

This Base Prospectus is dated as of 06 September 2021



**EFG BANK AG**

*(Incorporated in Switzerland)*

**as Issuer**

AND

**EFG INTERNATIONAL FINANCE (GUERNSEY) LTD**

*(incorporated in Guernsey)*

**as Issuer**

AND

**EFG INTERNATIONAL AG**

*(incorporated in Switzerland)*

**as Guarantor in respect of certain products issued by  
EFG International Finance (Guernsey) LTD**

AND

**EFG BANK AG**

*(incorporated in Switzerland)*

**as Guarantor in respect of certain products issued by  
EFG International Finance (Guernsey) LTD**

**Issuance and Offering Programme**

Under the terms of this base prospectus (the "**Base Prospectus**") for an Issuance and Offering Programme (the "**Programme**"), EFG International Finance (Guernsey) Ltd ("**EFGIF LTD**") and EFG Bank AG ("**EFG Bank**") (each an "**Issuer**" and together the "**Issuers**") may issue structured products (the "**Structured Products**"), warrants (the "**Warrants**") and other debt instruments ("**Debt Instruments**" and together with the Structured Products and the Warrants the "**Products**") in the form as set out in this Base Prospectus, as further specified in the relevant final terms ("**Final Terms**") or pricing supplement ("**Pricing Supplement**" and together with the Final Terms, the "**Issue Terms**"), as applicable, issued in respect of each Product.

This Base Prospectus has been approved by SIX Exchange Regulation AG in its capacity as Swiss Prospectus Office as of 06 September 2021.

The Products issued by EFGIF LTD are guaranteed either by EFG Bank or EFG International AG ("**EFGI**") as guarantor (the relevant guarantor specified in the Issue Terms of a Product, the "**Guarantor**" and the guarantors together, the "**Guarantors**"), as specified in the Issue Terms, according to the terms of the relevant Guarantee relating to the respective Guarantor forming part of this Base Prospectus (such guaranteed Products the "**Guaranteed Products**" and each such guarantee a "**Guarantee**"), except for FinSA Exempt Products (as defined below) issued by EFGIF LTD for which the Pricing Supplement specifies that no such guarantee applies (such FinSA Exempt Products, the "**Non-Guaranteed Products**"). Each Guarantee shall form an integral part of this Base Prospectus. Any references in this Base Prospectus to Guarantors and the guarantee provisions as set out in the relevant Guarantee do only apply to Guaranteed Products, but not any other Products. Any Products that are not Guaranteed Products do not benefit from any guarantee. The Structured Products may include certificates (the "**Certificates**"), notes (the "**Notes**"), reverse convertibles (the "**Reverse Convertibles**") or any other form of structured products based on any kind of (or several) underlying(s), including but not limited to shares, depositary receipts, indices, currencies, interest rates, commodities and baskets thereof or a combination thereof.

**The Products may consist of derivative components and do not qualify as units of a collective investment scheme according to the relevant provisions of the Swiss Federal Act on Collective Investment Schemes ("CISA"), as amended, and are not registered thereunder. Therefore, the Products are neither governed by the CISA nor supervised by the Swiss Financial Market Supervisory Authority ("FINMA"). Accordingly, Investors do not have the benefit of the specific Investor protection provided under the CISA.**

**Unless specified otherwise, Investors are exposed to the credit risk of the Issuer and, in respect of the Guaranteed Products, the Guarantor of the Products. The Products constitute unsubordinated and unsecured obligations of the Issuer and, in respect of the Guaranteed Products, the Guarantor and rank *pari passu* with each and all other current and future unsubordinated and unsecured obligations of the Issuer and, in respect of the Guaranteed Products, the Guarantor. The insolvency of each of the Issuer and, in respect of the Guaranteed Products, the Guarantor may lead to a partial or total loss of the invested capital.**

The Products will be issued based on (i) the information set out in this Base Prospectus, including the General Terms and Conditions, the Underlying Specific Conditions, the Terms for COSI Products and the Guarantee Annexes (collectively, the "**Terms and Conditions**"), as amended, and (ii) the Issue Terms (together with the Terms and Conditions, the "**Conditions**"). The Programme and the relevant Issue Terms shall form the entire documentation for each Product and should always be read in conjunction with each other. In case of inconsistencies between the Terms and Conditions and the Issue Terms, the Issue Terms shall prevail.

This Base Prospectus has been approved in Switzerland by SIX Exchange Regulation AG ("**SIX Exchange Regulation**") in its capacity as Swiss Prospectus Office within the meaning of the Swiss Federal Act on Financial Services of 15 June 2018 ("**FinSA**") as base prospectus pursuant to Article 45 FinSA.

If and to the extent the Products will be publicly offered, directly or indirectly, in Switzerland within the meaning of the FinSA or if the Products shall be admitted to trading on a Swiss trading venue in the sense of the Swiss Federal Financial Market Infrastructure Act of 19 June 2015 ("**FMIA**"), e.g. on SIX Swiss Exchange AG ("**SIX Swiss Exchange**") or on BX Swiss AG ("**BX Swiss**"), a prospectus pursuant to Article 40 et seq. FinSA is required (the Products not falling into the scope of the requirement to be issued under a prospectus in the sense of the FinSA are hereinafter referred to as the "**FinSA Exempt Products**"). The requirement to prepare a FinSA compliant prospectus will be met by an issuance under Final Terms (i) prepared on the basis of the pro forma final terms pursuant to section VIII (FORM OF FINAL TERMS AND PRICING SUPPLEMENT) of this Base Prospectus, provided they do not specify the Product as a FinSA

Exempt Product, and (ii) registered with the Swiss Prospectus Office. The Products other than FinSA Exempt Products may be publicly offered under this Programme and the Final Terms pertaining to the Products in Switzerland in accordance with the requirements of the FinSA.

This Base Prospectus has been prepared on the basis that (i) any offer of Products in a Member State of the European Economic Area (each, a "**Relevant State**") will be made under an exemption in the Regulation (EU) 2017/1129 (as amended) (the "**EU Prospectus Regulation**") from the requirement to publish a prospectus for offers of such Products and (ii) any offer of Products in the United Kingdom will be made under an exemption in the EU Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**") from the requirement to publish a prospectus for offers of such Products. Accordingly, if you are making or intending to make an offer of Products to which this Base Prospectus as supplemented from time to time, as amended or supplemented by Issue Terms in any Relevant State or in the United Kingdom, you must only do so in circumstances where no obligation to publish a prospectus under the EU Prospectus Regulation or, in respect of offers in the United Kingdom, the UK Prospectus Regulation arises. The Issuer has not authorised and will not authorise any offer of Products which would require the Issuer or any other entity to publish a prospectus in respect of such offer.

**Products issued pursuant to the Programme may be unlisted or an application may be made for Products to be listed on any stock exchange other than any stock exchange or market which constitutes a regulated market for the purposes of MiFID II/MiFIR. Investors (including potential Investors as defined in section "Risk Factors" hereafter) should ensure that they understand the nature of the relevant Products and the extent of their exposure to risks and they should also consider the suitability of the relevant Products as an investment in the light of their own circumstances and financial condition. Products involve a high degree of risk, including the risk of expiring worthless. Investors should be prepared in certain circumstances to sustain a total loss of the capital invested. See section "Risk Factors" herein and any additional risk factors as set out in the relevant Issue Terms.**

**Lead Manager**  
**Leonteq Securities AG**

**or**

**EFG Bank AG**

The Products issued under this Programme may, for a period of 12 months from the date of this Programme, be admitted to listing on the official list of (1) SIX Swiss Exchange or (2) BX Swiss according to the listing rules of SIX Exchange Regulation or BX Swiss, as applicable, as supplemented by the relevant additional rules for the listing of derivatives or, as applicable, the additional rules for the listing of bonds. The Products may also be admitted to trading on the open market segment of Börse Frankfurt Zertifikate AG.

If and to the extent the Products will be offered, sold or advertised, directly or indirectly to retail clients (*Privatkundinnen und -kunden*) within the meaning of FinSA ("**Retail Clients**") a key investor document (*Basisinformationsblatt*) pursuant to Article 58 et seq. of FinSA relating to the Products (a "**FinSA-KID**") would need to be prepared, unless the Retail Clients shall receive a key information document pursuant to the PRIIPs Regulation instead of a FinSA-KID. Prior to 1 January 2022, the issuer may use a Swiss simplified prospectus in the sense of the CISA ("**Swiss Simplified Prospectus**") instead of a FinSA-KID or a key information document pursuant to the PRIIPs Regulation.

Retail Clients are all clients other than professional clients (*professionelle Kunden*) and institutional clients (*institutionelle Kunden*), as defined in Article 4 para. 3, 4 and 5 and Article 5 para. 1 and 2 FinSA ("**Professional or Institutional Clients**"). Professional or Institutional Clients include: (a) financial intermediaries regulated pursuant to the Swiss Federal Banking Act of 8 November 1934, the Swiss Federal Financial Institutions Act of 15 June 2018 or the CISA; (b) regulated insurance undertakings pursuant to the Swiss Federal Insurance Supervision Act of 17 December 2004; (c) foreign financial intermediaries or insurance undertakings subject to a similar prudential supervision as the financial intermediaries or insurance undertakings pursuant to (a) and (b); (d) central banks; (e) public entities with professional treasury operations; (f) pension funds and occupational pension schemes with professional treasury operations; (g) undertakings with professional treasury operations; (h) large companies that exceed two of the following thresholds: (i) a balance sheet total of CHF 20 million, (ii) turnover of CHF 40 million, and (iii) own capital of CHF 2 million; (i) private investment structures for high-net worth individuals with professional treasury operations; and (j) Opting-out Clients.

An "**Opting-out Client**" (*vermögende Privatkundinnen und -kunden und für diese errichtete private Anlagestrukturen*) is a Retail Client who confirms (i) that, based on the education/professional experience or based on comparable experience in the financial sector, he/she/it has the necessary knowledge to understand the risks resulting from an investment in the Products and who owns, directly or indirectly, eligible financial assets of at least CHF 500,000, or (ii) that he/she/it owns, directly or indirectly, eligible financial assets of at least CHF 2 million.

No person is authorised to provide any information or to make any representation not contained in or not consistent with this Base Prospectus, the relevant Issue Terms or any other information supplied in connection with the Programme. Investors should not rely upon information or representations that have not been given or confirmed by the relevant Issuer, Guarantor, Lead Manager or Calculation Agent (as defined in the applicable Issue Terms).

The Issuer, the Guarantor, the Lead Manager or any of their affiliates may hold, retain, buy or sell the Underlying (as defined in the General Terms and Conditions). They further may hold, retain, buy or sell the Products of each issue and/or enter into transactions relating thereto or derived therefrom, in such amounts, with such purchasers and/or counterparties and at such prices (including at different prices) and on such terms as any such entity may determine, be as part of its business activity and/or any hedging transactions as described in this Base Prospectus or for any other reason. There is no obligation upon the Issuer and/or the Lead Manager to sell all of the Products of any issue. The Products of any issue may be offered or sold in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer and/or the Lead Manager, as the case may be, subject as provided above.

Neither this Base Prospectus nor any other information supplied in connection with the Programme (i) is to be used as the basis of any credit assessment or other evaluation or (ii) is to be considered as a recommendation by the Issuer, the Guarantor, the Lead Manager or the Calculation Agent that any recipient of this Base Prospectus (or any other information supplied in connection with the Programme) should purchase any Products. Each Investor contemplating the purchase of any Products should make his or her own independent enquiries regarding the financial condition and business development of the Issuers and Guarantor, and his or her own appraisal of their creditworthiness. Investors should also review, *inter alia*, the most recently published annual report and financial results of the Issuer and/or the Guarantor when deciding whether to purchase any Products.

Neither this Base Prospectus nor any other information supplied in connection with the Programme constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Lead Manager or any person to subscribe for or to purchase any Products. The distribution of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof 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. The Lead Manager does not undertake to review the financial condition or course of business of the Issuer and/or the Guarantor during the life of the Programme.

**In certain jurisdictions, the offering or sale of the Products may be restricted by law. Persons who obtain possession of, receive or have access to the Conditions must seek the relevant information to understand any such restrictions, as set out in more detail in the relevant Issue Terms, and they must not breach any such restrictions. The Conditions do not constitute, and may not be used for the purposes of, an offer or solicitation to subscribe for or to purchase any Product in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, the Conditions should not be used by anyone for this purpose.**

**Collateralisation, as further described in section "Collateral Secured Instruments (COSI)" herein, eliminates the credit risk of the Issuer only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Liquidation Event (less the costs of liquidation and payout) meet the Investors' claims. The Investor bears the following risk, among others: the market risk associated with the collateral results in insufficient liquidation proceeds or, in extreme circumstances, the collateral might lose its value entirely prior to the liquidation can take place. The costs for the COSI service provided by SIX Swiss Exchange with respect to the collateralisation of the Products may be taken into account for the pricing of a specific Product and may therefore be borne by the Investors. With regard to the payment of the pro-rata share of the net liquidation proceeds the Investor shall bear the solvency risks of SIX Swiss Exchange and the financial intermediaries along the payout chain. The payment to the Investors may be delayed for factual or legal reasons. To the extent the calculation of the current value of Products proves to be incorrect, the collateralisation of the Products may be insufficient.**

During the term of the Products, the Conditions can be ordered free of charge from the Lead Manager at Europaallee 39, 8004 Zurich, Switzerland, via telephone +41 58 800 1111, fax +41 58 800 1010 or via e-mail [termsheet@leonteq.com](mailto:termsheet@leonteq.com) or from EFG Bank AG at Bleicherweg 8, 8001 Zürich, Switzerland, via telephone +41 44 226 17 17.

## CONSENT TO THE USE OF THE PROSPECTUS

Unless provided otherwise in the relevant Issue Terms, the Lead Manager any/or any financial intermediaries may use this Base Prospectus ("**General Consent**") To the extent a specific consent is provided In the relevant Issue Terms ("**Individual Consent**") only the Lead Manager and/or, a financial intermediary specified in the Issue Terms may use this Base Prospectus.

If the Issuer has given its Individual Consent or General Consent to the use of this Base Prospectus, the following shall apply:

- This Base Prospectus may only be used during the one-year period in accordance with article 55 FinSA and provided that the Products are offered under this Base Prospectus pursuant to the applicable Issue Terms.
- The Issuer accepts responsibility for the information given in this Base Prospectus also with respect to such subsequent resale or final placement of the relevant Products for which it has given its Individual Consent or General Consent.
- The Base Prospectus may only be delivered to potential Investors together with all supplements thereto published before such delivery. Any supplement to this Base Prospectus is available for viewing in electronic form on the website [www.efginternational.com](http://www.efginternational.com) or a successor or replacement address thereto notified by the Issuer to the Investors by way of publication on [www.efginternational.com](http://www.efginternational.com) (or any successor website).

In the relevant Issue Terms, the Issuer can determine further conditions attached to its consent which are relevant for the use of this Base Prospectus.

When using this Base Prospectus, the Lead Manager and/or relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in Switzerland and in any other relevant jurisdiction.

**In the event of an offer being made by the Lead Manager and/or a further financial intermediary, the Lead Manager and/or the further financial intermediary shall provide information to Investors on the terms and conditions of the offer at the time of that offer.**

In case the Issuer has given its Individual Consent to the use of this Base Prospectus any new information with respect to any financial intermediaries unknown at the date of this Base Prospectus or the time the relevant Issue Terms were filed with the Swiss Prospectus Office will be published on the website specified in the Issue Terms.

## CONTENTS

CONSENT TO THE USE OF THE PROSPECTUS .....	6
I. SUMMARY .....	11
1. Introduction .....	11
2. Issuers.....	11
3. Guarantors.....	11
4. Products.....	11
5. Terms of the Products.....	13
6. Approval of this Base Prospectus and availability of the Issue Terms.....	13
II. RISK FACTORS.....	14
1. Risk Warning.....	14
2. General Risk Factors .....	15
3. Market Risk Factors .....	17
4. Risk Factors relating to the Products.....	20
5. Risk Factors relating to the Issuer and/or the Guarantor and/or EFGI Group .....	49
6. Additional Risk Factors Relating to the Guarantors.....	68
7. Exclusive Obligations of the Guarantors.....	68
III. EFG INTERNATIONAL FINANCE (GUERNSEY) LTD .....	69
1. General Information on EFG International Finance (Guernsey) LTD.....	69
2. Board of Directors.....	70
3. Business Activities .....	71
4. Capital Structure .....	72
IV. EFG BANK AG .....	73
1. General Information on EFG Bank AG .....	73
2. Board of Directors and Executive Committee.....	74
3. Business Activities .....	75
4. Capital Structure .....	78
V. EFG International AG.....	80
1. General Information on EFG International AG .....	80
2. Board of Directors and Executive Committee.....	81
3. Business Activities .....	82
4. Capital Structure .....	90
VI. DOCUMENTS INCORPORATED BY REFERENCE .....	92
1. Financial reporting.....	92
2. Terms and Conditions incorporated by reference and Existing Products .....	92
VII. Product description .....	93
1. General information about the Products .....	93
2. Product Types.....	93
VIII. FORM OF FINAL TERMS AND PRICING SUPPLEMENT .....	96
IX. GENERAL TERMS AND CONDITIONS .....	108
1. Definitions .....	108
2. Status .....	118
3. Form.....	119
4. Transfer of Products.....	121

5.	Issue Size, Calculations and publication .....	121
6.	Payment and Delivery.....	122
7.	Trading of the Products .....	123
8.	Transfer Restrictions .....	123
9.	Redemption and Settlement.....	123
10.	Indicative amounts.....	124
11.	Effect of Adjustments.....	125
12.	Event of default.....	125
13.	Agents .....	126
14.	Taxation/Tax Call .....	127
15.	Notices .....	127
16.	Purchase by the Issuer, the Guarantor and/or the Lead Manager .....	127
17.	Losses .....	127
18.	Further Issues.....	127
19.	Early termination following a Platform Provider Default Event .....	128
20.	Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability .....	128
21.	Severance and Modification of the Product Documentation including the General Terms and Conditions and the Issue Terms.....	129
22.	Substitution.....	129
23.	Prescription.....	130
24.	Selling Restrictions.....	130
25.	Conflict of Interests in connection with (a) discounts granted and payments made by the Issuer and/or the Lead Manager and (b) retrocessions received by the Issuers and/or the Lead Manager from Third Parties .....	130
26.	Style of Products.....	131
27.	Call Warrants or Put Warrants .....	132
28.	Exercise of Warrants .....	133
29.	Redemption of Products .....	137
30.	Market Disruption.....	141
31.	Underlying Illiquidity.....	142
32.	Adjustments related to ISDA Definitions .....	143
33.	Postponement of Final Fixing Date or Observation Date on the Occurrence of a Foreign Exchange Disruption Event.....	143
34.	Postponement of Final Fixing Date or Observation Date on the occurrence of an event which is not a Market Disruption Event .....	144
35.	Governing Law and Jurisdiction .....	144
X.	UNDERLYING SPECIFIC CONDITIONS.....	146
1.	Share Linked Conditions .....	146
2.	Participation Certificate Linked Conditions .....	156
3.	Index Linked conditions.....	165
4.	Depository Receipt Linked Conditions.....	172
5.	Commodity linked Conditions .....	182
6.	Currency Exchange Rate Linked Conditions .....	189
7.	Futures Contract linked Conditions.....	197
8.	Fixed Rate Instrument and Derivative Instrument Linked Conditions.....	204
9.	ETF Linked Conditions.....	211



10.	Fund Linked Conditions.....	221
11.	Reference Rate Linked Conditions .....	228
12.	Virtual Currency linked conditions .....	232
13.	Credit Linked Products Conditions.....	239
14.	Tracker Certificate referencing to an actively managed underlying.....	313
XI.	TERMS FOR COLLATERAL SECURED INSTRUMENTS (COSI).....	315
1.	Collateralisation of COSI Products .....	315
2.	Documentation .....	315
3.	Collateralisation method.....	315
4.	Distribution and market making .....	316
5.	Risks.....	316
6.	Liquidation of collateral .....	316
7.	Determination of a Liquidation Event.....	317
8.	Procedure in case of a Liquidation Event.....	317
9.	Maturity of the COSI Products as well as investor claims against SIX Swiss Exchange and the issuer .....	317
10.	Costs of liquidation and payout for the benefit of the investors.....	318
11.	Secondary Listing .....	319
12.	Liability.....	319
13.	No authorisation .....	319
14.	Congruence with the Programme .....	320
XII.	GUARANTEE OF EFG INTERNATIONAL AG FOR PRODUCTS OF EFG INTERNATIONAL FINANCE (GUERNSEY) LTD.....	321
1.	Form of Guarantee .....	321
2.	Additional Terms and Conditions .....	323
XIII.	GUARANTEE OF EFG BANK AG FOR PRODUCTS OF EFG INTERNATIONAL FINANCE (GUERNSEY) LTD.....	325
1.	Form of Guarantee .....	325
2.	Additional Terms and Conditions .....	327
XIV.	SELLING RESTRICTIONS .....	329
1.	General.....	329
2.	Switzerland.....	329
3.	European Economic Area.....	330
4.	United States of America .....	331
5.	United Kingdom.....	332
6.	Guernsey.....	334
7.	Italy .....	334
8.	Netherlands .....	334
9.	Belgium.....	335
10.	France.....	336
11.	Hong Kong.....	336
12.	Singapore .....	337
XV.	TAXATION.....	338
1.	General.....	338
2.	Swiss Taxation.....	338
3.	Guernsey Taxation .....	341
4.	United States Taxation .....	342

XVI. GENERAL INFORMATION.....344

XVII. RESPONSIBILITY .....345

SCHEDULE 1.....348

PART A.....348

SCHEDULE 1.....350

PART B.....350

## **I. SUMMARY**

*Certain capitalised terms used in this section (the "**Summary**") are defined in the Terms and Conditions and/or the relevant Issue Terms.*

### **1. Introduction**

This Summary is intended as an introduction to the Programme (as supplemented from time to time) of the Issuers prepared in relation to the Products.

Investors should ensure that any decision to invest in the Products is based on a review of the entire Programme, including documents incorporated by reference, any supplements, and the Issue Terms.

The Issuers' liability in respect of this Summary is limited to statements that are misleading, inaccurate or inconsistent when read together with the other parts of the Programme and the Issue Terms.

### **2. Issuers**

The Issuers are EFGIF LTD and EFG Bank.

EFGIF LTD (EFG International Finance (Guernsey) Ltd) is a limited liability company incorporated (under its former name EFG Financial Products (Guernsey) Ltd) under the laws of Guernsey and registered on the Records of the Island of Guernsey, under Certificate of Registration number 48057. The registered office of EFGIF LTD is at EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4NN, Channel Islands.

EFG Bank (EFG Bank AG) is a stock corporation (*Aktiengesellschaft* or *Société Anonyme*) according to article 620 et seq. of the Swiss Code of Obligations and registered in the Commercial Register of the Canton of Zurich, Switzerland, under the number CHE-105.956.745. The registered office of EFG Bank is at Bleicherweg 8, 8001 Zurich, Switzerland.

### **3. Guarantors**

In respect of Guaranteed Products, i.e. any Products issued by EFGIF LTD other than FinSA Exempt Products for which the Pricing Supplement specifies that no Guarantee applies, the respective guarantee provisions are set out in the in section XII (GUARANTEE OF EFG INTERNATIONAL AG FOR PRODUCTS OF EFG INTERNATIONAL FINANCE (GUERNSEY) LTD) and section XIII (GUARANTEE OF EFG BANK AG FOR PRODUCTS OF EFG INTERNATIONAL FINANCE (GUERNSEY) LTD) relating to the relevant Guarantor. Any Products that are not Guaranteed Products do not benefit from any guarantee.

The relevant Guarantor is specified in the Issue Terms of the Guaranteed Products and is either EFG Bank (EFG Bank AG, Bleicherweg 8, 8001 Zürich, see section 2 above) or EFGI (EFG International AG).

EFGI is a stock corporation (*Aktiengesellschaft* or *Société Anonyme*) according to article 620 et seq. of the Swiss Code of Obligations and registered in the Commercial Register of the Canton of Zurich, Switzerland, under the number CHE-112.512.247. The registered office of EFGI is at Bleicherweg 8, 8001 Zurich, Switzerland.

### **4. Products**

#### **4.1 Product Description**

The Products comprise the categories as listed below, as defined in the "SSPA Swiss Derivatives Map 2021" issued by the Swiss Structured Products Association SSPA (see <https://www.sspa.ch/en> for further information).

The categories listed below have been included for illustration purposes only and the specific terms and conditions of the Products may differ from such description.

**Capital Protection Products (SSPA Category 11)**

The product category "Capital Protection Products" includes the following product types:

- Capital Protection Note with Participation (SSPA Category 1100)
- Capital Protection Note with Barrier (SSPA Category 1130)
- Capital Protection Note with Twin Win (SSPA Category 1135)
- Capital Protection Note with Coupon (SSPA Category 1140)

**Yield Enhancement Products (SSPA Category 12)**

The product category "Yield Enhancement Products" includes the following product types:

- Discount Certificate (SSPA Category 1200)
- Barrier Discount Certificate (SSPA Category 1210)
- Reverse Convertible (SSPA Category 1220)
- Barrier Reverse Convertible (SSPA Category 1230)
- Conditional Coupon Reverse Convertible (SSPA Category 1255)
- Conditional Coupon Barrier Reverse Convertible (SSPA Category 1260)

**Participation Products (SSPA Category 13)**

The product category "Participation Products" includes the following product types:

- Tracker Certificate (SSPA Category 1300)
- Outperformance Certificate (SSPA Category 1310)
- Bonus Certificate (SSPA Category 1320)
- Bonus Outperformance Certificate (SSPA Category 1330)
- Twin Win Certificate (SSPA Category 1340)

**Investment Products with Additional Credit Risk (SSPA Category 14)**

The product category "Investment Products with Additional Credit Risk" includes the following product types:

- Credit Linked Notes (SSPA Category 1400)
- Conditional Capital Protection Note with Additional Credit Risk (SSPA Category 1410)
- Yield Enhancement Certificate with Additional Credit Risk (SSPA Category 1420)
- Participation Certificate with Additional Credit Risk (SSPA Category 1430)

**Leverage Products (SSPA Category 21)**

The product category "Leverage Products" includes the following product types:

- Warrant (SSPA Category 2100)
- Spread Warrant (SSPA Category 2110)
- Warrant with Knock-Out (SSPA Category 2200)
- Mini-Future (SSPA Category 2210)

- Constant Leverage Certificate (SSPA Category 2300)

In addition, the Programme relates to any other products as defined in the applicable Issue Terms, such as "Actively Managed Certificates", "Fund Linked Products" and Debt Instruments.

#### **4.2 Applicable law**

The form and content of the Products and all rights and obligations of the Issuer and of the Investors will be governed by, and construed in, all respects in accordance with the laws of Switzerland.

#### **4.3 Status of the Products**

Products except for COSI (Collateral Secured Instruments) and Guaranteed Products: The Products constitute general contractual obligations of the Issuer and are not secured by any property of the Issuer. The Products shall rank equally among themselves and, save for such exceptions as may be provided by applicable law, *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, but excluding any debts for the time being preferred by applicable law and any subordinated obligations.

COSI (Collateral Secured Instruments) Products: COSI Products constitute general contractual obligations of the Issuer which are secured by collateral. The Products shall rank equally among themselves and, save for such exceptions as may be provided by applicable law, *pari passu* with all other collateralized and unsubordinated obligations of the Issuer.

Guaranteed Products: Guaranteed Products are guaranteed by the relevant Guarantor pursuant to the applicable Guarantee.

### **5. Terms of the Products**

The key information relating to a Product and specific terms and conditions of a Product as well as information regarding the public offer and admission to trading of a Product are set-out in the relevant Issue Terms which supplement the information comprised in this Base Prospectus. Consequently, the Base Prospectus and the relevant Issue Terms shall form the entire documentation for each Product and should always be read in conjunction with each other. In case of inconsistencies between the Terms and Conditions and the Issue Terms, the Issue Terms shall prevail.

### **6. Approval of this Base Prospectus and availability of the Issue Terms**

SIX Exchange Regulation in its capacity as Swiss Prospectus Office pursuant to FinSA has approved this Base Prospectus as of 06 September 2021 as a base prospectus pursuant to Article 45 FinSA.

Except for in relation to FinSA Exempt Products, the Issuer undertakes to register any Final Terms as soon as in final form and in any case prior to the admission to trading of a Product, if relevant, with SIX Exchange Regulation in its capacity as Swiss Prospectus Office.

The Programme and, except for in relation to FinSA Exempt Products, the Final Terms will be published on [www.leonteq.com](http://www.leonteq.com) and may be requested from the Lead Manager in paper form free of charge (by email [termsheet@leonteq.com](mailto:termsheet@leonteq.com) or by phone +41 58 800 1111).

## II. RISK FACTORS

*Certain capitalised terms used in this section are defined in the Terms and Conditions and/or the relevant Issue Terms.*

*An investment in the Products involves certain risks. If one or more of the risks described below occur, Investors (the "**Investors**") in the Products may incur a partial or even a total loss of their invested capital. Any potential Investors (the "**Potential Investors**") should therefore consider the following factors addressed to Investors and have a thorough understanding of the mechanics of the relevant Products prior to investing in and/or while holding the Products. Therefore, the term "Investor" includes, as the case may be, actual Investors and/or Potential Investors.*

*Investment decisions should **not** be made solely on the basis of the risk warnings set out in the Conditions, since such information cannot serve as a substitute for individual advice and information which is tailored to the requirements, objectives, experience, knowledge and circumstances of each Investor.*

### 1. Risk Warning

Investors may lose some or all of their investment in the Products where:

- Minimum scheduled repayment amount less than invested amount: The terms of the Product may not provide for scheduled minimum payment of the Denomination or Issue Price of the Products at maturity (or, if applicable, across the partial redemption dates and at maturity). Depending on the performance of the Underlying(s), Investors may lose some or all of their investment.
- Credit risk of the Issuer and, in respect of Guaranteed Products, the Guarantor: The payment of any amount or delivery of any Underlying(s) due under the Products is dependent upon the Issuer's and, in respect of Guaranteed Products, the Guarantor's ability to fulfil its obligations when they fall due. For Guaranteed Products, the Guarantee of the Guarantor is limited to a guarantee of the payment, delivery and other obligations which the Issuer is stipulated to have under the terms and conditions of the Products (provided that if the Issuer fails to deliver any Underlying(s) the Guarantor may elect, in its reasonable discretion, to either deliver the relevant Underlying(s) or pay a cash amount instead of delivering the relevant Underlying(s)). For COSI Products only, Investors will also have recourse to the relevant collateral. The Products (other than COSI Products) are unsecured obligations of the issuer and, in respect of Guaranteed Products, the Issuer and the Guarantor. The Products are not deposits and they are not protected under any deposit protection insurance scheme. Therefore, if the Issuer and, in respect of Guaranteed Products, the Guarantor fail or are otherwise unable to meet its payment or delivery obligations under the Products (other than COSI Products), Investors will lose some or all of their investment. In respect of COSI Products, if the collateral is liquidated and the value of the collateral is less than the value of the relevant COSI Products, Investors will be exposed to the credit risk of the Issuer and may lose some of their investment.
- Other circumstances:
  - The market price of the Products prior to maturity may be significantly lower than the purchase price investors paid for them. Consequently, if Investors sell their Products before their scheduled maturity (assuming investors are able to), they may receive less (and potentially substantially less) than their investment.

- The Products may be redeemed in certain extraordinary circumstances prior to their scheduled maturity and, in such case, the early redemption amount paid to Investors may be less than their investment.
- The terms and conditions of the Products may be adjusted by the Issuer and/or Calculation Agent in certain circumstances with the effect that the amount payable or Underlying(s) deliverable to Investors is less than their investment.

## **2. General Risk Factors**

### **2.1 Advice from your Principal Bank**

This information is not intended to replace the advice Investors should always obtain from their respective principal bank or any other financial advisor before making an investment decision with regards to the Products. Only Investors who are fully aware of the risks associated with investing in the Products and who are financially able to bear any losses that may arise, should consider engaging in transactions of this type.

### **2.2 Buying Products on Credit**

Investors financing the purchase of Products with loans should note that, should their expectations fail to materialize, they would not only have to bear the loss resulting from the investment in the Products, but also have to pay interest on the loan as well as repay the principal amount. It is therefore imperative that Investors verify their financial resources in advance in order to determine whether they would be able to pay the interest and repay the loan at short notice should they incur losses instead of realizing the anticipated profit.

### **2.3 Independent Review and Advice**

Prior to entering into a transaction, Investors should consult their own legal, regulatory, tax, financial and accounting advisors, as far as they consider necessary, and make their own investment, hedging, and trading decisions (including decisions regarding the suitability of an investment in the Products) based upon their own independent review and assessment and advice taken from those advisers they consider necessary.

Furthermore, Investors should conduct such independent investigation and analysis regarding the Issuer and all other relevant persons or entities and such market and economic factors as they deem appropriate to evaluate the merits and risks of the investment in the Products. As part of such independent investigation and analysis, Investors should consider carefully all the information set forth in the Conditions.

Investment in the Products may involve a loss of the capital invested by virtue of the terms and conditions of the Products even where there is no default or insolvency of the Issuer and/or the Guarantor. Investors will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects and creditworthiness, status, and course of business of the Issuer and the Guarantor, respectively. None of the Issuer, the Guarantor, the Lead Manager, the Paying Agent, the Calculation Agent or any other agent or affiliate of the aforementioned (or any person or entity on their behalf) will have responsibility or duty to make investigations, to review matters or to provide the Investors with advice in relation to accompanying risks.

## **2.4 Investor Suitability**

Purchase of the Products involves substantial risks. Investors should be familiar with financial instruments having the characteristics of the Products and should fully understand the terms and conditions set out in the Conditions and the nature and extent of their exposure to risk of loss.

In addition, Investors must evaluate, based on their own independent review and any legal, business, tax and other advice as they deem necessary under the circumstances, that the acquisition of the Products (i) is fully consistent with their financial needs, objectives, and conditions, (ii) complies and is fully consistent with all corporate law documents, investment policies, guidelines, authorisations and restrictions (including in terms of their capacity) applicable to them, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is an adequate, reasonable and suitable investment for them.

## **2.5 Taxation at Source, Changes in Tax Law and Tax Call**

In the event that any amounts, such as taxes, are required to be withheld or deducted for, or on behalf of, the Issuer and/or the Guarantor, the Issuer or the Guarantor, as the case may be, may deduct such withheld amounts from the original payment to the Investor and neither the Issuer nor, as the case may be, the Guarantor are required to pay additional amounts to cover the amounts so withheld or deducted, i.e. the Investor cannot expect to receive any such withheld amounts or any such additional amounts. To the extent that the Guarantor was to pay any such amounts, these payments by the Guarantor to the Investor, if any, would be made only on a voluntary basis and without any precedent. Further, the Issuer will not make any such payments.

The tax considerations contained in the Conditions reflect the view of the Issuer based on the legislation applicable at the date of the issuance of the Conditions. It cannot, however, be ruled out that the tax treatment by the tax authorities and courts in any relevant jurisdiction could be interpreted differently or could be subject to changes in the future. Additionally, the tax considerations contained herein may not be used as the sole basis for the decision to invest in the Products from a tax perspective, since the individual situation of each Investor must also be taken into account. Thus, the considerations regarding taxation contained in the Conditions do not constitute any sort of material information or tax advice nor are they in any way to be construed as a representation or warranty with respect to specific tax consequences.

In accordance with the Terms and Conditions, the Issuer may redeem all outstanding Products early, *inter alia*, for tax reasons (a "**Tax Call**"). Accordingly, Investors should consult their personal tax advisors before making any decision to purchase the Products and must be aware of and be prepared to bear the risk of a potential early redemption due to tax reasons. The Issuer, the Guarantor and/or the Lead Manager and their affiliates do not accept any liability for adverse tax consequences of an investment in the Products.

## **2.6 Effect of Ancillary Costs**

Commissions and other transaction costs incurred in connection with the purchase or sale of Products may result in charges, particularly in combination with a low order value, which can substantially reduce any redemption amount. Before acquiring Products, Investors should therefore inform themselves of all costs incurred with the purchase or sale of the Product, including any costs charged by their custodian bank upon purchase and redemption of the Products.



## **2.7 No Reliance**

The Issuer, the Guarantor and/or the Lead Manager and/or all of their affiliates, respectively, disclaim any responsibility to advise Investors of the risks and investment considerations associated with the purchase of the Products as they may exist at the date hereof or hereafter.

## **2.8 Legality of Purchase**

The Issuer, the Guarantor and/or the Lead Manager and their affiliates have (and assume) no responsibility for (i) the lawfulness of the acquisition of the Products by Investors or for (ii) the compliance by Investors with any law, regulation or regulatory policy applicable to them.

## **2.9 Extension or shortening of subscription period; refusal of subscriptions**

The Issue Terms may provide for the Products to be offered during a particular subscription period. Investors should note in this case that the Issuer reserves the right to end the subscription period early or to extend it. In the case of an early ending or an extension of the subscription period, the initial fixing date or any other relevant valuation date, as the case may be, which determines certain characteristics of the Products, may be adjusted along with the Issue Date. The Issuer is not obliged to accept subscription applications. Partial allocations are possible (in particular in the event of oversubscription). The Issuer is not obliged to issue subscribed Products. For these reasons, investors in Products subject to a public offering may receive a Product with different valuation dates than expected and may not receive the Product at all.

## **2.10 Transaction Costs**

Commission and other transaction costs which are incurred when buying or selling Products may, particularly in connection with a low contract value, result in cost burdens which may reduce the returns on a Product. Therefore, before purchasing a Product, Investors should obtain information regarding all costs arising when purchasing and selling the Product.

## **2.11 Forward-Looking Statements**

This Base Prospectus (including any information incorporated by reference herein) may contain forward-looking statements. The Issuers may also make forward-looking statements in the Issue Terms, in press releases and other written materials and in oral statements made by their officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Issuers' beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and the Issuers have no obligation to update publicly any of them in light of new information or future events.

## **3. Market Risk Factors**

### **3.1 General Market Risks**

Changes in market parameters, including, but not exclusive to, changes in interest, foreign exchange rates, financial instruments, real estate valuations and increases in volatility can increase credit and market risks and may also affect revenues of Investors.

Concerns about geopolitical developments, commodity prices, and natural disasters, among other things, can affect the global financial markets and investor confidence. Moreover, corporate or other incidents may have a significant effect on the Investor and its confidence.

### **3.2 No Liquidity or lack of Secondary Market in the Products**

The Products will have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and investors may not be able to find a buyer. Restrictions in respect of the purchase and/or sale of the Products in some jurisdictions may also have an impact on the liquidity of the Products. As a result, Investors may not be able to sell their Products or, if they can, they may only be able to sell them at a price which is substantially less than the original purchase price. Therefore, the Investors should be prepared to hold the Products until their scheduled maturity.

The Products may be listed on an exchange but, in such case, the fact that such Products are listed will not necessarily lead to greater liquidity. If the Products are not listed or traded on any exchange, pricing information regarding the Products may be more difficult to obtain and the liquidity of the Products may be adversely affected. The liquidity of the Products may also be affected by restrictions on the purchase and sale of the Products in certain jurisdictions.

The Issuer and/or the Lead Manager or any third party appointed by the Issuer, as applicable, may (if specified in the Issue Terms), under normal market conditions, provide bid and/or offer prices for the Products on a regular basis. However, the Issuer or the Lead Manager, as applicable, make in no case a commitment to make a market or to repurchase the Products (e.g. by providing liquidity by means of bid and offer prices for the Products), and assume no legal obligation to quote any such prices or with respect to the level or determination of such prices. Additionally, the Issuer has the right (but no obligation) to purchase Products at any time and at any price in the open market or by tender or private agreement. Any Products so purchased may be held or resold or surrendered for cancellation.

Investors in Products listed on the SIX Swiss Exchange, BX Swiss and the open market segment of the Börse Frankfurt Zertifikate AG should be aware that such exchanges generally do not require a mandatory market making for listed Products. Limited exemptions apply, for example to actively managed certificates or COSI Products, as required by the relevant regulations of the exchange. Subject to these exemptions, any of the Issuer and/or the Lead Manager or any third party appointed by the Issuer may suspend or terminate making a market and providing indicative prices without notice, at any time and for any reason. Investors therefore cannot rely on the ability to sell Products at a specific time or at a specific price even if the Products are listed or traded on an exchange.

Any secondary market prices of the Products will likely be lower than the original Issue Price of the Products because, among other things, secondary market prices will likely be reduced by selling commissions, profits and hedging and other costs that are accounted for in the original Issue Price of the Products. As a result, the price, if any, at which the Lead Manager or any other person would be willing to purchase the Products in secondary market transactions, if at all, is likely to be lower than the original Issue Price. Accordingly, any sale of the Product by an Investor prior to the scheduled redemption date could result in a substantial loss to the Investor.

If listed, the Products can be traded on an exchange during their term. However, the price of the Products is not determined according to supply and demand, since – if there is a secondary market – it will likely be provided by a market maker (e.g. potentially the Lead Manager or a third party, as the case may be, in such role). Any such market maker will quote independently calculated bid and offer prices for the Products on the secondary market. This price calculation is performed on the basis of customary pricing models of the market maker in which the theoretical value of the Product may be determined on the basis of the value of the Underlying(s) and other adjustable parameters. The other parameters may include derivative components, expected income from the Underlying(s) (e.g., dividends), interest rates, the term or remaining term of the Product, the volatility of the Underlying(s)

and the supply and demand situation for hedging instruments. These or other value-determining parameters may lead to a depreciation in value of the Product, even if during the term the Underlying(s) develop favourably for the Investor.

Also, in special market situations, e.g. where the Issuer and/or the Lead Manager is/are unable to enter into hedging transactions or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded in order to limit the economic risks of the Issuer and/or the Lead Manager.

### **3.3 Illiquidity of the Underlying(s)**

In accordance with the Terms and Conditions, the Calculation Agent may determine in its duly exercised discretion (*billiges Ermessen*) that an Underlying is illiquid at a relevant time. Underlying Illiquidity might lead to a larger bid/offer spread for the Product, for an extended time period for buying and/or selling the Underlying respectively to acquire, unwind or dispose of the hedging transaction(s) or asset(s) or to realise, recover or remit the proceeds of such hedging transaction(s) or asset(s), as well as to a postponed redemption and a modified redemption amount, a postponed fixing and/or redemption. Thus, any such determination may have an adverse effect on the market value of the Products. In some circumstances, the illiquidity of the Underlying(s) may lead to the Issuer terminating the Product before the scheduled maturity (as further detailed in section 4.2 and General Condition IX.20).

### **3.4 Hedging Activity relating to the Underlying**

The Hedging Entity shall execute its trading and hedging activities (including unwinding and termination of already executed hedging transaction) on a best efforts basis, taking into account the possibility of unduly affecting the market and consequently to limit its activities related to the Underlying. To minimise the market impact, the Hedging Entity is entitled to suspend or to entirely cease its trading activities related to an Underlying.

This market conduct of the Hedging Entity, as well as the limitation of its trading and/or hedging activities related to the Underlying, may impact the Product negatively, in particular it may lead to

- an occurrence or non-occurrence of a barrier event;
- an extended bid-ask spread;
- an occurrence of a stop loss event, which can impact the liquidation price negatively, which under extraordinary conditions can be zero.

Investors should consider that the market conduct of the Hedging Entity respectively the limitations of its trading activities can furthermore negatively impact the redemption amount or the liquidation price of the Product.

### **3.5 Expansion of the Spread between Bid and Offer Prices**

In special market situations, where the Issuer and/or the Lead Manager is/are unable to enter into hedging transactions or, where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded in order to limit the economic risks of the Issuer and/or the Lead Manager.

### **3.6 Emerging Markets**

Investments in emerging markets should only be made by Investors who have a sound knowledge of these markets, who are well aware of and are able to weigh the diverse risks (*inter alia* political, social,

and economic risks, currency, liquidity and settlement risks, regulatory and legal risks) involved and who have sufficient financial resources to bear the substantial risks associated with such investments.

### **3.7 Risk Factors associated with Currency Exchange Rates**

An investment in the Products may be affected by the exchange rate risk of the relevant currencies in which the Products are denominated and in which the Underlying is traded or evaluated. For example (i) the Underlying(s) may be denominated in a currency other than that of the Products, (ii) the Products may be denominated in a currency other than the currency of the Investor's home jurisdiction and/or (iii) the Products may be denominated in a currency other than the currency in which an Investor wishes to receive funds.

Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value, regardless of other market forces.

If the Investor's right vested in the Products is determined on the basis of a currency other than the Settlement Currency, or if the value of the Underlying is determined in a currency other than the Settlement Currency, Investors should be aware that investments in these Products could entail risks due to fluctuating exchange rates and that the risk of loss does not depend solely on the performance of the Underlying, but also on unfavourable developments in the value of any currency involved. Investors should be aware that the above-mentioned risks may arise at any time during the life of the Product if the currency of the Product and/or of the Underlying will be replaced by a different or a new currency.

## **4. Risk Factors relating to the Products**

### **4.1 Risk-hedging Transactions**

The ability to eliminate or to restrict the initial risks of the Products arising from their purchase by concluding any hedging transactions during their lifetime depends mainly on the market conditions and the terms of the specific Product. As a consequence, such transactions may be concluded at unfavourable market prices to the effect that corresponding losses may arise.

Investors should therefore not rely on the ability to enter into transactions at any time during the term of the Products that will allow them to offset or limit relevant risks.

