preferred Securities admitted to listing, trading and/or quotation by any listing authority, stock exchange, and/or quotation system since the most recent base prospectus was published; and

- (g) a statement showing the details of any other directorships that are held and have been held in the past 5 years by the Directors.

Post-issuance information

Each Issuer does not intend to provide any post-issuance information in relation to any issues of Preferred Securities, or the performance of any Reference Asset(s) or any other underlying.

INDEX

<p>\$..... 4</p> <p>£..... 4</p> <p>¥..... 4</p> <p>€..... 4</p> <p>Accession Deed 79</p> <p>Additional Disruption Event 79</p> <p>Administration Agreement 96</p> <p>Agency Agreement 65, 95</p> <p>Agent Event 80</p> <p>Agents 66</p> <p>Articles 39, 49</p> <p>Articles of Incorporation 39</p> <p>Authorised Participant..... 80</p> <p>Base Prospectus 2, 49</p> <p>Business Day..... 80</p> <p>Buy-Back Order 80</p> <p>Buy-Back Settlement Date..... 80</p> <p>Buy-Back Trade Date..... 80</p> <p>Cellular Assets..... 80</p> <p>Central Bank 1</p> <p>Change in Law..... 80</p> <p>Clearstream..... 81</p> <p>Clearstream Rules..... 81</p> <p>Companies Law 7, 39, 81</p> <p>Company 1, 2, 7, 49, 65</p> <p>Conditions 1, 4, 65</p> <p>CREST..... 81</p> <p>CREST Security..... 81</p> <p>Custody Agreement 96</p> <p>Dealer Agreement 81, 97</p>	<p>De-Listing Event..... 81</p> <p>Determination Agent..... 66, 81</p> <p>Director..... 81</p> <p>Directors 40</p> <p>Dividend Amount 81</p> <p>Dividend Payment Date..... 81</p> <p>Early Redemption Amount..... 81</p> <p>Early Redemption Date 82</p> <p>Early Redemption Event..... 82</p> <p>Early Redemption Notice 82</p> <p>Early Redemption Notice Period 82</p> <p>EEA 1</p> <p>EEA Member State 7</p> <p>EUI..... 82</p> <p>EUR..... 4</p> <p>euro..... 4</p> <p>Euroclear..... 82</p> <p>Euroclear Rules..... 82</p> <p>Exchange Rate 82</p> <p>Expenses Agreement..... 102</p> <p>Final Redemption Amount..... 82</p> <p>Final Terms..... 49, 82</p> <p>FSMA..... 111</p> <p>GBP..... 4</p> <p>General Expenses 10, 102</p> <p>Guernsey Registrar Agreement 97</p> <p>Hedge Counterparty..... 82</p> <p>Hedging Disruption..... 82</p> <p>Hedging Instrument..... 83</p> <p>Hedging Termination Event..... 83</p>
--	--

Illegality	83	Programme.....	2
Incorporated Cell	7, 8, 83	Prospectus Directive.....	1, 2
Increased Cost of Hedging	83	Public Offer Jurisdictions.....	60
Interested Parties	98	Record Date.....	73
Interested Party.....	98	redemption.....	70
Irish Prospectus Regulations.....	1	Redemption Amount.....	84
Irish Stock Exchange.....	4	Redemption Date	84
Issue and Paying Agent	66	Reference Asset(s)	84
Issue Date.....	83	Register	84
Issue Price.....	83	Registrar	66
Issuer	7, 65	Regulated Market.....	4
Issuer Tax Event	83	Regulation S.....	4
Liquidation Distribution.....	83	Related Person.....	99
Listing Condition	87	Related Persons	99
Management Shares.....	83	Relevant Clearing System.....	84
Markets in Financial Instruments Directive.....	1	Relevant Implementation Date.....	111
Master Programme Deed.....	84	Relevant Member State.....	2, 111
Master Swap Agreement	90	Relevant Rules.....	84
Members.....	41	Relevant Stock Exchange	84
Memorandum.....	40	Rules.....	84
Minimum Threshold Amount	83	Secretary.....	41
Nominal Amount Trigger Event	83	Securities Act	3, 110
Offer Period	86	Securityholder.....	84
Offering Documents	1, 3	Series	85
Ordinary Resolution.....	83	Series Expenses	11, 103
Original Offering Document.....	49	Special Resolution	85
Paying Agents.....	66	Specified Currency	85
Payment Day	84	Specified Early Redemption Event	85
Permitted Investments	75	sterling.....	4
Preferred Securities	2, 65, 84	Supplement.....	136
Product Specific Risk Factors	15	Supplemental Base Prospectus.....	2

TARGET Business Day	85	US dollars	4
TARGET System	85	US\$.....	4
Taxes	85	USD.....	4
Trade Date	85	Valuation Date	85
Tranche	66	Valuation Time	85
Transaction Agreements.....	85	yen	4

COMPANY

Clarion ICC LIMITED
Registered Office
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL
Channel Islands

COMPANY ADMINISTRATOR and SECRETARY

Northern Trust International Fund
Administration Services (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL
Channel Islands

ISSUE AND PAYING AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR and PAYING AGENT

Computershare Investor Services (Guernsey) Limited
Kingsway House
Havilland Street
PO Box 393
St Peter Port
Guernsey GY1 3FN
Channel Islands

CUSTODIAN

The Bank of New York Mellon SA/NV, London Branch
160 Queen Victoria Street
London EC4V 4LA
United Kingdom

DETERMINATION AGENT

Barclays Bank PLC
1 Churchill Place
London E14 5HP
United Kingdom

AUTHORISED PARTICIPANT and DISTRIBUTOR

Barclays Bank PLC
1 Churchill Place
London E14 5HP
United Kingdom

LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

AUDITOR

PricewaterhouseCoopers CI LLP
Royal Bank Place
PO Box 321
1 Glatigny Esplanade
St Peter Port
Guernsey GY1 4ND
Channel Islands

LEGAL ADVISERS TO THE ARRANGER

in respect of English law:

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

LEGAL ADVISERS

in respect of Guernsey law:

Mourant Ozannes
1 Le Marchant St
St Peter Port
Guernsey GY1 4HP
Channel Islands