### **4.2 Early Termination and Notice of Products in accordance with General Conditions 20 (Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability) and upon certain events as well as Reinvestment Risk**

Following certain events (as defined in General Terms and Conditions 20 (Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability)), the respective Issuer has the right to terminate early the Products issued under this Base Prospectus. In the case of such a termination the Issuer will, if and to the extent permitted by applicable law, pay an amount determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice. This amount is representing the Fair Market Value of such Products immediately prior to such termination (notwithstanding any illegality or impossibility). Instead of paying a cash amount corresponding to the Fair Market Value of a Product, the Issuer may – in its duly exercised discretion (*billiges Ermessen*) – deliver the Underlying of such Product.

Furthermore, an early termination may for example occur upon an Event of Default or if an adjustment is not possible upon occurrence of a Potential Adjustment Event, an Extraordinary Event or an

Additional Disruption Event. In such case, the Issuer will redeem the Products at the Unscheduled Early Redemption Amount, i.e., in the event of an unscheduled early redemption there will be no right to payment of any amount provided for in the terms and conditions of the Products to be calculated on the basis of a redemption formula at the end of the term. Investors should note that, such amount may be zero in the worst case, i.e., the Investor may suffer a total loss of the capital invested.

Investors should be aware that a cash amount corresponding to the Fair Market Value or the Unscheduled Early Redemption Amount may be less than the initial investment. Where the Issuer delivers the Underlying of a Product, instead of paying the redemption amount, the Investor will not receive a redemption amount. The Investor will therefore be exposed to the risk associated with such Underlying. The Investor should not assume that he or she will be able to sell such Underlying for a specific price after the redemption of the Products, in particular not the same amount paid to purchase the Products. Any early termination of Products may, therefore, result in a partial or total loss of the invested capital. Investors bear the risk that their expectations with respect to a potential increase in the value of a Product over its scheduled term will not be realised due to the early termination of the Product.

Investors should also be aware that following any early redemption of the Products, they may not be able to reinvest the redemption proceeds or may only be able to do so on less favourable terms. Investors should consider reinvestment risk in light of other investments available at that time.

#### **4.3 Market Disruption Events**

In accordance with the Terms and Conditions, the Calculation Agent may determine in its duly exercised discretion (*billiges Ermessen*) that a Market Disruption Event has occurred or exists at a relevant time. Such an event could lead to the postponement of a date on which the Calculation Agent is to establish a valuation of the Underlying and in certain circumstances lead to the Calculation Agent estimate the relevant price or level of such Underlying and/or to a corresponding delay in the settlement of the Products. No interest shall be payable in respect of any such postponement of the settlement of the Products.

Any such determination may have an adverse effect on the market value of the Products, which may result in a partial or total loss of the invested capital.

In the event of adjustments relating to the Underlying(s), it is possible that the estimates and/or assumptions on which an adjustment was based turn out to be incorrect and that the adjustment turns out to be unfavourable for the Investor and that the adjustment has a negative impact on the value of or return on the Product.

#### **4.4 Risks relating to certain features of the Products**

##### **Leverage Feature**

'Leverage' refers to the use of financial techniques to gain additional exposure to the Underlying(s). A leverage feature will magnify the impact of the performance of the Underlying(s) to cause a greater or lower return on the Product than would otherwise be the case in the absence of leverage. As such, a leverage feature magnifies losses in adverse market conditions. In the terms of the Products, the leverage feature may be referred to variously as 'Participation', or other term and the Products will have 'leverage' where any of these factors is equal to more than 100 per cent (or 1.00). The inclusion of such a leverage feature in the Products means that the Products will be more speculative and riskier than in the absence of such feature, since smaller changes in the performance of the Underlying(s) can reduce (or increase) the return on the Products by more than if the Products did not contain a leverage feature. Investors should be aware that a small movement in the value of the

Underlying(s) can have a significant effect on the value of the Products. Products with a leverage feature are more likely to fall for automatic cancellation in accordance with their terms below. In such event, an Investor may lose some or all of their investment.

### **Worst Performing Underlying**

Where the Issue Terms of the Products include a 'worst-of' feature, Investors will be exposed to the performance of the Underlying which has the worst performance, rather than the Product as a whole.

This means that, regardless of how the other Underlying(s) perform, if the worst performing Underlying in the basket fails to meet a relevant threshold or barrier for the payment of interest or the calculation of any redemption amount, Investors might receive no interest payments or return on their initial investment and they could lose some or all of their investment.

### **Products with a cap**

Where the Issue Terms of the Products provide that the amount payable or Underlying(s) deliverable is subject to a pre-defined cap, the Investor's ability to participate in any positive change in the value of the Underlying(s) will be limited, no matter how much the level, price or other value of the Underlying(s) rises above the cap level over the life of the Products. Accordingly, the value of or return on the Products may be significantly less than if the Investor had purchased the Underlying(s) directly.

### **Products with a 'conditional' feature**

If the Issue Terms of the Products include a 'conditional' feature, then coupon will only be paid if the level, price or other applicable value of the Underlying(s) on the relevant valuation date(s) either reaches or crosses one or more specific barrier(s). It is possible that such level, price or other applicable value of the Underlying(s) on the relevant valuation date(s) will not either reach or cross the barrier(s) (as applicable), and therefore, no coupon will be payable on the relevant coupon payment date. This means that the amount of coupon payable to an Investor over the term of the Products will vary and may be zero.

### **Products with a 'memory coupon' features**

If the Issue Terms of the Products include a 'memory coupon' feature, the payment of coupon will be conditional on the value or performance of the Underlying(s). The coupon amount payable will be zero on a coupon payment date if the Underlying(s) does not perform in accordance with the terms of the Products although such payment will be deferred to the next coupon payment date. If the Underlying(s) meets the performance criteria, the coupon payable will be an amount for the current coupon payment date plus any amounts deferred from previous coupon payment dates where coupon was not paid. Investors will not be paid any coupon or other allowance for the deferred payments of coupon and it is possible that the Underlying(s) never meets the performance criteria, meaning that Investors will not receive any coupon at all for the lifetime of the Products.

### **Open-ended Products**

If the Products are 'open-ended' - meaning that they do not provide for an expiration date or maturity date but may continue indefinitely until either the Investor exercises its right to put the Products or the Issuer exercises its right to call/terminate the Products – the Investor is subject to certain risks, including:

- The yields received upon cancellation following a call/terminate by the Issuer or the Investor's exercise of the Investor put may be lower than expected, and the amount received by the Investor may be lower than the initial price the Investor paid for the Products and may be zero; and

- the terms and conditions of the Products may provide that the Products will automatically be redeemed early in certain extraordinary circumstances, see Risk Factor 4.2 (Early Termination and Notice of Products in accordance with General Conditions 20 (Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability) and upon certain events as well as Reinvestment Risk).

### **Issuer Call Option or Investor Put Option**

Where the terms and conditions of the relevant Product provides either Issuer Call Option or Investor Put Option to be applicable, the yields received upon cancellation following a call by the Issuer or the Investor's exercise of the investor put may be lower than expected, and the amount received by the Investor may be lower than the initial price the Investor paid for the Products and may be zero.

### **Products with a 'barrier' feature**

If the calculation of coupon or the calculation of any redemption amount depends on the level, value or price of the Underlying(s) reaching or crossing a 'barrier' during a specified period or specified dates during the term of the Products, such coupon or redemption amount may alter dramatically depending on whether the barrier is reached or crossed (as applicable). This means that the Investor may receive less (or, in certain cases, more) if the level, value or price of the Underlying(s) crosses or reaches (as applicable) a barrier, than if it comes close to the barrier but does not reach or cross it (as applicable), and in certain cases the Investor might receive no interest payments and/or could lose some or all of its investment.

### **Redemption of the Products depending only on the final performance**

If the Final Terms of the Products determine the redemption amount based on the performance of the Underlying(s) as at the final valuation date only (rather than in respect of multiple periods throughout the term of the Products) then the Investor may not benefit from any movement in level, value or price of the Underlying(s) during the term of the Products that is not reflected in the final performance.

### **Products linked to a basket of Underlyings**

Where Products are linked to a basket of Underlying(s), Investors may be exposed to the performance of each Underlying in the basket and Investors should refer to the relevant risk factors in the section relating to each of the asset classes represented. Investors should also consider the level of interdependence or 'correlation' between each of the basket constituents with respect to the performance of the basket. If the Underlying(s) are correlated, the performance of the Underlying(s) in the basket can be expected to move in the same direction (and vice versa) and Investors should consider the impact of this 'correlation' on the performance of the Products.

Investors should be aware that the performance of a basket with fewer constituents will be more affected by changes in the values of any particular basket constituent than a basket with a greater number of basket constituents.

The performance of basket constituents may be moderated or offset by one another. This means that, even in the case of a positive performance of one or more constituents, the performance of the basket as a whole may be negative if the performance of the other constituents is negative to a greater extent.

If the Underlyings in the basket have different weights, Investors should consider that the lower the weighting of the Underlying, the lower the impact of the performance of such Underlying on the performance of the entire basket.

### **Delivery of Underlying(s) at maturity**

To the extent that "Delivery of Underlying" is provided for in the relevant Issue Terms the delivery of the relevant Underlying may be made instead of the payment of a monetary amount. In such case, since Investors will be exposed to the specific issuer and securities risks associated with the relevant Underlying to be delivered, when purchasing the Products Investors should consider all Underlyings which could potentially be delivered. Investors should not assume that the Underlying to be delivered after redemption of the Products can be sold at a specific price, in particular not at a price equivalent to the capital used to purchase the Products. In certain circumstances the delivered underlying may only have a very low value or may in fact be worthless. In this case, Investors run the risk of losing all of their capital used to purchase the Products.

Investors should note that any fluctuations in the price of the Underlying between the Expiration Date of the Product and the delivery of the Underlying on the Redemption Date need to be borne by the Investors. Losses in the value of the Underlying can therefore still occur after the corresponding Expiration Date and are to be borne by the Investors.

If the Underlying to be delivered is a registered share, Investors should consider that the rights associated with the shares (e.g., participation in the general meeting, exercise of voting rights, etc.) can generally only be exercised by shareholders who are registered in the share register or a comparable official list of shareholders of the company. The obligation of the Issuer to deliver shares is limited to provision of the shares effected with the characteristics and in the form that allow delivery via an exchange and does not cover registration in the share register or list of shareholders. Any claims due to non-fulfilment, in particular rescission or damage claims, are excluded in such cases.

Further, if delivery of the Underlying, for whatever reason, is economically or actually impeded or not possible, the Issuer shall have the right to pay a compensation amount in lieu of delivery of the Underlying.

### **Products with an 'autocall' feature**

Where the Issue Terms of the Products include an 'autocall' feature, it should be noted that the level of the Redemption Amount and the time for redemption of the Products depend on whether an Autocall Event specified in the terms and conditions has occurred on an Autocall Observation Date. If such event occurs, the term of the Products ends early and the Products are redeemed early in accordance with the terms and conditions. In the case of such early redemption, the future price performance of the Underlying(s) is irrelevant to the Investor.

## **4.5 Investing in the Products does not correspond to a direct investment in the Underlying**

Investors should be aware that the market value of the Products may not have a direct relationship with the prevailing price of the Underlying and changes in the prevailing price of the Underlying will not necessarily result in a comparable change in the market value of the Product(s).

The Investors will not have voting rights or rights to receive dividends, interest, or other distributions, as applicable, or any other rights with respect to any share as Underlying. The responsibility for registration of any shares delivered to the Investor, where applicable, is borne by the Investor if "Delivery of Underlying" is provided in the relevant Issue Terms and if the shares are delivered.

## **4.6 Factors affecting Market Value**

The market value of a Product is determined not only by changes in the price of the Underlying but also by a number of other factors. Since several risk factors may have simultaneous effects on the Products, the effect of a particular risk factor cannot be predicted. In addition, several risk factors may



have a compounding effect which may not be predictable. No assurance can be given with regard to the effect that any combination of risk factors may have upon the market value of the Products.

These factors include, *inter alia*, the terms of the specific Product, the frequency and intensity of price fluctuations (volatility) in the Underlying, as well as the prevailing interest rate and the creditworthiness of the Issuer and the Guarantor, which may change during the lifetime of the Product. A decline in the market value of the Product may therefore occur even if the price or level, as the case may be, of the Underlying remains constant or increases, depending on the product type.

Investors should be aware that an investment in the Products involves a valuation risk with regard to the Underlying. They should have experience with transactions in Products whose value is derived from an Underlying. The value of an Underlying may increase or decrease over time by reference to a variety of factors which may include corporate actions, macro-economic factors and speculation. If the Underlying is a basket comprised of various assets, fluctuations in the value of any of the assets may be offset or intensified by fluctuations in the value of other basket components. In addition, the historical performance of an Underlying is not an indication of its future performance. Changes in the market price of an Underlying will affect the trading price of the Products, and it is impossible to predict whether the market price of an Underlying will rise or fall.

#### **4.7 Whole-day trading of Products related to Currency Exchange Rates, Commodities or Virtual Currencies**

In case of Products where the Underlyings are Currency Exchange Rates, Commodities or Virtual Currencies, it should be noted that such Underlyings are traded 24 hours each day (including Saturday, Sunday and public holidays) through the time zones of Australia, Asia, Europe and America (Currency Exchange Rates and Commodities) or due to the technology used to for trading (Virtual Currencies). For this reason it is possible that an event that is material in accordance with the Conditions or a factor relevant for the determination of any right granted by the Product may occur or be determined outside the business hours of the place where the Products are offered and/or traded.

#### **4.8 Information with regard to the Underlying**

Information with regard to the Underlying consists of extracts or summaries of information that is publicly available and that is not necessarily the latest information available. The Issuer accepts responsibility for accurately extracting and summarising the Underlying information. No further or other responsibility (express or implied) in respect of the Underlying information is accepted by the Issuer. The Issuer makes no representation that the Underlying information, any other publicly available information or any other publicly available documents regarding the Underlying or other item(s) to which the Products relate are accurate, up-to-date, or complete. There can be no assurance that all events occurring prior to the Initial Fixing Date (as defined in the General Terms and Conditions) of the relevant Products that would affect the trading price of the Underlying or other item(s) to which the Products relate (and therefore the trading price and market value of the Products) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the Underlying or other item(s) to which the Products relate could affect the trading price and market value of the Products.

#### **4.9 Possible impact of fluctuations in Market Volatility on the Market Value of Products**

Market volatility reflects the degree of instability and expected instability of the performance of the equity, debt or commodity market over time. The level of market volatility is not purely a measurement of actual market volatility, but is largely determined by the prices for derivative instruments that offer Investors protection against such market volatility. The prices of these instruments are determined by

forces such as actual market volatility, expected market volatility, other economic and financial conditions and trading speculations.

#### **4.10 Risks of Products linked to Underlying(s) which are Shares or Participation Certificates**

The performance of the relevant share or participation certificate cannot be predicted and is determined by macroeconomic factors, for example interest and price levels on the capital markets, currency developments, political factors as well as company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. Any one or a combination of such factors could adversely affect the performance of the Underlying(s) which, in turn, would have an adverse effect on the value of and return on the Products.

Neither the Issuer nor any affiliates of the Issuer have performed any investigations or review of any company issuing any share or participation certificate, including any public filings by such companies. Investors should not conclude that the inclusion of the shares or participation certificate is any form of investment recommendation. Consequently, there can be no assurance that all events occurring prior to the relevant Issue Date (as defined in the Issue Terms), affecting the trading price of the share(s) or participation certificate(s), will have been publicly disclosed. Subsequent disclosure of or failure to disclose material future events concerning a company issuing any Underlying could affect the trading price of the share and therefore the trading price of the Product.

#### **4.11 Risks of Products linked to Underlying(s) which are Indices**

##### **General**

In case of Products linked to indices, the redemption amount depends on the performance of the respective Index and thus of the components contained in the respective Index. During the term, the market value of the Products can deviate from the performance of the Index or components contained in the Index since other factors such as the correlation, volatilities, interest level and, (for example in the case of performance indices) the reinvestment of any dividend payments relating to the components contained in the Index, may have an impact on the performance of the Products. The Investor can therefore not rely on recovery of the price of the Product. In the case of a price Index as Underlying, Investors should note that dividend payments are in principle not taken into account (whereas in the case of performance indices the calculation of such Index takes into account all dividend payments). Investors therefore should note that they do not participate in any dividend payments with regard to the components contained in the Index.

The Investor bears an additional risk if an Index is calculated and determined at the discretion of the Index Sponsor, the Index Calculation Agent or any other person responsible for determining and calculating the Index as there is no guarantee that such decisions will lead to a positive performance of the Index. The performance of the Index and hence the Product depends, *inter alia*, on the quality of the Index Sponsor's investment decisions. Investors need to conduct their own due diligence with respect to the Index Sponsor.

Neither the Issuer, the Guarantor and/or the Lead Manager nor any of their affiliates take any responsibility for the selection of Index components or the success of the intended strategy as long as they are not taking this responsibility explicitly as part of their capacity as Index Sponsor, Index Calculation Agent or as a person responsible for composing or calculating the Index respectively.

##### **Issuer as Index Sponsor and conflicts of interests**

In case of Indices where the Issuer (or an affiliate) acts as Index Sponsor, it has the responsibility for the composition, calculation and maintenance of such Index. As Index Sponsor, the Issuer (or an affiliate) may also amend the rules of the Index from time to time, or discontinue it, in its discretion.

In its capacity as Index Sponsor, the Issuer (and any applicable affiliate) is under no obligation to take into account the interests of an Investor of the Products. Any such determinations made by the Issuer as Index Sponsor in relation to an Index may have a negative impact on the value of and return on the Products referencing such Index.

As the Index Sponsor and/or Index Calculation Agent of an Index (or an affiliate thereof), the Issuer does not generally exercise any discretion in relation to the operation of such Index. The Issuer owes no fiduciary duties in respect of each Index. The Issuer may, however, exercise discretion in certain limited situations including, but not limited to, those situations described in the relevant Index Rule Book.

Determinations made by the Issuer as the Index Sponsor and/or Index Calculation Agent of an Index could adversely affect the level of such Index and the exercise by the Issuer of its discretion could present it with a conflict of interest. In making those determinations, the Index Sponsor and/or Index Calculation Agent will not be required to, and will not, take the interests of any investor in Products linked to the relevant Index into account or consider the effect its determinations will have on the value of such Products. All determinations made by Index Sponsor and/or Index Calculation Agent shall be at its sole discretion and shall be conclusive for all purposes and will bind all holders of any Products linked to the Index. The Index Sponsor and/or Index Calculation Agent shall not have any liability for such determinations.

Potential conflicts of interest may arise in relation to the Issuer's multiple roles in connection with an Index. Although the Issuer will perform its obligations in a manner that it considers commercially reasonable, it may face conflicts between the roles it performs in respect of an Index and its own interests. In particular, the Issuer (or an affiliate) may have, or enter into transactions to create, a physical, economic or other interest (including an adverse and/or short interest, as the case may be) in an Index, products linked thereto, any component of an Index, any input data and/or investments referenced by or linked to any component or input data, and may exercise remedies or take other action with respect to its interests as it deems appropriate. These actions could adversely affect the level of the Index and may include the following:

- (i) The Issuer (or an affiliate) actively trades (or may actually trade) products linked to an Index, any component or input data thereof, investments referenced by or linked to a component or input data and numerous related investments. These activities could adversely affect the level of the Index, which could in turn affect the return on, and the value of, Products linked to an Index;
- (ii) the Issuer (or an affiliate) may have access to information relating to an Index, products linked thereto, a component or input data of an Index or investments referenced by or linked to a component or input data. The Issuer is not obliged to use that information for the benefit of any person acquiring or entering into Products linked to an Index; and
- (iii) certain activities conducted by the Issuer (or an affiliate) may conflict with the interests of those acquiring Products linked to an Index. It is possible that the Issuer could receive substantial returns in respect of these activities while the value of any investment referenced to such Index may decline. For example: the Issuer and other parties may issue or underwrite additional securities or trade other financial or derivative instruments or investments referenced to an Index or other similar strategies or any component. An increased level of investment and trading in these securities, instruments or investments may negatively affect the performance of an Index and could affect the level of an Index and, therefore, the amount payable at maturity (or on any other payment date) on Products linked to an Index and the value before maturity of such Products. Such securities, instruments or investments may also compete with Products

linked to an Index. By introducing competing products into the marketplace in this manner, the Issuer could adversely affect the market value and the Redemption Amount of Products linked to an Index. To the extent that the Issuer serves as issuer, agent, underwriter or counterparty in respect of those securities or other similar instruments or investments, its interests in respect of those securities, instruments or investments may be adverse to the interests of investors of Products linked to an Index

#### **Varying weights or quantities of component(s)**

The actual weight or quantity of each of the components of the Index may be different than the assigned weights or quantities, and therefore the relative contribution of each components of the Index to the level of the Index may vary from time to time, depending on the performance of each of the components relative to the other components since such immediately preceding rebalancing. The longer the period between each rebalancing, the greater the likelihood that there will be a significant variance between the absolute values of the weights or quantities of the components and the Index may therefore have an exposure to a component further below or in greater excess of its assigned weight than it would if the period were shorter, which may result in a greater skewing of the absolute nature of the investment positions with respect to the components and increase the overall risk profile of the Index.

#### **No indication of future performance and limited operating history**

Past performance of an Index is no guide to future performance. It is impossible to predict whether the value of an Index will rise or fall. The actual performance of an Index in the future may bear little relation to the historical performance of an Index.

Each Index is a relatively new strategy. As limited historical performance data may exist with respect to an Index and/or the components referenced by such Index, any investment in respect of which returns are linked to the performance of an Index or its components may involve greater risk than an investment linked to returns generated by an investment strategy with a proven track record. While a longer history of actual performance could provide more reliable information on which to base an investment decision, the fact that an Index and the relevant components are relatively new would not allow this. There can be no guarantee or assurance that an Index or its components will operate in a manner consistent with the data available.

#### **No rights in respect of any component(s)**

The investment exposure provided by an Index is synthetic, and a notional investment in an Index does not constitute a purchase or other acquisition or assignment of any interest in any component of an Index (or any sub-components thereof). Investment in Products linked to an Index will therefore not make an investor a holder of, or give an investor a direct investment position in, any component (or any sub-components thereof). The return on your Products may be less than if you held a direct position in an Index or any component (or any sub-components thereof), or a different product linked thereto.

#### **Effects of hedging activities by the Index Sponsor**

Products referencing an Index will expose the Issuer to such Index and its components. The Issuer (or an affiliate) may take risk positions to hedge this exposure in its sole discretion and in a principal capacity. Investors in any such Product will not have any rights in respect of any of the Issuer's hedge positions, including any shares, futures, options, commodities or currencies. The Issuer (or an affiliate) may execute its hedging activity by trading in the components of an Index on or before the related rebalancing day. Such trading may have an adverse impact on the level at which a component is rebalanced which will result in an adverse impact on the performance of such Index. The Issuer's

hedging activity, and hence the size of such impact, will be linked to the amount of new and outstanding Products at the relevant time and then-prevailing market conditions and may affect the market price of or liquidity in the relevant market of an Index. Additionally, the Issuer may generate revenues if it executes its hedging activity at different levels from those used to determine the value of an Index or on a rebalancing of such Index. Such hedging activity could generate significant returns to the Issuer that will not be passed on to investors in such Products.

#### **Changes and unavailability of the Index**

The Index Sponsor may alter the methodology used to calculate an Index or to discontinue publication of the value of an Index and such event may result in a decrease in the value of or return on any Products linked to an Index. Any changes may be made without regard to the interests of an investor of Products linked to an Index.

A permanent cancellation of an Index or a failure by the Index Sponsor to calculate or announce the value of an Index may constitute a disruption event in respect of, and, therefore, may result in a decrease in the value of or return on any, Products linked to an Index or result in the termination or early redemption of such Products.

Furthermore, the decisions and policies of the Index Sponsor concerning the calculation of the value of an Index could affect its value and, therefore, the amount payable over the term of Products linked to an Index and the market value of such Products. The amount payable on Products linked to an Index and their market value could also be affected if the Index Sponsor changes these policies.

#### **Impact of fees**

Products referencing an Index may incur the fees as specified in the Issue Terms. These fees may include agent fees, management fees, advice fees, collateral fees, performance fees, rebalancing fees or other fees which accrue on an ongoing basis during the lifetime of a Product. Therefore, the longer the term of such a Product, the greater the reduction in the value of and return on the Product by such fee. Before purchasing a Product, Investors should understand the effect of the ongoing fee on the value of and return on the Product.

In addition, the fees may comprise a performance-based component which reduces the Redemption Amount that an Investor receives. Before purchasing a Product which incurs performance-based fees, Investors should understand the effect of the performance fee on the value of and return on the Product.

#### **4.12 Risks of Products linked to Underlying(s) which are Depositary Receipt(s)**

Products linked to depositary receipts may carry additional risks compared to Products linked to shares, see Risk Factor 4.10 (Risks of Products linked to Underlying(s) which are Shares or Participation Certificates).

Each depositary receipt represents one or more underlying shares or a fraction of the security of a non-domestic stock corporation. The legal owner of the underlying shares is, for both types of depositary receipts, the depositary, which is also the issuing agent of the depositary receipts. Depending on the jurisdiction under which the depositary receipts have been issued and under which the depositary agreement is governed, it cannot be ruled out that the jurisdiction will not accept the holder of the depositary receipts as the actual beneficial owner of the underlying shares. In particular in the event that the depositary becomes insolvent or is subject to foreclosure, it is possible that a restraint on disposal of the underlying shares of the depositary receipts will be imposed or that such shares will be disposed of in the context of a foreclosure against the depositary. In this case, the holder of the depositary receipts will lose the rights over the underlying shares which are certified in

the depositary receipts. The depositary receipts as the underlying of the Products and therefore the Products relating to such depositary receipts will become worthless.

In such a scenario the Investor is exposed to the risk of the value of the redemption of such Products being less than the capital invested for the Product (including related transaction costs) or zero.

Any fees and costs that the custodian bank – generally having its registered office in the home country of the issuer of the underlying shares – or the depositary incur can have a negative impact on the value of the depositary receipts and thus on the value of the Products

#### **4.13 Risks of Products linked to Underlying(s) which are Commodities**

The price risks involved in commodities are often complex. Commodity prices are more volatile than other investment categories and, in particular, commodity markets are less liquid than bond, currency or stock markets. This means that changes in the supply and demand have a larger impact on prices and volatility, making commodities investments riskier and more complex than other investments.

Commodities comprise physical commodities, which need to be stored and transported, and commodity contracts, which are agreements either to buy or sell a set amount of a physical commodity at a predetermined price and delivery date (e.g. futures contracts).

The factors that influence commodity prices are both numerous and complex. Examples of some typical factors affecting commodity prices are: limited scope for action for commodities on the supply side and differences in regional demand; unfavourable weather conditions, diseases and epidemics; influence of the overall yield with commodities, e.g. through costs (for example for transport, storage and insurance) in the case of direct investments in commodities; strong speculation; production in emerging markets that often have unstable political and economic situation, high inflation, increased risk of currency fluctuations as well as political and legal risks and changes in tax rates and customs duties.

Changes to these legal and regulatory regimes may negatively affect the value of the Products.

The majority of commodities are usually traded in United States dollars ("USD" or "US dollar"), therefore Investors may bear an exchange rate risk between the currency in which the commodity is traded and the Settlement Currency of the Product.

The price of a commodity contract will generally be at a premium or at a discount to the spot price of the relevant physical commodity. This discrepancy is due to factors such as the need to adjust the spot price due to related expenses and different methods being used to evaluate general factors affecting the spot and the futures markets. Products with the physical commodity as Underlying may therefore provide a different return than Products with a commodity contract as Underlying.

Markets where commodities are traded may become in whole or in part, subject to future additional regulation which could significantly impact the performance of the Issuer's obligations under the Products. Furthermore, arrangements made to hedge the Issuer's obligations under the Products may become invalid in whole or in part. In such a case the Issuer has the right to terminate the Products early by providing notice to Investors.

#### **4.14 Risks of Products linked to Underlying(s) which are Currency Exchange Rates**

Currency exchange rates indicate the relationship between one particular currency and another currency. For example the exchange rate 'EUR/USD 1.11823' indicates that USD 1.11823 has to be paid to purchase one euro. An increase in this currency exchange rate therefore means an increase in the value of the euro against the USD. The currency exchange rate 'USD/EUR 0.89416', on the

other hand, indicates that EUR 0.89416 has to be paid to purchase one US dollar. An increase in this currency exchange rate therefore means an increase in the value of the US dollar against the euro.

A country's currency may appreciate, for example, as a result of an increase in a country's key interest rate, demand for such country's government bonds normally rises. Conversely, a country's currency may depreciate if the key interest rate falls. Generally, exchange rates are determined by supply and demand for currencies on the international money markets which are, among other things, subject to economic factors, speculation and actions taken by governments and central banks (e.g., exchange controls or restrictions).

Currency exchange rates are influenced by a wide variety of factors, including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and the safety of making financial investments in the currency concerned. Apart from these assessable factors there may be factors that are almost impossible to predict, for instance factors of a psychological nature such as a loss of faith in the political leadership of a country, which can also have a major impact on the value of the currency concerned.

#### **4.15 Risks of Products linked to Underlying(s) which are Futures Contracts**

There is generally a close correlation between the price movement of an underlying for the relevant futures contract on a spot market and on the corresponding futures market. However, futures contracts are generally traded at a premium or discount compared with the spot price of the underlying of the futures contract. This difference between the spot and futures prices, called the 'basis' in futures exchange terminology, on the one hand is the result of taking into account the costs customarily arising in connection with spot transactions (warehousing, delivery, insurance, etc.) and/or the income customarily arising in connection with spot transactions (interest, dividends, etc.), and on the other hand the different methods used to evaluate general market factors affecting the spot and the futures market. Furthermore, depending on the relevant underlying, there can be significant differences in the liquidity of the spot and respective futures market.

As the Products are linked to the market price of the futures contracts specified in the Issue Terms, Investors should understand how futures transactions work and are valued in addition to knowing about the market in the underlying of the relevant futures contract to be able to properly assess the risks inherent in purchasing the Products.

Since futures contracts as an underlying of the Products may have a fixed expiry date, the current futures contract is replaced by the Issuer, at the time specified in the Issue Terms, with a futures contract that has the same contract specifications as that futures contract except for the expiry date which is more distant than that of the current futures contract.

#### **4.16 Risks of Products linked to Underlying(s) which are Fixed Rate Instruments or Derivative Instruments (each an "Instrument")**

Instruments may be linked to different types of Underlyings. Risks in relation to each type of Underlying as described in these Risk Factors 4 (Risk Factors relating to the Products) apply analogously to Instruments.

In the event that an Instrument is terminated or redeemed early or in the event of changes to the terms and conditions of the Instrument, the Instruments may be replaced with another instrument or the Products may be redeemed early at the unscheduled early redemption amount, which may be zero in the worst case, i.e. the Investor may suffer a total loss of the capital invested.

#### 4.17 Risks of Products linked to Underlying(s) which are ETF Shares or Fund Units

Factors affecting the performance of a fund (being either (i) an exchange traded fund ("**ETF**"), which is an open ended or other fund traded like a share on an exchange, or (ii) a fund, in each case that tracks or is linked to the performance of a portfolio of assets (for the purpose of this Risk Factor, each a "**Fund**" and collectively the "**Funds**") may adversely affect the market value of, and the return (if any) on, the Products linked to such Fund.

The performance of a Fund is dependent upon the macroeconomic factors affecting the performance of such assets which may include, among other things, interest and price levels on the capital markets, commodity prices, currency developments, political factors and, in the case of shares, company specific factors, such as earnings position, market position, risk situation, shareholder structure and distribution policy. These factors affecting the performance of the Fund(s) may adversely affect the market value of, and the return (if any) on, the Products linked to such Funds.

An Investor's return on Products linked to Fund(s) may not reflect the return such Investor would realise if he or she actually owned the relevant fund units, ETF Shares or assets included in the portfolio(s) of the Fund(s). For example, if the portfolio of the Fund(s) includes shares or a share index, Investors in the Products linked to such Fund will not receive any dividends paid on such shares or the shares included in such share index and will not benefit from those dividends unless such Fund takes such dividends into account for purposes of calculating the value of such Fund. Similarly, Investors in Products linked to Fund(s) will not have any voting rights in the shares or other assets that are included in the portfolio(s) of the Fund(s). Accordingly, an Investor in Products linked to Fund(s) may receive a lower payment (if any) upon redemption of such Products than such Investor would have received, if he or she had directly invested in the fund units, ETF shares or assets included in the portfolio of such Fund(s).

In principle, the Issuer and the Calculation Agent have no influence on the composition or performance of any Fund or any index that such Fund is intended to replicate. The management company or the licensor/sponsor, as applicable, of an underlying index can add, delete or substitute the assets included in such index, respectively, or make methodological changes that could affect the value of such Fund or of such underlying index, respectively. The substitution of assets included in the portfolio of a Fund or in an underlying index, respectively, may affect the value of such Fund, as a newly added asset may perform significantly worse or better than the asset it replaces, which in turn may affect the market value of, or payments (or other benefits to be received) under, the Products. The management company or licensor/sponsor of any underlying index may also alter, discontinue or suspend calculation or dissemination of information on such Fund or such underlying index, respectively. The management company and licensor/sponsor of such underlying index are not involved in the offer and sale of the Products and have no obligation to invest therein. The management company and licensor/sponsor of such underlying index may take any actions in respect of such Fund or such underlying index, respectively, without regard to the interests of the Investors in Products, and any of these actions could adversely affect the market value of (or amount payable under) such Products. In particular, no assurance can be given that the performance of a Fund will be identical to the performance of the assets included in the portfolio of the Fund(s) or which the Fund intends to replicate, respectively, due to many factors.

The market price of interests in the Fund that are traded on an exchange may, due to the forces of supply and demand, as well as liquidity and scale of trading spread in the secondary market, diverge from their net asset value, i.e., the market price per interest in the Fund could be higher or lower than its net asset value, and will fluctuate during the trading day.



The performance of Fund(s) with a portfolio of assets that are concentrated in the assets of a particular industry or group of industries could be more volatile than the performance of Funds with portfolios of more diverse assets. In addition, certain Fund(s) may invest in Virtual Currencies. The performance of such Fund(s) which invest into Virtual Currencies may be subject to the similar risk as set out in section 4.19.

A Fund's performance will be affected by the fees and expenses which it incurs, as described in its offering documents. Such fees and expenses may include the investment management fees, performance fees and operating expenses typically incurred in connection with any direct investment in a Fund. A Fund will assess fees and incur costs and expenses regardless of its performance. High levels of trading could cause a Fund to incur increased trading costs. Investors of Products linked to Fund(s) will be exposed to a pro rata share of the fees and expenses of the relevant Fund(s).

The Calculation Agent will rely on the calculation and publication of the net asset value per Fund Unit by the relevant Fund itself (or another entity on its behalf). Any delay, suspension or inaccuracy in the calculation and publication of the net asset value per Fund Unit will impact on the calculation of the return on the Products. The value of and return on the Products may also be reduced if a Fund delays payments in respect of fund share redemptions.

The Fund Units and/or the investments made by a Fund may be valued only by administrators, custodians or other service provider of the Fund and may not be verified by an independent third party on a regular or timely basis. There is a risk that (i) the determinations of the Calculation Agent may not reflect the true value of the Fund Units at a specific time which could result in losses or inaccurate pricing and/or (ii) relevant values may not be available on a relevant date which could result in the Fund Units of the Fund being determined by the Calculation Agent in its discretion.

No assurance can be given that the investment strategy of a Fund will be successful or that the investment objective of such Fund will be achieved, or that any analytical model used by the relevant management company 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 Fund has invested or will invest will prove accurate. The analytical models utilised by a management company of a Fund and upon which investment decisions are based may be developed from historical analysis of the performance or correlation of historical analysis of the performance or correlations of certain companies, securities, industries, countries or markets. There can be no assurance that the historical performance that is used to determine such analytical models will be a good indicator of future performance, and if the future performance of a Fund varies significantly, the management company of such Fund may not achieve its intended investment performance.

No assurance can be given that the strategies to be used by a Fund will be successful under all or any market conditions. A Fund may utilise financial instruments such as derivatives for investment purposes and/or seek to hedge against fluctuations in the relative values of the Fund's portfolio positions as a result of changes in exchange rates, interest rates, equity prices and levels of yields and prices of other securities. Such hedging transactions may not always achieve the intended outcome and can also limit potential gains.

The management of a Fund may have broad discretion over its investment strategy, within specified parameters. A Fund could, for example, alter its investment focus within a prescribed market. Any shift in strategy could bear adverse consequences to a Fund's investment performance. Further, a Fund may have difficulty realising on any strategy initiatives that it undertakes. It may not sometimes be clear whether the Fund fulfils the investment criteria set out in its investment guidelines.

#### **4.18 Risks of Products linked to Underlying(s) which are Reference Rates including interest rates**

Reference rates are mainly dependent upon the supply and demand for credit in the money market, i.e., the rates of interest paid on investments, determined by the interaction of supply of and demand for funds in the money market. The supply and demand in the money market on the other hand is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments and political factors, or upon other factors, depending on the specific type of reference rate. Such factors affecting the performance of a reference rate may adversely affect the market value of, and return (if any) on, Products linked thereto.

In principle, the Issuer and/or the Calculation Agent (as the case may be) have no influence on the determination of the reference rate(s). Reference rates are generally calculated by an independent organisation or a governmental authority, often based on information provided by market participants. The entity publishing an interest rate or reference rate can modify the calculation method for determining such reference rate or make other methodological changes that could affect the value of the interest rate or reference rate. The calculation or dissemination of such reference rate may also be altered, discontinued or suspended. The entity publishing a reference rate is not involved in the offer and sale of the Products and has no obligation to invest therein. The entity publishing a reference rate may take any actions in respect of such reference rate without regard to the interests of the Investors in Products and any of these actions could adversely affect the market value of such Products.

#### **4.19 Risks of Products linked to Underlying(s) which are Virtual Currencies**

##### **Risks relating to the volatility of Virtual Currencies**

The value of Virtual Currencies may change significantly over the course of a day. Changes and advances in technology, fraud, theft and cyber-attacks and regulatory changes, among others, may increase volatility significantly, increasing the risk of losses in respect of a Product linked to one or more Virtual Currencies. In addition, the market for Virtual Currencies is still at an early stage and the number of market participants is limited and may stay limited over the lifetime of the Product. A small number of market participants could trigger potentially significant (and adverse) price swings and illiquidity, which events could have a material adverse effect on the return on and value of the Product and its liquidity.

##### **Risks relating to limited trading hours of the Products**

Investors should note that the trading hours of Virtual Currencies typically exceed the trading hours of the Products (see Risk Factor 4.7 (Whole-day trading of Products related to Currency Exchange Rates, Commodities or Virtual Currencies) above). Investors therefore cannot invest in or divest the Product and react to price movements or volatility of the Virtual Currencies outside the Product's trading hours.

##### **Risks relating to the illiquidity of Virtual Currencies**

Virtual Currencies may be or may become illiquid over the lifetime of a Product. Illiquidity of the Virtual Currency may (a) negatively impact the Issuer's ability to provide a secondary market for the Product, (b) result in a temporary or even indefinite increase in the bid/offer spread for the Product, (c) result in the postponement of a relevant valuation date (and any corresponding payment date) or (d) result in the (early) termination of a Product (which could result in a loss to Investors in relation to the Product).

##### **Access to Virtual Currencies**

Investors in the Product do not have direct access to the Virtual Currencies or all information relating to the Virtual Currencies (among others such as information about storage, Service Provider(s) used for trading the Virtual Currencies or the so called “private keys” required for accessing and transferring the Virtual Currencies) and cannot transfer the Virtual Currencies related to the Product to a private storage facility. This may make it difficult for Investors to hedge their exposure resulting from the Product.

### **Trust in Virtual Currencies**

Virtual Currencies only exist virtually and in the majority of cases have no physical equivalent. Establishing a value for Virtual Currencies is or may become difficult as the value depends on the expectation and trust that the relevant Virtual Currencies have a future use. Among others, persistent high volatility, changes and advances in technology, fraud, theft and cyber-attacks and regulatory changes may prevent the establishment of Virtual Currencies for future use and potentially rendering the Virtual Currencies worthless.

### **Risks relating to technology**

Technology relating to Virtual Currencies is still at an early stage and best practices are still being developed. The relevant technology is likely to undergo significant changes in the future. Technological advances in, amongst other areas, cryptography, code breaking or quantum computing may pose a risk to the security of Virtual Currencies and may facilitate price manipulation or, if applicable, forced consensus attacks by 'miners' and others. In addition, alternative technologies could be established, making Virtual Currencies less relevant or obsolete. The functioning of Virtual Currencies may rely on (potentially open-source) software. Developers of such software are not employed or controlled by the Issuer, a Hedging Entity thereof or any other party related to a Product. Developers may introduce weaknesses and programming errors into the software or may stop developing the software (potentially at a critical stage where a security update is required), keeping Virtual Currencies exposed to weaknesses, programming errors and threats of fraud, theft and cyber-attacks. The inability to implement required changes to technology relating to Virtual Currencies may negatively impact the Issuer's ability to provide a secondary market for a Product, may result in an increased bid/offer spread (potentially indefinitely) for a Product and may negatively impact the value of and return on a Product.

### **Risks relating to Virtual Currency Adjustment Events**

As a result of one or more Virtual Currency Adjustment Events (including, but not limited to, a material change in the method of calculating the Virtual Currency, a material change in the concept of the Virtual Currency (such as a division or split of the Virtual Currency into multiple assets) or the introduction of a tax on the Virtual Currency), trading venues on which Virtual Currencies are traded may suspend (temporarily or indefinitely) the ability to trade Virtual Currencies or a particular version of a Virtual Currency (where there are multiple versions of a Virtual Currency due to a process that results in a division or split of a Virtual Currency). Consequently, the Investors in the Product may (i) not get exposure (indefinitely) to all versions of a Virtual Currency and forego the value of one or more versions, or (ii) may get exposure to a version on a delayed basis (in which case that version might have a significant change in its value), or (iii) may not benefit or be negatively affected by a Virtual Currency adjustment event relating. Following a Virtual Currency Adjustment Event, the Issuer may make (but has no obligation to make) an amendment to the Product. In addition, Virtual Currency Adjustment Events may result in instability of the relevant Virtual Currency or a particular version of the Virtual Currency and Virtual Currency Adjustment Events or the threat of a potential Virtual Currency Adjustment Events may prevent the establishment of the relevant Virtual Currency. Virtual Currency Adjustment Events may negatively impact the Issuer's ability to provide a secondary market

for a Product, may result in an increased bid/offer spread (potentially indefinitely) for a Product or result in the (early) redemption of the Product.

### **Risks relating to fraud, theft and cyber attacks**

The particular characteristics of Virtual Currencies (e.g., only exist virtually on a computer network, transactions in the Virtual Currency may not be reversible and may be largely anonymous) make it an attractive target for fraud, theft and cyber-attacks. Investors in a Product linked to a Virtual Currency are exposed to fraud, theft and cyber-attacks, including: (i) any high profile losses as a result of such events may raise scepticism over the long-term future of Virtual Currencies and may prevent the establishment of the Virtual Currencies (or that particular Virtual Currency) and may increase the volatility and illiquidity of the relevant Virtual Currency; and (ii) any loss of the Issuer resulting from fraud, theft and cyber-attacks relating to service provider(s) may be borne by Investors. Investors in a Product linked to a Virtual Currency are exposed to such risks and the return on the Product could be negatively affected by any of such activities.

### **Regulatory Risks**

Virtual Currencies usually do not have a function as and/or the full characteristics of a legal tender and are usually not supervised by any authority or institution such as a central bank. Consequently, there is no authority or institution which may intervene in the market of a Virtual Currency to stabilize the value or prevent, mitigate or counter-attack irrational price developments.

Virtual Currencies have been in existence for relatively short time only and various regulatory bodies in Switzerland and globally have or are in the process of taking a view on required regulatory actions relating to Virtual Currencies and related products (e.g. regulation concerning money laundering, taxation, consumer protection, publication requirements or capital flows etc.). The regulatory status of Virtual Currencies and blockchain technology is therefore unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory authorities may apply existing regulation with respect to such technology and its applications, including specifically (but without limitation to) Virtual Currencies. It is likewise difficult to predict how or whether any legislative or regulatory authorities may implement changes to law and regulation affecting blockchain technology and its applications, including Virtual Currencies.

Any forthcoming regulatory actions may result in the illegality of Virtual Currencies (and products relating to such Virtual Currencies) or the implementation of controls relating to the trading (and therefore liquidity) of Virtual Currencies. Forthcoming regulatory actions may also restrict the availability of markets and/or market participants permitted to engaged in transactions related to Virtual Currencies. In addition, control mechanisms may increase transaction fees in Virtual Currencies significantly (and therefore impact the bid/offer spread of the Product). Investors should ensure that investing in this Product complies with their local regulation.

### **Connected Party Risk**

Depending on the design of the relevant Virtual Currencies (centralized, decentralized), certain connected parties (management, developers, miners etc. as applicable) may pursue a strategy which could involve changes of the technical specifications (changes of the protocol) of the relevant Virtual Currencies and which may negatively impact the value, tradability, liquidity and security of the Virtual Currencies.

### **Risk relating to Public Data**

Investors should be aware that any purchase and sale of Virtual Currencies in connection with a Product is typically stored in a ledger (blockchain) and may, depending on the relevant Virtual

Currency, be visible to the public. Such ledger is neither a property of nor under control of the Issuer, a Hedging Entity thereof or any other party related to this Product. Information available on the ledger may be exploited or miss-used in, as of today, unforeseen ways.

#### **Lack of supervision**

A Virtual Currency may not have the function and/or the features of a legal tender and, if this is the case, are usually not supervised by an authority or state institution, such as a central bank. Consequently, there may be no authority or governmental institution that can intervene in the market of the relevant Virtual Currency in order to stabilize the value of the relevant Virtual Currency or to prevent, mitigate or counteract irrational price developments of the relevant Virtual Currency.

#### **Risks relating to price sources and service providers**

Service Provider(s) used by the Issuer (or any of its Hedging Entities) for trading and holding/storing the relevant Virtual Currencies (i) may cease to exist, (ii) may be subject to fraud, theft and cyber-attacks (see risk factor "Risk related to fraud, theft and cyber attacks"), or (iii) regulatory requirements and the Issuer's internal compliance requirements may prevent the Issuer (or any of its Hedging Entities) from using a particular Service Provider to trade a relevant Virtual Currency. The Issuer (or any Hedging Entity thereof) shall have the absolute right to remove, add or change one or more Service Providers at any time without notice if the terms agreed between the relevant Service Provider and the Issuer (or any Hedging Entity) are changed after the Relevant Event Determination Date. Notice of such change shall be given in accordance with General Condition 15 (Notices). This may potentially result in a larger bid-ask spread for a Product (e.g. due to a change in the trading commission payable to the Service Provider(s)). The Issuer (or any of its Hedging Entities) may not be able to replace a service provider, which may result in early termination of a Product.

### **4.20 Risks of Credit Linked Products**

Credit Linked Products are Products where the amount payable depends on whether certain events as defined in the relevant Issue Terms ("**Credit Events**") have occurred in respect of one or more entities (together, the "**Reference Entities**" and each a "**Reference Entity**") and, if so, on the value of certain specified debt obligations of such Reference Entities or, if such events have occurred, the Issuer's obligation is to deliver certain specified assets upon redemption of the Products.

Prospective Investors in any such Products should be aware that depending on the terms of the Credit Linked Products (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment.

The market price of such Products may be volatile and will be affected by, amongst other things, the time remaining to the redemption date and the creditworthiness of the reference entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions, developments or trends in particular industries and changes in prevailing market rates over which neither the Issuer nor Guarantor has control. Investors should therefore conduct independent investigation and analysis of any relevant Reference Entities and the applicable Credit Events in order to evaluate the merits and risks of an investment in any Credit Linked Products.

The Issuer's obligations in respect of Credit Linked Products are independent of the existence or amount of the Issuer's and/or any affiliates' credit exposure to a reference entity and the Issuer and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

#### **Exposure to credit risks of Reference Entities**

Credit Linked Products are exposed to the credit risks and other risks associated with the Reference Entities. The likelihood of a Credit Event occurring in respect of a Reference Entity generally fluctuates with, among other things, the financial condition of the Reference Entity, together with general economic conditions, the conditions of certain financial markets, political events, developments or trends in particular industries and changes in prevailing market rates.

Upon the occurrence of any of the default events comprising a Credit Event with respect to any Reference Entity, the Investors may suffer significant losses which could be considerably greater than would be suffered by a direct investor in the obligations of a Reference Entity and/or could arise for reasons unrelated to such Reference Entity at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. Investors should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

Where Credit Linked Products are linked to more than one Reference Entity, the Investors should be aware that the credit and other risks associated with such Reference Entities may be correlated such that the likelihood of Relevant Credit Events occurring in respect of multiple Reference Entities simultaneously or the occurrence of a Relevant Credit Event in respect of any one Reference Entity may result in the occurrence or the increased likelihood of the occurrence of a Relevant Credit Event for other Reference Entities.

#### **Occurrence of a Credit Event**

The occurrence of a Credit Event has the effects as set-out in the relevant Issue Terms. Investors should note that not all Credit Events applicable to specific Credit Linked Products have easily ascertainable triggers and disputes can and have arisen as to whether a specific event did or did not constitute a Credit Event. Investors should therefore carefully review the applicable Credit Events and their definitions as set-out in the relevant Issue Terms. However, under the Credit Linked Conditions and subject to any subsequent determinations made by a Credit Derivatives Determinations Committee, the Issuer's determination of a Credit Event will, in the absence of manifest error, be conclusive and binding on all persons (including, without limitation, the Investors), notwithstanding the disagreement of such persons or other financial institutions, rating agencies or commentators. Examples of Credit Events that might apply to individual Credit Linked Products include Bankruptcy, Failure to Pay, Restructuring, Obligation Acceleration, Obligation Default and Repudiation/Moratorium. In addition, for certain Credit Linked Products, Governmental Intervention may apply. You should carefully review the applicable Credit Events and their definitions as applicable to the Credit Linked Products and independently evaluate their appropriateness to your objective for purchasing such Credit Linked Products.

As an Investor in Credit Linked Products, the Investor may suffer a loss of some or all of the investment in respect of one or more Relevant Credit Events that occur and which may or may not have been announced prior to the Trade Date or the Issue Date of the Credit Linked Products in question. Neither the Issuer, the Calculation Agent nor any of their respective affiliates has any responsibility to avoid or mitigate the effects of a Credit Event that is deemed to have taken place prior to the Trade Date or the Issue Date (as the case may be), and no such entity has any obligation to disclose to the Investor or to take into consideration any information, fact or matter including in relation to any such Relevant Credit Event.

#### **Issuer discretion**

The decision as to when and whether to deliver a Credit Event Notice and, if applicable, a Notice of Publicly Available Information, is at the discretion of the Issuer. Such notices are effective when

published. The delivery of or failure to deliver such notices to Investors will not affect the effectiveness of such notices.

### **Effect of a Credit Event on the Credit Linked Products**

The Investors should note that a Credit Event that occurred prior to the Trade Date or the Issue Date of Credit Linked Products may have a negative effect on the principal amount of the Products and/or the interest due under the Products.

In particular, the occurrence of a Credit Event in relation to any Reference Entity from time to time may result in a redemption, where Cash Settlement or Auction Settlement applies, in a reduced nominal amount or at zero meaning that Investors may lose some or all of the principal amount invested, and, in relation to Physically Delivered CLPs, by delivery of certain direct or indirect obligations of the affected Reference Entity, which obligations are likely to have a market value which is substantially less than their par amount.

In addition, the occurrence of a Credit Event in relation to any Reference Entity may reduce the interest payable on the Products if such interests are credit linked. Save as otherwise provided in the terms and conditions of the Credit Linked Products, no interest will accrue on the Credit Linked Products (or, if so provided in the terms and conditions of the Credit Linked Products, the relevant portion of the applicable Calculation Amount) on or after the Interest Expiration Date. Therefore, if any Credit Event occurs, Investors bear the risk of loss. The Investors should also acknowledge that these effects may occur also in relation to a Credit Event that occurred prior to the Trade Date or the Issue Date of a Credit Linked Product.

Furthermore, the Products may be redeemed prior to their scheduled maturity upon the occurrence of a Credit Event in relation to any Reference Entity. Where such Products are redeemed early following a Credit Event, Investors may lose some or all of the principal invested and will not receive the full amount of interest (if any) to the extent that interest on the Product is also credit linked. Furthermore, the value date of such redemption may be delayed until the scheduled maturity of the relevant Product. Investors may therefore be forced to wait a significant time following the occurrence of the relevant Credit Event before they receive the redemption amount owed (if any).

Redemption may occur irrespective of whether the Relevant Credit Event is continuing on or after a Relevant Event Determination Date. The Credit Event Redemption Date, the Final Delivery Date or the Settlement Date may be later than the Scheduled Redemption Date and the point in time when the Credit Event Redemption Date, the Final Delivery Date or the Settlement Date occurs may depend on the result of any litigation as regards the determination of the Final Price or other terms relevant for the redemption of the Credit Linked Products. In certain circumstances, delivery of Deliverable Obligations contained in the Deliverable Obligations Portfolio may be delayed to a date beyond the Physical Settlement Date. If a Credit Event has occurred but a Credit Event Notice has not yet been served on or prior to the Scheduled Redemption Date, or, where the terms of the Credit Linked Products in question so permit, where an event or circumstance which may subsequently constitute a Relevant Credit Event has occurred, the Issuer may elect to extend the maturity of the Credit Linked Products by service of an Extension Notice. During the Extension Period, the Issuer may deliver a Credit Event Notice. Investors may suffer a loss of interest in such circumstances even where a Relevant Credit Event does not occur or the Issuer does not deliver a Credit Event Notice.

Certain Credit Linked Products may provide for settlement following a Relevant Credit Event to occur at the original scheduled maturity of such Credit Linked Products notwithstanding that the amount of such settlement obligations may be determined on or shortly following the occurrence of such Relevant Credit Event. Such Relevant Credit Event may occur at any time during the term of the

Credit Linked Products in question, and may occur substantially prior to the Scheduled Maturity Date of the Products, including prior to the Issue Date or Trade Date. In such case, in addition to any loss of principal and interest, the Investor should note that holders of such Credit Linked Products will not receive any interest or other investment return on such amounts (which may represent the entirety of the return to Investors, in the case of Credit Linked Products linked to a single Reference Entity, or a portion of such return, in the case of Credit Linked Products linked to multiple Reference Entities) during the remaining period to the scheduled maturity of their Credit Linked Products. A realisation in the secondary market of the Credit Linked Products may be the only return potentially available to a holder of such Credit Linked Products prior the scheduled maturity of such Credit Linked Products.

#### **Inaccuracy of public information**

When considering the merits and risks of an investment in Credit Linked Products, the Investor should be aware that public information in respect of relevant Reference Entity or Entities may be inaccurate, out of date or misleading.

#### **Replacement of the Reference Entities or the referenced obligations**

If specified in the Issue Terms of a Credit Linked Product, the Issuer or a third party may be entitled to effect replacements of the entities, obligations and amounts comprising a reference portfolio for the Credit Linked Products in question in accordance with the relevant Issue Terms. As a result of such replacement, the affected Credit Linked Products may be linked to the credit of certain Reference Entities and its obligations which were not specified in the Issue Terms upon issuance. The credit risks associated with such successor underlying could potentially be greater or lesser than the credit risk of the Reference Entities originally specified in the relevant Issue Terms, which could adversely impact the value of the relevant Credit Linked Products (if the credit risk increases).

#### **ISDA Credit Derivatives Definitions**

The Credit Linked Conditions of this Programme comprise terms based on (but not identical to) the 2014 Credit Derivatives Definitions published by the International Swaps and Derivatives Association, Inc. (the "**2014 ISDA Definitions**").

Whilst there are many similarities between the terms used in this Programme and the 2014 ISDA Definitions, there are also many substantial differences and a prospective Investor should understand that only the terms and conditions of Credit Linked Products as set out in this Programme and the applicable Issue Terms apply. Consequently, investing in Credit Linked Products is not necessarily equivalent to investing a credit default swap that incorporates either the 2003 ISDA Definitions or the 2014 ISDA Definitions.

While ISDA has published and, where appropriate, supplemented the 2014 ISDA Definitions in order to facilitate transactions and promote uniformity in the credit derivatives market, the credit derivatives market has evolved over time and is expected to continue to change. Consequently, the 2014 ISDA Definitions and the terms applied to credit derivatives generally, including Credit Linked Products are subject to further evolution. Past events have shown that the view of market participants may differ as to how either set of the ISDA Definitions operate or should operate. As a result of the continued evolution of the market, the Credit Linked Products may not conform to future market standards. Such a result may have a negative impact on the Credit Linked Products and there can be no assurances that changes to the terms applicable to credit derivatives generally will be predictable or favourable to the Issuer or the Investors.

#### **Determinations by Credit Derivatives Determinations Committees**



Certain determinations with respect to Credit Linked Products may be made by reference to a determination of a Credit Derivatives Determinations Committee. Such committees make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. Credit Derivatives Determinations Committees are regional committees composed of significant participants in the credit default swap market in the applicable region. Credit Derivatives Determinations Committees are typically composed of both the largest dealers in credit default swaps as well as non-dealers, but dealers typically significantly outnumber non-dealers. Further information about the Credit Derivatives Determinations Committees may be found at <https://www.cdsdeterminationscommittees.org>.

Whether or not a Credit Event has occurred or a succession event (or in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to such Reference Entity has been determined, and certain decisions relating thereto, may be dependent on determinations made by the Credit Derivatives Determinations Committee. In certain circumstances, determinations made by the Determination Agent may be overridden by subsequent determinations made by a Credit Derivatives Determinations Committee. If the Issuer delivers a Credit Event Notice or a Successor Notice to an Investor, such Investor should be aware that such notice may be superseded by a determination of a Credit Derivatives Determinations Committee.

The procedures of the Credit Derivatives Determinations Committees are set out in the DC Rules. The DC Rules may be amended by a Credit Derivatives Determinations Committee in accordance with the DC Rules. None of ISDA, DC Administration Services Inc., the DC Secretary, the institutions serving on the Credit Derivatives Determinations Committees or any external reviewers owes any duty to any Investor in such capacity, and any Investor may be prevented from pursuing claims with respect to actions taken by such persons under the DC Rules. Institutions serving on a Credit Derivatives Determinations Committee may base their votes on information that is not available to an Investor, and have no duty to research, investigate, supplement or verify the accuracy of information on which a determination is based. In addition, a Credit Derivatives Determinations Committee is not obligated to follow previous determinations or to apply principles of interpretation such as those that might guide a court in interpreting contractual provisions. Therefore, a Credit Derivatives Determinations Committee could reach a different determination on a similar set of facts.

#### **Risks relating to Auction Settlement of Credit Linked Products**

Where an Auction Final Price Determination Date occurs in respect of Credit Linked Products, the Auction Final Price will be determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time. The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the relevant Reference Obligation.

The Issuer and the Investors may have little or no influence in the outcome of any such auction. However, there is a possibility that the Issuer or the Calculation Agent (or one of their Affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), neither the Issuer nor the Calculation Agent (or any of their Affiliates) shall be under

any obligation to consider the interests of any Investors and, as a result, make take action that is adverse to the interests of the Investors.

### **Cash Settlement**

If 'Cash Settlement' is specified as applicable with respect to any Credit Linked Products, or deemed to apply pursuant to the Issuer CLS Settlement Method or the Fallback CLS Settlement Method, then the Determination Agent will value the Reference Obligation by asking for quotations from Dealers. The date, time and method of such auction, and the selection of the Reference Obligation, will impact the Final Price. The Dealers selected by the Determination Agent must be financial institutions, funds or other entities that purchase or deal in obligations similar to the Reference Obligation and may include the Issuer; however, the Dealers have no duty towards any Investor and may not be aware that the purpose of the auction is to determine a Final Price for purposes of the Credit Linked Products or any other Products. The Investor should note that the Final Price determined pursuant to a dealer poll may be significantly different to the Auction Final Price.

### **Physical Settlement**

In relation to Physically Delivered CLPs, upon the occurrence of an Event Determination Date, the Calculation Agent has the discretion to select Deliverable Obligations of the Reference Entity for delivery to the Investors. It is likely that the Deliverable Obligations selected by the Calculation Agent are obligations of the Reference Entity with the lowest market value that are permitted to be delivered in accordance with the terms of the Products. In addition, the Deliverable Obligations may be illiquid and such illiquidity may be more pronounced following the occurrence of a Credit Event, thereby adversely affecting the value of the relevant Deliverable Obligation. The Calculation Agent has no liability to account to the Investors or any other person for any profit or other benefit to any of its affiliates which may result directly or indirectly from such selection.

In relation to Physically Delivered CLPs, if a Redemption Failure Event occurs, the Credit Linked Product may be subject to alternative settlement and may, in certain circumstances, be redeemed without any payment or Delivery by the Issuer. If the minimum denomination of Deliverable Obligations is not a whole integral number of the amount of the Deliverable Obligations Portfolio, the Issuer may Deliver such whole integral amount of the Deliverable Obligations Portfolio and cash settle the fractional shortfall. If the Credit Event Redemption Amount in respect of such Product cannot be paid when due as a result of a Redemption Failure Event, the Investor, after providing a release and indemnity to the satisfaction of the Issuer, may request such payment to be made to an account or person not affected by such Redemption Failure Event, provided that the Issuer shall have no obligation to comply with such request, and provided further that, if such Redemption Failure Event is continuing for 180 calendar days after the Scheduled Redemption Date, the Issuer's obligations in respect of such payment will be discharged.

In relation to Physically Delivered CLPs, if it is impossible, impracticable (including if unduly burdensome) or illegal for the Issuer to Deliver (by reason of an impossibility, impracticability or illegality, non-receipt of requisite consents of Consent Required Loans or Assignable Loans included in the Deliverable Obligations Portfolio, the inclusion in the Deliverable Obligations Portfolio of Participations not effected by the Latest Permissible Physical Settlement Date or for any other reason specified in such Credit Linked Conditions), then the Credit Linked Conditions relating to partial cash settlement may apply in respect of any undeliverable portion of the Deliverable Obligations Portfolio. If such partial cash settlement does not apply, then in respect of the portion of the Deliverable Obligations Portfolio for which it is not possible or legal to take Delivery on the Physical Settlement Date, such Delivery will take place as soon as practicable thereafter in accordance with the provisions of the Credit Linked Conditions and in any event on or before the Latest Permissible Physical

Settlement Date. The Issuer's obligations will be deemed to be fully discharged with respect to such Credit Linked Products as at the date on which the Deliverable Obligations Portfolio (if any) has been fully Delivered or otherwise as at the date immediately following the Latest Permissible Physical Settlement Date.

#### **Increased risk in respect of Nth-to-Default Products**

Nth-to-Default Products create a leveraged exposure to the credit risk of Reference Entities as the investors can lose a significant part or the total amount of their investment as soon as the Nth Reference Entities has been subject to a Credit Event. Accordingly, investors will be exposed to the credit risk of each stipulated Reference Entity. A lower Nth Reference Entity value and / or a greater number of Reference Entities may lead to a higher risk associated with the product.

#### **Potential Increased risk in respect of Credit Linked Products on a Tranche**

Index or Portfolio Credit Linked Products on a Tranche may create a leveraged exposure to the credit risk of Reference Entities as the investors may lose a significant part or the total amount of their investment once a pre-specified number or portion of Reference Entities within the Credit Index (or Portfolio) have been subject to a Credit Event. Accordingly, investors will be exposed to the credit risk of each stipulated Reference Entity within the index or portfolio. A greater number of Reference Entities may lead to a greater degree of risk.

### **4.21 Quanto Feature**

If applicable, the quanto feature mitigates the currency exposure on the Product payoff on the Redemption Date or the Expiration Date. Hence, on the Redemption Date or Expiration Date, a Product denominated in a currency different from the Underlying's currency, will have a payoff calculated only on the performance of the Underlying. The exchange rate between the two currencies will not be taken into account at such time. During the life of the Product, the non-exposure to currency risk may come at a cost or benefit depending on the difference between the domestic and foreign interest rates and the exchange rates between the currencies.

### **4.22 Risks relating to the regulation of certain published rates, indices and other values or "benchmarks"**

A number of major interest rates, other rates, indices and other published values or benchmarks are the subject of national and international regulatory reforms. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the value of and return on Products linked to any such value or benchmark.

#### **The Benchmark Regulation**

The Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") is a key element of ongoing regulatory reform in the EU and has applied, subject to certain transitional provisions, since 1 January 2018. In addition to so-called "critical benchmarks" such as LIBOR and EURIBOR, other interest rates, foreign exchange rates, and indices, including equity, commodity and "proprietary" indices or strategies, will in most cases be within scope of the Benchmark Regulation as "benchmarks" where they are used to determine the amount payable under, or the value of, certain financial instruments

(including Products listed on an EU regulated market or EU multilateral trading facility (MTF)), and in a number of other circumstances.

The Benchmark Regulation applies to the contribution of input data to a benchmark, the administration of a benchmark, and the use of a benchmark in the EU. Amongst other things, the Benchmark Regulation requires EU benchmark administrators to be authorised or registered as such and to comply with extensive requirements relating to benchmark administration. It also prohibits certain uses by EU supervised entities of (a) benchmarks provided by EU administrators which are not authorised or registered in accordance with the Benchmark Regulation and (b) benchmarks provided by non-EU administrators where (i) the administrator's regulatory regime has not been determined to be "equivalent" to that of the EU, (ii) the administrator has not been recognised in accordance with the Benchmark Regulation, and (iii) the benchmark has not been endorsed in accordance with the Benchmark Regulation.

The Benchmark Regulation could have a material impact on Products linked to a 'benchmark'. For example:

- a rate or index which is a 'benchmark' may not be used in certain ways by an EU supervised entity if (subject to applicable transitional provisions) its administrator does not obtain authorisation or registration (or, if a non-EU entity, does not satisfy the 'equivalence' conditions and is not 'recognised' pending an equivalence decision); and
- the methodology or other terms of the benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could reduce or increase the rate or level or affect the volatility of the published rate or level, and (depending on the terms of the particular Products) could lead to adjustments to the terms of the Products, including potentially determination by the Calculation Agent of the rate or level in its discretion.

### **Reform and replacement of Interbank Offered Rates**

Amongst other developments, relevant authorities are strongly encouraging the transition away from Interbank Offered Rates ("**IBORs**"), such as LIBOR and EURIBOR, and have identified "risk free rates" to eventually take the place of such IBORs as primary benchmarks. This includes (i) for sterling LIBOR, a reformed Sterling Overnight Index Average ("**SONIA**"), so that SONIA may be established as the primary sterling interest rate benchmark by the end of 2021, (ii) for EONIA and EURIBOR, a new Euro Short-Term Rate (€STR) as the new euro risk-free rate, (iii) for USD LIBOR, the Secured Overnight Financing Rate ("**SOFR**") to be eventually established as the primary US dollar interest rate benchmark, and (iv) for CHF LIBOR, the Swiss Average Rate Overnight ("**SARON**") established as new primary CHF interest rate benchmark. The risk free rates have a different methodology and other important differences from the IBORs they will eventually replace and have little, if any, historical track record. It is not known whether certain IBORs will continue long-term in their current form.

The reforms and eventual replacement of IBORs with risk free rates may cause the relevant IBOR to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. The replacement rates may have little, if any, historical track record and may be subject to changes in its methodology. Any of these developments could have a material adverse effect on the value of and return on Products linked to any such rates.

On the basis of the announcement by the FCA of 5 March 2021, all LIBOR settings for GBP, JPY, CHF, EUR and the one-week and two-months settings for USD-LIBOR will cease to be published or become non-representative, as applicable, on 31 December 2021. The other USD-LIBOR settings

will cease to be published or become non-representative, as applicable, on 30 June 2023. To the extent that Products include cashflows based on LIBOR rates and have a term beyond such end or non-representativeness of LIBOR, the relevant fallbacks, as applicable pursuant to the documentation of the Product, would apply.

#### **4.23 Risk Related to Products linked to a reference asset denominated in Renminbi and Renminbi - denominated Products**

For the purpose of this Programme and where the context requires, "Renminbi" or "CNY" refers to the lawful currency of the People's Republic of China ("PRC"). "CNY" is the official (ISO) code on the currency markets. CNY is not available and not tradable outside of the PRC. Therefore "CNH" has been established as offshore deliverable CNY. CNH is not an official ISO code and is only used as a technical term for differentiation between the currency used/traded in the PRC (CNY) and the respective offshore tradable and deliverable currency (CNH).

##### **Renminbi is subject to PRC exchange control policies and there is limited availability of Renminbi outside the PRC**

Renminbi is not freely convertible and is subject to exchange control policies and restrictions of the PRC government. As a result of restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited, which may adversely affect the liquidity of Renminbi outside the PRC, which in turn may adversely affect the market value, and the potential return, of the Product.

##### **Risks relating to Renminbi exchange rate and interest rate**

The Product will be denominated and settled in Renminbi outside the PRC. The exchange rate of, and interest rate for, Renminbi outside the PRC may be different from the same in the PRC. The value of Renminbi against Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political, economic and market conditions and by many other factors. There is no guarantee that Renminbi will not depreciate and any devaluation of Renminbi could adversely affect the market value of the Product. In addition, interest rates for Renminbi in the PRC are government controlled. The PRC government may further liberalise the regulation of interest rates for Renminbi in the PRC which may increase interest rate volatility for Renminbi outside the PRC. Any fluctuation in interest rates for Renminbi outside the PRC may adversely affect the market value, and the potential return, of the Product.

##### **Renminbi payment risk**

If the settlement currency of the Product is Renminbi, and a FX Disruption Event has occurred and is continuing on, a scheduled date of payment, payment may be made in USD on the postponed payment date. In such case, there may be a delay in payments under the Product and no interest will be payable for any such delay. Investors may also suffer a loss in USD terms if Renminbi depreciates against the USD following the occurrence of a FX Disruption Event.

#### **4.24 Risks related to Underlying listed and traded in China**

##### **China Connect risk**

If the Underlying(s) are eligible securities listed and traded on the SSE and SZSE ("**China Connect Securities**") (as in the case of A-Shares as Underlying), foreign investors may invest in such China Connect Securities through China Connect. The respective Hedging Entity may (but is not obliged to) choose to hedge obligations under the Products using China Connect.

Trading through China Connect is subject to a number of restrictions which may restrict or affect an investment in China Connect Securities, including (but not restricted to) the application of PRC law and regulation to investors in China Connect Securities, pre-trade checking to prevent naked short-selling, the application of aggregate and daily RMB quotas and restrictions on the ability of an investor to take up certain types of rights issuances through China Connect. In particular, it should be noted that China Connect is in its initial stages. Further developments are likely and there is no assurance as to whether or how such developments may restrict or affect an investment in China Connect Securities. In addition, the laws and regulations of Hong Kong and the PRC, and the rules, policies or guidelines published or applied by any regulator which regulates China Connect and activities relating to China Connect (including without limitation, the China Securities Regulatory Commission (CSRS), People's Bank of China (PBOC), State Administration of Foreign Exchange (SAFE), Securities and Futures Commission (SFC), Hong Kong Monetary Authority (HKMA) or any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of China Connect), or any exchange, clearing system or other entity which provides services relating to China Connect (including without limitation, the Stock Exchange of Hong Kong (SEHK) and any relevant subsidiary, Hong Kong Securities Clearing Company (HKSCC), Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE) or China Securities Depository and Clearing Corporation (CSDCC) from time to time in respect of China Connect or any activities arising from China Connect are new and subject to change, and there may be uncertainty as to their interpretation and/or implementation.

These potential restrictions and uncertainties relating to China Connect may trigger a Hedging Disruption, a Market Disruption Event or an Additional Disruption Event. Even if trading on the SSE or SZSE continues uninterrupted, such events concerning China Connect could lead to adjustments to the terms of the Products or to their redemption earlier, or later, than scheduled. Such uncertainty and any potential change of the laws and regulations in the PRC for the China Connect may adversely impact on the performance of the Underlying and may also have a potential retrospective effect. These changes may in turn adversely affect the market value of the Product, which may result in a partial or total loss of the invested capital.

#### **Risks of investing in the PRC securities market and derivative instruments relating to it**

The PRC capital market is still at a premature stage. Regulation of the PRC capital market is heavily influenced by government policies and is less transparent and less efficient than the regulation of developed capital markets. There still remain allegations and convictions of malpractices such as market manipulation and insider trading. The stock price of a PRC listed company may not therefore reasonably reflect its intrinsic value. In addition, the disclosure of information by a PRC company with respect to its financial status may not always be complete and reliable. If the stock price of a PRC listed company does not reasonably reflect its intrinsic value, such pricing inaccuracy will be passed through to derivative instruments such as the Products.

Investment in the PRC securities markets (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks.

#### **4.25 Risks related to COSI Products**

The collateralisation in accordance with the terms of the COSI Products eliminates the Issuer default risk only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Realisation Event (less the costs of the Collateral Agent in respect of the liquidation and payout of the liquidation proceeds) are able to meet the Investors' claims. If the current value of the Product is

set too low or the value of collateral is set too high prior to liquidation, the collateralisation of the Product may be insufficient to satisfy the Investors' claims.

The collateralisation of the COSI Products does not eliminate the risk that there might not be a buyer for the Products during its lifetime and the Investor may need hold the Product until maturity.

#### **4.26 Protection Amount**

If and to the extent that a capital protection has been declared applicable in the relevant Issue Terms, the Products will be redeemed at maturity for an amount no less than the specified protection. A capital protection may apply at a level below, at or above the nominal value of the Product. The capital protection, if any, will not be due if the Products are redeemed prior to their Redemption Date, upon the occurrence of a Market Disruption Event, or upon a Tax Call, as defined in the General Terms and Conditions. If no capital protection is applicable, the full amount invested by the Investor may be lost. Even if a capital protection applies, the return may be less than the capital protection specified in the Issue Terms. The payment of the protection amount may be affected by the condition (financial or otherwise) of the Issuer and the Guarantor.

In particular, Investors are exposed to the credit risk of the Issuer and the Guarantor (see Risk Factors 4.4 (Risks relating to certain features of the Products), 4.30 (No Supervision by the Swiss Financial Market Supervisory Authority (FINMA)), 5.36 (General Insolvency Risk), 5.25 (The EFGI Group may suffer significant losses from counterparty credit exposures.) and 5.26 (The EFGI Group may suffer losses related to client exposures.)

Investors must be willing and prepared to hold their Product until the Expiration Date. The invested amount is protected only, as specified in the relevant Issue Terms, if the Investor holds the Product until the Expiration Date. If an Investor sells the Product in the secondary market prior to the Expiration Date, the Investor will not have capital protection on the Product sold.

#### **4.27 Views of the Issuer, the Guarantor and/or the Lead Manager and Research Reports published by the Issuer, the Guarantor and/or the Lead Manager**

The Issuer, the Guarantor and/or the Lead Manager and their affiliates may express views on expected movements in any relevant markets in the ordinary course of their businesses. These views are sometimes communicated to clients who participate in these markets. However, these views, depending upon global economic, political and other developments, may vary over differing time-horizons and are subject to change. Moreover, other professionals who deal in these markets may at any time have significantly different views from the views of the Issuer, the Guarantor and/or the Lead Manager and their affiliates. Investors should derive information about the relevant markets from multiple sources. Investors should investigate these markets and not rely solely upon views which may be expressed by the Issuer, the Guarantor and/or the Lead Manager or their affiliates in the ordinary course of the Issuer's, the Guarantor's and/or the Lead Manager's or their affiliates' businesses.

The Issuer, the Guarantor and/or the Lead Manager or one or more of their affiliates may, at present or in the future, publish research reports with respect to movements in equity, commodity or other financial markets generally or the relevant securities. Such research is modified without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Products. Any of these activities may affect the market value of the Products.

#### **4.28 Products and/or Underlyings listed on the SIX Swiss Exchange, BX Swiss, Börse Frankfurt Zertifikate AG or any other exchanges may be suspended from trading**

SIX respectively SIX Exchange Regulation, BX Swiss, Börse Frankfurt Zertifikate AG or any other applicable stock exchange provide for rules determining admissible underlying instruments for derivatives (including Structured Products). It cannot be excluded that during the lifetime of the Product, the Underlying is suspended from trading or de-listed from SIX, BX Swiss Börse Frankfurt Zertifikate AG or any other applicable exchange for reasons beyond the reasonable control of the Issuer and/or Guarantor. In case the Underlying of a Product is suspended from trading or de-listed, this might have material adverse effects on the Product and/or, among other reasons, might also lead to the suspension or de-listing of the Product.

In addition, it cannot be excluded that the Products may be suspended from trading or de-listed from SIX, BX Swiss, Börse Frankfurt Zertifikate AG or any other applicable exchange during the lifetime of the respective Product for other reasons.

In either case, there could be an adverse impact on the value of and return on the Product.

#### **4.29 Amendment of the terms and conditions of the Products by the Issuer**

The terms and conditions of the Products may be amended by the Issuer without the consent of the Investors in any of the following circumstances:

- to cure a manifest or proven error or omission;
- where such amendment will not materially and adversely affect the interests of Investors;
- to correct or supplement any defective provision;
- where the amendment is of a formal, minor or technical nature;
- to comply with mandatory provisions of law; and
- as a result of certain events in respect of the Underlyings (including, but not limited to, adjustment events, potential adjustment events, extraordinary events and additional disruption events (as specified in the relevant Underlying Specific Conditions)).

For these reasons, in the above circumstances, the terms and conditions of an Investor's Product may be amended without the Investor's consent and/or against the Investor's wishes.

#### **4.30 No Supervision by the Swiss Financial Market Supervisory Authority (FINMA)**

The Products are derivative financial instruments. They do not qualify as units of a collective investment scheme according to the relevant provisions of the Federal Act on Collective Investment Schemes ("**CISA**"), as amended, and are neither registered thereunder. Therefore, the Products are neither governed by the CISA nor supervised by the Swiss Financial Market Supervisory Authority ("**FINMA**"). Accordingly, the Investor does not have the benefit of the specific Investor protection provided under the CISA. Investors should be aware that they are exposed to the credit risk of the Issuer and the Guarantor.

#### **4.31 Legal regulations concerning dividend equivalent payments**

Under Section 1471 through 1474 of the U.S. Internal Revenue Code, as amended, and the regulations promulgated thereunder (collectively referred to as "**FATCA**"), the Issuer may, under certain circumstances, be required to withhold U.S. tax at a rate of 30 percent on all or a portion of interest, principal or other payments on the Products if such payments are treated as "foreign passthru payments" made to foreign financial institutions, unless such foreign financial institution payee



complies with applicable FATCA requirements, or other entity payees subject to FATCA withholding. On 13 December 2018, the Internal Revenue Service (IRS) has issued proposed FATCA confirming the deferral of the withholding on “foreign passthru payments” until at least 2 years from the date foreign passthru payments are formally defined in law. As a result, non-U.S. source payments (not subject to Section 871(m)) generally should not be subject to a FATCA withholding tax for the time being.

Nonetheless, if an amount in respect of FATCA withholding tax were to be deducted or withheld from interest, principal or other payments on the Products as a result of a payee's or holder's failure to comply with FATCA, none of the Issuer, any Paying Agent or any other person would, pursuant to the Terms and Conditions, be required to pay additional amounts or to compensate the payee or the holder as a result of the deduction or withholding of such tax.

Since 1 January 2017, U.S. withholding tax applies to certain payments arising from products treated as in-scope pursuant to Section 871(m) of the U.S. Internal Revenue Code and the corresponding regulations issued by the IRS. If an amount in respect of Section 871(m) were to be deducted or withheld from interest, principal or other payments on the Products, none of the Issuer, any Paying Agent or any other person would, pursuant to the Terms and Conditions, be required to pay additional amounts or to compensate the payee or the holder as a result of the deduction or withholding of such tax.

## **5. Risk Factors relating to the Issuer and/or the Guarantor and/or EFGI Group**

### **5.1 Changes to the laws applicable to the Issuers could have a material negative effect on the Issuer or its business activities.**

EFGIF LTD is subject to the laws of Guernsey, any of which may change at any time and could have a material adverse effect on the Issuer or its business activities. Such changes could include changes to statutory, tax and regulatory regimes.

EFG Bank is subject to the laws of Switzerland and through its branches to the laws of Bahrain, Cayman, Hong Kong and Singapore, any of which may change at any time and could have a material adverse effect on the Issuer or its business activities. Such changes could include changes to statutory, tax and regulatory regimes.

### **5.2 The Issuer depends on other members of the EFGI Group.**

EFGIF LTD is a finance vehicle established by the Guarantors for the purpose of issuing Structured Products. In order for the Issuer to fulfil its obligations under this Programme, EFGIF LTD will therefore be dependent upon payments from other members of the Group, upon the Guarantor capitalizing EFGIF LTD adequately and upon other members of the Group paying interest on and repaying in a timely fashion any loans the Issuer might grant to them. Should any Group member fail to make any such payments in a timely fashion, that failure could have a material effect on the ability of EFGIF LTD to fulfil its obligations under the Programme. By virtue of its dependence on other Group members, each of the risks described below that affect the Guarantor will also indirectly affect EFGIF LTD and to a lesser extent EFG Bank.

### **5.3 EFGI is a holding company, which has no direct operations other than the holding of investments in other EFGI Group companies.**

EFGI is a holding company, which has no direct operations other than the holding of investments in other EFGI Group companies and the management of these investments. Apart from EFGI's own capital resources, the only source of funds for payments under the Products, will, therefore, be

dividends and other payments or repayments received from its subsidiaries in the form of dividends, interest, loan repayments, swap payments or repayments of capital. The ability of each subsidiary to pay dividends or make such other payments is determined individually and in accordance with applicable law, including capital requirements to which such subsidiary is subject and any other relevant contractual restrictions. EFGI's ability to meet its financial obligations depends of the success of EFGI Group companies. A failure of, or a deterioration, in the financial condition of one or more subsidiaries and/or a change in applicable law or regulation may have a corresponding negative impact on EFGI, which may in turn negatively impact its financial situation or credit rating.

#### **5.4 Factors that may affect the Guarantors' and Issuers' ability to fulfil its obligations under the Guarantees.**

As a result of its business activities, the Group is exposed to a variety of risks, the most significant of which are business risk, credit risk, market risk, compliance risk, reputational risk, operational risk and liquidity risk. Failure to control these risks could have a material adverse effect on the Guarantor's and the Group's result of operations and financial condition. In addition, the EFGI Group is exposed to risks relating to global economic and market conditions or trends as the Group is operating globally. Weak macroeconomic conditions, recession, changes in monetary policies and global financial market turmoil and volatility have affected and may continue to affect the EFGI Group's financial condition, regulatory capital and results of operations.

#### **5.5 The EFGI Group operates in markets that are highly competitive and face an increase in the intensity of competition.**

All aspects of the EFGI Group's business are highly competitive and the competitive conditions are expected to continue to intensify, also as a result of the globalisation, which has the effect of increasing the number of competitors the EFGI Group faces from other jurisdictions and supports the mobility of clients. The EFGI Group competes with a number of large global commercial banks and other broad-based financial institutions that have the ability to offer a wide range of products internationally. Generally, they also have substantial financial resources and, accordingly, have the ability to support offerings in an effort to gain market share, which could result in pricing and other competitive pressures on EFGI Group's business. In addition, the cost of doing business has increased substantially as a result of recent financial market reforms and increased regulatory scrutiny. The EFGI Group also competes with established local and regional competitors, including Swiss private banks and private banks based in other local markets in which the EFGI Group operates.

The EFGI Group's ability to compete depends on many factors, including investment performance, personal relationships, products, pricing, distribution systems, customer service, reputation, brand recognition and perceived financial strength. The EFGI Group's inability to compete effectively could materially and adversely affect the EFGI Group's business, financial condition and results of operations.

#### **5.6 The EFGI Group must recruit and retain highly skilled employees, including experienced Client Relationship Officers.**

The EFGI Group's performance is largely dependent on the talents and efforts of highly experienced and highly skilled individuals, and in the case of Client Relationship Officers ("**CROs**"), those with a client following. The ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of EFGI Group's strategy. Competition for qualified and experienced employees, including CROs, is intense, in particular in Asia where CROs tend to move more easily and regularly between employers. In addition, competition for skilled management and other

employees (including those in key functional areas, such as IT and compliance) is particularly high in a number of the geographic areas in which EFGI Group operates, mostly in emerging markets.

To compete effectively, EFGI Group must satisfy client needs in both global and local markets and retain and recruit CROs who are able to meet clients' needs. Failure to recruit or retain CROs and other investment management professionals could lead to a loss of clients and a decline in revenues. As a result, EFGI Group's ability to attract and retain experienced CROs is central to the ability to maintain and grow Revenue Generating AuM and revenues.

The continued public focus on compensation practices in the financial services industry, and related regulatory changes, may have an adverse impact on EFGI Group's ability to attract and retain highly skilled and experienced employees. In particular, new limits on the amount and form of executive compensation imposed by regulatory initiatives, could have an adverse impact on the ability to retain certain of EFGI Group's most experienced employees and/or hire new qualified employees in certain businesses. Any failure to recruit or retain suitably experienced CROs and other investment management professionals could limit EFGI Group's ability to grow Revenue Generating AuM, which could materially and adversely affect EFGI Group's business, financial condition and results of operations.

Furthermore, EFGI Group follows a growth strategy, the implementation of which could lead to higher expenses incurred, without being able to realise anticipated revenues.

**5.7 The EFGI Group has been and could in the future again be materially and adversely affected by the weakness or the perceived weakness of other financial institutions.**

The EFGI Group has been and could in the future again be materially and adversely affected by the weakness or the perceived weakness of other financial institutions. Such weakness or perceived weakness could result in systemic liquidity problems, losses or defaults by the EFGI Group or other financial institutions and counterparties, and could materially and adversely affect the EFGI Group's liquidity and prospects. Within the financial services industry, the default of any one institution could lead to defaults by other institutions, including private banks such as the EFGI Group. This risk is sometimes referred to as systemic risk. Such systemic risk could materially and adversely affect the EFGI Group's business, financial condition and results of operations, including its ability to raise new funding.

**5.8 Any damage to the EFGI Group's reputation could materially and adversely affect the EFGI Group's business, financial condition and results of operations.**

In the highly competitive environment arising from globalisation and convergence in the financial services industry, a reputation for financial strength and integrity is critical to the EFGI Group's financial performance, including with regard to the ability to attract and retain clients and employees, and to the ability to engage and transact with counterparties. The EFGI Group is exposed to the risk that negative publicity, media reports, press speculation and threatened or actual legal proceedings and investigations concerning the EFGI Group's business, employees, clients, external asset managers, business introducers or counterparties may harm the EFGI Group's reputation.

Any of these negative effects could materially and adversely affect the EFGI Group's business, financial condition and results of operations.

**5.9 The EFGI Group may incur losses from market making and proprietary trading activities due to market fluctuations, EFGI Group's market risk mitigating strategies may not be fully effective in mitigating its risk exposure.**

The EFGI Group's operations include certain limited market making activities, principally in respect of Structured Products and proprietary trading and investment activities in foreign exchange and fixed-income products, including related derivatives markets and hedging activities. The EFGI Group is therefore exposed to losses in the event of adverse market movements (whether up or down) in specific foreign exchange, equity, commodity and fixed-income or other products, baskets of securities, indices and the markets generally. The EFGI Group's trading positions may also be adversely affected by the level of volatility in the financial markets (that is, the degree to which prices fluctuate over a particular period) regardless of market levels.

In connection with the EFGI Group's market making and proprietary trading activities, the EFGI Group also attempts to mitigate related market risks by entering into hedging transactions, which may include over-the-counter derivative contracts, the purchase or sale of securities, financial futures, options or forward contracts. If any of the instruments and strategies the EFGI Group uses to hedge the EFGI Group's exposure to market risks are not effective, the EFGI Group may incur losses. In addition, many of the EFGI Group's current strategies are based on historical trading patterns and correlations. However, these strategies may not be fully effective in mitigating risk exposure in all market environments or against all types of risk. Unexpected market developments may in the future also affect a number of hedging strategies. Any of these negative developments could materially and adversely affect EFGI Group's business, financial condition and results of operations.

**5.10 The EFGI Group issues and manages financial products with high complexity, including structured products and Islamic products, which may have serious adverse consequences on the EFGI Group's business.**

Shortcomings or failures in EFGI Group's internal processes, people or systems, or errors in execution, could expose EFGI Group to substantial financial and reputational losses, regulatory intervention and/or liability to EFGI Group's clients or to investors in products issued by EFGI Group. EFGI Group's business is highly dependent on the ability to process complex structured products across several asset classes in different currencies efficiently and accurately. The issuance, hedging and trading, including market making, of structured products is a complex process, which requires appropriate management, documentation, life cycle management and controls. EFGI Group's failure effectively to manage the increasing complexity of EFGI Group's product offerings, could negatively affect EFGI Group's business, results of operations and financial condition.

EFGI Group is exposed to operational risks, including legal risks, arising from the issuance, hedging and trading of structured products. Also, incorrect marking of risk parameters that could result in mis-hedging could expose EFGI Group to significant losses, especially in extreme market conditions or if the error is not prevented by EFGI Group's risk management.

EFGI Group seeks to mitigate operational risk through its risk management framework, general directives, policies and functions. However, any lapse, error or breakdown of these procedures or controls could significantly increase EFGI Group's exposure to operational risk, which could result in a material loss to and adversely affect EFGI Group's business, results of operations and financial condition.

EFGI Group also issues halal structured products. EFGI Group relies on Sharia adviser's understanding and confirmation on the Sharia compliance of the banking products offered including, but not limited to, the design of the product and procedures in place as to the underlying investments.

Changes in the Sharia advisers' view and/or an inaccurate interpretation of the underlying restriction and/or the steps to be taken to ensure compliance may adversely affect the performance of EFGI Group's business.

**5.11 EFGI Group issues Structured Products and notes through its subsidiaries, EFG International Finance (Guernsey) Ltd. and EFG Bank AG under this Programme.**

The EFGI Group has entered and / or is planning to enter into agreements with Leonteq Securities AG, the Platform Provider and certain of its subsidiaries (together "**Leonteq**"), to manage certain or all aspects of this structured notes issuance programme such as the structuring, the issuance, hedging, product documentation, life cycle management, market making as well as redemption of the structured investment products, which exposes the EFGI Group to risks if Leonteq does not perform as contractually required or expected. The EFGI Group does not control Leonteq and is exposed to the risk that Leonteq does not perform its services as contractually agreed. Operational or other errors by Leonteq may adversely affect EFGI Group's reputation and may cause losses, which the EFGI Group may be unable to claim from Leonteq. In addition, should Leonteq default on its obligations, the EFGI Group could be unable to hedge part or all of the market risks associated with the EFGI Group's Issuance and Offering Programme and may consequently early terminate parts of or the entire programme and repay the outstanding notes as specified in General Condition IX.20, which may lead to a total loss for Investors. Thus, to the extent that Leonteq does not perform as contractually required or expected, this could damage the EFGI Group's reputation and adversely affect the EFGI Group's business, results of operations, liquidity and financial condition. The EFGI Group may suffer losses due to employee fraud, misconduct or improper practice.

**5.12 The EFGI Group uses third parties, including third party asset managers, for certain services and third party financial products, which exposes them to risks if these third parties or third party financial products do not perform as contractually required or expected.**

In providing private banking services to clients, EFGI Group also depends on third parties for certain services. EFGI Group does not control these third parties and are therefore subject to risk if these third parties do not perform as expected, including as contractually or legally required.

EFGI Group also invests in, and may advise clients to invest in, third party investment funds which EFGI Group does not control. If third party investment funds in which clients' assets are invested do not deliver expected results or in the case of fraud in respect of such funds, or if financial products distributed do not perform as expected, EFGI Group's reputation, ability to retain clients, financial condition and results of operations may be negatively affected. Thus, to the extent that third parties or third party financial products do not perform as contractually required or expected, EFGI Group could be subject to client attrition, legal action and reputational loss, all of which could materially and adversely affect EFGI Group's business, financial condition and results of operations.

**5.13 The EFGI Group may suffer losses due to fraud, misconduct or improper practice by external asset managers.**

An increasing amount of the Revenue Generating AuM of EFGI Group is managed by external asset managers. While these external asset managers operate under a direct mandate with EFGI Group's clients, it cannot be excluded that EFGI Group may be alleged (or even deemed) responsible for fraud, misconduct or improper practice by such external asset managers. Even if EFGI Group was able successfully to defend itself against such claims, EFGI Group may suffer losses due to loss of clients, withdrawal or loss of Revenue Generating AuM and revenues and/or the unrecovered costs of defence. In addition, any fraud, misconduct or improper practice by external asset managers could

harm EFGI Group's reputation and adversely affect EFGI Group's business, results of operations and financial condition.

**5.14 The EFGI Group may suffer losses due to employee fraud, misconduct or improper practice.**

The EFGI Group's businesses have in the past been, and will continue to be, exposed to risks from employee fraud, misconduct, negligence or non-compliance with laws and policies, including but not limited to employees becoming subject to attempts of social hacking. Such fraud, misconduct and improper practice could arise as a result of multiple types of acts or omissions, for example, fraudulent transactions entered into for a client's account, the intentional or inadvertent release of confidential client information or failure to follow internal policies and procedures including the use of the IT infrastructure from outside EFGI Group's premises. Such actions by employees may require EFGI Group to reimburse clients, pay fines or bear other regulatory sanctions or face the risk of legal action, any of which may additionally damage EFGI Group's reputation. It is not always possible to deter employee misconduct and the precautions EFGI Group takes to prevent and detect this activity may not always be effective. Such losses and reputational damages could adversely affect EFGI Group's business, results of operations and financial condition.

**5.15 The EFGI Group's IT systems and networks are susceptible to malfunctions and interruptions, including as a result of catastrophe, unauthorized access or other cyber-attacks.**

Information security, data confidentiality, data protection and integrity as well as continuous access to systems and data are of critical importance to EFGI Group's businesses. Despite EFGI Group's disaster recovery and security measures to protect the confidentiality, integrity and availability of systems and information, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to systems and information, imposed by external actors also through social hacking. EFGI Group could also be affected by risks to the systems and information of clients, vendors, service providers, counterparties and other third parties.

If any of EFGI Group's systems are not accessible to employees, do not operate as intended or are compromised as a result of a threat materializing, EFGI Group could be subject to litigation or suffer financial loss not covered by insurance, a disruption of EFGI Group's businesses, liability to EFGI Group's clients, regulatory intervention and/or reputational damage. Any such event could also require EFGI Group to expend significant additional resources to modify protective measures or to investigate and remediate vulnerabilities or other exposures, all of which could adversely affect EFGI Group's business, results of operations and financial condition.

**5.16 The EFGI Group depends on the accuracy and completeness of information about clients and counterparties.**

In the course of business operations, EFGI Group requires certain information from EFGI Group's clients and counterparties to be able to establish client and counterparty profiles and structure transactions properly, to comply with anti-money laundering and suitability requirements, and to avoid taking unnecessary commercial risks. EFGI Group relies on information furnished by (or on behalf of) clients and counterparties, including their financial statements and other financial information (including Know Your Customer ("KYC") requirements) for fulfilling regulatory, legal and other requirements such as e.g. information requirements towards tax authorities. EFGI Group may also rely on auditor reports covering financial statements of clients and counterparties and on ratings provided by independent rating agencies with respect to clients and counterparties.

If information about clients and counterparties at any time is not available, turns out to be materially inaccurate, insufficient, not up-to-date or incomplete this could damage EFGI Group's reputation, lead

to fines, costs and/or regulatory action and could materially and adversely affect EFGI Group's reputation and its financial condition.

**5.17 The EFGI Group's businesses may be disrupted, resulting in regulatory action against EFGI Group or limit EFGI Group's growth or cause losses due to COVID-19 as well as due to other reasons.**

As global private banks, EFGI Group businesses rely heavily on financial, accounting and other data processing systems, which are varied, complex and require properly functioning interfaces to interact. EFGI Group's businesses depend on the ability to process a large volume of diverse and complex transactions in a secure and confidential manner. EFGI Group businesses are exposed to operational risk arising from errors made in the execution, confirmation or settlement of transactions or in transactions not being properly recorded or accounted for. In addition, EFGI Group may introduce new products or services or change processes, for example in connection with optimisation efforts or as a result of external effects, resulting in new operational risk that EFGI Group may not fully appreciate or identify. These threats may arise from human error, fraud or malice, or may result from accidental temporary or permanent technological failure. There may also be attempts fraudulently to induce employees, clients, third parties or other users of EFGI Group's systems to disclose sensitive information in order to gain access to EFGI Group's data or that of EFGI Group's clients or counterparties. Furthermore, regulatory requirements in this area have increased and are expected to increase further, exposing EFGI Group's operations to additional risks that could materially and adversely affect EFGI Group's business, financial condition and results of operations.

**5.18 The EFGI Group reports its regulatory capital under ARB-FINMA**

EFG Bank AG and EFGI chose to report their regulatory capital applying the FINMA Circular 2015/1 "Accounting – Bank (as amended)" ("**ARB-FINMA**"). ARB-FINMA differs from the International Financial Reporting Standard as issued by the International Accounting Standards Board ("**IFRS**") in various aspects and accordingly may lead to different results. The regulatory capital of EFGI Group tends to be higher under ARB-FINMA, due, for example, to the treatment of future pension liabilities under ARB-FINMA, compared to IAS 19 and the treatment of its main life insurance policy portfolio under ARB-FINMA compared to IFRS 9, leading to higher capital ratios and a higher leverage ratio than under IFRS. EFGI discloses certain key regulatory figures in its Pillar 3 Reports (see "Information regarding the CET1 Ratio and other regulatory capital ratios —Discussion of key differences between ARB-FINMA and IFRS as basis for regulatory capital reporting"). EFGI Group understands that FINMA accepts the ARB-FINMA-based measurements while other stakeholders such as rating agencies and investors might emphasise the IFRS measurements. Hence, the application of two different generally accepted accounting standards may lead to different conclusions of EFGI Group's financial strength and creditworthiness, depending on the application of ARB-FINMA or of IFRS. In addition, EFGI might chose to discontinue the reporting under ARB-FINMA in the future and solely report its regulatory capital pursuant to IFRS. Conversely, EFGI may choose to apply ARB-FINMA instead of IFRS to its financial reporting in order to use the same accounting standards for financial and regulatory capital reporting.

**5.19 The EFGI Group's financial statements require the exercise of judgments and use of assumptions and estimates.**

The EFGI Group makes estimates and valuations that affect reported results, including measuring the fair value of certain assets and liabilities (including but not limited to calculating the expected credit loss as per International Financial Reporting Standard 9), establishing provisions for contingencies and losses for loans, litigation and regulatory proceedings, accounting for goodwill and

intangible asset impairments, evaluating the EFGI Group's ability to realise deferred tax assets, valuing equity-based compensation awards, life insurance portfolio estimates/assumptions including impairment testing and support of the carrying value, modelling risk exposure and calculating expenses and liabilities associated with pension plans. These estimates are based upon judgement and available information, and actual results may differ materially from these estimates as well as that actual results may change over time, which, in turn, could materially and adversely affect the EFGI Group's ability to make accurate estimated, predictions and valuations which in turn could adversely affect EFGI Group's business, financial condition and results of operations.

**5.20 The EFGI Group is exposed to the risk that its valuation and risk management models may not be accurate and that its risk management measures may not prove successful.**

Financial risk may arise as a result of the use of valuation and risk measurement models to quantify EFGI Group's risk. The output of a model is typically an estimate or approximation of a value that cannot be determined with certainty and valuation techniques employed may not fully reflect all factors relevant to the positions held. Significant risks arise when models are used to value financial securities and calculate hedging ratios. An inadequate model or unsuitable assumptions may lead to a wrong valuation leading to an incorrect risk assessment and a wrong hedging position, both of which could lead to a financial loss.

EFGI Group is exposed to the risk that its risk management and mitigation measures do not prove successful. Management of EFGI Group's risks can be very complex given the highly complex nature of many of the products, structured solutions, and other operations. EFGI Group's risk management strategies and procedures may leave it exposed to unidentified or unanticipated risks. If the measures used to assess and mitigate risk prove inadequate, this could have an adverse effect on EFGI Group's financial condition.

**5.21 The EFGI Group's risk management framework, general directives and policies may not be sufficient, accurate, up-to-date or properly evaluated.**

EFGI Group has recently introduced a new risk management framework, general directives and policies which are designed to manage business risk credit risk, market risk, liquidity risk, operational risk, compliance risk, legal risk and reputational risk. The new risk framework, general directives and policies, however, may not always be properly implemented, rolled out, understood, effective or adequate to address all the risks faced, particularly in highly volatile markets. In addition, such risks may be exacerbated to the extent that the risk management framework, general directives and policies are not properly adhered to. Certain techniques rely on historical data to reflect changes in the financial and credit markets which may not be indicative of the future. No risk management framework can anticipate every market development or event and EFGI Group's internal risk management regulation and the judgments behind them may not fully mitigate EFGI Group's risk exposure in all markets or against all types of risks, which may lead to unexpected financial and other losses.

Other risk management methods depend upon the evaluation of information regarding markets, clients or other matters that is publicly available or otherwise accessible. This information may not in all cases be sufficient, accurate, complete, up-to-date and/or properly evaluated.

**5.22 The EFGI Group is exposed to historically low and/or negative interest rate levels.**

EFGI Group's earnings have historically benefitted from its ability to earn a spread between the interest paid on client deposits and the interest earned through the treasury activities. In particular, a substantial portion of EFGI Group's client deposits are non-remunerated current account balances,



which have been invested in highly rated sovereign debt and, to a lesser extent, highly rated debt of financial institutions and corporate issuers. Low interest rate levels, including negative interest rate levels in the CHF and EUR at times, and the continuous flattening of yield curves have reduced the returns on these investments and have adversely affected the interest income that EFGI Group is able to earn from investing funds relating to non-remunerated current accounts. In addition, EFGI Group currently holds significant balances at the Swiss National Bank ("**SNB**") and other central banks and earns (or rather incurs) negative interest rates on these balances to the extent they exceed certain thresholds.

Thus, such a sustained economic environment of low and/or negative interest rates does and could continue adversely to affect EFGI Group's business, results of operations and financial condition.

### **5.23 Currency fluctuations may adversely affect the EFGI Group's results of operations, the EFGI Group's equity and the EFGI Group's regulatory capital ratios.**

The EFGI Group is exposed to risks from fluctuations in exchange rates, specifically the exchange rates for the United States Dollar ("**USD**"), the British Pound ("**GBP**") and the Euro ("**EUR**") against the Swiss franc ("**CHF**").

Many of EFGI Group's operating subsidiaries use local currencies, in particular the GBP and EUR, as their functional reporting currencies. As a result, the equity of these subsidiaries is denominated in currencies other than the CHF. A depreciation of these currencies against the CHF would reduce EFGI Group's shareholders' equity.

EFGI Group's risk weighted assets are also denominated in currencies other than CHF, most notably the USD, GBP and EUR. The proportion of EFGI Group's risk weighted assets denominated in these currencies differs from the denomination of EFGI Group's regulatory capital. As a result, currency fluctuations may have an impact on EFGI Group's regulatory capital ratios.

EFGI Group is further exposed to currency fluctuations in connection with foreign exchange trading positions which EFGI Group maintains as part of its foreign exchange sales and trading as well as to manage client transaction flow. Thus, changes to exchange rates relating to these positions may also result in losses.

Finally, EFGI Group's Revenue Generating AuM and operating income are, in large part, denominated in a number of foreign currencies, including USD, GBP and EUR, while a larger portion of EFGI Group's expenses are denominated in CHF. As a result of this mismatch between the denomination of EFGI Group's Revenue Generating AuM and EFGI Group's operating income and EFGI Group's expenses, EFGI Group's profits are influenced by the value of the CHF relative to the USD, GBP and/or EUR. Specifically, the value of EFGI Group's reported Revenue Generating AuM, operating income and profits are negatively affected by an appreciation of the CHF relative to any one or more of those currencies, due to translation differences.

Thus, given their multifaceted impact on EFGI Group's operations, currency fluctuations will continue materially and adversely to affect EFGI Group's business, financial condition and results of operations.

EFGI Group makes estimates and valuations that affect reported results, including measuring the fair value of certain assets and liabilities (including but not limited to calculating the expected credit loss as per IFRS 9), establishing provisions for contingencies and losses such as for loans, litigation and regulatory proceedings, accounting for goodwill and intangible asset impairments, evaluating EFGI Group's ability to realise deferred tax assets, valuing equity-based compensation awards, life insurance portfolio estimates/assumptions including impairment testing and support of the carrying

value, modelling risk exposure and calculating expenses and liabilities associated with pension plans. These estimates are based upon judgment and available information; actual results may differ materially from these estimates and/or may change over time. This, in turn, could materially and adversely affect the accuracy (with the benefit of hindsight) EFGI Group's ability to make accurate estimated predictions and valuations which in turn could adversely affect EFGI Group's business, financial condition and results of operations.

#### **5.24 EFGI Group is exposed to risks relating to its life insurance exposure.**

EFGI Group holds significant exposure to investments in life insurance policies. These life insurance policies are issued by US life insurance companies. Upon the insured individual (US based) having deceased, the life insurance company pays a lump sum death benefit to EFGI Group. EFGI Group pays a periodic premium to the life insurance company to keep each policy valid. If EFGI Group did not pay this premium, the respective insurance policy(ies) would lapse and as a result EFGI Group would need to write off the related financial asset as it will not receive the death benefit when the referenced insured individual has deceased. The fair value of EFGI Group's portfolio of life insurance policies will be negatively impacted to the extent that any of the insured individuals live longer, or are expected to live longer than currently projected, as this will increase premiums that EFGI Group, is required to pay and will delay receipt of the death benefits from the life insurance policies.

The key risks to which EFGI Group is exposed (and which impact the fair value) include longevity of insured individuals, changes in the cost of insurance, counterparty credit risk and interest rate risk. The determination of the fair value of these financial assets and liabilities requires significant management judgement and assumptions. These judgements and/or assumptions could be incorrectly made.

The determination of the best estimate cash flows included in the valuation of the life insurance policies for the fair value estimate of these financial assets under IFRS 13 is considered to be a critical accounting policy for EFGI Group as significant management judgment and assumption is required, due to the lack of observable readily available information and the complexity of the determination of these assumptions. These judgements and/or assumptions could be incorrectly made.

US insurance companies have the right, under the policies, to increase the premiums charged to policy holders under certain circumstances. These increases typically apply to all life insurance policies within a specific life insurance product category though notifications of premium increases by the relevant insurance company with respect to all policies falling within a particular category may not be made at the same time. An increase in premiums will decrease the value of the related life insurance policies held in EFGI Group's portfolio.

EFGI Group uses management's best estimate cash flows considering historic information and relying on specialised independent opinions and information from external service providers about trends and market developments. Management also considers that the outcome of legal disputes involving significant increases in premiums observed in the US market will affect the expected premiums payable. The determination of the appropriate level of potential increase of cost of insurance in the underlying policies is one of the most important assumptions applied by management in the valuation model as an increase in premiums, with the majority of the premium determined by the cost of insurance, will decrease the fair value of the related life insurance policies held in EFGI Group's portfolio. Increases in cost of insurance take into account the aging of the insured persons and increases in pricing levels of premiums imposed by certain carriers that issued these policies. The majority of EFGI Group's life insurance policies have increasing annual premiums payable. In certain instances, additional increases have been announced by the insurance companies.

EFGI Group considers some of these increases in cost of insurance to be unjustified and have challenged their implementation, so far as applies to certain of the policies held by EFGI Group, in the US courts. EFGI Group filed legal claims on 31 October 2016 against AXA Equitable Life Insurance Company and Transamerica. On 2 February 2017, EFGI Group filed another legal claim against Lincoln National Life Insurance Company. On 7 March 2019, EFGI Group filed a fourth legal claim against John Hancock Life Insurance Company. During the first half of 2021 EFGI Group reached a settlement in principle (subject to execution of a final settlement agreement) with Transamerica.

The possible outcome of disputes involving the significant increases in premiums observed in the US market affecting the life insurance policies in the portfolio are regularly reviewed by management. In the ongoing cases, management has, in line with other market participants, set their own best estimates, taking into account the factors outlined above and the specific terms of the relevant contracts. As the ultimate resolution of these legal actions is significant for EFGI Group, it relies on advice and the opinion and calculations of specialists including actuaries to set the cost of insurance assumptions.

EFGI Group continues to evaluate additional legal actions against other carriers that have indicated that they may or will increase premiums. EFGI Group believes, based on legal opinions, that it will prevail in these claims; however legal proceedings are inherently unpredictable and the actual future outcome might materially differ from EFGI Group's expectations. The assumptions related to insurance premiums take the market participants' view, as required by the accounting standards, on the merits of the ongoing legal cases of EFGI Group and other plaintiffs into account. The development and ultimate resolution of these proceedings may have a negative impact on EFGI Group's IFRS fair value assumptions. These proceedings might have a material negative impact.

EFGI Group tests, at least annually, whether life insurance policies held-to-maturity have suffered impairment for the purpose of calculating its regulatory capital in accordance with Swiss ARB. EFGI Group has concluded that there is no impairment as at 30 June 2020. For sensitivity purposes EFGI Group has made an assessment of the potential impact of the imposition of the full level of these communicated extraordinary and unprecedented cost of insurance increases, rather than management's best estimate. Management's assessment of the potential impact is that the sum of the carrying value and the premiums expected to be paid under the currently estimated life expectancy curves would be materially higher than the total death benefits receivable, resulting in a potential impairment. Should EFGI Group receive further notices of premia that are subject to increases or experience a time period without, or below, expected maturities, the current carrying value of EFGI Group's holdings of life insurance policies may exceed the total death benefits of the portfolio, less EFGI Group's estimates of the total premia required to be paid until the maturities of all policies in the portfolio. EFGI Group would, therefore, be potentially required to record impairment charges in relation to EFGI Group's holding of life insurance policies. These would be significant and could have a material adverse effect on EFGI Group's capital and reported results of operations in the future.

#### **5.25 The EFGI Group may suffer significant losses from counterparty credit exposures.**

The EFGI Group's business is subject to the fundamental risk that borrowers and other counterparties, including, but not limited to trading counterparties, clearing agents, exchanges, clearing houses and other financial institutions, will be unable to perform their obligations. Other than client lending activities, counterparty credit exposures result primarily from exposures to financial institutions, insurance companies, state, sovereigns and quasi-sovereign entities and corporations. These parties may default on their obligations due to lack of liquidity, operational failure, bankruptcy

or other reasons including but not limited to unfavourable economic, political, legal and other developments. This exposure can be exacerbated by adverse changes in the credit quality of the borrowers and counterparties and a general deterioration in the Swiss, European, U.S. or global economic conditions. Should any of the EFGI Group's counterparties default, the EFGI Group may suffer losses which could adversely affect the EFGI Group's business, financial condition and results of operations.

#### **5.26 The EFGI Group may suffer losses related to client exposures.**

Lending to private banking clients is a significant part of EFGI Group's business. EFGI Group's client lending business primarily consists of (i) lending secured by cash and other financial collateral and/or (ii) lending secured by real estate, mainly in Switzerland, Singapore and the UK (including the Channel Islands). In addition to the inherent risk that EFGI Group's clients may default on their loan obligations, EFGI Group may suffer additional losses in relation to its client lending business if, for example, the value of the financial collateral securing such loans decreases in value and is insufficient to cover the exposure as a result of sudden declines in market values.

EFGI Group is also exposed to the risk of significant downward fluctuations in the prices of properties securing EFGI Group's mortgage portfolio. Should the value of these properties decline significantly, the net realisable value from the sale of properties securing EFGI Group's loans may be insufficient to cover EFGI Group's exposure. EFGI Group's credit exposure currently also includes commercial lending and commercial real estate and other non-private banking exposures.

Lombard loans are loans secured by diversified portfolios of mainly financial collateral, for example, investment securities. The risk of default of the loan is driven by the valuation of the collateral. As such EFGI Group is exposed to the risk of significant downward fluctuations in the prices of financial assets serving as collateral. The lending decision is not based on traditional lending criteria such as affordability, and is typically undertaken by clients with an existing investment portfolio who wish to leverage their portfolio in pursuit of higher investment returns or for diversification reasons or who have short-term liquidity needs. Lombard loans that were closed out or have their collateral liquidated, resulting in an actual shortfall, or where liquidation is still in progress resulting in a potential shortfall, are considered credit-impaired and classified as stage 3. This includes assets that are classified within loans and advances to customers that are predominantly secured by real estate collateral.

Thus, to the extent that EFGI Group's clients default on their obligations and the net value of the collateral is insufficient to cover the overall exposure, EFGI Group's business, financial condition and results of operations could be adversely affected.

#### **5.27 EFGI Group's exposure to legal liability is significant.**

The EFGI Group faces significant legal risks in EFGI Group's businesses. The volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms are generally increasing. EFGI Group is currently subject to a number of legal proceedings, regulatory actions and investigations, including in particular the matters described below. EFGI Group could become involved in additional matters due to its client exposure.

An adverse result in one or more of these matters could potentially have a material adverse effect on EFGI Group's business, financial condition, results of operations and reputation. In addition, the foregoing matters may result in further regulatory scrutiny and actions. Moreover, in connection with any case, EFGI Group may incur substantial costs as well as the diversion of management from the day to day operations of EFGI Group's business.

In addition, it has become increasingly difficult to predict or quantify the outcome of many of the legal proceedings, regulatory and governmental actions and investigations in which EFGI Group is involved, and therefore it has become harder to create sufficient levels of legal, regulatory and accounting provisions. In addition, EFGI Group's management may make estimates regarding the outcome of legal, regulatory and arbitration matters and make a charge to income when losses with respect to such matters are probable and can be reasonably estimated. If provisions taken are insufficient, EFGI Group will incur further losses. Such losses may occur potentially years after the event that caused them. Insufficient provisions, changes in estimates or judgmental errors when provisioning may have a material adverse effect on EFGI Group's business, financial condition and results of operations. All of these factors combined could materially and adversely affect EFGI Group's business and financial condition.

**5.28 The EFGI Group is involved in various legal and arbitration proceedings and the provisions established may not be sufficient.**

EFGI Group is involved in various legal and arbitration proceedings in the normal course of its business operations. EFGI Group establishes provisions for current and pending legal proceedings if management is of the opinion that EFGI Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reliably estimated.

There is a risk that the judgement as to the likelihood or not that a payment will be made and/or that liabilities may be larger than anticipated and that provisions may be insufficient or that additional litigation or arbitration or other contingent liabilities may arise, any of which may have a negative impact on the financial condition and reputation of EFGI Group. Refer to the section V.3.3 (Legal, Administrative and Arbitration proceedings) below.

**5.29 The EFGI Group is exposed to risks relating to regulatory and legal changes and increased compliance requirements and costs.**

EFG International Finance (Guernsey) Ltd. falls within the consolidated regulatory supervision of EFG International AG by the FINMA and is neither licensed nor supervised by any Guernsey authority. Neither the Guernsey Financial Services Commission ("GFSC") nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Issuer or for the correctness of any of the statements made.

EFGI is regulated by FINMA on a consolidated basis. As such, it is subject to group-wide supervision and examination by FINMA, and accordingly, subject to minimum capital requirements on a consolidated basis.

Violation of applicable regulations could result in legal and/or administrative proceedings, which may impose censures, fines, cease-and-desist orders or suspension of a firm, its officers or employees. Supervision of the financial services industry has increased over the past several years, which has led to increased scrutiny, regulatory investigation and litigation against financial services firms.

EFGI Group is subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organisations in Switzerland, the EU, the UK, Asia and other jurisdictions such as the U.S. in which EFGI Group operates around the world. Such regulation is increasingly more extensive and complex and, in recent years, costs related to compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have all increased significantly and may increase further. These regulations and regulatory requirements often serve to limit activities, including through the application of increased capital and liquidity requirements, customer protection and market conduct regulations, such as regarding

transparency, independence, heightened duties to customers and restrictions on fees as well as cross-border compliance, and direct or indirect restrictions on the businesses in which EFGI Group operates or invests. Such limitations can have a negative effect on EFGI Group's business, financial condition and results of operations as well as on EFGI Group's ability to design and implement strategic initiatives.

Changes in applicable laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect EFGI Group's results of operations. A number of risks remain, particularly in areas where applicable regulations may be unclear or inconsistent in jurisdictions or where regulators revise their previous interpretation or guidance or courts overturn previous rulings. Authorities in many jurisdictions have the power to bring administrative or judicial proceedings against EFGI Group, which could result in, among other things, suspension or revocation of licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially adversely affect EFGI Group's results of operations and seriously harm EFGI Group's reputation.

These trends and scope of increased compliance requirements, together with a general increase of the scrutiny of the financial services industry over the past several years, which has led to increased regulatory investigations and litigation against financial services firms, as well as an increased focus on regulatory and tax compliance, have required and may continue to require EFGI Group to invest in additional resources and incur additional costs to ensure compliance, and may result in increased general operating, legal and compliance expenses that may affect EFGI Group's profitability and make it more difficult to serve clients. Furthermore, failing adequately to comply with legal and regulatory requirements may have an impact on EFGI Group's reputation and could materially and adversely affect EFGI Group's business, financial condition and results of operations and, as a result Enforcement actions carry significant cost for the institutions involved, including the expense of correcting the problems identified, the payment of restitution to the aggrieved parties and/or payment of fines and the reputational cost to the business. Violation of applicable regulations could result in legal and/or administrative proceedings, which may result in censures, fines, cease-and-desist orders or suspension of a firm, its officers or employees as well as reputational damage to EFGI Group.

**5.30 The EFGI Group is exposed to a variety of political, legal, social, reputational, economic and other risks due to EFGI Group's international growth strategy and existing international presence.**

The EFGI Group is exposed to a variety of political, legal, social, reputational, economic and other risks due to EFGI Group's international existing presence and growth strategy. EFGI Group is a global private bank and as part of EFGI Group's strategy, EFGI Group has identified targeted growth markets where EFGI Group believes there are attractive business opportunities, specifically Europe (in particular Italy and Portugal), Asia (in particular Indonesia and China), Australia, the Middle East and Latin America. To seize these business opportunities, EFGI Group will not only focus on organic growth but will consider appropriate acquisitions.

The risks to which EFGI Group is exposed as a result of its international growth strategy, in particular in certain emerging markets, relate to a wide range of factors, including but not limited to the following:

- currency restrictions, exchange controls and other restrictive or protectionist policies and actions;
- diverse systems of laws and regulation;
- the imposition of unexpected taxes, withholdings or other payment obligations;
- changes in political, regulatory and economic frameworks;

- economic sanctions;
- expropriation, nationalisation or confiscation of assets;
- risks relating to locally imposed modification of contract terms, or other government actions, capital controls and/or restrictions on EFGI Group's ability to transfer cash to or repatriate cash from EFGI Group's subsidiaries;
- (retrospective) restrictions in certain countries on investments by foreign companies;
- divergent labour regulations and cultural expectations regarding employment; and
- divergent cultural expectations regarding industrialisation, international business and business relationships.

In certain jurisdictions, uncertainty may exist (or subsequently be imposed) as to whether security interests vested for EFGI Group's benefit can be enforced as a legal or as a practical matter. EFGI Group is also subject to the risk that the government of a sovereign state or political or administrative subdivisions thereof defaults on its financial obligations.

Furthermore, EFGI Group renders services and sells products in countries where EFGI Group understands that it is not required to hold a license / registration. As long as EFGI Group is not locally registered or has not obtained a license, restrictions, including but not limited to cross border restrictions, might apply with respect to marketing and selling activities. Even with EFGI Group's internal compliance framework, general directives and policies, imposing on EFGI Group employees the regulatory framework for a given country, there might be a disparity between EFGI Group's own interpretation of applicable regulations or laws and interpretations thereof by the relevant regulators or courts, including its applicability, of which EFGI Group might be unaware. This could result in EFGI Group incurring regulatory fines or other actions if it turns out that EFGI Group has breached any local requirements and such breach may have a significant financial and reputational impact.

EFGI Group may be unable to anticipate governmental regulations applicable to EFGI Group's operations that may be enacted in the future, changes in political regimes or other political, social and economic instability, or as to risk of wars, terrorism, sabotage, armed conflicts and/or general unrest.

If any of the risks mentioned above were to materialise, EFGI Group's reputation could materially and adversely be affected, which may limit EFGI Group's ability to maintain and/or pursue EFGI Group's international growth strategy in regions where EFGI Group currently operates or where it may plan to operate in the future. Such limitations could materially and adversely affect EFGI Group's business, financial condition and results of operations.

### **5.31 The EFGI Group is subject to liquidity risks which may impact the ability to operate their business.**

Liquidity is critical to the ability to operate EFGI Group's business, to be profitable and to grow. EFGI Group's business benefits from short-term funding sources, including, primarily, demand deposits and time deposits from clients. Although deposits have, over time, been a stable source of funding, this may not continue. In that case, EFGI Group's liquidity position could be adversely affected and EFGI Group might be unable to meet deposit withdrawals on demand or at their contractual maturity, repay borrowings as they mature or fund new loans, investments and/or businesses. If any of these happens, this could adversely affect EFGI Group's business, results of operations and financial condition.

Furthermore, availability of and access to, liquidity could be affected by the inability to access the long-term or short-term debt, repurchase, or securities lending markets or to enter into credit facilities,

whether due to factors specific to EFGI and/or EFGI Group or to general market conditions. In addition, the amount and timing of contingent events, such as unfunded commitments and guarantees, could adversely affect cash requirements and liquidity, and therefore could adversely impact the financial condition of EFGI Group.

**5.32 The EFGI Group may be unable to successfully achieve EFGI Group's expected benefits of its cost savings, revenue management, synergy realisation and similar initiatives or its financial targets more generally.**

EFGI Group regularly reviews how costs can be reduced and may introduce initiatives or programmes in order to reduce costs, manage revenues, realise synergies, rationalise the booking centre footprint or deploy resources more efficiently. EFGI Group's ability to implement such programmes and initiatives is limited by, among other things, laws, regulations, an ability to outsource, transfer or disinvest or acquire certain operations as well as contractual restrictions, which may limit EFGI Group's ability to achieve some or all of the expected benefits of this strategy. Factors beyond EFGI Group's control including, but not limited to, applicable market and economic conditions, changes in laws, rules or regulations, execution risk and other challenges could limit EFGI Group's ability to achieve some or all of the expected benefits of this initiative or of other strategic initiatives which EFGI Group may undertake in the future, which could materially and adversely affect EFGI Group's business, financial condition, reputation or results of operations..

**5.33 The EFGI Group is exposed to significant BSI legacy risks.**

On 31 October 2016, EFGI completed the acquisition of BSI Holdings AG including its Swiss and foreign subsidiaries, including, for the avoidance of doubt, the Swiss licensed bank BSI SA ("BSI SA") (the "**BSI Group**"). Subsequently, effective 7 April 2017, substantially all of BSI SA's Swiss business was transferred to EFG Bank AG by way of an intra-group asset transfer pursuant to the Swiss Merger Act. This transfer included most client relationships and employees of BSI SA (the "**Transferred Swiss Business**"). Certain weaknesses in the controls and procedures were founded within the Transferred Swiss Business. However, certain assets and liabilities as well as certain litigation and other proceedings and risks and liabilities related therewith were retained by BSI SA, which today is a sister company of EFG Bank AG and, therefore, a wholly owned subsidiary of EFGI. As part of the transfer exercise, certain of BSI SA's foreign subsidiaries, in particular BSI Luxembourg ("**BSI Europe SA**") including its Italian branch, were merged into entities of EFGI Group in those jurisdictions. As a consequence of the acquisition of BSI SA, legal, regulatory and reputational risks regarding BSI SA and/or its subsidiaries have become risks of EFGI Group as a whole. While certain risks and liabilities were retained by and only relate to BSI SA, risks related to the Transferred Swiss Business have become direct risks of EFG Bank AG and other affiliates.

See also the section V.3.3 (Legal, Administrative and Arbitration proceedings) below.

As a result, EFGI Group has, in consultation with various regulators, including FINMA, been implementing a number of organisational changes to mitigate the impact of these issues and it is expected that EFGI Group will continue to incur substantial remedial costs in relation to these matters in the future.

There is also a risk that a regulatory authority in one or more jurisdictions will find that there existed in the past, a weakness in the controls and procedures resulting in the breach of applicable laws. This could lead to substantial fines and penalties or other sanctions, and materially increase the risk that BSI SA and/or EFGI Group may be subject to substantial fines and penalties. In addition, EFGI Group has faced, and there is a risk that it will further face, legal and/or regulatory proceedings resulting from such weaknesses, whether the subject of sanctions by a regulatory authority or not, and that



EFGI Group faces further increased regulatory scrutiny as a result of past deficiencies that would materially increase its cost of regulatory compliance. BSI Holdings AG and BSI SA were merged effective 3 July 2019.

**5.34 EFGI Group's entitlement to indemnification against losses that may arise from the acquisition of BSI Holdings AG may be insufficient to protect EFGI Group from such risks.**

Matters giving rise to losses may not be recoverable under the representations, warranties or indemnities provided for in the sales and purchasing agreement for the acquisition of BSI SA, in respect of which EFGI Group's ability to recover is subject to certain customary exceptions. As such, any indemnification EFGI Group received from the seller may be insufficient to protect EFGI Group from risks related to known or hidden liabilities.

**5.35 Non-reliance on Financial Information of the Issuer and/or the Guarantor**

As financial services providers, the business activities of EFGI Group are affected by the prevailing market situation. Various risk factors could impair EFGI Group's ability to implement business strategies and may have a direct negative impact on earnings. Accordingly, EFGI Group's revenues and earnings are subject to fluctuations. The revenues and earnings figures from a specific period are therefore not evidence of sustainable financial results. Results will change from one year to the next and could affect EFGI Group's ability to achieve their strategic objectives, and therefore their respective financial positions.

**5.36 General Insolvency Risk**

Each Investor bears the general risk that the financial situation of the relevant Issuer and, in respect of Guaranteed Products, the Guarantor and/or EFGI Group (as defined in the section "Organisational Chart of EFGI Group" herein) could deteriorate.

Unless specified otherwise, Investors are exposed to the credit risk of the relevant Issuer and/or the Guarantor of the Products. The Products constitute unsubordinated and unsecured obligations of the Issuer and/or the Guarantor and rank *pari passu* with each and all other current and future unsubordinated and unsecured obligations of the Issuer and/or the Guarantor. The insolvency of each of the Issuer and/or the Guarantor may lead to a partial or total loss of the invested capital. The Issuer, Guarantor, if any and as the case may be, and the Products are subject to the Swiss bank insolvency rules and FINMA's bank insolvency ordinance, which empowers FINMA as the competent authority to apply certain recovery and resolution measures. If FINMA applies such measures this may have a significant negative impact on the Investor's rights by suspending, modifying and wholly or partially extinguishing obligations under the Products and may lead to a partial or total loss of the invested capital.

Collateralisation, as further described in sections "Collateral Secured Instruments (COSI)" herein, eliminates the credit risk of the Issuer only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Liquidation Event (less the costs of liquidation and payout) meet the Investors' claims. The Investor bears the following risk, among others: the market risk associated with the collateral results in insufficient liquidation proceeds or, in extreme circumstances, the collateral might lose its value entirely until the liquidation can take place. The costs for the COSI service provided by SIX Swiss Exchange with respect to the collateralisation of the Products may be taken into account for the pricing of a specific Product and may therefore be borne by the Investors, as the case may be. With regard to the payment of the pro-rata share of the net liquidation proceeds the Investor shall bear the solvency risks of SIX Swiss Exchange and the financial intermediaries along the payout chain. The payment to the Investors may be delayed for factual or legal reasons. To the

extent the calculation of the current value of Products proves to be incorrect, the collateralisation of the Products may be insufficient.

### **5.37 Potential Conflicts of Interest**

The Issuers and/or the Guarantors and affiliated companies may participate in transactions related to the Products in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Investors and may have a positive or negative effect on the value of the Underlying and consequently on the market value of the Products. Furthermore, companies affiliated with the Issuers and/or the Guarantors may become counterparties in hedging transactions relating to obligations of the Issuers and/or the Guarantors stemming from the Products. As a result, conflicts of interest can arise between companies affiliated with the Issuers and/or the Guarantors, as well as between these companies and Investors, in relation to obligations regarding the calculation of the price of the Products and other associated determinations. In addition, the Issuers and/or the Guarantors and their affiliates act and may act in other capacities with regard to the Products, such as Calculation Agent, Paying Agent and/or Index Sponsor.

Furthermore, the Issuers and/or the Guarantors, or affiliated companies of the Issuers and/or the Guarantors may issue other derivative instruments or additional Products relating to the respective Underlying; introduction of such competing products may affect the market value of the Products. The Issuers and/or the Guarantors and their respective affiliated companies may receive non-public information relating to the Underlying and neither the Issuers nor the Guarantors nor any of their affiliates undertake to make this information available to Investors. In addition, one or more of the Issuers' and/or the Guarantors' affiliated companies may publish research reports on the Underlying (see 4.27 above). Moreover, the Issuers and/or the Lead Manager or any third party appointed by the Issuers may engage in a market making activity relating to the Products and quote bid and offer prices for each of Products which are based on customary pricing models. These quoted prices may deviate significantly from the theoretical value of the Products. Such activities could present conflicts of interest and may affect the market value of the Products.

### **5.38 Significance of Credit Ratings**

Access to the unsecured funding markets is dependent on the Issuers' and/or the Guarantors' credit ratings, if existing (as indicated in the Issue Terms). A reduction in the Issuers' and/or the Guarantors' credit ratings could adversely affect the Issuers' access to liquidity alternatives and their respective competitive position and could increase the cost of funding or trigger additional collateral requirements.

Anticipated or actual upgrades or downgrades in the Issuers' and/or the Guarantors' credit ratings, if any, may have an impact on its creditworthiness and, therefore, the market value of a Product (see 4.4 above).

### **5.39 Risks relating to Measurement Models and Risk Management Measures**

Model risk is the risk of financial loss due to inappropriate model assumptions or inadequate model usage. In the Issuers' business, the major model risks arise when models are used to value securities and to calculate hedging ratios. The consequence of an inadequate model could be an incorrect valuation leading to incorrect risk measurement and incorrect hedging positions, both of which could result in a financial loss.

However, the Issuers are exposed to the risk that its risk management and mitigation measures do not prove successful. Management of the Issuers' risks can be very complex given the highly complex nature of many of the Products, structured solutions and other operations of the Issuers. The Issuers'

risk management strategies and procedures may leave it exposed to unidentified or unanticipated risks. If the measures used to assess and mitigate risks prove insufficient, that may lead to adverse effects on the Issuers' operations and financial condition.

#### **5.40 Risks resulting from the COVID-19 pandemic**

The COVID-19 global pandemic, and the measures implemented by relevant government authorities to contain it, including the closure of public services, travel restrictions, border controls and measures to encourage social distancing such as the shutting of business premises, is having a major economic impact and hence on financial markets in terms of prices, liquidity as well as volatility, the willingness of clients to transact and the credit worthiness of counterparties. There may be remote or even unforeseeable knock-on consequences. It is not known when the COVID-19 global pandemic will be fully contained, for how long governments in key jurisdictions will keep measures in place and whether certain measures will need to be adjusted or re-implemented from time to time. If the fallout from the COVID-19 global pandemic persists, it will likely have a material adverse effect on the business, operations and financial position of the Issuer and the EFGI Group including through losses resulting from changes in the ability to hedge, or the cost of hedging, risks, the default of counterparties and/or a reduced demand for its services or products. Furthermore, it is not known to what extent consumer and client behaviour will change due to the implications of the COVID-19 global pandemic and how effectively and efficiently the Issuer and the EFGI Group can react to such changes.

#### **5.41 Conflict of Interests in connection with (a) discounts granted and payments made by the Issuer and/or the Lead Manager and (b) retrocessions received by the Issuers and/or the Lead Manager from Third Parties**

##### **a. Discounts/Payments by the Issuer and/or the Lead Manager**

The Issuer and/or the Lead Manager may offer the Products to distributing banks, securities firms and other financial intermediaries or institutions (each an "FI") (i) at a discount or (ii) at the Issue Price but transfer to FIs an amount a) of up to 2% p.a.<sup>1</sup> ("**Relevant Fees**"), b) of up to 3.5% p.a. ("**Significant Fees**"), c) of more than 3.5% p.a. ("**Substantial Fees**"), or d) as explicitly specified in the Issue Terms. With respect to a Product, for which the Issue Price is set out in percent, the amount may be calculated based on the Denomination of that Product. Alternatively, the amount will be calculated based on the Issue Price.

In addition or alternatively, the Issuer and/or the Lead Manager may pay recurring fees to distribution partners. To the extent such fees are charged to Investors, the individual rates will be specified in the Issue Terms.

If and to the extent such a discount, reimbursement, or recurring fees, on the basis of statutory law, would have to be forwarded by the FI to the Investor, each Investor hereby takes note and unconditionally waives any right in respect of such discount, reimbursement or recurring fees and accepts that the FI may retain and keep such discount, reimbursement or recurring fees. Further information is available from the Issuers, the Lead Manager and/or the FI.

Investors shall note that such discounts, reimbursements and recurring fees may cause potential conflicts of interests at the FI.

Further information is available from the Issuer, the Lead Manager and/or the respective FI.

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<sup>1</sup> For Open End Products the amount p.a. will be calculated based on a 10 year maturity.

b. Retrocessions received by the Issuer and/or the Lead Manager

The Issuer and/or the Lead Manager may receive from third parties (including for the Lead Manager from the Issuer) remunerations, discounts, soft-commissions, and/or other indirect monetary advantages which may qualify as retrocessions or inducements ("**Retrocessions**").

The Issuer and/or the Lead Manager may receive such Retrocessions in particular from the issuers, managers or lead managers of financial instruments or from the administrator of indices that serve as underlying of the Products. If and to the extent such Retrocessions, on the basis of statutory law or any other rules, would have to be credited to the Product or forwarded to Investors, the Investors hereby take note and unconditionally accept that the Issuer and/or the Lead Manager may retain and keep such Retrocessions without being credited to the Product or forwarded to the Investor. The Investors waive any compensation right to such Retrocessions. Such Retrocessions may cause potential conflicts of interests at the Issuer and/or Lead Manager.

#### **5.42 Risks relating to the Platform Provider**

The Issuers have outsourced certain activities relating to the issuance, maintenance and redemption of the Products to Leonteq Securities AG or any other entity appointed as service provider to the Issuers pursuant to an agreement entered into with Leonteq Securities AG (the "**Platform Provider**") and relies on the Platform Provider for the provision of hedging services, accounting and risk management as well as documentation, listing, settlement and other processes relating to the issuance and redemption of Products. Therefore, the offering of Products under this Programme depends on the due provision of these services by the Platform Provider.

The Platform Provider may provide the same or similar services also to other parties and conflicts of interests of the Platform Providers for providing its services in relation to the Products and to similar instruments of other issuers may arise.

Investors are exposed to the risk of an early termination by the Issuers due to a default event with respect to the Platform Provider under the agreement entered into with the Issuers. Investors should note that the amount they may be owed upon such early termination may be zero in the worst case, i.e., the investor may suffer a total loss of the capital invested.

#### **6. Additional Risk Factors Relating to the Guarantors**

The relevant Risk Factors relating to the Guarantors, if any, are provided in the section "Risk Factors relating to the Issuers and/or the Guarantors and/or EFGI Group". However, in respect of Guaranteed Products, additional Risk Factors may be integrated in the Issue Terms.

#### **7. Exclusive Obligations of the Guarantors**

Obligations, if any, arising from the guarantee as described in the relevant Guarantee will be solely the Guarantors' obligations and no other entity of the Guarantors' group, if any, will have any other obligation, contingent or otherwise, to make any payments in respect thereof.

Reference is also made to all above sections with reference to the Guarantors.

### **III. EFG INTERNATIONAL FINANCE (GUERNSEY) LTD**

#### **1. General Information on EFG International Finance (Guernsey) LTD**

##### **1.1 Incorporation and Duration**

EFGIF LTD was incorporated (under its former name EFG Financial Products (Guernsey) Ltd) as a limited liability company under the laws of Guernsey in Greffe, Guernsey, on 16 November 2007 for an unlimited duration. EFGIF LTD is registered as of the date hereof on the Records of the Island of Guernsey under Certificate of Registration number 48057.

##### **1.2 Registered Office**

The registered office of EFGIF LTD is at EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4NN, Channel Islands and the telephone number is +44 1481 749 333.

##### **1.3 Statutory Auditors**

PricewaterhouseCoopers, CI LLP, PO Box 321, Royal Bank Place, 1 Gategny Esplanade, St Peter Port, Guernsey, Channel Islands GY1 4ND.

##### **1.4 Purpose**

According to Article 3 of the Memorandum of Association of EFGIF LTD dated 16 November 2007, the objects for which EFGIF LTD is established are:

1. To issue, promote and distribute unsecured debt and similar securities, including, but not limited to certificates, notes, bonds or other derivative instruments and warrants, deriving their value from any underlying asset class, and to apply the proceeds of such issues for general corporate purposes of EFGIF LTD;
2. To advance, deposit or lend money, securities and property to or with such persons and on such terms as may seem expedient; to discount, buy, sell and deal in bills, notes, warrants, coupons and other negotiable or transferable securities or documents;
3. To guarantee or become liable for the payment of money or the performance of any obligations, and generally to transact all kinds of guarantee business; also to transact all kinds of trust and agency business;
4. To carry on business as a general commercial company; and
5. To do all such other things as EFGIF LTD may think incidental to or connected with any of the above objects or conducive to their attainment or otherwise likely in any respect to be advantageous to EFGIF LTD.

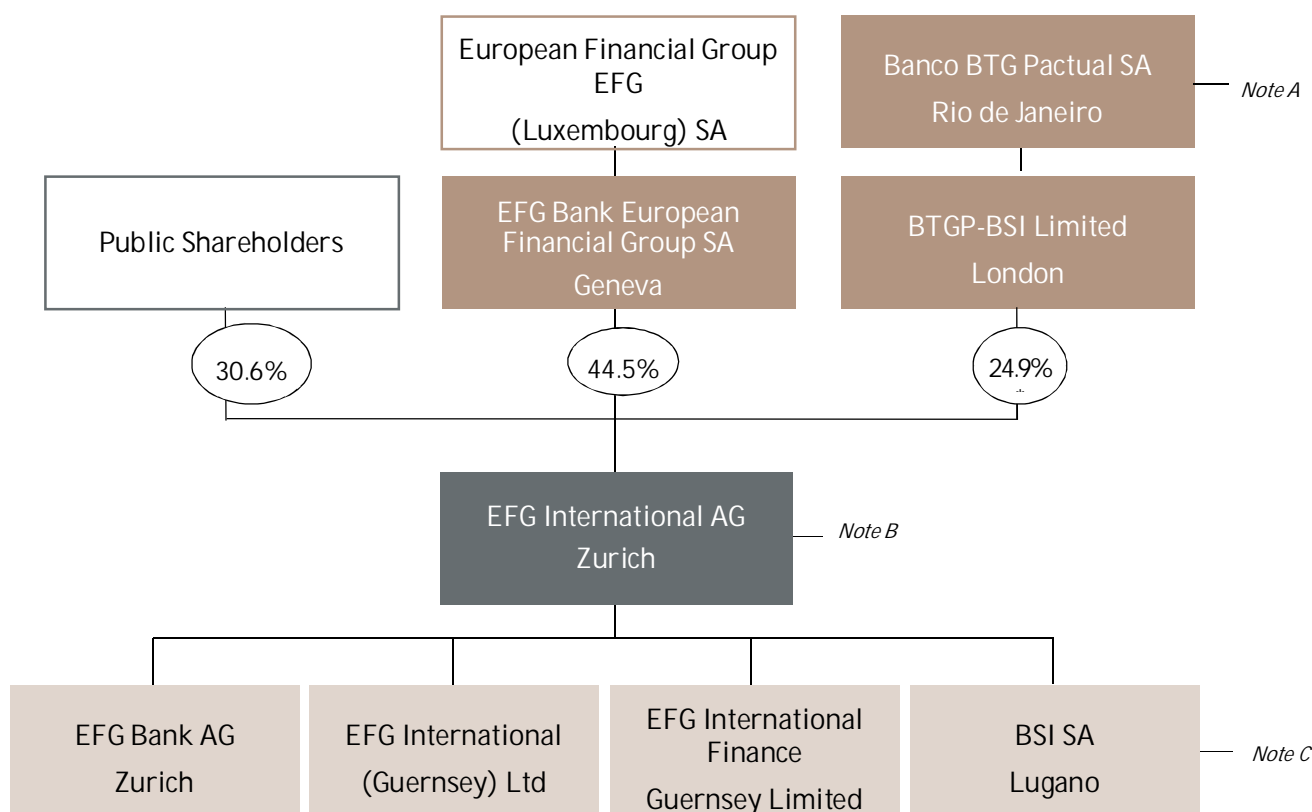
##### **1.5 Regulatory Status**

EFGIF LTD falls within the consolidated regulatory supervision of EFG International AG by the Swiss Financial Market Supervisory Authority ("**FINMA**") and is neither licensed nor supervised by any Guernsey authority. Neither the Guernsey Financial Services Commission ("**GFSC**") nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Issuer or for the correctness of any of the statements made.

## 1.6 Organisational chart of EFGI group

EFGIF LTD and EFG Bank are fully owned subsidiaries of EFG International AG, Zurich, Switzerland. EFG International AG also fully owns BSI Holding AG ("BSI"). Further, EFG International AG's principal shareholders are EFG Bank European Financial Group SA, a Swiss-registered bank, which is wholly owned by European Financial Group EFG (Luxembourg) SA (together with its subsidiaries the, "**EFGI Group**"), whose ultimate beneficiaries are Latsis family interests, and BTGP-BSI Limited which is fully owned by Banco BTG Pactual S.A., a company listed on the BOVESPA Sao Paulo Stock Exchange in Brazil.

The below table provides a summary of EFGI Group's holding structure per 30 June 2021 (all companies are 100% controlled, unless indicated otherwise):



All undertakings are 100% controlled, unless indicated.

*The shareholding owned by BTGP-BSI Limited includes a total return swap, accounting for a 2.3% Holding in EFG International AG and an equity-linked note, equivalent to a shareholding interest of 24% in EFG International AG.*

*Note A: Listed at the B3 Sao Paulo Stock Exchange in Brazil*

*Note B: Listed at the SIX Swiss Exchange in Switzerland*

*Note C: As at 3 July 2019 BSI Holdings AG (the mother company of BSI SA) was merged into BSI SA*

## 2. Board of Directors

The Board of Directors is responsible for the management of EFGIF LTD's business. As of the date hereof, the Board of Directors comprises four members all of whom are non-executive directors.

Name	Position held
Michael Rodel	Director

Kurt Haueter	Director
Stephen Richard Watts	Director
Richard Mark Burwood	Director

The business address of the directors of EFGIF LTD is EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4NN.

### **3. Business Activities**

#### **3.1 Business**

EFGIF LTD's primary business is the structuring, issuance and sale of financial products, such as certificates, notes, bonds, Warrants and other derivative instruments. The Issuer intends to strengthen its business and, subject to market conditions, the Issuer plans to further extend its existing product range of certificates, notes, leverage products and other Structured Products. Pursuant to agreements between the Issuer and the Platform Provider various services necessary to ensure the Issuer's business, including, among other things, hedging services, collateral management relating to COSI products, accounting and risk management as well as documentation, listing, settlement and other processes relating to the issuance and redemption of Products will be provided by the Platform Provider. The Issuer is not restricted from entering into hedging transactions or hedging services with EFGI Group subsidiaries and is currently also hedging parts of its obligations with EFGI Group subsidiaries.

The business description contained herein is accurate at the date of this Programme.

#### **3.2 Business Outlook and Recent Developments**

This section contains forward-looking statements based on the current plans, estimates and projects of the Issuer which are uncertain.

Starting in March 2020, the global spread of COVID-19 resulted in extraordinary high levels of volatility and a turmoil of global capital markets affecting all asset classes underlying structured products. The result has been a more volatile and overall increased margin requirement to cover mark to market of hedging activities, leading to a materially lower average yield of EFGI Finance Guernsey's assets for the current period.

In the long-term, there has been no material adverse change in the prospects of EFGI Finance Guernsey since the date of its last published audited financial statements for the year ended 31 December 2020.

#### **3.3 Legal, Administrative and Arbitration proceedings**

EFGIF LTD is not involved in any governmental, legal or arbitration proceedings, during a period covering at least the previous 12 months which may have or have had in the recent past, significant effects on EFGIF LTD's financial position or profitability.

#### **3.4 Material Changes since December 2020**

Save as disclosed herein has been no material change in the financial position of EFGIF LTD since the end of the last business year on 31 December 2020.

#### **4. Capital Structure**

##### **4.1 Share Capital**

As at the date hereof, the share capital of EFGIF LTD amounts to CHF 5,000,000 divided into 5,000,000 shares with a face value of CHF 1.00 each; the shares are fully paid in. The share capital of EFGIF LTD is held in its entirety by EFG International AG. As of the date hereof, EFGIF LTD has neither outstanding conditional capital nor outstanding authorised capital.

##### **4.2 Outstanding debt obligations**

As at the date hereof, other than then the obligation arising from the issuance and sale of financial products, EFGIF LTD does not have any debt obligations.

##### **4.3 Own Shares**

As of the date hereof, EFGIF LTD does not hold any own shares.



## **IV. EFG BANK AG**

### **1. General Information on EFG Bank AG**

#### **1.1 Incorporation and Duration**

EFG Bank was incorporated and registered in Zurich, Switzerland, on 7 May 1969 as a stock corporation (*Aktiengesellschaft*) under Swiss law for an unlimited duration. As from that day and as of the date hereof, EFG Bank is registered in the Commercial Register of the Canton of Zurich, Switzerland, under the number CHE-105.956.745.

#### **1.2 Registered Office**

EFG Bank's registered office is located at Bleicherweg 8, 8001 Zurich. The telephone number of EFG Bank is +41 44 226 1717.

#### **1.3 Statutory Auditors**

PricewaterhouseCoopers SA, Avenue Giuseppe-Motta 50, 1211 Geneva 2, Switzerland.

#### **1.4 Purpose**

EFG Bank as a global private bank offers its clients the full range of private banking services including portfolio management for private clients, investment management and advisory services, lombard lending and trust services. In addition to its head office in Zurich, it operates through its Geneva, Lugano, Hong Kong, Singapore and Cayman Islands branches.

EFG Bank is the main operating subsidiary of EFG International AG.

Article 2 of EFG Bank's articles of association dated 28 April 2017 states:

“ The purpose of the company is to operate a bank and to conduct all business activities connected with a bank in Switzerland and abroad. The bank's business activities comprise in particular:

- *accepting monies in all the forms customary in banking, including savings deposits;*
- *granting secured and unsecured loans, credits and advances;*
- *discounting and forfeiting of bills of exchange, as well as arbitrage, currency, collection and transfer transactions;*
- *issuing guarantees, sureties, letters of credit and documentary letters of credit;*
- *purchasing and selling foreign exchange for its own account or for that of third parties;*
- *commercial, on-exchange and over-the-counter trading in all types of securities (including derivatives), precious metals and coins;*
- *asset management;*
- *underwriting and brokering public bond issues and share issues as well as participating in underwriting syndicates;*
- *handling of fiduciary transactions;*
- *rental of safe-deposit boxes;*
- *issue and repayment of checks;*
- *all activities in connection with the collective investment schemes act;*
- *the setting up of pension funds and the management of their assets;*

- *the creation and the management, for its own account or for third parties' account, of financial, real estate and commercial companies of any kind, in Switzerland and abroad."*

EFG Bank is rated A1 (outlook stable) by Moody's Investor Services Ltd. and A (outlook negative) by Fitch as of the date of this Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation

## 1.5 Regulatory Status

EFG Bank is regulated as a Swiss bank and as a securities-dealer by FINMA.

## 1.6 Organisational chart of EFGI Group

See section III.1.6.

Please see section III.1.6 above for an overview of EFGI Group.

## 2. Board of Directors and Executive Committee

### 2.1 Board of Directors

The Board of Directors of EFG Bank is responsible for the strategic management of the company and is comprised of the following 12 members as of the date hereof.

<b>Name</b>	<b>Position held</b>
Peter A. Fanconi	Chairman of the Board
Susanne Brandenberger	Director
Emmanuel L. Bussetil	Director
Mordehay Ilan Hayim*	Director
Roberto Isolani	Director
Steven M. Jacobs	Director
John Spiro Latsis	Director
Carlo M. Lombardini	Director
Pericles-Paul Petalas	Director
Stuart M. Robertson	Director
Bernd-Albrecht von Maltzan	Director
Yok Tak Amy Yip	Director

\* Announced to step down effective 31 October 2021. The business address of the directors of EFG Bank is Bleicherweg 8, CH-8001 Zurich, Switzerland.

### 2.2 Executive Committee

The Board of Directors has delegated the operational management to the Executive Committee which, as of the date hereof, is comprised of the following eight officers:

<b>Name</b>	<b>Position held</b>
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Piergiorgio Pradelli	Chief Executive Officer
Yves Aeschlimann	Group Head of Legal & Compliance
Martin Freiermuth	Chief Operating Officer
Kurt Haueter	Head of Global Markets & Treasury
Enrico Piotto	Chief Risk Officer
Dimitris Politis	Chief Financial Officer
Franco Polloni	Head of Switzerland and Italy Region
Harald Reczek	Head of Investment Solutions

The business address of the members of the Executive Committee of EFG Bank is Bleicherweg 8, CH-8001 Zurich, Switzerland.

### **3. Business Activities**

#### **3.1 Business**

##### **Principal Activities**

EFG Bank's clients are both private individuals and institutional investors.

EFG Bank's business is based on Client Relationship Officers who work under its brand, supervision and responsibility, but manage clients on their own and have broad discretion in serving the EFG Bank's clients and in selecting suitable investment products and services for their clients' portfolios, albeit within its compliance, risk management, product approval and control framework. Subject to compliance with these legal, regulatory, product and internal risk management requirements, EFG Bank's CROs can provide private banking and asset management services to a client in any location. EFG Bank imposes no internal geographic or customer segment restrictions and EFG Bank's management does not re-allocate clients among CROs without mutual agreement. However, the Bank has outsourced investment management and advisory services to EFG Asset Management (Switzerland) SA, a regulated asset manager under Swiss Law and subsidiary of EFG International

EFG Bank closely monitors the performance of its CROs, from both a financial and a compliance and risk management point of view, and expects them to meet certain defined performance thresholds. Credit decisions are taken by an independent credit committee.

##### **Product Areas**

EFG Bank clients are offered a range of services through EFGI Group entities (including EFG Bank, together for the purposes of the following section the "Group"), including:

##### **Discretionary solutions**

Part of the management of discretionary portfolios is delegated to EFG Asset Management, the fully owned asset management division of EFGI. Discretionary strategies are designed with the specific goals and risks of the EFGI Group's clients in mind. EFG Asset Management offers traditional equity and fixed income mandates, as well as multi-asset strategies that consist of three broad asset classes: equities, fixed income and alternative investments. Each strategy undergoes a highly disciplined investment process combining in-house asset allocation and research expertise, along

with the access to high quality investment products. In addition EFGI Group offers six discretionary mandate lines, managed according to different management styles and with different levels of personalisation.

### **Advisory solutions**

The Group's advisory services give clients full access to the EFGI Group's investment management expertise while allowing them to retain as much control over their portfolio as they wish. The EFGI Group's range of advisory services cover the requirements of clients who want to limit their input to validating investment decisions to clients who want to be actively involved in the discussion of every single trade. Furthermore, the offering is differentiated by direct access to investment specialists and additional features such as the continuous monitoring of risk parameters. Advice is given within a well-controlled fiduciary framework that takes into account product suitability as well as client suitability and appropriateness. The Group's advice is derived from a global asset allocation and security selection process, where the Group has developed a conviction-based approach to investing, leveraging the know-how and proprietary models of the EFGI Group's in-house team of research specialists.

### **Wealth solutions**

As wealth solutions providers, the Group specialises in the efficient structuring, protection and transfer of wealth. The EFGI Group's teams of experienced wealth planners and trustees operate in various locations globally working alongside CROs to craft bespoke solutions to protect client assets and facilitate the efficient transfer of wealth between generations. To this end, the Group makes full use of a range of structures, including trusts, limited partnerships, foundations and companies. Structures may hold a variety of asset classes including cash and quoted investments, shares in private companies, real-estate, artwork, yachts and aircrafts.

The EFGI Group through its subsidiaries, has custody and asset management agreements with a number of insurance companies in place, allowing clients to hold their assets through life insurance policies (wrappers). In Switzerland the Group through its subsidiary offers retirement savings accounts and has an agreement with Assicurazioni Generali for the promotion of certain insurance products.

### **Financing solutions**

The Group offers investment financing and property financing solutions. Investment financing solutions comprise both current account overdrafts and fixed advance facilities, where such facilities are secured by the lending value of clients' diversified portfolios of liquid, marketable collateral such as cash, bonds, shares and funds.

Property financing assistance is offered on a selective basis. As part of the Group's ancillary financing solutions, the Group also issues bank guarantees on behalf of the EFGI Group's clients in favour of third parties and provide credit facilities to cover foreign exchange forward contracts as well as foreign exchange or equity options. Virtually all of the Group's lending activities are on a secured basis.

In addition, the Group, offers commercial loans (including loans secured by commercial real estate) and trade financing, with credits connected to trade finance operations. Furthermore, the Group offers loans to municipalities in the Canton of Ticino.

### **Global Markets Division**

Through its Global Markets Division, the Group executes client orders and performs sales and trading activities on foreign exchange as well as, fixed income sales. In addition the Global Markets Division manages a structured notes issuance programme.

The Group's foreign exchange sales and trading business on one hand serves the private banking clients, and on the other hand corporate and institutional customers in Switzerland and northern Italy. The Group serves as a market maker in foreign exchange markets, as well as an issuer of foreign exchange related options.

The Group's proprietary fixed income trading business comprises long-short fixed income trading focusing on lower rated investment grade debt and higher rated speculative debt, which the EFGI Group holds with the intention of earning revenues.

The Group's internal structured products business includes both on and off-balance sheet issuers, and includes a wide range of payoffs and core asset classes, including Sharia compliant structured products. The hedges for these structured products are managed by the Group.

The Group has a near 24-hour trading capability five days a week, spanning across all major time zones. As such the EFGI Group is able to offer its clients efficient execution of trades in equities, fixed income securities and foreign exchange. Through the Group's "Direct Market Access", direct access to the Group's trading desks is provided to a group of experienced active clients.

### **Funds**

The EFGI Group offers a range of internally managed funds, including the "New Capital" funds designed to meet the diverse needs of private clients, financial intermediaries, wealth managers and institutional investors. New Capital funds reflect the EFGI Group's macro-economic beliefs and the asset allocations of the EFG Asset Management's discretionary strategies. The Group's internal fund offering spans across the main asset classes including but not limited to specialist equities, fixed income and sophisticated multi-asset and alternative strategies (including funds of hedge funds), covering global, regional, developed and emerging markets. Most of these funds are actively managed with some not actively distributed outside of the EFGI Group. The Group purchases and advises the Group's clients on a large variety of third party products on the basis of a list of approved funds that is maintained by the EFGI Group's in-house fund selection team or on the basis of individual analysis.

### **Deposits**

The Group offers current accounts, time deposits and fiduciary deposits. Current accounts permit clients to withdraw funds at any time and currently form the largest component of the Group's deposits. The Group also offer time deposits that may only be withdrawn at maturity and fiduciary placements, which are interest-bearing deposits placed outside Switzerland and deposited in the name of a Swiss depository bank for a fee, but held on a fiduciary basis for a client. Clients bear all the risks and benefits of the placement in fiduciary deposits, as they are placed outside of Switzerland and, therefore, not subject to Swiss withholding tax on deposit interest.

### **Custody services**

The Group offers its clients complementary securities' custody services. The Group generates safekeeping fees in respect of securities that are held on behalf of the Group's clients. In addition, the general fees for managing discretionary portfolios include a safekeeping fee for custody services. The Group also offers custody services for securities in portfolios that are managed by third party advisors or clients.

### **Personal banking services**

The Group also has a product range dedicated to retail and affluent clients with assets below CHF 1 million, including investment advisory and discretionary management and an investment funds accumulation plan. The Group announced on 30 September 2020 that it had agreed to sell Ticino-

based personal banking business with the transaction expected to be closed in the first quarter of 2021.

### **Ancillary banking services**

The Group also offers a traditional range of ancillary banking services, including payment facilities and safe deposit boxes.

### **Other services**

The Group offers securities lending services and programmes to its clients.

Furthermore, through a team of in-house corporate finance specialists, which are part of the EFGI Group's subsidiaries, the Group advises entrepreneurs in relation to their company financial activities, such as company sales or purchases, capital markets operations and business valuations.

## **3.2 Business Outlook and Recent Development**

Reference is made to the section "Business Outlook and Recent Developments" in section V (EFG International AG).

## **3.3 Legal, Administrative and Arbitration proceedings**

Reference is made to the section "Legal, Administrative and Arbitration proceedings" in section V (EFG International AG).

## **4. Capital Structure**

### **4.1 Share Capital**

As at the date hereof, the share capital of EFG Bank amounts to CHF 162,410,000 divided into 162,410 registered shares with a face value of CHF 1,000 each; the shares are fully paid-in. As of the date hereof, EFG Bank has neither outstanding conditional capital nor outstanding authorised capital.

The share capital is held in its entirety by EFGI Ltd.

### **4.2 Outstanding debt obligations**

As at the date hereof, EFG Bank has the following bonds outstanding :

Subordinated loans with Point of non-viability clause received from - nominal :	Fixed interest rate %	Year of issue	Due dates (Next Call Date)	Maturity
EFGI AG – EUR 15 million subordinated loan	6.57	2015	2 March 2026	> 5 years (perpetual)
EFGI AG - USD 90 million subordinated loan	8.56	2016	2 March 2022	> 5 years (perpetual)
EFG International Finance (Lux) - USD 40 million subordinated loan	8.08	2017	7 June 2022	> 5 years (perpetual)
EFG International Finance (Lux) – GBP 32.5 million subordinated loan	6.87	2017	7 June 2022	> 5 years (perpetual)

EFG International Finance (Lux) – USD 150 million subordinated loan	5.34	2020	1 April 2025	> 5 years (perpetual)
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#### 4.3 Own shares

As of the date hereof, EFG Bank does not hold any own shares.

## **V. EFG INTERNATIONAL AG**

### **1. General Information on EFG International AG**

#### **1.1 Incorporation and Duration**

EFGI International AG ("**EFGI**") was incorporated and registered in Zurich, Switzerland, on 8 September 2005 as a stock corporation (*Aktiengesellschaft*) under Swiss law for an unlimited duration. As from that day and as of the date hereof, EFG Bank is registered in the Commercial Register of the Canton of Zurich, Switzerland under the number CHE-112.512.247.

#### **1.2 Registered Office**

EFGI's registered office is located at Bleicherweg 8, 8001 Zurich, Switzerland. The telephone number of EFGI is +41 44 226 18 50

#### **1.3 Statutory Auditors**

PricewaterhouseCoopers SA, Avenue Giuseppe-Motta 50, 1211 Geneva 2, Switzerland.

#### **1.4 Purpose**

Article 2 of the articles of association of EFGI dated 29 April 2021 states:

*"The purpose of the company is to hold direct and/or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. The company has the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing."*

EFGI is rated A3 (outlook stable) by Moody's Investor Services Ltd. And A (outlook negative) by Fitch as of the date of this Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

#### **1.5 Regulatory Status**

At the holding company level, EFGI does not conduct banking, broker-dealer or other regulated operations, so it does not have a banking, broker-dealer or other regulatory license. It is not therefore subject to Swiss banking and broker-dealer regulations. However, it holds controlling investments in a number of banks and other financial institutions in Switzerland and abroad. Because many of its subsidiaries are subject to banking regulations, EFGI is subject to consolidated supervision by the FINMA.

As stated above, EFGI's largest shareholder is EFG Bank European Financial Group SA, Geneva (the latter, together with its subsidiaries forming the "**EFG Group**") a holding bank based in Geneva and regulated on an individual and consolidated basis by the Swiss Financial Market Supervisory Authority FINMA. As a result, the EFGI Group is subject to consolidated group regulation and supervision (top level consolidated supervision) by the FINMA.

In addition to this consolidated supervision, EFG Group's operations throughout the world are regulated and supervised by the financial authorities, including central banks, financial services authorities, banking agencies, securities agencies and self-regulatory organisations, in the jurisdictions in which any of the subsidiaries was incorporated and/or has offices, branches or subsidiaries as may be required by local legislations.



Some of EFGI's Swiss-incorporated subsidiaries are also subject to regulation on an individual basis. EFG Bank AG, EFGI's main operating subsidiary in Switzerland, is regulated as a Swiss bank and a securities-dealer.

## **1.6 Organisational chart of EFGI Group**

See section III.1.6.

## **2. Board of Directors and Executive Committee**

### **2.1 Board of Directors**

The Board of Directors of EFGI is ultimately responsible for supervision of the management of EFGI. The Board of Directors sets the strategic direction of EFGI and monitors its management.

The Board of Directors comprises fourteen members, all of whom are non-executive directors. The Board of Directors of EFG Bank AG is composed of the same members as the Board of Directors of EFGI.

The table below sets out the name and position held on the Board of Directors as of the date hereof:

<b>Name</b>	<b>Position held</b>
Peter A. Fanconi	Chairman of the Board
Susanne Brandenberger	Director
Emmanuel L. Bussetil	Director
Mordehay Ilan Hayim*	Director
Roberto Isolani	Director
Steven M. Jacobs	Director
Spiro J. Latsis*	Director
Carlo M. Lombardini	Director
Pericles-Paul Petalas	Director
Stuart M. Robertson	Director
Bernd-Albrecht von Maltzan	Director
Yok Tak Amy Yip	Director

\* Announced to step down effective 31 October 2021.

The business address of the directors of EFG Bank is Bleicherweg 8, CH-8001 Zurich, Switzerland.

### **2.2 Executive Committee**

The Board of Directors has delegated the operational management to the Executive Committee which, as of the date hereof, is comprised of the following six officers:

<b>Name</b>	<b>Position held</b>
Piergiorgio Pradelli	Chief Executive Officer

Yves Aeschlimann	Group Head of Legal & Compliance
Martin Freiermuth	Chief Operating Officer
Enrico Piotto	Chief Risk Officer
Dimitris Politis	Chief Financial Officer
Harald Reczek	Head of Investment Solutions

The business address of the members of the Executive Committee of EFG Bank is Bleicherweg 8, CH-8001 Zurich, Switzerland.

### **3. Business Activities**

#### **3.1 Business**

##### **Principal Activities**

EFGI is a holding company for EFG Bank AG and other subsidiaries specialising in private banking and asset management. The EFGI Group's clients are both private individuals and institutional investors.

The EFGI Group's private banking business is centered around CROs who work under its brand, supervision and responsibility, but manage clients on their own. CROs have broad discretion in serving the EFGI Group's clients and in selecting suitable investment products and services for their clients' portfolios, albeit within its compliance, risk management, product approval and control framework. Subject to compliance with these legal, regulatory, product and internal risk management requirements, the EFGI Group's CROs can provide private banking and asset management services to a client in any location.

The EFGI Group hires CROs with relevant private banking experience or, in markets where the growth of private banking is relatively recent, an equivalent depth of professional experience. As a result the EFGI Group has assembled a group of talented, client-focused private bankers with a proven track record of building profitable private client relationships that can contribute to the expansion and strengthening of the client basis.

The EFGI Group closely monitors the performance of its CROs, from both a financial and a compliance and risk management point of view, and expects them to meet certain defined performance thresholds. Credit decisions are taken by an independent credit committee.

The key pillars of the EFGI Group's growth strategy include:

- Focus on the current competitive strengths in the High Net Worth Individual core private banking segment;
- Strengthen existing locations as part of the enhanced global network;
- Offer an extensive range of wealth management products and services through a flexible open architecture platform and increased penetration of investment solutions;
- Achieve differentiation through the entrepreneurial spirit of the business and the high level of experience and continuity among CROs; and
- Maintain a strong capital position and a low risk profile.

The Group offers clients a variety of services in various markets globally:

### **Principal markets**

The EFGI Group offers clients a range of investment services, in-house investment products, margin loans, mortgages and brokerage and trading services, as well as ancillary services, including time deposits and fiduciary placements, current accounts, custody services, foreign exchange execution services and trust services. The EFGI Group offers both in-house products and products developed by other banks and financial institutions. The EFGI Group's in-house products include Structured Products and funds.

In addition to Switzerland, the EFGI Group's principal markets are Continental Europe, UK, the Americas (including the Caribbean Islands) and Asia (including Australia).

### **Discretionary solutions**

Part of the management of discretionary portfolios is delegated to EFG Asset Management, the fully owned asset management division of EFGI. Discretionary strategies are designed with the specific goals and risks of the EFGI Group's clients in mind. EFG Asset Management offers traditional equity and fixed income mandates, as well as multi-asset strategies that consist of three broad asset classes: equities, fixed income and alternative investments. Each strategy undergoes a highly disciplined investment process combining in-house asset allocation and research expertise, along with the access to high quality investment products. In addition, EFGI Group offers six discretionary mandate lines, managed according to different management styles and with different levels of personalisation.

### **Advisory solutions**

The EFGI Group's advisory services give clients full access to the EFGI Group's investment management expertise while allowing them to retain as much control over their portfolio as they wish. The EFGI Group's range of advisory services cover the requirements of clients who want to limit their input to validating investment decisions to clients who want to be actively involved in the discussion of every single trade. Furthermore, the offering is differentiated by direct access to investment specialists and additional features such as the continuous monitoring of risk parameters. Advice is given within a well-controlled fiduciary framework that takes into account product suitability as well as client suitability and appropriateness. The EFGI Group's advice is derived from a global asset allocation and security selection process, where the EFGI Group has developed a conviction-based approach to investing, leveraging the know-how and proprietary models of the EFGI Group's in-house team of research specialists.

### **Wealth solutions**

As wealth solutions providers, the EFGI Group specialises in the efficient structuring, protection and transfer of wealth. The EFGI Group's teams of experienced wealth planners and trustees operate in various locations globally working alongside CROs to craft bespoke solutions to protect client assets and facilitate the efficient transfer of wealth between generations. To this end, the EFGI Group makes full use of a range of structures, including trusts, limited partnerships, foundations and companies. Structures may hold a variety of asset classes including cash and quoted investments, shares in private companies, real-estate, artwork, yachts and aircrafts.

Through its own fiduciary company (EOS Servizi Fiduciari SpA) EFGI Group further offers to Italian resident clients the possibility to hold assets abroad on a fiduciary basis and benefit from a local tax agent service in compliance with Italian law. The EFGI Group through its subsidiary/ies, has custody and asset management agreements with a number of insurance companies in place, allowing clients

to hold their assets through life insurance policies (wrappers). In Switzerland the EFGI Group through its subsidiary/ies offers retirement savings accounts and has an agreement with Assicurazioni Generali for the promotion of certain insurance products.

### **Financing solutions**

The EFGI Group offers investment financing and property financing solutions. Investment financing solutions comprise both current account overdrafts and fixed advance facilities, where such facilities are secured by the lending value of clients' diversified portfolios of liquid, marketable collateral such as cash, bonds, shares and funds.

Property financing assistance is offered on a selective basis in some markets for residential real estate and office properties, primarily in the UK and selected other jurisdictions such as, among others, Switzerland, Singapore and France. As part of the EFGI Group's ancillary financing solutions, the EFGI Group also issues bank guarantees on behalf of the EFGI Group's clients in favour of third parties and provide credit facilities to cover foreign exchange forward contracts as well as foreign exchange or equity options. Virtually all of the EFGI Group's lending activities are on a secured basis.

In addition, the EFGI Group through its subsidiary/ies, offers commercial loans (including loans secured by commercial real estate) and trade financing, with credits connected to trade finance operations. Furthermore, the EFGI Group through its subsidiary/ies offers loans to municipalities in the Canton of Ticino.

### **Global Markets Division**

Through its Global Markets Division, EFGI Group executes client orders and performs sales and trading activities on foreign exchange as well as, fixed income sales. In addition the Global Markets Division manages a structured notes issuance programme.

EFGI Group's foreign exchange sales and trading business on one hand serves the private banking clients, and on the other hand corporate and institutional customers in Switzerland and northern Italy. The EFGI Group serves as a market maker in foreign exchange markets, as well as an issuer of foreign exchange related options.

EFGI Group's proprietary fixed income trading business comprises long-short fixed income trading focusing on lower rated investment grade debt and higher rated speculative debt, which the EFGI Group holds with the intention of earning revenues.

EFGI Group's internal Structured Products business includes both on and off-balance sheet issuers, and includes a wide range of payoffs and Core asset classes, including Sharia compliant Structured Products. The hedges for these Structured Products are managed by EFGI Group.

In addition the EFGI Group provides clients with a selection of Structured Products both on an open architecture basis, in which case they are issued by large third party financial institutions, or issued EFG International Finance (Guernsey), pursuant to the platform partnership with Leonteq, or by EFG Bank or other EFGI subsidiaries. In the context of platform partnership, Leonteq is responsible for the structuring and hedging aspects of the products which are issued by the EFG International Finance (Guernsey) Limited.

The EFGI Group has a near 24-hour trading capability five days a week, spanning across all major time zones. As such the EFGI Group is able to offer its clients efficient execution of trades in equities, fixed income securities and foreign exchange. Through the EFGI Group's "Direct Market Access", direct access to the EFGI Group's trading desks is provided to a group of experienced active clients.

### **Funds**

The EFGI Group offers a range of internally managed funds, including the "New Capital" funds designed to meet the diverse needs of private clients, financial intermediaries, wealth managers and institutional investors. New Capital funds reflect the EFGI Group's macro-economic beliefs and the asset allocations of the EFG Asset Management's discretionary strategies. The EFGI Group's internal fund offering spans across the main asset classes including but not limited to specialist equities, fixed income and sophisticated multi-asset and alternative strategies (including funds of hedge funds), covering global, regional, developed and emerging markets. Most of these funds are actively managed with some not actively distributed outside of the EFGI Group. The EFGI Group purchases and advises the EFGI Group's clients on a large variety of third party products on the basis of a list of approved funds that is maintained by the EFGI Group's in-house fund selection team or on the basis of individual analysis.

### **Family office-like services**

Through its affiliate Patrimony 1873 SA, the EFGI Group offers family office-like investment services to high net-worth individuals, such as consolidated portfolio reporting and risk management.

### **Deposits**

The EFGI Group offers current accounts, time deposits and fiduciary deposits. Current accounts permit clients to withdraw funds at any time and currently form the largest component of the EFGI Group's deposits. The EFGI Group also offer time deposits that may only be withdrawn at maturity and fiduciary placements, which are interest-bearing deposits placed outside Switzerland and deposited in the name of a Swiss depository bank for a fee, but held on a fiduciary basis for a client. Clients bear all the risks and benefits of the placement in fiduciary deposits, as they are placed outside of Switzerland and, therefore, not subject to Swiss withholding tax on deposit interest.

### **Custody services**

The EFGI Group offers its clients complementary securities' custody services. The EFGI Group generate safekeeping fees in respect of securities that are held on behalf of the EFGI Group's clients. In addition, the general fees for managing discretionary portfolios include a safekeeping fee for custody services. The EFGI Group also offers custody services for securities in portfolios that are managed by third party advisors or clients.

### **Personal banking services**

The EFGI Group's subsidiary EFG Bank also has a product range dedicated to retail and affluent clients with assets below CHF 1 million, including investment advisory and discretionary management and an investment funds accumulation plan. The EFGI Group announced on 30 September 2020 that it had agreed to sell Ticino-based personal banking business and the transaction closed in the first quarter of 2021.

### **Ancillary banking services**

The EFGI Group also offers a traditional range of ancillary banking services, including payment facilities and safe deposit boxes.

### **Fund services**

EFG Fund Services oversees the administration and other servicing requirements of a wide range of open-ended and closed-ended investing in a broad range of asset classes, including private equity, venture capital, real estate, fund of funds, debt, listed equities, portfolio assets, hedge funds and physical assets. The EFGI Group's clients include major banks, investment houses, property specialists, venture capital and private equity firms. The EFGI Group's teams of funds specialists

operate across a network of locations and always seek to understand the particular requirements of each fund before developing an administration solution to fit its precise specifications.

#### **Other services**

The EFGI Group offers securities lending services and programmes to its clients. Furthermore, through a team of in-house corporate finance specialists, which are part of the EFGI Group's subsidiary/ies, EFGI Group advises entrepreneurs in relation to their company financial activities, such as company sales or purchases, capital markets operations and business valuations.

### **3.2 Business Outlook and Recent Development**

This section contains forward-looking statements based on the current plans, estimates and projects of the Issuer which are uncertain.

On 21 July 2021, EFGI announced the financial results for the first half of 2021. The main highlights were:

- continued strong Net New Asset inflows of CHF 4.2 billion in the first half of 2021, corresponding to an annualised growth rate of 5.3%, well within the 4-6% target range.
- Revenue Generating AuM reached an all-time high of CHF 172.0 billion at the end of June 2021, compared to CHF 158.8 billion at the end of 2020, driven by Net New Asset inflows, positive foreign exchange effects and favourable markets.
- IFRS net profit tripled year on year to CHF 106.5 million and IFRS Operating Profit more than doubled to CHF 153.4 million in the first half of 2021.
- Underlying Net Profit more than doubled year on year to CHF 82.3 million, on the back of increased operating leverage with Underlying Operating Expenses down by 4.0% and Underlying revenues up by 5.3%.
- continued top-line growth, with Underlying operating income of CHF 584.3 million, up 5.3% compared to the first half of 2020 and up 4.4% compared to the second half of 2020, driven by significantly higher net banking fee and commission income.
- Underlying cost/income ratio improved to 79.6% in the first half of 2021 compared to 87.3% in the first half of 2020 as a result of continuous and disciplined cost management.
- strong capital and liquidity positions, with a ARB-FINMA CET1 ratio of 16.5%, a Total Capital Ratio of 22.2% and a Liquidity Coverage Ratio of 202%.
- Further de-risking of the legacy life insurance portfolio after reaching a settlement in principle with Transamerica on disputed premium increases.
- Further progress in streamlining EFG's footprint with the closing of the sale of Oudart in France and the Ticino-based personal and corporate banking business; announced sale of the Luxembourg fund management company and of the stake in the Spanish private bank A&G, which is expected to close in the first quarter of 2022.

### **3.3 Legal, Administrative and Arbitration proceedings**

The EFGI Group is involved in various legal and arbitration proceedings in the normal course of its business operations. The EFGI Group establishes provisions for current and threatened pending legal proceedings if management is of the opinion that the EFGI Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reliably estimated (see

notes 47 to 49 to the EFGI Consolidated Financial Statements 2020 and notes 22 to 23 to the EFGI 2021 Half-Year Report).

Save as disclosed below, EFGI is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which EFGI is aware), during the previous 12 months which may have or have had in the recent past, significant effects on EFGI's and/or the EFGI Group's financial position or profitability.

EFGI Group is party to multi-jurisdictional legal proceedings relating to a client relationship with a Taiwanese insurance company, which began with arbitration proceedings in Taiwan which EFGI Group lost. EFGI Group extended a loan of USD 193.8 million (excluding interest) to an affiliate of the insurance company, which was placed into receivership in 2014. The loan is secured by the assets of a separate legal entity domiciled in Jersey pursuant to a pledge agreement governed by Singapore law. The former majority shareholder and Chairman of the insurance company (who has been found guilty in Taiwan of various criminal offenses related to the misappropriation of company funds, including the proceeds of the bank loan and is currently serving a 20 year prison sentence) also gave EFGI Group a personal indemnity covering the loan. The overall relationship with the insurance company included accounts held at EFG in Hong Kong, Singapore and Switzerland.

In January 2018, an arbitration tribunal in Taiwan concluded that the transaction was invalid under the law of Taiwan as a result of the insurance company's non-compliance with Taiwanese insurance regulations. Based on that reasoning, the tribunal required EFGI Group to return the USD 193.8 million in assets held by the Jersey entity and used as collateral for the loan, plus interest at a rate of 5% per annum. EFGI Group fundamentally disagrees with the tribunal's reasoning and the result. It appealed the validity of the award in the Taiwan courts, but that appeal was unsuccessful and has concluded. EFGI Group has, however, successfully defeated the attempt by the receiver of the insurance company in Hong Kong to enforce the award. The Hong Kong court issued a decision in November 2020 denying enforcement of the arbitration award and in a January 2021 decision, the court denied the receiver's application for leave to appeal. Therefore, the proceedings in Hong Kong have now been concluded in favour of EFGI Group.

The Taiwan arbitration tribunal did not opine on the validity of the loan collateral under the governing laws of Singapore. When the arbitration began, EFGI Group had already commenced legal proceedings to confirm the validity of the loan collateral in Singapore, the trial of which was heard in August and September 2020. In the Singapore proceeding, EFGI Group amended its pleadings to assert that the insurance company is liable in tort for any damages suffered by EFGI Group due to the misconduct of the former beneficial owner and Chairman of the insurance company. The insurance company also asserted a counterclaim for return of the loan collateral. Post-trial argument in Singapore concluded in March 2021 and the parties await the court's decision. In addition, EFGI Group is considering how most appropriately to enforce the personal indemnity of the former Chairman, secured through successful separate legal proceedings in Singapore.

EFGI Group, as well as certain current and former employees, have been named in certain supplemental civil proceedings commenced by the receiver of the insurance company in Taiwan. At present, the supplemental proceeding in which EFGI Group is named as a defendant is at an early stage of the process and remains stayed. The receiver seeks to recover civil damages in an amount equivalent to the value of the assets used as collateral for the loan, plus interest accruing at 5% per annum which totals approximately USD 248.7 million at 30 June 2021.

The following contingent liabilities that management is aware of are related to legal proceedings which could have a material effect on the EFGI Group. However, based on presently available information

and assessments, the EFGI Group currently does not expect that any of these contingent liabilities will result in material provisions or other liabilities.

- (i) Claims have been made in 2014 against the EFGI Group in the Bahamas for approximately USD 9 million, which the EFGI Group is vigorously defending. The EFGI Group is being sued by the investors in the fund and the fund itself for approximately USD 9 million on the grounds of various alleged breaches. The Group strongly believes that there has been no wrongdoing on its part and that it has strong defences to the claims.
- (ii) An Irish family (not a client of the EFGI Group) sued several unrelated defendants claiming they refused to return monies in the amount of EUR 6.9 million in 2018. The EFGI Group and several other parties were joined to these primary proceedings as a third party by one of the defendants. The Group is vigorously defending against these claims and believes it has strong defences to the claims.
- (iii) The EFGI Group received a Letter Before Action in 2021 by certain investors of a fund regulated in Guernsey. The letter alleges that the investors have incurred losses in an amount ranging up to approximately GBP 51.1 million arising out of problems with the fund's projects and alleges that the fund directors and the Group, as administrator, misled investors and acted in breach of their statutory duties. Formal legal proceedings have not yet been commenced against the EFGI Group by the investors. The EFGI Group believes it has strong defences to the allegations and maintains its vigorous defence.

The following contingent liabilities that management is aware of, could have a material effect on the EFGI Group. However, based on presently available information and assessments, the EFGI Group is not able to reliably measure the possible obligation.

- (i) The EFGI Group had two accounts in the name of an institutional client. This institutional client was designated by the Office of Foreign Assets Control ("**OFAC**") of the US Department of the Treasury as Specially Designated Nationals on account of assisting drug-trafficking groups in money laundering. When an issue was raised as to whether the EFGI Group violated OFAC sanctions after the client's OFAC designation because of subsequent transactions and interactions between US persons at the EFGI Group and the institutional client, the EFGI Group promptly initiated an internal investigation of this and other potential OFAC violations, which covered all the EFGI Group's booking centres. The investigation has concluded and the Group is cooperating with OFAC on the matter.
- (ii) Claims have arisen from possible fraudulent activities by a former employee. Certain claims have been provided for, whilst investigations are ongoing related to additional potential claims (based on a June 2021 demand letter) of approximately CHF 23 million. The EFGI Group is assessing the legal and factual merits of these claims, however currently there is no reliable estimate of the potential loss on these potential claims.
- (iii) The EFGI Group is engaged in litigation proceedings initiated in 2012 by a client claiming that he has been misled insofar as he thought that his investments were capitalprotected, that the agreed investment strategy has not been followed, and that unauthorised transactions were performed. The damages claimed is approximately EUR 49 million plus interest since 2008. Although the EFGI Group is vigorously defending the case and believes it has strong defences to the claims, there is no reliable estimate of what losses might be sustained on the claims.
- (iv) In 2019, the EFGI Group was named as a defendant in a claim brought against over 30 defendants in the Commercial Court in London by the Public Institution for Social Security ("**PIFSS**") of Kuwait. The allegations centre on the former Director General of PIFSS, who is



alleged to have been paid secret commissions, and to have been an account holder at EFG beginning in 2008. The claim against the EFGI Group centres on allegations that, between 1995 and 2012, the former Director General of PIFSS procured the payment to another defendant of approximately USD 332.1 million of secret commissions, as well as USD 44.6 million in other payments representing proceeds of other schemes alleged in the claim. EFG is investigating the factual and legal merits of the claim. At present, the EFGI Group cannot reliably estimate its potential liability in the matter.

- (v) The Trustee of Bernard L. Madoff Investment Securities LLC ("**BLMIS**") has filed a complaint asserting that redemption payments totalling USD 411 million allegedly received by the EFGI Group on behalf of clients should be returned to BLMIS. This action includes the redemptions claimed by the Fairfield liquidators (see next paragraph). The EFGI Group believes it has strong defences to the claims and maintains its vigorous defence of the lawsuits.
- (vi) The EFGI Group has been named as a defendant in lawsuits filed by the liquidators of Fairfield Sentry Ltd. and Fairfield Sigma Ltd. asserting that redemption payments received by the EFGI Group on behalf of clients should be returned. The amount claimed is uncertain, but the EFGI Group believes the amount claimed is approximately USD 217 million. The EFGI Group believes it has strong defences to the claims and maintains its vigorous defence of the lawsuits.

The following contingent liabilities (that arose through the acquisition of BSI SA), that management is aware of, could have a material effect on the EFGI Group. However, based on presently available information and assessments, the EFGI Group is not able to reliably measure the possible obligation. The EFGI Group is entitled to indemnification against losses that may arise from these matters listed below from the seller of the former BSI Group:

- (i) The Office of the Attorney General in Switzerland is currently conducting criminal investigations against BSI into money laundering allegations involving 1Malaysia Development Berhad ("**1MDB**"), a sovereign wealth fund owned by the government of Malaysia. Certain 1MDB related accounts were opened and maintained by the BSI Group pre-acquisition by the EFGI Group. The EFGI Group is cooperating with the Swiss authorities in this ongoing investigation.
- (ii) The US Attorney's Office for the Eastern District of New York initiated criminal investigations into bribery and money laundering allegations involving officials of Fédération Internationale de Football Association ("**FIFA**") and its member associations and related parties. Certain FIFA-related accounts were opened and maintained by the Group and they are currently under review. The US Department of Justice has issued requests for assistance to the Swiss authorities in obtaining information for some of the FIFA-related accounts. The US authorities are also investigating whether the EFGI Group complied with their anti-money laundering obligations in connection with the FIFA related accounts. The EFGI Group is cooperating with the US authorities in the ongoing investigations.
- (iii) The EFGI Group (through the acquisition of BSI) is the defendant in two civil proceedings pending before the Court of Torre Annunziata, arising from its role as a trustee of certain trusts associated with three families who owned an Italian shipping company which was declared bankrupt in 2012, allegedly causing aggregate losses to approximately 13,000 bondholders through the issuance of approximately EUR 1 billion of bonds that did not comply with applicable laws. In 2014, members of the families involved were convicted for embezzlement and fraud in Italy. The claimants in the civil proceedings claim that the EFGI Group was aware of the embezzlement scheme and the EFGI Group, in its capacity as trustee of these trusts, would be liable for damages and disgorgement of assets and profits should it be found to have

committed any wrongdoing. The EFGI Group is vigorously defending and believes it has strong defences to the claims.

- (iv) A client brought legal claims against the EFGI Group for CHF 54 million in purported actual and consequential damages arising between 2010 and 2017, alleging that the EFGI Group did not manage the account in accordance with the mandate. The EFGI Group is vigorously defending against these claims and believes it has strong defence to the claims.

## **4. Capital Structure**

### **4.1 Share Capital**

As of 30 June 2021, the share capital of EFGI amounts to CHF 150,212,198 divided into 300,346,723 registered shares with a face value of CHF 0.50 each; the shares are fully paid-in. As of the date hereof, EFG Bank has neither outstanding conditional capital nor outstanding authorised capital.

EFGI is and has been a publicly held corporation since its initial public offering in October 2005. Its registered shares are listed and traded pursuant to the International Reporting Standard on SIX since 7 October 2005 under the ticker symbol "EFGN" (Swiss security no. 002226822; ISIN CH0022268228).

The share capital may be increased by a maximum of CHF 25,000,000 by issuing no more than 50,000,000 fully paid-up registered shares with a face value of CHF 0.50 each through (i) an exchange of shares in case of an acquisition of companies or participations in companies or (ii) for the financing or refinancing of the acquisition of companies or of participations in companies.

The share capital may be increased by a maximum of CHF 2,246,740 by issuing no more than 4,493,480 fully paid-up registered shares with a face value of CHF 0.50 each through the exercise of option rights granted to officers and employees at all levels of EFGI and its group companies. The preferential subscription rights of the shareholders and participants are excluded in favour of the holders of the option rights.

The share capital may be increased by a maximum of CHF 10,000,000 by issuing no more than 20,000,000 fully paid up registered shares with a face value of CHF 0.50 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly issued convertible debentures with option rights or other financing instruments by EFGI or one of its group companies. The preferential subscription rights of the shareholders and participants are excluded in favour of the holders of the conversion and/or option rights.

As at 31 December 2020, EFGI had 13,382 registered preferred participation certificates category B (*Vorzugsnamenpartizipationsscheine Kategorie B*) with a nominal value of CHF 15 each and a total amount of CHF 200,730 outstanding ("Class B Bons de Participation"). The Class B Bons de Participation have been issued to Banque de Luxembourg as fiduciary in connection with the initial issue by Banque de Luxembourg of the EUR 400 million EFG Fiduciary Certificates on 14 November 2004 and 17 January 2005. The preference rights attached to the Class B Bons de Participation consist of preferential dividend and liquidation rights, as mainly set out in article 13 of the articles of association of EFGI. The preferential dividend rights are expressed to remain at all times at the full discretion of the general meeting of shareholders. The EFG Fiduciary Certificates are listed at the Luxembourg Stock Exchange (ISIN: XS0204324890).

EFGI has no profit sharing certificates (*Genussscheine*) outstanding.

## **4.2 Outstanding debt obligations**

As of the date hereof, EFG International AG had USD 400 million of subordinated Basel III compliant Additional Tier 1 notes outstanding. The perpetual notes with a first call option in year 7, issued on 25 January 2021, bear annual discretionary interest of 5.50% until 25 January 2025 and thereafter, the aggregate of the 5-yr USD CMT Rate plus 4.659% per annum with a reset every five years. They are subject, among other common features, a high CET 1 trigger leading to a partial or full permanent write-down. The notes are listed on SIX Swiss Exchange (ISIN: CH0593093229).

## **4.3 Own shares**

As of 30 June 2021, EFGI holds 301,288 of its own shares and 750 Class B Bons de Participation or approximately 1 per cent of EFGI's share capital.

## **VI. DOCUMENTS INCORPORATED BY REFERENCE**

### **1. Financial reporting**

#### **1.1 Financial Reports incorporated by reference**

reference is made to the following audited annual reports / financial statements which are incorporated by reference into this Base Prospectus:

- (i) the Annual Report / Financial Statement 2019 of EFG International AG;
- (ii) the Annual Report / Financial Statement 2019 of EFG Bank AG;
- (iii) the Annual Report / Financial Statement 2020 of EFG International AG; and
- (iv) the Annual Report / Financial Statement 2020 of EFG Bank AG.

The financial statements also include definitions of alternative performance measures used in this document, together with reconciliations to the most directly reconcilable IFS line items, in the section headed *Alternative performance measures*.

These documents may also be requested in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this Base Prospectus and are published on [www.efginternational.com](http://www.efginternational.com).

#### **1.2 Material changes**

Save as published or disclosed herein there has been no material change in the financial position of the Issuer and/or, as applicable, the Guarantor, since the publication of the most recent financial report referred to above.

### **2. Terms and Conditions incorporated by reference and Existing Products**

This Base Prospectus should be read and construed in conjunction with the documents listed in Schedule 1 Part A of this Base Prospectus, which have been previously published or are published simultaneously with this Base Prospectus and shall be incorporated by reference in, and form part of, this Base Prospectus (together the "**Previous Terms and Conditions**").

This Base Prospectus shall also apply to the continuation of public offers of the existing Products listed in Schedule 1 Part B of this Base Prospectus and the issuance of further Products of the respective series having terms and conditions as specified in the relevant Previous Terms and Conditions referred to in the final terms of such existing Products listed in Schedule 1 Part B of this Base Prospectus.

The final terms of such existing Products listed in Schedule 1 Part B of this Base Prospectus are published on [www.leonteq.com](http://www.leonteq.com). For the purpose of the continuation of the public offers of such Products or the issuance of further such Products, as the case may be, the relevant Previous Terms and Conditions as referred to in the final terms of such existing Products listed in Schedule 1 Part B of this Base Prospectus shall apply and shall be deemed incorporated by reference in this Base Prospectus.

## **VII. PRODUCT DESCRIPTION**

### **1. General information about the Products**

The structured products that may be issued under this Base Prospectus are generically referred to as "Products" without expressing any views as to their particular features, mechanics or legal qualification. The main categories of Products that may be issued under this Base Prospectus are set out below.

The below listed product categories and products features are based on the categories and additional product features used in the "SSPA Swiss Derivatives Map 2021" issued by the Swiss Structured Products Association SSPA. The product categories and products features are not universal and, in different markets and jurisdictions, different products categories and product features may be used for the same Products.

The Products issued under this Base Prospectus may be linked to one or more underlying assets, such as a share, an index, a fund, a foreign exchange rate, a commodity, an interest rate, a bond, a futures contract, a crypto currency or a reference obligation or any other asset. The performance of the Products may depend to some degree on the performance of such underlying asset(s).

Products issued under this Base Prospectus may have characteristics, which partially or significantly deviate from those of the main product categories described in the following.

For additional information and a more detailed explanation of the products, including calculation examples, investors should consult the website [www.sspa.ch/en](http://www.sspa.ch/en) (or any successor or re-placement address thereto). Investors further should be aware that the SSPA categorization model may be changed from time to time by the SSPA without further notice. The Issuer has no obligation to update or supplement this Base Prospectus in case of such a change in the SSPA categorization model.

### **2. Product Types**

The main categories of Products that may be issued under this this Base Prospectus are described in the following. The Issuer may issue Products with characteristics, which deviate from those described in the following paragraphs and the Products that may be issued under this Base Prospectus may have other or additional features and may be modified, in each case as set out in the relevant Issue Terms. Additional information on the Products, including a description of the particular Products will be included in the relevant Final Terms.

The Products issued under this Base Prospectus may belong to one of the following product types:

#### **2.1 Capital Protection Products (SSPA Category 11)**

"Capital Protection Products" provide for a specific minimal redemption amount. The level of the minimal redemption amount representing the level of capital protection indicates the percentage of the nominal or par value of the "Capital Protection Product" that the Investor will be entitled to at the settlement date. The Issuer sets it at the time of the issuance and it applies only at the end of the term or at maturity. The Issuer may set the level of the minimal redemption amount representing the level of capital protection below 100% of the nominal or par value of the "Capital Protection Products" (partial capital protection). Capital protection therefore does not mean that the Investor is entitled to a redemption amount equal to the full nominal or par value of the "Capital Protection Products". The potential loss is limited by the minimum redemption amount, subject to the credit risk of the Issuer and, if applicable, the Guarantor.

The product category "Capital Protection Products" includes the following product types:

- **Capital Protection Note with Participation (SSPA Category 1100)**
- **Capital Protection Note with Barrier (SSPA Category 1130)**
- **Capital Protection Note with Twin Win (SSPA Category 1135)**
- **Capital Protection Note with Coupon (SSPA Category 1140)**

## 2.2 Yield Enhancement Products (SSPA Category 12)

"Yield Enhancement Products" provide for a redemption amount that is limited to a maximum amount (cap) and may provide for (fixed or variable) periodic coupon payments during the term.

The product category "Yield Enhancement Products" includes the following product types:

- **Discount Certificate** (SSPA Category 1200)
- **Barrier Discount Certificate** (SSPA Category 1210)
- **Reverse Convertible** (SSPA Category 1220)
- **Barrier Reverse Convertible** (SSPA Category 1230)
- **Conditional Coupon Reverse Convertible** (SSPA Category 1255)
- **Conditional Coupon Barrier Reverse Convertible** (SSPA Category 1260)

## 2.3 Participation Products (SSPA Category 13)

"Participation Products" generally track the performance of the Underlying and enable Investors to participate in the performance of the Underlying. Depending on the structure of the "Participation Product", Investor participate proportionately or disproportionately in the performance of the Underlying. The profit an Investor may achieve by investing in a "Participation Product" is theoretically unlimited, (unless there is a cap) but there is the risk of a total loss (unless there is a partial capital protection).

The product category "Participation Products" includes the following product types:

- **Tracker Certificate** (SSPA Category 1300)
- **Outperformance Certificate** (SSPA Category 1310)
- **Bonus Certificate** (SSPA Category 1320)
- **Bonus Outperformance Certificate** (SSPA Category 1330)
- **Twin Win Certificate** (SSPA Category 1340)

## 2.4 Investment Products with Additional Credit Risk (SSPA Category 14)

In addition to the features of the corresponding "Capital Protection Products", "Yield Enhancement Products" or "Participation Products" on which they are based, "Investment Products with Additional Credit Risk" are also affected by the occurrence of a defined credit event in respect of a reference entity or obligation. If a credit event occurs in respect of a reference entity or obligation during the term of the "Investment Products with a Additional Credit Risk ", they will be redeemed at a value which may be significantly below their initial value and as low as zero and Investors will make a partial or total loss.

If no credit event occurs, "Investment Products with Additional Credit Risk " work in the same manner as the corresponding "Capital Protection Product", "Yield Enhancement Product" or "Participation Product" on which they are based.

The product category "Investment Products with Additional Credit Risk " includes the following product types:

- **Credit Linked Notes** (SSPA Category 1400)
- **Conditional Capital Protection Note with Additional Credit Risk** (SSPA Category 1410))
- **Yield Enhancement Certificate with Additional Credit Risk** (SSPA Category 1420)
- **Participation Certificate with Additional Credit Risk** (SSPA Category 1430)

## **2.5 Leverage Products (SSPA Category 21)**

"Leverage Products" are subject to a leverage effect both in the direction of profits and losses, i.e., changes in the value of the Underlying have a disproportionate effect on the value of "Leveraged Products" compared to a direct investment in the Underlying. The leverage effect permits Investors to use less capital compared to investing directly in the Underlying.

The product category "Leverage Products" includes the following product types:

- **Warrant** (SSPA Category 2100)
- **Spread Warrant** (SSPA Category 2110)
- **Warrant with Knock-Out** (SSPA Category 2200)
- **Mini-Future** (SSPA Category 2210)
- **Constant Leverage Certificate** (SSPA Category 2300)

## **2.6 Other Product Types**

### **Actively Managed Certificates**

"Actively Managed Certificates" reference underlying assets or an index which are actively managed at the discretion of the Index Sponsor during the lifetime in accordance with the relevant Rulebook. In addition to the one-time fees in connection with the issuance of Actively Managed Certificates, Investors may incur recurring costs due to the active management, e.g. also by a third party involved.

### **Debt Instruments**

"Debt Instruments" refer to other debt instruments which are neither Structured Products nor Warrants as further defined in the relevant Issue Terms. Such Debt Instruments typically do not involve underlying assets. For instance, Debt Instruments may be issued in the form of debt obligations.

VIII. FORM OF FINAL TERMS AND PRICING SUPPLEMENT



**[EFG BANK AG]**  
*(Incorporated in Switzerland)*

**[EFG INTERNATIONAL FINANCE (GUERNSEY) LTD]**  
*(incorporated in Guernsey)*

(the "**Issuer**")

**[FINAL TERMS] [PRICING SUPPLEMENT]**

dated

[●]

**[PRODUCT NAME]**

**under the Issuance and Offering Programme dated [●] (the "Programme" or the "Base Prospectus")**

[the "**Products**"]

[ISIN [●] ]

[Swiss Security Number [●] ]

[SIX Symbol [●] ]

[WKN [●] ]

[Internal Reference [●] ]

[Other identifier(s) [●] ]

[COSI® Collateral Secured Instruments – Investor Protection engineered by SIX.]



[These Final Terms (the "**Final Terms**") are] [This Pricing Supplement (the "**Pricing Supplement**") is] supplemental to and should be read in conjunction with the Base Prospectus dated [●] (as amended from time to time, the "**Base Prospectus**").

[(to the extent the Products are not FinSA Exempt Products): The Base Prospectus constitutes a base prospectus as per article 45 of the Swiss Federal Act on Financial Services of 15 June 2018 as amended ("**FinSA**"). It has been approved by SIX Exchange Regulation AG ("**SIX Exchange Regulation**") in its capacity as Swiss Prospectus Office and these Final Terms have been registered with SIX Exchange Regulation in its capacity as Swiss Prospectus Office under FinSA. The Base Prospectus, any supplements thereto and these Final Terms, are available at the relevant notification website specified in these Final Terms (the "**Notification Website**"). Alternatively, the investor may request hard copies at the Lead Manager's office. The Products may be offered, sold or advertised, directly or indirectly, in Switzerland to retail clients (*Privatkundinnen und -kunden*) within the meaning of FinSA ("**Retail Clients**") in accordance with FinSA. The Products are not FinSA Exempt Products.]

[The Issuer does not provide a General Consent for the use of the prospectus, but consents to the use of the Base Prospectus together with these Final Terms in connection with an offer of the Products in Switzerland by the Lead Manager and the following financial intermediaries only: [●] (Individual Consent)]

The Issuer consents to the use of the Base Prospectus together with these Final Terms in connection with a public offer of the Products in Switzerland by any financial intermediary that is authorised to make such offers.]

[[to the extent the Products are FinSA Exempt Products): Neither the Base Prospectus nor this Pricing Supplement or any other offering or marketing material relating to the Products constitute a prospectus pursuant to the FinSA, and such documents may not be publicly distributed or otherwise made publicly available in Switzerland, unless the requirements of FinSA for such public distribution are complied with.

[The Products documented in this Pricing Supplement are FinSA Exempt Products and may not be offered, sold or advertised, directly or indirectly, in Switzerland to [500 or more than 500] retail clients (*Privatkundinnen und -kunden*) within the meaning of FinSA ("**Retail Clients**"). Neither this Pricing Supplement nor any offering materials relating to the Products shall be made available to [500 or more than 500] Retail Clients in Switzerland. The offering of the Products directly or indirectly, in Switzerland is only made by way of private placement, i.e. addressing the Products solely at investors classified as professional clients (*professionelle Kunden*) or institutional clients (*institutionelle Kunden*) as per FinSA ("**Professional or Institutional Clients**") [and/or to fewer than 500 Retail Clients].] [The Products documented in this Pricing Supplement [are addressed at investors acquiring Products to the value of at least CHF 100,000] [,] [and] [have a minimum denomination per unit of CHF 100,000] [and] [do not exceed a total value of CHF 8 million over a 12-month period] The Products are not and will not be admitted to trading on a Swiss trading venue.] The Products are FinSA Exempt Products.] [The Issuer does not provide a General Consent for the use of the prospectus, but consents to the use of the Base Prospectus together with the Pricing Supplement in connection with an offer of the Products in Switzerland by the Lead Manager and the following financial intermediaries only: [●] (Individual Consent)].

The Products documented in [these Final Terms] [this Pricing Supplement] may be considered structured products in Switzerland pursuant to article 70 FinSA and are neither subject to authorisation nor supervision by the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"). None of the Products constitute a participation in a collective investment scheme within the meaning of the Collective Investment Schemes Act of 23 June 2006 ("**CISA**") and investors do not benefit from the specific investor protection provided under CISA. Investors bear the credit risk of the Issuer and the Guarantor, if any. **Investors should read the section "Risk Factors" of the Base Prospectus and, if applicable, the section "Additional**

**Information and Risk Factors" of [these Final Terms] [this Pricing Supplement]. Investing in this product may put Investor's capital at risk. Investor may lose some or all of its investment.**

Terms used herein shall have the same meaning as set forth in the Base Prospectus. Full information on the Issuer, the Guarantor, if any, and the offer and structure of the Products can only be assessed on the basis of the combination of [these Final Terms] [this Pricing Supplement] and the Base Prospectus.

In case of inconsistencies between the provisions of the Base Prospectus and the [Final Terms] [Pricing Supplement], or provisions introduced by the [Final Terms] [Pricing Supplement], the [Final Terms] [Pricing Supplement] shall prevail.

[The Base Prospectus expires on 6 September 2022. On or prior to this date, a new base prospectus (the "**New Base Prospectus**") will be published on the Notification Website. Following the expiry of the Base Prospectus the offering of the Products will continue under the New Base Prospectus. The terms and conditions from the Base Prospectus will be incorporated by reference into the New Base Prospectus and will continue to apply to the Products.]

*[Insert other disclaimer and/or restrictions as appropriate.]*

## A. Product details and operational information

<b>Product Name</b>	[●]
<b>[ISIN]</b>	[●]
<b>[Swiss Security Number]</b>	[●]
<b>[Internal Reference]</b>	[●]
<b>[Other identifier(s)]</b>	[●]
<b>[SSPA Product type]</b>	[SSPA Product Type] [SSPA Product Code] (as defined in the SSPA Swiss Derivative Map)]
<b>[Capital Protection]</b>	[Not applicable] [Applicable (see below for details)]
<b>Issuer</b>	[Issuer's name and domicile] [(Rating: [●], Supervisory Authority: [●])]
<b>[Lead Manager]</b>	[Lead Manager's name and domicile]
<b>[Calculation Agent]</b>	[Calculation Agent's name and domicile]
<b>[Paying Agent]</b>	[Paying Agent's name and domicile]
<b>Guarantee</b>	[Not applicable]  [Applicable. (see the section [XII (GUARANTEE OF EFG INTERNATIONAL AG FOR PRODUCTS OF EFG INTERNATIONAL FINANCE (GUERNSEY) LTD)][XIII (GUARANTEE OF EFG BANK AG FOR PRODUCTS OF EFG INTERNATIONAL FINANCE (GUERNSEY) LTD)]) <i>(must be applied in the event the Issuer is EFGIF LTD, unless only offered to Professional or Institutional Clients.)</i>  [Investors may obtain the complete guarantee undertaking free of charge from [●].]
<b>[Guarantor]</b>	[EFG International AG, Zurich, Switzerland] [EFG Bank AG, Zurich, Switzerland]  (Rating: [●], Supervisory Authority: FINMA / GFSC)

*[Insert other products details and operational information as appropriate.]*

## B. Product and contractual terms

### General

<b>Issue Price</b>	[CCY] [●]
<b>[Initial Load]</b>	[●]
<b>Issue Size</b>	[up to] [CCY] [●] [(can be increased at any time)]
<b>[Denomination]</b>	[CCY] [●]
<b>[Settlement Currency]</b>	[CCY] [●]

<b>[Currency Protection]</b>	[•][• composite ("composite" means that the currency risk against • is not hedged)]
<b>[Product type]</b>	[Fixed-end Product] [Open-end Product] [•]
<b>[Warrant type]</b>	[Call Warrant] [Put Warrant] [•]
<b>[Exercise style]</b>	[European] [American] [•]
<b>[Bonus Level]</b>	[•%][•]
<b>[Participation]</b>	[•%][•]
<b>[Capital Protection]</b>	[•%][•]
<b>[Conditional Capital Protection]</b>	[•%] [The [Capital Protection] [Protection] applies only if no Credit Event occurs during the Credit Event Observation Period and the Issuer's Termination Right was not exercised. Otherwise the Redemption of the Product may be below the [Conditional Capital Protection] [Conditional Protection] and may, in some circumstances, be zero.]
<b>[Protection Level]</b>	[•%][•]
<b>[Discount]</b>	[•%][•]
<b>[Conversion Ratio]</b>	[•]
<b>[Certificate Type]</b>	[Long] [Short] [•]
<b>[Collateralisation]</b>	[COSI]

*[Insert other general product and contractual terms as appropriate.]*

## Dates

<b>[Subscription Date]</b>	<b>Start</b>	[•]
<b>[Subscription Date]</b>	<b>End</b>	[•] [•] [CET] [(the Subscription Period might be closed earlier)]
<b>[Subscription Period]</b>		The period starting on the Subscription Start Date and ending on the Subscription End Date.
<b>Initial Fixing Date</b>		[•] [(or the day and time when the Subscription Period ends)]
<b>Issue Date</b>		[•]
<b>[First Exchange Trading Date]</b>		[• (anticipated)]
<b>[Last Exchange Trading Date/Time]</b>		[•] [/] [Exchange market close]
<b>[Final Fixing Date]</b>		[•] [(subject to Market Disruption Event provisions)]
<b>[Barrier Observation Period]</b>		[•]
<b>[Redemption Date]</b>		[•]

[Autocall Observation Dates] [See the Autocall Observation Dates specified below.]

[Credit Event Observation Period] [●]

[Credit Event Redemption Date] [●]

[Observation Period] [●]

*[Insert other dates and related terms as appropriate.]*

## Underlying

[Underlying(s)] [The Underlying is or is composed out of the following components: [Share] [Participation Certificate] [Index] [Depository Receipt] [Commodities] [Currency Exchange Rate] [Futures Contract] [Fixed Rate Instrument or Derivative Instrument] [Exchange Trade Fund] [Fund Unit] [Reference Rate] [Virtual Currency] [Reference Entity] [Index (of tracker certificates)] [●]]

**[Details regarding Underlying] [•]**

Underlying	[Related Exchange], [Price Source], [Reference Market] and/or [Service Provider] [Reference Entity Notional Amount]	[Bloomberg Ticker] [•]	[Initial Fixing Level] [•]	[Underlying or Product specific details e.g. [Strike Level] [Barrier Level] [Trigger Level] [Conversion Ratio] [Bonus Level] [Index Sponsor] [Index Calculation Agent] [Total Return Index] [Price Index] [•Specify other]]	[•]
[•]	[•]	[•]	[•]	[•]	[•]

**[Details regarding Underlying [Components]] [•]**

i	Underlying [Component] <sub>i</sub>	[Related Exchange] or [Price Source] and/or [Reference Market]	[Bloomberg Ticker] [•]	[Initial Fixing Level] [•]	Initial Weight	Number of Underlying Components (W <sub>i</sub> )	[Underlying Component or Product specific details, e.g. [Strike Level] [Barrier Level] [Trigger Level] [Conversion Ratio] [Index Sponsor] [Index Calculation Agent] [Total Return Index] [Price Index] [•Specify other]]	[•] [Place where the annual reports of the issuer of Underlying (in case of shares or debt instruments) are available free of charge if the documents are not uploaded on the internet page of the issuer]
1	[•]	[•]	[•]	[•]	[•]%	[•]	[•]	[•]
2	[•]	[•]	[•]	[•]	[•]%	[•]	[•]	[•]
[n]	[•]	[•]	[•]	[•]	[•]%	[•]	[•]	[•]

**[Additional Details regarding funds as Underlyings [Components]] [•]**

	Underlying [Component]	[Fund Management Company] [issuer]	[Investment universe of fund]	[•]
1	[•]	[•]	[•]	[•]
2	[•]	[•]	[•]	[•]
[n]	[•]	[•]	[•]	[•]

**[insert additional or alternative Underlying tables as appropriate] [•]**

**[Additional Disruption Event]** [Increased Cost of Hedging] [Change in Law] [Hedging Disruption] [Insolvency Filing] [Failure to Deliver] [Reduced Number of Shares]

[Underlying Valuation [Individual Adjustment] [Common Adjustment]  
Dates Adjustments for  
Disrupted Dates]

[Maximum Days of [•] [8]  
Disruption]

[Derived Exchange [Applicable] [Not Applicable]  
Rate]

[Platform Provider] [•]

*[Insert other terms regarding the Underlying as appropriate]*

## [Coupon

[Coupon] [insert coupon mechanisms, including, but not limiting to coupon table] [•]

[Coupon  
Rate(s)] [•]

[Coupon  
Payment  
Date(s)] [•]

[Coupon  
Amount(s)] [•]

[Coupon  
Amount(s) and  
Coupon  
Payment  
Date(s)] [•]

[Day Count  
Fraction] [•]

[Business Day  
Convention] [•]

[Conditional  
Coupon  
Amount] [•]

[Coupon Trigger  
Event] [•]

*[Insert other terms regarding Coupon as appropriate.] ]*

## [Early Redemption

[Early  
Redemption] [insert early redemption mechanisms, including, but not limiting to, early  
redemption scenarios and early redemption amounts; and early redemption  
table] [•]

*[Insert other terms regarding Early Redemption as appropriate.] ]*

## [Redemption]

<b>Settlement type</b>	[Cash Settlement] [Delivery of Underlying] [●]
<b>Redemption</b> <b>[Scenario]</b>	[insert redemption mechanisms and amount, including, but not limiting to, redemption scenarios and redemption amounts / applicable formula.] [●]
<b>Initial Level</b>	[●]
<b>Fixing</b>	[●]
<b>[Final Level]</b>	[●]
<b>[Barrier Event]</b>	[●]
<b>[Worst Performance]</b>	[●]
<b>[Final Basket Level]</b>	[●]
<b>[Basket Level]</b>	[●]
<b>[Dividends]</b>	[●]
<b>[Conversion Ratio]</b>	[●]
<b>[FX Rate]</b>	[●]
<b>[Knock-out Provisions]</b>	[●]
<b>[Stop Loss Event]</b>	[●]
<b>[Unwind Liquidation Price]</b>	[●]
<b>[Limitations regarding transferability of Underlying (in case of Delivery of Underlying)]</b>	[●]

*[Insert additional terms relating to Redemption as appropriate]]*

## [Additional provisions for Credit Linked Products]

<b>[Type of Credit Linked Products]</b>	[Single Name CLP] [Nth-to-Default CLP] [Portfolio CLP] [Index CLP] [●]
<b>[Transaction Type]</b>	[●]
<b>[Redemption]</b>	<i>[Specify Redemption scenarios (including provisions regarding Credit Event Redemption Date, Scheduled Redemption Date, Direct Loan</i>



		<i>Participation, Reference Obligations Only, Excluded Deliverable Obligations, Fallback Discounting</i> ]
<b>[Credit Event]</b>		<i>[Specify Credit Event]</i>
<b>[CLP Settlement Method]</b>		<i>[Specify settlement Method, e.g. Cash Settlement, Physical Settlement CLP (including Mod R, Mod Mod R etc.) or Auction Settlement]</i>
<b>[Fallback Settlement Method]</b>	<b>CLP</b>	<i>[Specify Fallback settlement Method, e.g. Cash Settlement, Physical Settlement CLP (including Mod R, Mod Mod R etc.) or Auction Settlement]</i>
<b>[Initial Fixing Level]</b>		[•]
<b>[Final Fixing Level]</b>		[•]
<b>[CLP Valuation Methods]</b>		[•]
<b>[CLP Valuation Date and Time]</b>		[•] [•]
<b>[Extension Interest]</b>		[Applicable] [Not Applicable]
<b>[Fixed Recovery]</b>		[Applicable] [Not Applicable]
<b>[Final Price]</b>		[•]%
<b>[Financial Entity Terms]</b>	<b>Reference</b>	[Applicable] [Not Applicable]
<b>[Senior Product]</b>		[Applicable] [Not Applicable]
<b>[Subordinated Product]</b>		[Applicable] [Not Applicable]
<b>[Seniority Level]</b>		[•]
<b>[Accrued Interest]</b>		[Include Accrued Interest applicable] [Exclude Accrued Interest applicable]
<b>[Publicly Available Information]</b>	<b>Available</b>	<i>[Specify relevant source] [Notice of Publicly Available Information]</i>
<b>[Additional Obligation]</b>		[•]

*[Insert additional product and contractual terms as appropriate]]*

#### **[Additional provisions for Tracker Certificates referencing an actively managed underlying]**

<b>[Index Sponsor]</b>	<i>[Specify name, address and supervisory authority or declaration that Index Sponsor is not prudentially supervised.]</i>
<b>[Strategy]</b>	<i>[Specify investment universe, criteria for selecting securities, treatment of income from the strategy (i.e. accumulating or distributing), to the extent not specified in the relevant Index Rulebook]</i>
<b>[Fees]</b>	<i>[Specify Calculation Agent Fee (CAF), Management Fee (MF), Advice Fee (AF), Collateral Fee (CF), Performance Fee (PF), Rebalancing Fee and therefore required parameter (e.g. DayCount, Watermark etc.).]</i>
<b>[Interim Payments]</b>	[•]
<b>[Issuer's Termination Right]</b>	[•]
<b>[Investor Redemption]</b>	[•]

<b>[Extraordinary Termination]</b>	<b>[•]</b>
<b>[Stop Loss Event]</b>	<b>[•]</b>
<b>[Stop Loss Level]</b>	<b>[•]</b>

*[Insert additional product and contractual terms as appropriate]*

## **[Additional Provisions for Debt Instruments]**

<b>[Placement]</b>	<b>[direct] [underwritten]</b>
<b>[Share underwritten]</b>	<b>[•%]</b>
<b>[Underwriter]</b>	<b>[•]</b>
<b>[Private placement of Products]</b>	<b>[not applicable]</b>
<b>[Tranches available on certain markets only]</b>	<b>[not applicable]</b>
<b>[Net proceeds]</b>	<b>[•]</b>

*[Insert additional product and contractual terms as appropriate]*

## **C. Other information and terms**

<b>[Distribution Fee]</b>	<b>[•]</b>
<b>[Listing Exchange]</b> /	<b>[The Products are not listed or admitted to trading.] /</b> <b>[SIX Swiss Exchange AG][/][BX Swiss AG][/][Open market segment of Börse Frankfurt Zertifikate AG][/] [any other Exchange or Multilateral Trading Facility if applicable]</b>
<b>[Secondary Market]</b>	<b>[Daily price indications will be available from [•] on [•]] [No Secondary Market] [•]</b>
<b>[Quoting Type]</b>	<b>[Secondary market prices are quoted [dirty] [clean]; accrued interest is [not] included in the prices.] [•]</b>
<b>[Quotation Type]</b>	<b>[Secondary market prices are quoted in percentage.] [Secondary market prices are quoted in the Settlement Currency, per Product.] [•]</b>
<b>[Minimum Investment]</b>	<b>[CCY] [•]</b>
<b>[Minimum Trading Lot]</b>	<b>[CCY] [•]</b>
<b>[Clearing]</b>	<b>[SIX SIS Ltd, Euroclear, Clearstream] [•]</b>
<b>[Depository]</b>	<b>[SIX SIS Ltd] [•]</b>
<b>[Public Offering]</b>	<b>[Switzerland]</b>

<b>Form</b>	[Uncertificated Security / Book-entry] [●]
<b>Governing Law / Jurisdiction</b>	[Swiss / Zurich] [●]
<b>Notification Website:</b>	[●]
<b>Selling Restrictions:</b>	[CH, UK, EEA, US, SG, HK (see Base Prospectus for more information)] [●]
<b>[Transfer restrictions]</b>	[Not applicable] [●]
<b>[Significant changes / Responsibility]</b>	<p>[Except as disclosed in these Final Terms and the Base Prospectus, there has been no significant change in the financial or trading position of the Issuer and no material adverse change in the prospects of the [Issuer] [and/or] [Guarantor] since [●]. <i>[Insert for Products other than FinSA Exempt Products]</i> [●]</p> <p>[[●] accepts responsibility for the information contained in these Final Terms. The Issuer declares that the information contained in these Final Terms is, to the best of its knowledge, in accordance with the facts and contains no omission of material information.] (Responsibility statement may be deleted for FinSA Exempt Products.) [●]</p>

*[Insert additional other information and terms as appropriate]*

#### **[D. Additional Information [and] [Risk Factors]**

*[Insert additional information (such as, but not limiting to, index disclaimers) and or risk factors as appropriate]*

## IX. GENERAL TERMS AND CONDITIONS

The following General Terms and Conditions are applicable to all Products issued under this Programme by the Issuer and shall be read jointly with the Underlying Specific Conditions and, if applicable, the Terms for COSI® Collateral Secured Instruments ("**COSI Products**") as well as the relevant Issue Terms (the General Terms and Conditions together with the relevant Underlying Specific Conditions, the Terms for COSI Products, as applicable, and the Issue Terms, the "**Conditions**"). Any references to a General Condition shall be deemed to be a reference to the relevant section of the General Terms and Conditions.

In case of any inconsistencies between the Issue Terms and any other parts of the Conditions, the Issue Terms shall prevail. In the event of any inconsistencies between the General Terms and Conditions and the Underlying Specific Conditions, the Underlying Specific Conditions shall prevail.

The Investors are deemed to have notice of all the provisions of this Programme and the Issue Terms, as applicable.

### 1. Definitions

*The following definitions are applicable to all Products issued under this Programme by the Issuer and shall be read jointly with the other parts of the Conditions, including the Issue Terms.*

The following definitions shall have the meanings in respect of any Products or Series of Products as set forth below. Words in the singular shall include the plural and vice versa.

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

"**Agents**" means the Paying Agent, the Calculation Agent and any 'Additional Agents' specified in the Issue Terms.

"**American Style Warrant**" has the meaning specified in the General Condition 26.1 (Warrants: American Style Warrants or European Style Warrants).

"**Autocall Observation Date**" means a date specified as such in the Issue Terms.

"**Automatic Exercise**" has the meaning specified in the General Condition 28.2 (Automatic Exercise).

"**Automatic Redemption**" has the meaning specified in the General Condition 29.2 (Automatic Redemption).

"**Barrier Level**" and/or "**Trigger Level**" or any other level have the meaning (where applicable) specified in the Issue Terms, provided that the Calculation Agent shall determine such level if it is specified in a way that requires a determination.

"**Barrier Observation Period**" means the period of time as stated in the Issue Terms and includes both, the start and end date of the respective period. In cases where the Calculation Agent determines the Initial Fixing Level based on an observed intraday price at any time on the Initial Fixing Date, the barrier observation will start only after the Product has been fixed on that day. In addition, if the Product's Final Fixing Level is to be determined at any time on the Final Fixing Date (observed price), the barrier observation will end with the Calculation Agent's fixing on that date.

"**Basket**" means (where applicable):

- (i) In relation to a Share, the basket of Shares, as specified in the Issue Terms, subject to adjustments;

(ii) In relation to an Index, the basket of Indices, as specified in the Issue Terms, subject to adjustments.

(iii) In relation to any other Underlying, the basket of such other Underlyings, as specified in the Issue Terms, subject to adjustments.

**"Business Day"** in connection with any payment and settlement procedure (including precious metals) means a day on which (i) relevant clearing systems are open and Products can be settled, (ii) relevant commercial banks are open, (iii) banks in Zurich are open, (iv) foreign exchange markets execute payments in the respective Settlement Currency and (v) any other day, as specified in the Issue Terms, if applicable.

**"Business Day Convention"** means the convention used for the calculation of any interest amount, as defined in the Issue Terms.

**"BX Swiss"** means the exchange operated by BX Swiss AG, Switzerland, or its successor.

**"Calculation Agent"** means the calculation agent specified in the Issue Terms.

**"Calculation Amount"** means, in respect of a Series, the amount specified as such in the Issue Terms.

**"Cap Level"** is specified in the Issue Terms (where applicable).

**"Cash Settlement"** has the meaning specified in the General Condition 29.9 (Cash Settlement), or in the Issue Terms (where applicable).

**"Cash Settlement Amount"** has the meaning specified in the General Condition 29.9 (Cash Settlement), or in the Issue Terms (where applicable).

**"Clearing"** and/or **"Clearing System"** means (i) in relation to Products listed on the SIX Swiss Exchange or BX Swiss, SIX SIS AG, Olten, Switzerland, or any additional clearing system approved by the Regulatory Board of the SIX or (ii) in relation to any Products which are not listed, SIX SIS or any clearing system specified in the relevant Issue Terms in which Products are held, or (iii) any other additional clearing system that may be relevant for the Product settlement purposes.

**"CNH"** means offshore tradable and deliverable currency of "Renminbi" or "CNY", the lawful currency of the People's Republic of China.

**"Commodity"** means any commodity, as specified in the Issue Terms.

**"Commodity Index"** means the commodity index, as specified in the Issue Terms.

**"Common Exchange Business Day"** has the meaning specified in the General Condition 34 (Postponement of Final Fixing Date or Observation Date on the occurrence of an event which is not a Market Disruption Event).

**"Company"** means, for Products with Shares as Underlying, the company that has issued such Shares.

**"Conditions"** is specified in the introductory paragraph of the General Terms and Conditions.

**"Conversion Rate"** means (where applicable) the rate of conversion of any amount into the Settlement Currency, as specified in the Issue Terms and, if not specified, as reasonably determined by the Calculation Agent.

**"Conversion Ratio"** means the number of Products per Underlying or alternatively the number of Underlyings a given number of Products may be converted into, as specified in the Issue Terms.

**"Cooperation Agreement"** means the agreement entered into by the Issuer with Leonteq Securities AG relating to the issuance, maintenance and redemption of Products issued by the Issuer and pursuant to which the Platform Provider provides, amongst others, hedging services, accounting and risk management as well as documentation, listing, settlement and other processes relating to the issuance and redemption of Products.

**"Coupon"** has the meaning as determined in the Issue Terms.

**"Coupon Ex-Date"** means, with respect to any Product paying a coupon, the first Exchange Business Day such Product is quoted without the entitlement to the coupon amount on the next following Coupon Payment Date. Local market conventions in respect of the Coupon Ex-Date may apply.

**"Coupon Observation Date"** means a date specified as such in the Issue Terms.

**"Coupon Payment Date"** has the meaning as determined in the Issue Terms.

**"Debt Instrument"** means a Product other than a Structured Product or Warrant.

**"Delivery Date"** means in relation to any Delivery of Underlying, the date on which the Delivery of Underlying is made. Unless otherwise specified in the Issue Terms, the Delivery Date is on the Redemption Date subject to the customary settlement cycle of the relevant Underlying applying to the delivery of the relevant Underlying to the Investor.

**"Delivery of Underlying"** has the meaning (where applicable) specified in the General Condition 9.2 (Settlement by Delivery of Underlying) and 28.9 (Delivery of Underlying) and the relevant Underlying Specific Conditions.

**"Delivery Period"** in relation to Settlement Disruption means the **fifteen** (15) Business Days period starting on the Exchange Business Day following the Final Fixing Date or (in the case of a Valuation Period) the last Final Fixing Date of the Valuation Period (or any other period defined in the Issue Terms).

**"Denomination"** means the denomination as set out in the Issue Terms.

**"Early Redemption Date(s)"** has the meaning as specified in General Condition 26.2 (Products other than Warrants: Fixed-end Products or open-end Products), and set out in the Issue Terms and/or as specified in any Termination Announcement or Termination Notice to the Investors published in accordance with General Condition 15 (Notices).

**"Entitlement"** means, in respect of each Product, a number equal to the Conversion Ratio (Rounded) of the Underlying to be delivered pursuant to a Delivery of Underlying. The Entitlement will be determined per Product without first aggregating the entire holding of Products held by an Investor.

**"European Style Warrant"** has the meaning specified in the General Condition 26.1 (Warrants: American Style Warrants or European Style Warrants).

**"Exchange"** means the stock exchange where the Product is listed, if applicable, or as specified in the Issue Terms.

**"Exchange Business Day"** means, if not otherwise specified in the Issue Terms:

- (i) In relation to Products with a Share as Underlying a Trading Day on which the Related Exchange is operating, on which the relevant Share is quoted on the Related Exchange or on which such futures or options on the relevant Share (if any) are traded on the Futures and Options Exchange, subject to the provisions stated in the section headed "Market Disruption Event".

- (ii) In relation to Products with an Index as Underlying a day, on which the relevant Index is calculated by the Index Calculation Agent or the Successor Index Calculation Agent and published by the Index Sponsor or the Successor Index Sponsor, subject to the provisions set forth in the section headed "Market Disruption Event".
- (iii) In relation to Products with any Underlying other than an Index or a Share, if the value of such Underlying is determined:
  - a. by way of reference to a publication of an official fixing, a day on which such fixing is scheduled to be determined and published by the respective fixing sponsor, subject to Market Disruption Events;
  - b. by way of reference to an official cash settlement price, a day, on which such official cash settlement price is scheduled to be determined and published by the respective exchange or any other official announcing party, subject to Market Disruption Events;
  - c. by way of reference to a price or value source including but not limited to information providers such as Refinitiv, Bloomberg or WM Company PLC and the respective pages on their systems a day on which such price or value source still exists and officially provides for the respective price or value, subject to Market Disruption Events;
  - d. by way of reference to an official settlement price (for example when a futures contract is the Underlying), a day, on which the Related Exchange is scheduled to be open for trading for its respective regular trading session, notwithstanding any such Related Exchange closing prior to its scheduled closing time;
  - e. by the Calculation Agent at a specific time on a specific date, without reference to any source, a day on which the Calculation Agent can enter into a spot transaction with another counterparty, depending on both parties' respective opening hours.
- (iv) In relation to Products with more than one Underlying, irrespective of their nature, and with an income deriving from the calculated number of Exchange Business Days within a pre-defined period of time, a day, on which at least one of the relevant Underlyings can be determined in accordance with (i) to (iii) above. For the purpose of the respective income calculation only, the other Underlyings for which such day is actually not a scheduled Exchange Business Day will be assessed based on their levels of the previous Exchange Business Day.

**"Exercise Date"** means in relation to any Warrant, the day on which a Warrant is deemed to have been exercised in accordance with the General Condition 28.2 (Automatic Exercise), or if applicable on which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of the General Condition 28.3 (Exercise Notice).

**"Exercise Notice"** means any notice as may be agreed by the Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent) which is delivered by an Investor in accordance with the General Condition 28.3 (Exercise Notice).

**"Exercise Period"** means, in the case of American Style Warrants, a period starting on the Issue Date and ending on the Expiration Date or as specified in the Issue Terms.

**"Expiration Date"** means the date, as specified under Final Fixing Date in the Issue Terms, subject to Market Disruption Event provisions.

**"Fair Market Value"** means the value of the relevant Underlying as determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*) but in accordance with established market practice, which is calculated on the basis of the relevant market conditions after deduction of the costs of the Issuer for unwinding any related underlying hedging arrangements.

**"FI"** has the meaning specified in the General Condition 25 (Conflict of Interests in connection with (a) discounts granted and payments made by the Issuer and/or the Lead Manager and (b) retrocessions received by the Issuers and/or the Lead Manager from Third Parties).

**"Final Fixing Date"** means, subject to provisions regarding Market Disruption, the date specified in the Issue Terms or if such date is not an Exchange Business Day the next succeeding Exchange Business Day.

**"Final Fixing Averaging Date"** means a date specified as such in the Issue Terms.

**"Final Fixing Level"** has the meaning as determined in the Issue Terms.

**"Final Terms"** mean any Final Terms prepared in relation to any Product which is not a FinSA Exempt Product in accordance with the Form of Issue Terms pursuant to section VIII (FORM OF FINAL TERMS AND PRICING SUPPLEMENT)).

**"FinSA"** means the Swiss Financial Services Act of 15 June 2018 as amended.

**"FinSA Exempt Products"** mean the Products specified as FinSA Exempt Products in the Pricing Supplement.

**"Fixed-end Products"** mean Products with a fixed duration, ending on the Final Fixing Date and/or the Redemption Date, respectively.

**"Following Business Day Convention"** means that the immediately following Business Day or Exchange Business Day, as applicable according to the Issue Terms, shall apply if the date indicated in the Issue Terms is not a Business Day or not an Exchange Business Day. Such convention shall apply by default unless otherwise specified in the Issue Terms.

**"Futures and Options Exchange"** means in relation to any Product the organized futures and options exchanges or any succeeding market thereto, as the case may be, on which futures and/or options relating to the Underlying are traded as specified in the Issue Terms.

**"FX Disruption Event"** has the meaning given in the General Condition 33 (Postponement of Final Fixing Date or Observation Date on the Occurrence of a Foreign Exchange Disruption Event).

**"FX Establishment Date"** has the meaning given in the General Condition 33 (Postponement of Final Fixing Date or Observation Date on the Occurrence of a Foreign Exchange Disruption Event).

**"FX Rate"** has the meaning given in the General Condition 33 (Postponement of Final Fixing Date or Observation Date on the Occurrence of a Foreign Exchange Disruption Event).

**"Guarantor"** means a party as may specified in the Issue Terms.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange, (b) stock loan transactions, or (c) other instruments or arrangements (howsoever described) by the Issuer, Guarantor and/or Calculation Agent or any of their Affiliates in order to hedge individually, or on a portfolio basis, the Issuer's obligations in respect of the Products.

**"Hedging Disruption"** has the meaning specified in the General Condition 20 (Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability).



**"Hedging Entity"** has the meaning specified in the General Condition 20 (Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability).

**"Increased Cost of Collateralisation"** has the meaning specified in the General Condition 20 (Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability).

**"Increased Cost of Hedging"** has the meaning specified in the General Condition 20 (Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability).

**"Index"** means, in respect of any Product relating to an index, each index specified in the Issue Terms and published by the relevant Index Sponsor.

**"Index Calculation Agent"** has the meaning specified in the Issue Terms.

**"Index Sponsor"** has the meaning specified in the Issue Terms.

**"Initial Fixing Date"** has the meaning as determined in the Issue Terms.

**"Initial Fixing Level"** has the meaning as determined in the Issue Terms.

**"Initial Lookback Observation Date"** means a date specified as such in the Issue Terms.

**"Investor"** means a person entitled to the rights conferred by the Products, holding Products through a Securities Account Holder, or, in the case of a Securities Account Holder acting for its own account, the Securities Account Holder itself.

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

**"Issuer"** means EFGIF LTD and/or EFG Bank, as specified in the Issue Terms.

**"Issue Date"** has the meaning as determined in the Issue Terms.

**"Issue Price"** means the issue price as specified in the Issue Terms.

**"Issue Size"** means the issue price as specified in the Issue Terms.

**"Issue Terms"** means either the Final Terms or the Pricing Supplement, as applicable, prepared in relation to the Products.

**"Last Trading Day"** means the date as specified in the Issue Terms.

**"Last Trading Time"**, see the definition of Trading Expiration Time.

**"Lead Manager"** means the lead manager specified in the Issue Terms.

**"Lock-in Observation Date"** is the date specified as such in the Issue Terms.

**"Market Disruption Event"** has the meaning specified in the General Condition 30.1 (Market Disruption Event) or in the applicable Underlying Specific Conditions.

**"Maximum Exercise Number"** has the meaning specified in the General Condition 28.1 (Minimum and maximum number of Warrants exercisable).

**"Maximum (Redemption) Amount"** means (where applicable) the amount, as specified in the Issue Terms.

**"Merger Date"** has the meaning specified in the Underlying Specific Conditions 1.5 (Definitions), 2.5 (Definitions) and 4.5 (Definitions).

**"Merger Event"** has the meaning specified in the Underlying Specific Conditions 1.5 (Definitions), 2.5 (Definitions) and 4.5 (Definitions).

**"Merger Event Redemption Amount"** has the meaning specified in applicable Underlying Specific Conditions.

**"Minimum Exercise Number"** has the meaning specified in the General Condition 28.1 (Minimum and maximum number of Warrants exercisable).

**"Minimum Investment"** means the minimum investment amount specified in the Issue Terms.

**"Minimum Trading Lot"** means the minimum trading lot specified in the Issue Terms.

**"Observation Date"** has, subject to Market Disruption Event provisions, the meaning as determined in the Issue Terms or if such a date is not an Exchange Business Day the following Exchange Business Day.

**"Open-end Products"** mean Products with no fixed maturity.

**"Optimal Tracker Observation Date"** is the date specified as such in the Issue Terms.

**"Paying Agent"** means the paying agent specified in the Issue Terms.

**"Platform Provider"** means Leonteq Securities AG or any other entity appointed as service provider to the Issuer pursuant to the Cooperation Agreement.

**"Platform Provider Default Event"** means, and a Platform Provider Default Event shall be deemed to occur, if either (a) a notice of termination or actual termination by the Platform Provider or any of its affiliates has been delivered to the Issuer and/or (b) the Platform Provider or any of its affiliates has defaulted in the performance or observance of any of its material obligations under the Cooperation Agreement.

**"Postponed Final Fixing Date"** has the meaning given in the General Condition 34 (Postponement of Final Fixing Date or Observation Date on the occurrence of an event which is not a Market Disruption Event).

**"Postponed Observation Date"** has the meaning given in the General Condition 33 (Postponement of Final Fixing Date or Observation Date on the Occurrence of a Foreign Exchange Disruption Event).

**"Preceding Business Day Convention"** means that the immediately preceding Business Day or Exchange Business Day, as applicable according to the Issue Terms, shall apply if the specific date indicated in the Issue Terms is not a Business Day or not an Exchange Business Day. The Preceding Business Day Convention would be specified on the relevant Issue Terms.

**"Price Source"** means in relation to a Commodity, the price source, as specified in the Issue Terms, providing the relevant price of the respective Commodity.

**"Pricing Supplement"** mean any Pricing Supplements prepared in relation to any FinSA Exempt Products in accordance with the Form of Issue Terms pursuant to section VIII (FORM OF FINAL TERMS AND PRICING SUPPLEMENT).

**"Products"** means the products issued under the Issue Terms.

**"Rating"** means the rating of the Issuer and/or the Guarantor (if applicable), as specified in the Issue Terms.

**"Redemption"** or **"Redemption Amount"** means with respect to any Product a Cash Settlement in the Settlement Currency and/or a Delivery of Underlying, as applicable and specified in the Issue Terms.

**"Redemption Date"** means in relation to (i) any Warrants being exercised, the **fifth** Business Day following the Exercise Date, the Expiration Date or the Final Fixing Date (or, as the case may be, following the Final Fixing Date of the Valuation Period) or any other Business Day specified in the Issue Terms, subject to Market Disruption Event provisions; (ii) any other Products, the Business Day specified in the Issue Terms. Where a Final Fixing Date is postponed as a consequence of a Market Disruption Event, the Redemption Date, any Coupon Payment Date or any other date, as applicable, will be postponed accordingly.

**"Redemption Notice"** means any notice in the form as may be agreed by the Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent) which is delivered by an Investor in accordance with the General Conditions 29.3 (Redemption Notice) and 29.4 (Form of Redemption Notice).

**"Related Exchange(s)"** means the exchange(s) or a quotation system, as specified in the Issue Terms, any successor to such Related Exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying has temporarily relocated on which the relevant Underlying or its components and, are traded, or as specified in the Issue Terms. Any substitute exchange or quotation system must provide comparable liquidity relative to the Underlying as on the original related Exchange, as determined by the Issuer and/or Calculation Agent.

**"Relevant Currency"** means the currency in which the Underlying is trading on the Related Exchange.

**"Relevant CNH Disrupted Amount"** has the meaning specified in the General Condition 33 (Postponement of Final Fixing Date or Observation Date on the Occurrence of a Foreign Exchange Disruption Event).

**"Relevant Fees"** has the meaning specified in the General Condition 25 (Conflict of Interests in connection with (a) discounts granted and payments made by the Issuer and/or the Lead Manager and (b) retrocessions received by the Issuers and/or the Lead Manager from Third Parties).

**"Reopening"** has the meaning specified in the General Condition 5.1 (Issue Size).

**"Requisite Amount"** has the meaning specified in Underlying Specific Conditions 28.7.

**"Retrocession"** has the meaning specified in the General Condition 25 (Conflict of Interests in connection with (a) discounts granted and payments made by the Issuer and/or the Lead Manager and (b) retrocessions received by the Issuers and/or the Lead Manager from Third Parties).

**"Securities Account Holder"** means a financial intermediary entitled to hold accounts with a Clearing System on behalf of its customers or an Investor entitled to an account with SIX SIS or any other Clearing System, as specified in the relevant Issue Terms.

**"Series"** means two or more Tranches of Products, designated to constitute a Series in the relevant Conditions, with the same Underlying or Underlying Component, issued on the same date.

**"Settlement Currency"** means the currency, as specified in the Issue Terms, used for the payment of any Redemption, Redemption Amount or any other amount.

**"Settlement Disruption"** means, in the case of a Delivery of Underlying, the suspension or material limitation, in the opinion of the Calculation Agent, of transfers of the Underlying in the system of any of the Clearing Systems.

**"Settlement Disruption Amount"** means, in respect of each Product, an amount in the Settlement Currency equal to the pro rata proportion of the market value of such Product on or about the Settlement Disruption Date (which shall take into account where some but not all of the Underlyings

comprising the Entitlement have been duly delivered pursuant to General Condition 9.2 (Settlement by Delivery of Underlying) and the value of such Underlyings).

Such amount shall be determined by reference to such factors as the Calculation Agent considers to be appropriate including, without limitation:

- (a) market prices or values for the Underlying(s) and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (b) the remaining life of the Products had they remained outstanding to scheduled maturity and/or any scheduled early redemption date;
- (c) the value at the relevant time of any minimum redemption which would have been applicable had the Products remained outstanding to scheduled maturity and/or any scheduled early redemption date;
- (d) internal pricing models; and
- (e) prices at which other market participants might bid for securities similar to the Products, provided that, if the Issue Terms specifies 'Unwind Costs' to be 'Not Applicable', the Calculation Agent shall not take into account deductions for any costs, charges, fees, accruals, losses, withholdings and expenses, which are incurred by the Issuer or its Affiliates relating to the unwinding of any Hedge Positions and/or related funding arrangements, when determining such market value.

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

**"Settlement Expenses"** means, in respect of any Product or Products, if the Issue Terms specifies 'Settlement Expenses' to be 'Applicable', any costs, fees and expenses or other amounts (other than in relation to Taxes) payable by an Investor per Calculation Amount on or in respect of or in connection with the redemption or settlement of such Product or Products by way of delivery of any Delivery of Underlying.

**"Share"** means, in respect of any Product relating to shares, each share, depository receipt, or any other equity or equity related instruments or units of investment funds, as specified in the Issue Terms.

**"Significant Fees"** has the meaning specified in the General Condition 25 (Conflict of Interests in connection with (a) discounts granted and payments made by the Issuer and/or the Lead Manager and (b) retrocessions received by the Issuers and/or the Lead Manager from Third Parties).

**"SIX"** or **"SIX Swiss Exchange"** or **"SIX Swiss Exchange AG"** means the SIX Swiss Exchange, Zurich, Switzerland, or its successor.

**"SIX SIS"** or **"SIS"** means SIX SIS AG, Olten, Switzerland, or any successor thereof.

**"SIX Swiss Exchange - Structured Products"** means a trading platform/market segment for Structured Products designed and operated by SIX Swiss Exchange AG, Zurich, Switzerland, or its successor.

**"SIX Exchange Regulation"** or **"SIX Exchange Regulation AG"** means an autonomous and independent body within SIX Group that regulates and monitors participants and issuers of the trading venues of SIX (e.g. SIX Swiss Exchange - Structured Products).

**"Specified Currency"** means the currency or currencies specified in the Issue Terms.

**"Specified Denomination"** means the amount specified as such in the Issue Terms.

**"Stop Loss Level"** has the meaning (where applicable) specified in the Issue Terms.

**"Strike Level"** and/or **"Strike Price"** has the meaning (where applicable) specified in the Issue Terms.

**"Structured Products"** mean structured products such as Certificates, Notes, Reverse Convertibles etc., based on any kind of Underlying, including but not limited to shares, depositary receipts, indices, currencies, interest rates, commodities and baskets thereof or a combination thereof, as specified in the Issue Terms, according to article 70 of the FinSA and according to section 2 of the Swiss Bankers Association's Guidelines on informing Investors about Structured Products.

**"Subscription Period"** means the period specified as such in the Issue Terms.

**"Substantial Fees"** has the meaning specified in the General Condition 25 (Conflict of Interests in connection with (a) discounts granted and payments made by the Issuer and/or the Lead Manager and (b) retrocessions received by the Issuers and/or the Lead Manager from Third Parties).

**"Successor Index Calculation Agent"** means a successor to the Index Calculation Agent.

**"Successor Index Sponsor"** has the meaning specified in Underlying Specific Conditions 3.2 (Successor Index Sponsor, Successor Index and Index Adjustment Events).

**"Taxes"** or **"Tax"** 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, financial transaction tax, stamp duty, stamp duty reserve tax, charge on income, profits or capital gains and/or other taxes, duties, assessments or governmental charges of whatever nature chargeable or payable and includes any interest and penalties in respect thereof.

**"Termination Announcement"** or **"Termination Notice"** has the meaning as specified in the Issue Terms and/or means any notice sent to the Investors in respect of terminating the Products and published in accordance with General Condition 15 (Notices).

**"Tracker Observation Date"** means a date specified as such in the Issue Terms.

**"Trading Day"** means any day that is a scheduled trading day of the Related Exchange, subject to the provisions set forth in the section headed 'Market Disruption Events'.

**"Trading Expiration Time"** and/or **"Last Trading Time"** means the time on the Last Trading Day until which the Products can be traded on the Exchange, as specified in the Issue Terms.

**"Tranche"** means a number of Products that are subject to the same conditions (including further issuances pursuant to General Condition 18 (Further Issues), if any).

**"Transfer Documentation"** means, for each Series, such documentation as is generally acceptable for settlement of the transfer of the relevant Underlying(s) on any Related Exchange(s) or through the Clearing System.

**"Trigger Level"**, see the definition of Barrier Level.

**"Unadjusted"** means that the coupon period is not adjusted.

**"Underlying"** means any Underlying Component and/or Underlying, as the case may be, or as specified in the Issue Terms.

**"Underlying Component"** relating to Products with Commodity Indices as Underlying, in respect of each physical commodity comprised in the Index, each exchange traded future or exchange traded option contracts for that physical commodity, as determined by the Calculation Agent.

**"Underlying Initial Fixing Date"** means a date specified as such in the Issue Terms.

**"Underlying to Deliver"** means, where applicable, a securities paper or instrument as specified in the Issue Terms that will be delivered to the Investor instead of the respective Underlying, if for

instance, the Underlying itself cannot – based on the assessment of the Issuer or its agents – be delivered for any reason.

**"Unscheduled Early Redemption Amount"** means, on any day and in relation to the relevant event leading to early redemption of the Products, an amount in respect of each Calculation Amount for each Product in the Settlement Currency equal to the market value of such Product (in respect of such Calculation Amount) following the event triggering the early redemption (including the value of accrued interest (if applicable)) (the **"Market Value"**).

Such amount shall be determined as soon as reasonably practicable following the event giving rise to the early redemption of the Products and by reference to such factors as the Calculation Agent considers to be appropriate including, without limitation:

- (a) Fair Market Value for the Underlying(s) and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (b) the remaining life of the Products had they remained outstanding to scheduled maturity and/or any scheduled early redemption date;
- (c) the value at the relevant time of any minimum redemption which would have been applicable had the Products remained outstanding to scheduled maturity and/or any scheduled early redemption date;
- (d) internal pricing models; and
- (e) prices at which other market participants might bid for Products similar to the Products.

**"Valuation Period"** and/or **"Hedge Period"** means, where applicable, the period specified in the Issue Terms.

**"Value of the Basket"** means, subject to adjustments, the value of the Basket on the Final Fixing Date, considering the Conversion Ratio and the Weight, as determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*).

**"Warrants"** means Call Warrants and Put Warrants, as specified in the General Condition 26.1 (Warrants: American Style Warrants or European Style Warrants).

**"Weight"** means for each basket of Shares, Indices or any other Underlyings the weight specified for such Underlyings or Underlying Components, as specified in the Issue Terms.

## 2. Status

The Products constitute unsubordinated and unsecured obligations of the Issuer and rank pari passu with each and all other current and future unsubordinated and unsecured obligations of the Issuer.

The Guaranteed Products have been unconditionally and irrevocably guaranteed by the Guarantor pursuant to the terms of the Guarantee as specified in the relevant Guarantee. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank and will rank pari passu with all other present and future unsecured and unsubordinated obligations of the Guarantor.

Collateralisation, as further described in section XI (TERMS FOR COLLATERAL SECURED INSTRUMENTS (COSI) herein, eliminates the credit risk of the Issuer and the Guarantor only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Liquidation Event (less the costs of liquidation and payout) are able to meet the Investors' claims. The Investor bears the following risk, among others: the market risk associated with the collateral resulting in insufficient liquidation proceeds or, in extreme circumstances, the collateral losing its value entirely until the

liquidation can take place. The costs for the COSI service provided by SIX Swiss Exchange with respect to the collateralisation of the Products may be taken into account for the pricing of a specific Product and may therefore be borne by the Investors, as the case may be. With regard to the payment of the pro-rata share of the net liquidation proceeds the Investor shall bear the solvency risks of SIX Swiss Exchange and the financial intermediaries along the payout chain. The payment to the Investors may be delayed for factual or legal reasons. To the extent the calculation of the current value of Products proves to be incorrect, the collateralisation of the Products may be insufficient.

The Products are not capital protected (unless specified in the Issue Terms).

### 3. Form

Each Series of Products will be issued in one of the following forms and will remain unchanged for the entire term. The Issue Terms specifies the applicable form:

- (i) A permanent global certificate (*Dauerglobalurkunde*) (the "**Permanent Global Certificate**") in bearer form which shall be deposited by the Paying Agent with the Clearing System. Once the Permanent Global Certificate is deposited with the Clearing System and entered into the accounts of one or more participants of the Clearing System, the Products will constitute intermediated securities (*Bucheffekten*) (the "**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

Each Investor shall have a co-ownership in the range of its interest (*Miteigentumsanteil*) in the Global Certificate to the extent of his claim against the Issuer, provided that for so long as the Global Certificate remains deposited with the Clearing System the co-ownership interest shall be suspended and the Products may only be transferred by entry of the transferred Products in a securities account of the transferee, as set out in the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*) regarding the transfer of Intermediated Securities.

Neither the Issuer nor the Investors shall at any time have the right to effect or demand the conversion of the Global Certificate into, or the delivery of, uncertificated securities (*Wertrechte*) or definitive security papers (*Wertpapiere*) (the "**Security Papers**").

The records of the Clearing System will determine the number of Products held through each participant in that Clearing System. In respect of the Products held in the form of Intermediated Securities, the holders of the Products will be the Investors, i.e. (i) the persons, other than intermediaries (*Verwahrungsstellen*), holding the Products in a securities account (*Effektenkonto*) with an intermediary (*Verwahrungsstelle*) and (ii) the intermediaries (*Verwahrungsstellen*) holding the Products for their own account.

No physical delivery of the Products shall be made unless and until definitive Security Papers shall have been printed. Products may only be printed, in whole, but not in part, if the Paying Agent determines, in its sole discretion, that the printing of the Security Papers is necessary or useful.

Should the Paying Agent decide to do so, it will provide for the printing of definitive Security Papers without cost to the Investors. If printed, the Security Papers shall be executed by affixing thereon the facsimile signatures of two authorised officers of the Issuer. Upon delivery of the Security Papers, the Global Certificate will immediately be cancelled by the

Paying Agent and the Security Papers shall be delivered to the Investors against cancellation of the Products in the Investors' securities accounts.

- (ii) Uncertificated securities (*Wertrechte*) (the "**Uncertificated Securities**") are created by the Issuer by means of a registration in its register of uncertificated securities (*Wertrechtbuch*) (the "**Register of Uncertificated Securities**"). Such Uncertificated Securities will then be entered into the main register of the Clearing System (*Hauptregister*) (the "**Main Register of the Clearing System**"). Once the Uncertificated Securities are registered in the Main Register of the Clearing System and entered into the accounts of one or more participants of the Clearing System, the Products will constitute intermediated securities (*Bucheffekten*) (the "**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

So long as the Products remain registered with the Clearing System, the Products may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by entry of the transferred Products in a securities account of the transferee.

Neither the Issuer nor the Investors shall at any time have the right to effect or demand the conversion of the Uncertificated Securities into, or the delivery of, a permanent global certificate (*Globalurkunde*) or definitive Security Papers.

The records of the Clearing System will determine the number of Products held through each participant in the Clearing System. In respect of the Products held in the form of Intermediated Securities, the holders of the Products will be the Investors, i.e. (i) the persons, other than intermediaries (*Verwahrungsstellen*), holding the Products in a securities account (*Effektenkonto*) with an intermediary (*Verwahrungsstelle*) and (ii) the intermediaries (*Verwahrungsstellen*) holding the Products for their own account. For purposes of the exercise of the Products the Paying Agent may assume that the bank or financial intermediary submitting the exercise notice to it has been duly authorised by the respective Investor for these purposes.

No physical delivery of the Products shall be made unless and until definitive Security Papers (*Wertpapiere*) have been printed. Products may only be printed, in whole, but not in part, if the Paying Agent determines, in its sole discretion, that the printing of the Security Papers is necessary or useful.

Should the Paying Agent decide to do so, it shall provide for the printing of definitive Security Papers without cost to the Investors. Upon delivery of the Security Papers, the Uncertificated Securities will immediately be cancelled by the Issuer and the Security Papers shall be delivered to the Investors against cancellation of the Products in the Investors' securities accounts.

So long as the Products remain registered with the Issuer's or the Paying Agent's internal or other accounts, the Products may only be transferred or otherwise disposed of in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., by entry of the transferred Products in a securities account of the transferee with the Issuer or the Paying Agent respectively.

Neither the Issuer nor the Investor shall at any time have the right to effect or demand the conversion of the non-transferrable booking entries (the "**NTBE's**") into, or the delivery of, a permanent global certificate (*Globalurkunde*) or definitive Security Papers (*Wertpapiere*).



In respect of the Products held in the form of NTBE's, the holders of the Products will be the Investors, i.e. the persons holding the Products in a securities account (*Effektenkonto*) with the Issuer or the Paying Agent respectively.

(iii) Any other means, as stated in the Issue Terms.

#### **4. Transfer of Products**

Transactions in, including transfer of, the Products may only be effected in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*), i.e., through the relevant Clearing System in or through which the Products are held and are to be held and/or through the relevant Securities Account Holder. Title will pass upon registration of the transfer into the books of the relevant Clearing System and/or of the relevant Securities Account Holder.

#### **5. Issue Size, Calculations and publication**

##### **5.1 Issue Size**

Each series of Products is issued in the Issue Size specified in the Issue Terms. The Issuer reserves the right to reopen (the "**Reopening**") and increase the Issue Size at any time and without prior consultation or permission of the Investors through the issuance of further Products which will be fungible with the relevant Products (i.e. identical in respect of the Issue Terms, and security number).

At the time of subscribing to a Reopening, a subscriber shall pay the Issuer an amount equal to the interest accrued during the period from the Coupon Payment Date immediately preceding the date of the Reopening or, if the Reopening is effected prior to the first Coupon Payment Date, the Issue Date, to the date of such Reopening on each Product it has subscribed to.

##### **5.2 Rounding**

For the purposes of any calculations required pursuant to the Conditions, unless otherwise specified in the Issue Terms, (a) all currency amounts that fall due and payable shall be rounded to the nearest Sub-Unit of such currency (with half a Sub-Unit being rounded up), save in the case of Japanese yen, which shall be rounded to the nearest Japanese yen (with half a Unit being rounded up); (b) all values resulting from such calculations shall be rounded to the nearest four decimal places (with 0.00005 being rounded up to 0.0001); (c) all percentages resulting from such calculations shall be rounded as specified in the relevant Issue Terms. For these purposes, "**Sub-Unit**" means a fraction of the lowest amount of such currency that is available as legal tender in the country of such currency. "**Unit**" means the lowest amount of such currency that is available as legal tender in the country of such currency.

##### **5.3 Determination and publication of interest rates, Interest Amounts and amounts in respect of settlement**

As soon as practicable on such date as the Paying Agent or, as applicable, the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation in respect of or in connection with any Product, such Agent shall determine such rate, obtain any required quotation or make such determination or calculation, as the case may be, and cause the relevant payment amount to be notified to the Issuer, each of the Agents, any other agent in respect of the Products that is to make a payment, delivery or further calculation or determination upon receipt of such information and, if the Products are listed and the rules of the Exchange or other relevant authority and the rules thereof so require, to such exchange or relevant authority, as soon as possible after their determination.

#### **5.4 Calculation Amount**

Notwithstanding anything to the contrary in the Conditions:

- a. in respect of a Product for which a Specified Denomination or a Calculation Amount is stated, each calculation of a Delivery of Underlying and residual cash amount in respect of such Product hereunder shall be made on the basis of the relevant Calculation Amount; and
- b. each calculation of an amount payable in cash in respect of each Product shall be based on the aggregate nominal amount or number of all such Products outstanding on such date (or the relevant affected portion thereof), rounded in accordance with General Condition 5.2 above and distributed in accordance with the Clearing System.

For the avoidance of doubt, in relation to any amount payable or Delivery of Underlying under the Conditions in respect of a Product and which is calculated by reference to a Calculation Amount, references to (A) 'Product', in the case of Products that are Notes or Notional Certificates, shall mean a Product having a nominal amount (or face value) equal to the Calculation Amount and (B) an amount 'per Calculation Amount', in the case of Unit Certificates, shall mean per Product.

#### **5.5 Business Day Convention**

If any date specified to be subject to adjustment in accordance with a Business Day Convention, the convention for adjusting such date if it would otherwise fall on a day that is not a Business Day and where in each case the Issue Terms specifies Business Day Convention as:

- a. 'Following', such date shall be postponed to the next day that is a Business Day;
- b. 'Modified Following', such date shall be postponed to the next day that is a Business Day unless it would fall in the next calendar month, in which case such date shall be brought forward to the immediately preceding Business Day;
- c. 'Nearest', such date shall be brought forward to 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 shall be postponed to the first following day that is a Business Day if the Relevant Date otherwise falls on a Sunday or a Monday;
- d. 'Preceding', such date shall be brought forward to the immediately preceding Business Day;
- e. 'Modified Preceding', such date shall be brought forward to the immediately preceding Business Day unless it would fall in the previous calendar month, in which case such date shall be postponed to the immediately following Business Day; or
- f. 'No Adjustment' such date shall not be adjusted.

### **6. Payment and Delivery**

#### **6.1 Payments and Deliveries in respect of Products held through SIX SIS**

Payments of principal, interest as well as deliveries in respect of Products held through SIX SIS shall be made, subject to applicable fiscal and other laws and regulations of the Clearing System, to the Clearing System or to its/their order for credit to the Securities Account Holder in accordance with the Clearing System. The Issuer (or the Guarantor, if applicable) and the Paying Agent shall be discharged by payment or delivery to, or to the order of, such account.

#### **6.2 Taxes, Settlement Expenses and conditions to settlement**

Payment of principal and/or interest and any Delivery of Underlying shall be subject to deduction, or conditional upon payment by the relevant Investor(s), of any applicable Taxes and Settlement Expenses and any other amounts payable as specified in the Conditions, unless otherwise specified

in the Issue Terms. The Issuer shall notify the Investors of (a) such applicable Taxes, Settlement Expenses and other amounts payable and (b) the manner in which such amounts shall be paid by the Investors.

### **6.3 Payments on Business Days**

If the date on which any amount is payable is not a Business Day, then payment will not be made until the next succeeding day which is a Business Day, and the Investor thereof shall not be entitled to any further payment in respect of such delay.

## **7. Trading of the Products**

The Minimum Trading Lot (or an integral multiple thereof) of Products for trading of such Products will be specified in the Issue Terms.

## **8. Transfer Restrictions**

Unless otherwise specified in the Underlying Specific Conditions or the Issue Terms, no transfer restrictions shall apply.

## **9. Redemption and Settlement**

### **9.1 Redemption**

Unless previously redeemed, purchased and/or cancelled, each Product shall be redeemed by the Issuer on the Redemption Date at its Redemption Amount, or, if applicable, by Delivery of Underlying on the Delivery Date and any payments relating to fractions of Units of Underlying. In respect of Debt Instruments, Delivery of Underlying shall not apply.

### **9.2 Settlement by Delivery of Underlying**

#### **9.2.1 Delivery of Underlying**

The following provisions apply to the Delivery of Underlying in respect of Products:

- (i) The Issuer shall, subject to General Condition 9 (Redemption and Settlement), General Condition 5 (Issue Size, Calculations and publication) and General Condition 6 (Payment and Delivery), the General Conditions 25 (Conflict of Interests in connection with (a) discounts granted and payments made by the Issuer and/or the Lead Manager and (b) retrocessions received by the Issuers and/or the Lead Manager from Third Parties) to 34 (Postponement of Final Fixing Date or Observation Date on the occurrence of an event which is not a Market Disruption Event) and the Underlying Specific Conditions, on any relevant Redemption Date, deliver (or procure delivery on its behalf) the units or amount, as the case may be, of Underlying in respect of each Product to such account in respect of Cleared Securities in the Clearing System in accordance with the rules of the Clearing System and, in respect of all other Products, such account as may be notified by the relevant Investor to the Issuer in the relevant instructions relating to the Delivery of Underlying at the risk and expense of the relevant Investor. If an Investor does not provide the Issuer with sufficient instructions in a timely manner to enable the Issuer (directly or acting through such person (including any of its Affiliates or the Paying Agent) as it may procure) and/or the Clearing System, if applicable, to effect any required Delivery of Underlying, the due date for such delivery shall be postponed accordingly. The Issuer and the Clearing System, if applicable, shall determine whether any instructions received by it are sufficient and whether they have been received in time to enable delivery on any given date. As used in this General Terms and Condition 9.2,

"delivery" means, in relation to any Underlying, the carrying out of the steps required of the Issuer (or such person (including any of its Affiliates or the Paying Agent) as it may procure to make the relevant delivery on its behalf) in order to effect the transfer of the relevant units or amount, as the case may be, of Underlying and "deliver", "delivered" and "deliverable" shall be construed accordingly. The Issuer (or such person (including any of its Affiliates or the Paying Agent) as it may procure to make the relevant delivery on its behalf) shall not be responsible for any delay or failure in the Delivery of Underlying once such steps have been carried out, whether resulting from settlement periods of clearing systems, acts or omissions of registrars or otherwise and neither the Issuer (or such person (including any of its Affiliates or the Paying Agent) as it may procure to make the relevant delivery on its behalf) nor the Guarantor shall have any responsibility for the lawfulness of the acquisition or transfer of the Underlying or any interest therein by any Investor or any other person.

- (ii) No Investor will be entitled to receive dividends declared or paid in respect of any Underlying or to any other rights relating to or arising out of any such component of the Delivery of the Underlying if the record date for the relevant dividend or relevant right in respect of such components and units or amount, as the case may be, of Underlying falls before the relevant Redemption Date.
- (iii) Any Delivery of Underlying shall be subject to the condition to settlement in General Terms and Condition 6.2 (Taxes, Settlement Expenses and conditions to settlement).
- (iv) The Issuer will endeavour to deliver (or procure delivery on its behalf) the relevant units or amount, as the case may be, of Underlying to the Investor on the relevant Redemption Date. In the event that an Investor requests that delivery of the relevant units or amount, as the case may be, of Underlying made at a location or in a method that is different from that specified in the Conditions, the Issuer may (but is not obliged to) seek to deliver the relevant units or amount, as the case may be, of Underlying to such location and/or by such method, provided that no additional unreimbursed costs are incurred. The Issuer shall, subject as provided below, on the relevant Redemption Date, deliver (or procure delivery on its behalf) the Transfer Documentation relating to the relevant units or amount, as the case may be, of Underlying (or, in the case of an Underlying that is an equity unit, the Transfer Documentation in respect of such equity unit) to or to the order of the Investor or to such bank or broker as the Investor has specified in the relevant instructions relating to the Delivery of Underlying.
- (v) All Entitlements will be delivered at the risk of the relevant Investor.

#### 9.2.2 Liability

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

## 10. Indicative amounts

The Issue Terms may specify an indicative amount, subject to a minimum amount and/or a maximum amount, or any combination of the foregoing, as applicable, in relation to any Specified Product Value which is not fixed or determined at the commencement of the Subscription Period. If so specified in the Issue Terms, references in these Conditions to such Specified Product Value shall be construed as the amount, level, percentage, price, rate or value (as applicable) determined based on market conditions by the Issuer on or around the end of the Subscription Period, and is expected to be the indicative amount specified in the Issue Terms (if so specified) but may be different from such indicative amount, and:

- a. if a minimum amount is provided in the Issue Terms, the Specified Product Value will not be less than such minimum amount (but may be equal to such minimum amount); or
- b. if a maximum amount is provided in the Issue Terms, the Specified Product Value will not be more than such maximum amount (but may be equal to such maximum amount); or
- c. if both a minimum amount and a maximum amount is provided in the Issue Terms, the Specified Product Value will not be less than such minimum amount and will not be more than such maximum amount (but may be equal to either such minimum amount or such maximum amount).

Notice of the relevant Specified Product Value will be published prior to the Issue Date when such Specified Product Value is fixed or determined by the Issuer on or around the end of the Subscription Period and the relevant amount, level, percentage, price, rate or value specified in such notice will be deemed to be the Specified Product Value.

For these purposes, "**Specified Product Value**" means any amount, level, percentage, price, rate or value which is specified in the Conditions as the amount, level, percentage, price, rate or value (as applicable) to be provided in the Issue Terms (or phrases of similar import).

#### **11. Effect of Adjustments**

All determinations made by the Calculation Agent pursuant to the Conditions shall be conclusive and binding on the Investors, the Paying Agent, the Issuer and the Guarantor, except in the case of manifest error.

#### **12. Event of default**

If any of the following events occurs and is continuing (each an "**Event of Default**") and unless the Event of Default shall have been cured by the Issuer or the Guarantor or waived by the Investors prior to receipt by the Paying Agent or the Issuer, as the case may be, of a notice from Investors as referred to below, an Investor, may give notice to the Issuer and the Paying Agent that such Product is, and in all cases such Product shall immediately become, due and payable at, in respect of each Calculation Amount for such Product, the Unscheduled Early Redemption Amount:

- a. the Issuer, and failing whom, the Guarantor, does not pay any amount in respect of the Products when such amount is due and payable and such failure continues for 30 calendar days; or
- b. the Issuer fails to deliver any Entitlement on the due date for delivery and such failure to deliver has not been remedied within 30 calendar days of notice of such failure having been given to the Issuer by any Investor, provided that an Event of Default shall not occur under this General Terms and Condition 10 if (i) any of the conditions to settlement to be satisfied by the Investor have not been so satisfied as at the due date for delivery or (ii) the Issuer (or the Guarantor) has elected to pay the Settlement Disruption Amount; or
- c. the Issuer breaches any term and condition of the Products in a way that is materially prejudicial to the interests of the Investors, and that breach has not been remedied within 30 calendar days of the Issuer having received notice thereof from Investors holding at least one-quarter in

- outstanding nominal amount or number, as the case may be, of the relevant Series demanding remedy; or
- d. an order is made or an effective resolution is passed for the winding-up of the Issuer (otherwise than in connection with a scheme of reconstruction, merger or amalgamation).

For the purposes of calculating any Unscheduled Early Redemption Amount at any time following an Event of Default, the Calculation Agent will ignore the effect of such Event of Default upon the market value of the Products.

## **13. Agents**

### **13.1 Paying Agent**

The Paying Agent will be specified in the Issue Terms.

The Issuer reserves the right at any time to vary or terminate the order/mandate of the Paying Agent and to appoint another paying agent provided that (i), if Products are outstanding, it will maintain a Paying Agent (ii), if Products are listed on SIX, there will be a Paying Agent with a specified office in Switzerland and (iii) no Paying Agent authorised to make any payment or delivery may be located in, or acting from, the United States or its possessions. Notice of any such termination of appointment or new appointment and of any change in the specified office of the Paying Agent will be given to the Investors in accordance with General Condition 15 (Notices).

The Paying Agent is acting solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Investors.

Any determinations, decisions and calculations by the Paying Agent shall (save in the case of manifest error or wilful misconduct) be final and binding on the Issuer and the Investors.

The Issuer may at any time vary or terminate the appointment of the Paying Agent. It shall give notice to the Investors in accordance with General Condition 15 (Notices) of any modification in the appointment of the Paying Agent.

### **13.2 Calculation Agent**

The Calculation Agent will be specified in the Issue Terms.

The Calculation Agent does not act as agent for the Investors and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Investors.

All calculations, decisions and determinations made by the Calculation Agent shall (save in the case of manifest error or wilful misconduct) be final and binding on the Issuer, the Paying Agent and the Investors.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party, as it deems appropriate.

The Issuer may at any time vary or terminate the appointment of the Calculation Agent. It shall give notice to the Investors in accordance with General Condition 15 (Notices) of any modification in the appointment of the Calculation Agent.

### **13.3 Liability of Agents**

Neither the Issuer, nor the Calculation Agent nor the Paying Agent shall have any responsibility for any errors or omissions caused by slight negligence in the calculation of any amount or with respect to any other determination or decisions required to be made by it under the Conditions.

#### **14. Taxation/Tax Call**

Each Investor shall assume and be responsible for any and all taxes, duties, fees and charges imposed on or levied against (or which could be imposed on or levied against) such Investor in any jurisdiction or by any governmental or regulatory authority.

The Issuer and the Paying Agent shall have the right, but not the duty, to withhold or deduct from any amounts otherwise payable to the Investor such amount as is necessary for the payment of such taxes, duties, fees and/or charges.

In any case where any governmental or regulatory authority imposes on the Issuer the obligation to pay any such taxes, duties, fees and/or charges the Investor shall promptly reimburse the Issuer.

The Issuer may redeem all Products in the event that any present or future taxes, duties or governmental charges would be imposed by any jurisdiction in which the Issuer is or becomes subject to tax as a result of any change in laws or regulations of the relevant jurisdiction (a **Tax Call**). The Issuer shall as soon as possible notify the Investors of such redemption in accordance with General Condition 15 (Notices). For purposes of this General Condition 14 the Calculation Agent shall determine such Redemption Amount in its sole discretion at the Fair Market Value. The amount representing the Fair Market Value will be paid to the Investors as soon as possible following the date of determination of the Fair Market Value.

#### **15. Notices**

Notices to Investors relating to listed Products will be published in accordance with the regulations of the relevant exchange applicable from time to time (being, as of the date hereof, for any Products listed on SIX Swiss Exchange, the SIX Exchange Regulation website <https://www.ser-ag.com/de/resources/notifications-market-participants/official-notices.html#/>, and for any Products listed on BX Swiss, the BX Swiss website <https://www.bxswiss.com/#official-notices>), on the relevant Issue Terms on the Issuer's website [www.leonteq.com](http://www.leonteq.com) (or any successor website) under the section "Products" or, in any other form as permitted by the rules and regulations of the SIX Exchange Regulation or BX Swiss, as applicable.

Notices relating to the Issuer will be published under the section "Investor Relations" on the website [www.efginternational.com](http://www.efginternational.com) (or any successor website) or regarding the Guarantor on a website specified in the relevant Guarantee.

Notices to Investors of non-listed Products may be published, as specified in the applicable Issue Terms, in newspapers, on a website or otherwise.

#### **16. Purchase by the Issuer, the Guarantor and/or the Lead Manager**

The Issuer, the Guarantor and/or the Lead Manager or any of their affiliates may at any time purchase Products of any issue at any price in the open market or otherwise. Such Products may, at the option of the Issuer, the Guarantor and/or Lead Manager or, as the case may be, the relevant affiliate, be held, resold or cancelled or otherwise dealt with.

#### **17. Losses**

In no event shall the Issuer have any liability for indirect, incidental, consequential or other damages (even if advised that such damages may have occurred). The Issuer is only liable for the amounts due under the Products, including interest until the date of payment on sums not paid when due or assets not delivered when such delivery is due.

#### **18. Further Issues**

The Issuer shall be at liberty without the consent of the Investors to create and issue further Products.

**19. Early termination following a Platform Provider Default Event**

If the Calculation Agent determines that a Platform Provider Default Event has occurred, the Issuer may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor, in respect of each Product held by it, an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

**20. Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability**

The Issuer shall have the right to terminate the Products if (i) it is determined that the Underlying of the relevant Tranche of Products has ceased to be liquid or (ii) that compliance by the Issuer with the obligations under the Products or that any arrangements made to hedge the Issuer's obligations shall have become unlawful or impossible in whole or in part, in particular as a result of compliance by the Issuer with any applicable present or future law, rule, regulation, judgement, or order, or (iii) directive of any governmental, administrative, legislative or judicial authority or power or controlling authority or of the relevant competent market authorities or due to Increased Cost of Hedging, (iv) Hedging Disruption or (v) Increased Cost of Collateralisation in case of collateralised Products, including COSI Products, (vi) in case of Changed Secured Financing Ability.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing its obligations under the relevant Products, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer or any affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the risk of entering into and performing its obligations arising from the Products, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Increased Cost of Collateralisation"** means that the Borrowing Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to acquire, hold, substitute or maintain transaction(s) or asset(s) the Borrowing Entity deems necessary to borrow in order to collateralise the Products (including COSI Products) provided such collateralisation is applicable.

**"Borrowing Entity"** means the Issuer or Collateral Provider or any affiliate(s) of the Issuer or Collateral Provider or any entity (or entities) acting on behalf of the Issuer or Collateral Provider engaged in any underlying or borrowing transactions in respect of the Issuer's obligations arising from the Products.



**"Changed Secured Financing Ability"** means that the Hedging Entity would incur a material change (as compared with circumstances existing on the Issue Date) in its ability to acquire, hold, substitute or securely finance specific assets used for the partial or entire hedge of the Products as determined by the Hedging Entity. Secured Financing Ability comprises explicitly the Hedging Entity's inability to securely finance the hedge assets at economically viable terms.

In such circumstances, the Issuer may cancel/terminate the Products by providing notice to Investors in accordance with General Condition 15 (Notices).

If the Issuer terminates the Products the Issuer will, to the extent permitted by applicable law, pay an amount to each Investor in respect of the Products, determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice, as representing the Fair Market Value of such Products immediately prior to such cancellation/termination (notwithstanding any illegality or impossibility). Payment will be made within a reasonable time in such manner as shall be notified to the Investors within a period of not less than ten (10) and not more than thirty (30) Business Days in accordance with General Condition 15 (Notices). Instead of paying a cash amount corresponding to the Fair Market Value of a Product, the Issuer may – in its duly exercised discretion (*billiges Ermessen*) – decide to deliver the Underlying of such Product.

In addition the Issuer has the right to terminate any Products, starting thirty (30) calendar days after the Issue Date, if there is no outstanding position of the relevant Product in the market, as determined by the Calculation Agent.

## **21. Severance and Modification of the Product Documentation including the General Terms and Conditions and the Issue Terms**

In the event any term or condition is or becomes invalid, the validity of the remaining terms and conditions shall not be affected.

The Issuer shall be entitled to amend without the consent of the Investors any term or condition for the purpose of (a) correcting a manifest error, or (b) clarifying any uncertainty, or (c) resolving Hedging Disruptions as specified in General Condition 20 (Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability), or (d) correcting or supplementing the provisions herein in such manner as the Issuer deems necessary or desirable, provided that the Investor does not incur significant financial loss as a consequence thereof.

Furthermore, the Issuer shall at all times be entitled to amend any terms or conditions where, and to the extent that the amendment is necessitated as a consequence of legislation, decisions by courts of law, or decisions taken by governmental authorities.

## **22. Substitution**

The Issuer may at any time, without the consent of the Investors, substitute for itself as obligor under the Products by any affiliate, branch, subsidiary or holding company of the Issuer (the **"New Issuer"**) provided that the New Issuer shall assume all obligations that the Issuer owes to the Investors under or in relation to the Products and the Guarantee of the Guarantor, if any, is still in force.

The Guarantor may at any time, without the consent of the Investors, substitute for itself as guarantor under the Products any affiliate, branch, subsidiary or holding company of the Guarantor (the **"New Guarantor"**) provided that the New Guarantor shall assume all obligations that the Guarantor owes to the Investors under or in relation to the Products.

If such substitution occurs, then any reference in the Product Documentation to the Issuer shall be construed as a reference to the New Issuer. Any substitution will be promptly notified to the Investors in accordance with General Condition 15 (Notices). In connection with any exercise by the Issuer of the right of substitution, the Issuer shall not be obliged to carry any consequences suffered by individual Investors as a result of the exercise of such right and, accordingly, no Investor shall be entitled to claim from the Issuer any indemnification or repayment in respect of any consequence.

### **23. Prescription**

Claims for payment in respect of the Products shall be barred by the statute of limitations in accordance with the applicable Swiss law, unless made within 10 years from the relevant Redemption Date, and in relation to amounts of interest, unless made within 5 years from the relevant payment date. No claims shall be made thereafter.

### **24. Selling Restrictions**

No action has been or will be taken by the Issuer or the Lead Manager that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action for that purpose is required. No offers, sales, resales, or deliveries of any Products or distribution of any offering material relating to any Products 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 and/or the Guarantor and/or the Lead Manager.

### **25. Conflict of Interests in connection with (a) discounts granted and payments made by the Issuer and/or the Lead Manager and (b) retrocessions received by the Issuers and/or the Lead Manager from Third Parties**

#### **a. Discounts/Payments by the Issuer and/or the Lead Manager**

The Issuer and/or the Lead Manager may offer the Products to distributing banks, securities firms and other financial intermediaries or institutions (each an "FI") (i) at a discount or (ii) at the Issue Price but transfer to FIs an amount a) of up to 2% p.a.<sup>2</sup> ("**Relevant Fees**"), b) of up to 3.5% p.a. ("**Significant Fees**"), c) of more than 3.5% p.a. ("**Substantial Fees**"), or d) as explicitly specified in the Issue Terms. With respect to a Product, for which the Issue Price is set out in percent, the amount may be calculated based on the Denomination of that Product. Alternatively, the amount will be calculated based on the Issue Price.

In addition or alternatively, the Issuer and/or the Lead Manager may pay recurring fees to distribution partners. To the extent such fees are charged to Investors, the individual rates will be specified in the Issue Terms.

If and to the extent such a discount, reimbursement, or recurring fees, on the basis of statutory law, would have to be forwarded by the FI to the Investor, each Investor hereby takes note and unconditionally waives any right in respect of such discount, reimbursement or recurring fees and accepts that the FI may retain and keep such discount, reimbursement or recurring fees. Further information is available from the Issuers, the Lead Manager and/or the FI.

Investors shall note that such discounts, reimbursements and recurring fees may cause potential conflicts of interests at the FI.

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<sup>2</sup> For Open End Products the amount p.a. will be calculated based on a 10 year maturity.

Further information is available from the Issuer, the Lead Manager and/or the respective FI.

b. Retrocessions received by the Issuer and/or the Lead Manager

The Issuer and/or the Lead Manager may receive from third parties (including for the Lead Manager from the Issuer) remunerations, discounts, soft-commissions, and/or other indirect monetary advantages which may qualify as retrocessions or inducements ("**Retrocessions**").

The Issuer and/or the Lead Manager may receive such Retrocessions in particular from the issuers, managers or lead managers of financial instruments or from the administrator of indices that serve as underlying of the Products. If and to the extent such Retrocessions, on the basis of statutory law or any other rules, would have to be credited to the Product or forwarded to Investors, the Investors hereby take note and unconditionally accept that the Issuer and/or the Lead Manager may retain and keep such Retrocessions without being credited to the Product or forwarded to the Investor. The Investors waive any compensation right to such Retrocessions. Such Retrocessions may cause potential conflicts of interests at the Issuer and/or Lead Manager.

## **26. Style of Products**

### **26.1 Warrants: American Style Warrants or European Style Warrants**

This General Condition 26.1 (Warrants: American Style Warrants or European Style Warrants) is applicable only in relation to Warrants.

The Issue Terms will indicate whether the Warrants are American Style Warrants or European Style Warrants, as described below:

American Style Warrants are exercisable on any Business Day during the Exercise Period in accordance with the procedure described in General Condition 27 (Call Warrants or Put Warrants) as supplemented by the provisions of the Issue Terms.

European Style Warrants are exercisable on the Expiration Date in accordance with the procedure described in General Condition 27 (Call Warrants or Put Warrants) as supplemented by the provisions of the Issue Terms.

### **26.2 Products other than Warrants: Fixed-end Products or open-end Products**

*This General Condition 26.2 (Products other than Warrants: Fixed-end Products or open-end Products) is applicable only in relation to Products other than Warrants.*

The Issue Terms will indicate whether the Products are Fixed-end Products or Open-end Products, as described below:

Fixed-end Products expire on the Expiration Date specified as such in the Issue Terms. Unless otherwise specified in the Issue Terms, they are automatically redeemed on the Redemption Date. If specified in the Issue Terms Fixed-end Products are redeemable by their Investors on the date(s) prior to the Redemption Date ("**Early Redemption Date(s)**") in accordance with General Condition 29 (Redemption of Products) or, if any such Early Redemption Date or Redemption Date is not a Business Day, the next following date that is a Business Day.

Open-end Products have no fixed maturity. The Issuer has the right to call and the Investor has the right to exercise Open-end Products in accordance with the procedure described in General Condition 29 (Redemption of Products) on any Early Redemption Date or Redemption Date, respectively, specified in the Issue Terms, or, if any such Early Redemption Date or Redemption Date is not a Business Day, the next following date that is a Business Day.

## **27. Call Warrants or Put Warrants**

This General Condition 27 (Call Warrants or Put Warrants) is applicable only in relation to Warrants.

### **27.1 For Warrants related to a single Share**

If the Underlying is a Share, the following shall apply:

The Issue Terms shall specify whether Call Warrants entitle the Investor upon exercise of the Warrants, to receive:

- (i) the payment of the Redemption Amount (if the Redemption Amount is a positive amount);
- (ii) at the choice of the Issuer, the payment of the Redemption Amount (if the Redemption Amount is a positive amount), or delivery of the number of Shares to which the Warrants being exercised by the Investor relate against payment of the Strike Level multiplied by the number of Shares to be delivered (according to the Conversion Ratio); or
- (iii) in the case of American Style Warrants,
  - a. the payment of the Redemption Amount (if the Redemption Amount is a positive amount) if the Warrants are automatically exercised on the Expiration Date pursuant to General Condition 28.2 (Automatic Exercise), or
  - b. the delivery of the number of Shares to which the Warrants being exercised by the Investor relate to against payment of the Strike Level multiplied by the number of Shares to be delivered (according to the Conversion Ratio) if the Warrants are exercised by the Investor during the Exercise Period.

The Issue Terms shall specify whether Put Warrants entitle the Investor upon exercise of the Warrants, to receive:

- (i) the payment of the Redemption Amount (if the Redemption Amount is a positive amount);
- (ii) at the option of the Issuer, the payment of the Redemption Amount (if the Redemption Amount is a positive amount), or the payment of the Strike Level multiplied by the number of Shares to be delivered by the Investor (according to the Conversion Ratio) against delivery of the number of Shares to which the Warrants being exercised relate; or
- (iii) in the case of American Style Warrants, the payment of the Redemption Amount (if the Redemption Amount is a positive amount) if the Warrants are automatically exercised on the Expiration Date pursuant to General Condition 28.2 (Automatic Exercise), or the payment of the Strike Level multiplied by the number of Shares to be delivered by the Investor against delivery of the number of Shares which the Warrants being exercised relate to (according to the Conversion Ratio) if the Warrants are exercised by the Investor during the Exercise Period.

### **27.2 For Warrants related to any Underlying other than a single Share**

If the Underlying is a Basket of Shares, an Index or a Basket of Indices or any other Underlying than a single Share or a derivative contract, the following shall apply:

- (i) Call Warrants entitle the Investor upon exercise of the Warrants to receive the payment of the Redemption Amount (if the Redemption Amount is a positive amount).
- (ii) Put Warrants entitle the Investor upon exercise of the Warrants to receive the payment of the Redemption Amount (if the Redemption Amount is a positive amount).

## **28. Exercise of Warrants**

*This General Condition 28 (Exercise of Warrants) is applicable only in relation to Warrants.*

### **28.1 Minimum and maximum number of Warrants exercisable**

#### **28.1.1 Minimum number of Warrants exercisable**

The minimum number of Warrants exercisable by any Investor on any Exercise Date will be specified in the Issue Terms (the "**Minimum Exercise Number**"). Any Exercise Notice which purports to exercise Warrants in an amount less than the relevant Minimum Exercise Number shall be void and of no effect.

#### **28.1.2 Maximum number of Warrants exercisable (in the case of American Style Warrants)**

In the case of American Style Warrants, if the Paying Agent determines that the number of Warrants being exercised on any Exercise Date other than the Expiration Date exceeds the maximum exercise number, as specified in the Issue Terms (the "**Maximum Exercise Number**"), the Issuer may deem the Exercise Date for the first Maximum Exercise Number of such Warrants to be such day and the Exercise Date for each additional Maximum Exercise Number of such Warrants to be each of the succeeding Business Days until all such Warrants have been attributed with an Exercise Date, provided, however, that the last Exercise Date may not fall after the Expiration Date. In any case where the number of Warrants exercised on any Exercise Date exceeds the Maximum Exercise Number, the order of settlement shall be chronological, i.e., in the order of receipt of the relevant Exercise Notices. The Issuer may, at any time, in its duly exercised discretion (*billiges Ermessen*), accept more Warrants than the Maximum Exercise Number for exercise on any Exercise Date.

### **28.2 Automatic Exercise**

The Issue Terms may specify that Warrants are automatically exercised on the Expiration Date. In such a case:

- (i) The Investor will not need to deliver an Exercise Notice or to take any other action, unless otherwise specified in the Issue Terms; and
- (ii) Warrants shall automatically be exercised on the Expiration Date if the Redemption Amount is a positive amount.

Warrants automatically exercised only allow for the payment of the Redemption Amount.

### **28.3 Exercise Notice**

Except for automatically exercised Warrants, Warrants may only be exercised by an Investor on such day(s) as provided in General Condition 26.1 (Warrants: American Style Warrants or European Style Warrants) by delivery of a duly completed and signed Exercise Notice to the Paying Agent no later than 12:00 noon (Zurich time) on the relevant Exercise Date or Expiration Date, as the case may be (for an Underlying listed in Asia the next following Business Day will be treated as the Exercise Date). If the duly completed Exercise Notice is received by the Paying Agent (i) on a Business Day after 12:00 noon (Zurich time) or (ii) on a day which is not a Business Day, then such Exercise Notice shall be deemed to have been received on the next following Business Day (for an Underlying listed in Asia the second following Business Day will apply). Such Business Day shall be the Exercise Date, subject to such Business Day being no later than the Expiration Date.

Any Exercise Notice received by the Paying Agent on an Exercise Date, which is not duly completed, shall be deemed to be null and void and a new duly completed Exercise Notice must be submitted if the Investors still intend to exercise the Warrants.

If the Issue Terms specifies that the Warrants will not be exercised automatically on the Expiration Date, any Warrant which has not been exercised, with respect to which an Exercise Notice has not been duly completed, delivered and received in the manner set out in this General Condition 28 (Exercise of Warrants) at or before 12:00 noon (Zurich time) on the Expiration Date shall become null and void.

#### **28.4 Form of Exercise Notice**

The Exercise Notice shall be in the form as may be agreed with the Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent) and must:

- (i) specify the name and address of the Investor in respect of the Warrants being exercised;
- (ii) specify the number of Warrants of the relevant Series being exercised by the Investor (which may not be less than the Minimum Exercise Number);
- (iii) specify the number of the account at the relevant Clearing System to be debited with the Warrants being exercised and irrevocably instruct, as the case may be, confirm that the Securities Account Holder has irrevocably instructed the relevant Clearing System to debit its account with the Warrants being exercised and credit the account of the Paying Agent;
- (iv) specify the number of the account at the relevant Clearing System to be credited with the Redemption Amount for the Warrants being exercised or, as the case may be, specify the number of the account with the relevant Clearing System to be credited with the relevant Shares or the delivery details for such Shares;
- (v) include an irrevocable undertaking to the Issuer and the Paying Agent, acting on the Issuer's behalf, to pay any applicable taxes and duties due by reason of exercise of the relevant Warrants and an authority to the Issuer and the Paying Agent and, in case of unlisted Warrants, the relevant Clearing System (if other than SIX SIS) to deduct an amount in respect thereof from any Redemption Amount due to such Investor or otherwise (on or at any time after the Redemption Date) and to debit a specified account of the Investor with an amount in respect thereof;
- (vi) certify that the Investor is not a U.S. Person and that the Warrants are not being exercised on behalf of a U.S. Person; and
- (vii) specify any other details that the relevant Issue Terms may require.

#### **28.5 Determination**

Upon receipt of an Exercise Notice from an Investor, the Paying Agent shall review each Exercise Notice received in order to ensure that it has been duly completed and that all requirements for a valid exercise of the Warrants have been complied with.

If, in the determination of the Paying Agent:

- a. the Exercise Notice is incomplete or not in proper form; or
- b. sufficient Warrants or sufficient funds equal to any applicable taxes and duties and the aggregate Strike Level (if any) are not available in the specified account(s) with the relevant Clearing System on the Exercise Date,

the Exercise Notice will be treated as null and void and a new duly completed Exercise Notice must be submitted if exercise of the Warrants is still desired by the Investor.

Any determination by the Paying Agent as to any of the matters set out in this General Condition 28.5 (Determination) shall, in the absence of manifest error or wilful misconduct, be conclusive and binding upon the Issuer, the Investor and the beneficial owner of the Warrants exercised.

#### **28.6 Delivery of Underlying or cash settlement at Issuer's choice in case of Warrants related to a Share**

If the Warrants relate to a Share, and the Issue Terms provides that the Issuer can elect Cash Settlement or Delivery of Underlying, the Issuer shall notify the Paying Agent of its choice of delivering or acquiring Shares or paying the corresponding Redemption Amount (if the Redemption Amount is a positive amount) not later than 10:00 a.m. (Zurich time) on the second Business Day following the Exercise Date and the Paying Agent shall cause the information to be notified to the relevant Clearing System and/or the relevant Securities Account Holder accordingly.

#### **28.7 Effect of Exercise Notice**

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the relevant Investor to exercise the Warrants in accordance with these General Terms and Conditions. In addition, and with respect to Call Warrants with delivery, the Investor undertakes to pay an amount equal to the Strike Level multiplied by the number of Shares to which the exercised Warrants relate (the "**Requisite Amount**") in order to receive delivery of the Underlying. With respect to Put Warrants with delivery, the Investor undertakes to deliver the Shares to which the exercised Warrants relate. The Investor also undertakes in any case to pay the taxes and duties to the Paying Agent (for the benefit of the Issuer), should the Issuer elect Delivery of the Underlying.

#### **28.8 Cash Settlement**

##### **28.8.1 Determination and Notification of the Redemption Amount**

The Calculation Agent shall, on the next Business Day following the Final Fixing Date, determine, in its duly exercised discretion (*billiges Ermessen*) but in accordance with established market practice, the Redemption Amount (if any) to be paid in respect of the Warrants being exercised.

##### **28.8.2 Cash Settlement on the Redemption Date**

Prior to the Redemption Date, the Issuer shall, in respect of the Warrants being exercised, transfer (or cause to be transferred) the Redemption Amount to the Paying Agent, for value on the Redemption Date. On the Redemption Date the Paying Agent shall, subject to the transfer of the Warrants to be exercised and to the receipt of payment of the related taxes and duties, if any, cause an account of the Investor to be credited with such amount for value on the Redemption Date.

#### **28.9 Delivery of Underlying**

##### **28.9.1 Delivery of Underlying on the Redemption Date**

In respect of Call Warrants which have been exercised and in respect of which the Issuer has elected Delivery of Underlying in accordance with these General Terms and Conditions, the Issuer shall, prior to the Redemption Date, deliver or procure the delivery of the relevant number of Shares in respect of each Warrant to the Paying Agent for credit to the account of the Investor specified in the relevant Exercise Notice on the Redemption Date. Such Delivery of Underlying is subject to the payment of the Requisite Amount (plus any applicable taxes and duties, if any) from the relevant account of the

Investor to the relevant account of the Paying Agent (in favour of the Issuer). The Issuer shall be entitled, if it so elects, to divide any Shares to be transferred into such number of lots of such size as it desires in order to facilitate its delivery obligations.

With respect to Put Warrants which have been exercised and with respect to which the Issuer has elected Delivery of Underlying in accordance with these General Terms and Conditions, the Issuer shall, prior to the Redemption Date, transfer (or cause to be transferred) the Requisite Amount (less any applicable taxes and duties, if any) to the Paying Agent, for value on the Redemption Date. Such Delivery of Underlying is subject to the delivery of the relevant number of Shares with respect to each Warrant to the Paying Agent for credit to the account of the Issuer. On the Redemption Date the Paying Agent shall, subject to the relevant number of Shares having been transferred, cause an account of the Investor to be credited with such amount for value on the Redemption Date.

#### 28.9.2 Settlement Disruption

If a Settlement Disruption has occurred and is continuing on the last day of the Delivery Period, the Issuer shall, with respect to the Warrants being exercised, in lieu of delivering the number of Shares to which these Warrants relate, pay as soon as commercially possible the Redemption Amount and, for the calculation of the Redemption Amount, the Final Fixing Date shall be determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*), taking into account established market practice.

Such Redemption Amount shall be determined on the basis of the Fair Market Value of the Share on such Final Fixing Date. The Issuer shall pay the corresponding Redemption Amount (if any) to the Investor as soon as commercially possible in accordance with established market practice.

#### 28.9.3 Fractions of Shares

No fraction of Shares will be transferred by the Issuer and, accordingly, payment to the Investor shall be made by the Issuer in lieu of such fraction of Share calculated by reference to the Redemption Amount.

Warrants exercised at the same time by the same Investor will not be aggregated for the purpose of determining the number of Shares to which such Warrants relate.

### 28.10 Dividends

*This General Condition 28.10 (Dividends) is applicable only in relation to Warrants related to a Share and to Warrants related to a Basket of Shares.*

In case of an exercised Warrant, when the relevant Company has announced a dividend and the first date when the shares are going to be traded ex-dividend on the related stock exchange is after the relevant date of exercise, but:

- (i) in case of a cash processing before or after the expiry (except if the expiry is the exercise date), then in case of a cash processing the repayment amount related to such Share will be increased by a cash amount equal to such dividends attributable to such share less the amount equal to the value of any related tax credit(s).
- (ii) in case of a settlement of the Underlying at or before the repayment's date, then the investor, in case of delivery of the Underlying to which the Warrant refers, will be entitled to receive a cash amount equal to such dividends attributable to the number of shares to which such Warrants relate on the relevant Redemption Date less the amount equal to the value of any related tax credit(s).



All Shares delivered upon exercise of the Warrants shall be fully-paid up Shares and shall entitle the holders to participate in full in all dividends and other distributions paid or made on the Shares after the delivery.

## **29. Redemption of Products**

*This General Condition 29 (Redemption of Products) is applicable only in relation to Products other than Warrants.*

### **29.1 Number of Products redeemable**

#### **29.1.1 Minimum number of Products redeemable**

The minimum number of Products redeemable by any Investor on any Redemption Date will be specified in the Issue Terms. Any Redemption Notice which purports to redeem Products in an amount less than the relevant Minimum Trading Lot shall be null and void and of no effect.

#### **29.1.2 Maximum number of Products redeemable (in the case of Open-end Products redeemable on an Early Redemption Date)**

If Products are to be redeemed early and the Paying Agent determines that the number of Products being redeemed on any Redemption Date exceeds the maximum redemption number, as specified in the Issue Terms (the "**Maximum Redemption Number**"), the Issuer may deem the Redemption Date for the first Maximum Redemption Number of such Products to be the Early Redemption Date and the Redemption Date for each additional Maximum Redemption Number of such Products to be each of the succeeding Business Days until all such Products have been attributed with a Redemption Date. If by following this rule the deemed Redemption Date for any such Products would fall after the Redemption Date, it shall fall on the Redemption Date. In any case where the number of Products redeemed on any day exceeds the Maximum Redemption Number, the order of settlement shall be chronological, i.e. in the order of receipt of the relevant Redemption Notices. The Paying Agent may, at any time, in its duly exercised discretion (*billiges Ermessen*), accept more Products than the Maximum Redemption Number for redemption on any Redemption Date.

### **29.2 Automatic Redemption**

Unless previously redeemed, purchased and/or cancelled Fixed-end Products will be redeemed automatically on the Redemption Date and the settlement will be either cash settlement or cash settlement and/ or Delivery of Underlying at the option of the Issuer, as specified in the Issue Terms.

In relation to Fixed-end Products which are automatically redeemed on the Redemption Date the Investor will not need to deliver a Redemption Notice or to take any other action, unless otherwise specified in the Issue Terms.

### **29.3 Redemption Notice**

If so specified in the Issue Terms, Products may be redeemed by an Investor at such time and on such day(s) as provided in General Condition 26.2 (Products other than Warrants: Fixed-end Products or open-end Products) by delivery of a duly completed and signed Redemption Notice to the Paying Agent no later than 12:00 noon (Zurich time) on any Exchange Business Day during the Exercise Period. Such Exchange Business Day and in case of Products on an Underlying listed in Asia the next following Exchange Business Day, will be treated as the Final Fixing Date, subject to any Market Disruption Event. If the Issue Terms do not specify the redemption right of the Investor, the Investor may not request the early redemption of the Products.

Any Redemption Notice received by the Paying Agent, which is not duly completed, shall be deemed null and void and a new duly completed Redemption Notice must be submitted if redemption of the Investor's Products is still desired.

#### **29.4 Form of Redemption Notice**

The Redemption Notice shall be in the form as may be agreed by the Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent) and must:

- a. specify the name and address of the Investor in respect of the Products being redeemed;
- b. specify the number of Products of the relevant Series being redeemed by the Investor (which must not be less than the Minimum Trading Lot);
- c. specify the number of the account at the relevant Clearing System to be debited with the Products being redeemed and irrevocably instruct, or, as the case may be, confirm that the Securities Account Holder has irrevocably instructed, the relevant Clearing System to debit the Securities Account Holder's account with the Products being redeemed and credit the account of the Paying Agent;
- d. specify the account number at the relevant Clearing System to be credited with the Redemption Amount for the Products being redeemed or specify the account number with the relevant Clearing System to be credited with the relevant shares or the delivery details for such shares;
- e. include an irrevocable undertaking to the Issuer and the Paying Agent, acting on the Issuer's behalf, to pay any applicable taxes and duties due by reason of redemption of the relevant Products and an authority to the Issuer and the Paying Agent and, in case of unlisted Products, the relevant Clearing System (if other than SIX SIS) to deduct an amount in respect thereof from any Redemption Amount due to such Investor or otherwise (on, or at any time after, the Redemption Date) and to debit a specified account of the Investor with an amount or amounts in respect thereof;
- f. certify that the Investor is not a U.S. Person and that the Products are not being exercised on behalf of a U.S. Person; and
- g. specify other details as the relevant Issue Terms requires.

#### **29.5 Determination**

Upon receipt of a Redemption Notice from an Investor, the Paying Agent shall review each Redemption Notice received in order to ensure that it has been duly completed and that all requirements for a valid redemption of the Products have been complied with.

If, in the determination of the Paying Agent:

- a. the Redemption Notice is incomplete or not in proper form; or
- b. sufficient Products or sufficient funds equal to any applicable taxes and duties are not available in the specified account(s) with the relevant Clearing System on the Redemption Date;

the Redemption Notice will be treated as null and void and a new duly completed Redemption Notice must be submitted if redemption of the Products is still desired by the Investor.

Any determination by the Paying Agent as to any of the matters set out in this General Condition 29.5 (Determination) shall, in the absence of manifest error or wilful misconduct, be conclusive and binding upon the Issuer, the Investor and the beneficial owner of the Products redeemed.

## **29.6 Issuer's choice in the case of Delivery of Underlying or cash settlement of Structured Products related to a Share**

In the case of Structured Products related to a Share, where the Issue Terms states that the Issuer can choose to deliver a certain number of Shares or to pay the Redemption Amount, the Issuer shall notify the Paying Agent of its choice of delivering Shares or paying the corresponding Redemption Amount, if any, not later than 10:00 a.m. (Zurich time) on the tenth Business Day prior to the Final Fixing Date and the Paying Agent shall cause the same to be notified to the relevant Clearing System and/or the relevant Securities Account Holder accordingly

## **29.7 Effect of Redemption Notice**

Delivery of a Redemption Notice shall constitute an irrevocable election and undertaking by the relevant Investor to redeem the Products in accordance with the General Terms and Conditions.

## **29.8 Termination of Products by the Issuer**

### **29.8.1 Termination of open-end Products**

In the case of open-end Products the Issuer may, on any (Early) Redemption Date as specified in any Termination Announcement or Termination Notice to the Investors published in accordance with General Condition 15 (Notices), call the Products by announcing the exercise of its termination right in accordance with General Condition 15 (Notices).

In addition, the Issuer may terminate any open-end Products in accordance with General Condition 14 (Taxation/Tax Call) and 20 (Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability).

### **29.8.2 Termination of fixed-end Products**

If applicable, the termination right of the Issuer for fixed-end Products will be further specified in the Issue Terms and will be announced in accordance with General Condition 15 (Notices).

In addition, the Issuer may terminate any fixed-end Products in accordance with General Conditions 14 (Taxation/Tax Call) and 20 (Termination and Cancellation due to Illegality, Illiquidity, Impossibility, Increased Cost of Hedging, Hedging Disruption, Increased Cost of Collateralisation (COSI Products) or Changed Secured Financing Ability).

## **29.9 Cash Settlement**

### **29.9.1 Cash Settlement Amount**

**"Cash Settlement Amount"** means, in relation to any Products, the amount to which the Investor is entitled in the Settlement Currency in relation to each such Product or, if units are specified in the applicable Issue Terms, each unit, as the case may be, as determined by the Calculation Agent pursuant to the provisions set out in the applicable Issue Terms. The Cash Settlement Amount shall be rounded to the nearest sub-unit of the relevant Settlement Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention, unless otherwise specified in the applicable Issue Terms. If the Cash Settlement Amount is not an amount in the Settlement Currency, if specified in the applicable Issue Terms it will be converted into the Settlement Currency at the Exchange Rate specified in the applicable Issue Terms.

### **29.9.2 Determination and Notification of the Redemption Amount**

The Calculation Agent shall determine as soon as commercially possible, in its duly exercised discretion (*billiges Ermessen*) but in accordance with established market practice, the Redemption Amount (if any) to be paid in respect of the Products being redeemed.

#### 29.9.3 Cash Settlement on the Redemption Date

Prior to the Redemption Date, the Issuer shall, in respect of the Products being redeemed, for value on the Redemption Date transfer (or cause to be transferred) the Redemption Amount to the Paying Agent. On the Redemption Date, the Paying Agent shall, subject to transfer of the Products to be redeemed and receipt of payment of the related taxes and duties, if any, cause an account of the Investor to be credited with such amount for value on the Redemption Date.

### 29.10 Delivery of Underlying (for Structured Products related to a Share)

#### 29.10.1 Delivery of Underlying on the Redemption Date

In respect of Structured Products which have been redeemed and in respect of which Delivery of Underlying applies according to General Condition 29.6 (Issuer's choice in the case of Delivery of Underlying or cash settlement of Structured Products related to a Share), the Issuer shall, prior to the Redemption Date, deliver or procure the delivery of the relevant number of Shares in respect of each Structured Product to the Paying Agent for credit to the account of the Investor specified in the relevant Redemption Notice on the Redemption Date. The Issuer shall be entitled, if it so elects, to divide any Shares to be transferred into such number of lots of such size as it desires to facilitate its delivery obligations.

#### 29.10.2 Settlement Disruption

If a Settlement Disruption has occurred and is continuing on the last day of the Delivery Period, the Issuer shall in respect of the Structured Products redeemed, instead of delivering the number of Shares to which these Structured Products relate, pay as soon as commercially possible the Redemption Amount and, for the calculation of the Redemption Amount, the Final Fixing Date shall be decided by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice.

Such Redemption Amount shall be determined on the basis of the Fair Market Value of the Share on the Final Fixing Date decided by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*) but in accordance with established market practice. The Issuer shall pay the corresponding Redemption Amount (if any) to the Investor as soon as commercially possible in accordance with established market practice.

#### 29.10.3 Fractions of Shares

No fraction of Shares will be transferred by the Issuer. Instead payment to the Investor shall be made by the Issuer instead of such fraction of Share calculated by reference to the Redemption Amount.

Structured Products redeemed at the same time by the same Investor will not be aggregated for the purpose of determining the number of Shares to which such Structured Products relate.

### 29.11 Cash Settlement or Delivery of Underlying prior to the Issue Date

In cases where before the Issue Date a stop loss, early redemption, knock-out or any other event has occurred that leads to an expiry of the Product, the Cash Settlement or Delivery of Underlying will in any case be on or after the Issue Date i.e. after the initial settlement has been processed successfully, but no later than five (5) Business Days following the Issue Date, subject to Market Disruption and Settlement Disruption Event provisions.

## 29.12 Dividends

*This General Condition 29.12 (Dividends) is applicable only in relation to Structured Products related to a Share and to Structured Products related to a Basket of Shares.*

Provided that the Investor is entitled to any dividend payments relating to a Share, as stated in the Issue Terms, and in the event that the relevant Company has declared a dividend in respect of its Shares and the first date on which such Shares are quoted ex-dividend on the Exchange falls (a) in the case of Cash Settlement, on or prior to the relevant Final Fixing Date (except where the Final Fixing Date is the Redemption Date) or (b) in the case of Delivery of Underlying, on or prior to the Redemption Date, then, as the case may be:

- (i) in case of Cash Settlement, the Redemption Amount related to the Share shall, in case such dividend has not been paid out separately, be increased by a cash amount equal to such dividends attributable to the respective Share less the amount equal to the value of any related tax credit(s); or
- (ii) in case of Delivery of Underlying for Structured Products related to a Share, the Investor will be entitled to receive a cash amount equal to such dividends attributable to the number of Shares to which such Structured Products relate on the relevant Redemption Date less the amount equal to the value of any related tax credit(s).

All Shares delivered upon redemption of the Structured Products shall be fully-paid up Shares entitling the holders thereof to participate fully in all dividends and other distributions paid or made on the Shares after the delivery thereof.

The Investor is not entitled to any dividend payments relating to a Share, if not explicitly stated in the Issue Terms.

## 30. Market Disruption

### 30.1 Market Disruption Event

Unless otherwise specified in the Issue Terms or the Underlying Specific Conditions, "**Market Disruption Event**" means, in respect of any Underlying, that the price or value relevant for the Product is not determined or announced or published or otherwise made available on a day relevant for the fixing, observation or valuation of the Underlying, such as the Initial Fixing Date, the Final Fixing Date or any Observation Date, as determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*).

### 30.2 Rights upon the occurrence of a Market Disruption Event

If the Calculation Agent in its duly exercised discretion (*billiges Ermessen*) determines that a Market Disruption Event has occurred and is continuing on a day relevant for the fixing, observation or valuation of the Underlying, such as the Initial Fixing Date, the Final Fixing Date or any Observation Date, then the respective day relevant for the fixing, observation or valuation of the Underlying shall be postponed until the next following Exchange Business Day where there is no such Market Disruption Event.

If a Market Disruption Event is continuing, then the respective day relevant for the fixing, observation or valuation of the Underlying, for example the Initial Fixing Date, the Final Fixing Date or any Observation Date, and the value for that Underlying shall be determined for such date by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice.

In the case of Products relating to a Basket of any Underlyings other than those specified in Underlying Specific Conditions, the day relevant for the fixing, observation or valuation of the Underlying, for example the Initial Fixing Date, the Final Fixing Date or any Observation Date, for each Underlying which is not affected by the Market Disruption Event shall than be the originally designated Initial Fixing Date, Final Fixing Date or Observation Date, as the case may be, and the Initial Fixing Date, Final Fixing Date or Observation Date, as the case may be, for each such Underlying shall be determined as provided above.

### **31. Underlying Illiquidity**

*This General Condition 31 (Underlying Illiquidity) applies to all Products irrespective of the Underlying.*

#### **31.1 Underlying Illiquidity**

For the purpose of this General Condition 31 (Underlying Illiquidity) and unless otherwise specified in the Issue Terms, "Underlying Illiquidity" means, in respect of the Underlying (but is not limited to) low or the absence of trading volume in the Underlying or the difficulty to buy and/or sell the Underlying in a short period of time without its price being affected.

#### **31.2 Rights upon Underlying Illiquidity**

##### **31.2.1 Expanded bid/offer spreads**

Upon Underlying Illiquidity the Issuer and/or Lead Manager or any third party appointed by the Issuer in its function as Market Maker shall be entitled to temporarily increase the spread between the bid and offer prices of the Product to account for such prevailing market conditions.

##### **31.2.2 Modified Redemption Amount**

If, due to Underlying Illiquidity and after using commercially reasonable efforts, the ability of the Hedging Entity to unwind or dispose of any hedging transaction(s) or asset(s) is limited or impaired and therefore such hedging transaction(s) or asset(s) has/have to be unwound or disposed of over a certain period of time, the relevant redemption amount may be calculated based on the average execution price (less transaction costs) as it was obtained on a best effort basis, as determined by the Calculation Agent, instead of using the originally pre-defined fixing or value of the Underlying (e.g. the official close of the respective Underlying) set out in the Issue Terms.

##### **31.2.3 Postponed fixing and/or redemption**

If, due to Underlying Illiquidity and after using commercially reasonable efforts, the Hedging Entity is unable or partially unable to acquire, unwind or dispose of any hedging transaction(s) or asset(s) or to realise, recover or remit the proceeds of any such hedging transaction(s) or asset(s) by the time originally stated in the Issue Terms, the determination (fixing) and/or the payment of the relevant redemption amount or the delivery of the Underlying shall be postponed accordingly by such number of days necessary to account for such prevailing market conditions. However, the postponed redemption will take place at the latest on the fifth (5<sup>th</sup>) Business Day following the last day of the relevant period required by the Hedging Entity to acquire, unwind or dispose of the hedging transaction(s) or asset(s) or to realise, recover or remit the proceeds of such hedging transaction(s) or asset(s) (subject to Market and Settlement Disruption Event provisions).

#### **31.3 Underlying Illiquidity and Hedging Activity relating to the Underlying**

The Hedging Entity shall execute its trading and hedging activities (including unwinding and termination of already executed hedging transaction) on a best efforts basis, taking into account the

possibility of unduly affecting the market and to consequently limiting its activities related to the Underlying. To minimise the market impact the Hedging Entity is entitled to suspend or to stop entirely its trading activities related to an Underlying.

### **32. Adjustments related to ISDA Definitions**

*This General Condition 32 (Adjustments related to ISDA Definitions) is applicable in relation to Products that reference ISDA Definitions.*

The Issuer shall have the right, but not the obligation, to replace and amend the applicable ISDA Definitions, as defined in the relevant Issue Terms, by any later definitions or supplements published by ISDA.

### **33. Postponement of Final Fixing Date or Observation Date on the Occurrence of a Foreign Exchange Disruption Event**

If the Calculation Agent determines that on a Final Fixing Date or an Observation Date an FX Disruption Event (as defined below) has occurred and is continuing, the date for determination of the FX Rate (as defined below) shall be postponed until the first Business Day on which such FX Disruption Event ceases to exist (the "**FX Establishment Date**"). The Final Fixing Date or the Observation Date in respect of the Products shall be postponed to the FX Establishment Date (the "**Postponed Final Fixing Date**" or the "**Postponed Observation Date**").

If an FX Disruption Event has occurred and is continuing on the Postponed Final Fixing Date (including any Final Fixing Date or Observation Date postponed due to a prior FX Disruption Event), then the Postponed Final Fixing Date or Observation Date shall be further postponed until the first Business Day following the date on which such FX Disruption Event ceases to exist, or to a date as reasonably determined by the Calculation Agent. For the avoidance of doubt, if an FX Disruption Event coincides with a Market Disruption Event or a Settlement Disruption, as the case may be, the provisions of this General Condition 33 (Postponement of Final Fixing Date or Observation Date on the Occurrence of a Foreign Exchange Disruption Event) shall take effect only after such postponements or adjustments have been made as a result of such Market Disruption Event or Settlement Disruption Event in accordance with the General Terms and Conditions and, notwithstanding the respective provisions of the General Terms and Conditions, the Issuer's payment obligation of the Redemption Amount shall continue to be postponed in accordance with the provisions of this General Condition 33 (Postponement of Final Fixing Date or Observation Date on the Occurrence of a Foreign Exchange Disruption Event).

For the purposes of this General Condition 33 (Postponement of Final Fixing Date or Observation Date on the Occurrence of a Foreign Exchange Disruption Event):

**"FX Disruption Event"** means the occurrence of an event that makes it impossible through legal channels for the Issuer or its affiliates to either:

- (i) convert the Relevant Currency into the Settlement Currency; or
- (ii) deliver the Settlement Currency from accounts within the Relevant Country to accounts outside such jurisdiction; or
- (iii) deliver the Relevant Currency between accounts within the Relevant Country to a person that is a non-resident of that jurisdiction; or
- (iv) obtain a firm quote of an offer price in respect of an amount in CNH equal to the a coupon amount, a Redemption Amount or any other amount to be paid under the Product, in each case on the relevant interest payment date or Redemption Date (as the case may be) (the

"**Relevant CNH Disrupted Amount**"), either in one transaction or a commercially reasonable number of transactions that, when taken together, is no less than such Relevant CNH Disrupted Amount, in the general CNH exchange market regarding the purchase, sale, lending or borrowing of CNH for general purpose (including, but not limited to, funding) in order to perform its obligations under the Product.

"**FX Rate**" means, unless otherwise specified in the relevant Issue Terms, the exchange rate (determined by the Calculation Agent in good faith and in a commercially reasonable manner) for the sale of the Relevant Currency for the Settlement Currency on the Final Fixing Date or the Observation Date or other date on which such exchange rate falls to be determined in accordance with the provisions of this General Condition 33 (Postponement of Final Fixing Date or Observation Date on the Occurrence of a Foreign Exchange Disruption Event) expressed as a number of units of Relevant Currency per unit of the Settlement Currency.

In the event that a currency used in connection with the FX Rate or in any other context is replaced by another currency in its function as legal tender in the country or jurisdiction, or countries or jurisdictions, by the authority, institution or other body which issues such currency, or is merged with another currency to become a common currency, the affected currency shall be replaced for the purposes of the Conditions by such replacing or merged currency, if applicable after appropriate adjustments have been made, (the "**Successor Currency**"). The Successor Currency and the date of its first application shall be determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*) and will be notified to the Investors in accordance with General Condition 15 (Notices).

**34. Postponement of Final Fixing Date or Observation Date on the occurrence of an event which is not a Market Disruption Event**

If the Final Fixing Date or an Observation Date is not an Exchange Business Day, upon an event which is not a Market Disruption Event, the Final Fixing Date or the Observation Date will be the Exchange Business Day immediately following the Final Fixing Date or the Observation Date (such day being the "**Postponed Final Fixing Date**" or the "**Postponed Observation Date**"). In the case of Products relating to multiple Underlyings or a basket of Underlyings, the Postponed Final Fixing Date or the Postponed Observation Date will be the next following Common Exchange Business Day. A Common Exchange Business Day (the "**Common Exchange Business Day**") is an Exchange Business Day on which the price or value of all Underlyings or Basket Components of the Product can be determined.

Notwithstanding the foregoing, as regards an Observation Date regarding a barrier observation for Products relating to multiple Underlyings or a basket of Underlyings, the Postponed Observation Date shall be the Exchange Business Day immediately following the Observation Date.

**35. Governing Law and Jurisdiction**

The Products are governed by and shall be construed in accordance with Swiss law (without reference to the principles of conflicts of law rules).

In relation to any proceedings in connection with the Products, the Issuer irrevocably submits to the jurisdiction of the courts of the Canton of Zurich, the place of jurisdiction being the city of Zurich (venue being Zurich 1). This submission is made for the benefit of each Investor and shall not limit the right of any of them taking proceedings in any court of competent jurisdiction nor shall the taking



of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).

## **X. UNDERLYING SPECIFIC CONDITIONS**

The following Underlying Specific Conditions (the "**Underlying Specific Conditions**") are applicable to all Products issued under this Programme by the Issuer and shall be read jointly with the General Terms and Conditions. In case of inconsistencies between the Underlying Specific Conditions and the Issue Terms, the Issue Terms shall prevail.

### **1. Share Linked Conditions**

*These Underlying Specific Conditions 1 (Share Linked Conditions) shall apply in respect of each Underlying which is a Share.*

#### **1.1 Consequences of Disrupted Days**

##### **1.1.1 Single Share and Underlying Valuation Dates**

Where the Products relate to a single Share (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the Share on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Share in accordance with General Terms and Condition 15 (*Notices*).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 1.1.1 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 1.1.1a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

##### **1.1.2 Basket of Underlyings and Underlying Valuation Dates - Individual Postponement of Underlying Valuation Dates**

Where the Products relate to a basket of Underlyings and unless 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' as opposed to 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number

to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Terms and Condition 15 (*Notices*).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 1.1.2 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for the relevant Basket Component may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Basket Component or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 1.1.2a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### 1.1.3 Basket of Underlyings and Underlying Valuation Dates - Common Postponement of Underlying Valuation Dates

Where the Products relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Shares in the basket (each such Share an "**Affected Share**" in respect of such Underlying Valuation Date);
- b. in respect of each Share in the basket that is not an Affected Share, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- c. in respect of each Affected Share, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Share(s) in accordance with General Terms and Condition 15 (*Notices*).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 1.1.3 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for each Affected Share may be postponed until the earlier of (a) the

first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Affected Share or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 1.1.3a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

## **1.2 Potential Adjustment Events and Extraordinary Events**

### **1.2.1 Consequences of a Potential Adjustment Event**

If the Calculation Agent determines that a Potential Adjustment Event has occurred in relation to a Share, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of such Share and, if so, the Issuer and/or Calculation Agent may (but is not obliged to):

- a. make the corresponding adjustment(s), if appropriate, to the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- b. determine the effective date(s) of the adjustment(s). In such case, such adjustments shall be deemed to be so made from such date(s). The Issuer and/or Calculation Agent may (but need not) perform the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by the Related Exchange(s); or
- c. if the Calculation Agent determines that no adjustment as described in (a) above (or in paragraph 1.2.3) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Terms and 15 (*Notices*), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (*Notices*).

### **1.2.2 Consequences of an Extraordinary Event**

If the Calculation Agent determines that an Extraordinary Event has occurred in respect of a Share, the following will apply:

- a. in respect of a Merger Event or Tender Offer, on or after the relevant Merger Date or Tender Offer Date (or such other date as the Calculation Agent deems relevant), the Issuer and/or Calculation Agent may (A) make such adjustment to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Merger Event or Tender Offer (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Share), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer by the Related Exchange(s) to options on the Share traded thereon and (B) determine the effective date of that adjustment; or
- b. in respect of a Nationalisation, Insolvency or Delisting, on or after the date of the occurrence of the Nationalisation, Insolvency and/or Delisting, as determined by the Calculation Agent, the Issuer and/or Calculation Agent may (A) make such adjustment to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of the relevant event, (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Share), which may, but need not, be determined by reference to the adjustment(s) made in respect of a Nationalisation, Insolvency or Delisting by the

- Related Exchange(s) to options on the Share traded thereon and (B) determine the effective date of that adjustment; or
- c. if the Calculation Agent determines that no adjustment as described in (a) above (or in paragraph 1.2.3 below) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### 1.2.3 Additional Adjustments in respect of a basket of Underlyings

Where the Products relate to a basket of Underlyings, if in relation to a Basket Component an adjustment (as described in paragraphs 1.2.1 or 1.2.2) is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments pursuant to such Share Linked Conditions in relation to each such Basket Component (an "**Affected Basket Component**")) be entitled, but not obliged to, either:

- a. remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Products); or
- b. replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Underlying Currency representing the value of the Affected Basket Component at the time of such replacement, as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"). In such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the replacement of the Affected Basket Component(s) with the Successor Basket Component. The Successor Basket Component(s) will be selected by the Calculation Agent in its reasonable discretion and the relevant characteristics thereof shall be as similar to the Affected Basket Component being replaced as far as reasonably practicable. Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

#### 1.2.4 Additional Tax Adjustments for Products with A-Shares as Underlying or as Basket Component(s)

In case of Products with A-Shares as Underlying or as Basket Component(s), the Calculation Agent has the right but not the obligation to adjust the terms of the Product in its discretion (*billiges Ermessen*) and in accordance with established market practice upon the occurrence of an A-Shares Tax Event. In particular the Calculation Agent has the right to modify the Redemption Amount or any other payments due under the Product by deduction of any taxes, duties, fees and charges imposed in relation to A-Shares.

#### 1.2.5 Notice of Adjustments

Upon making any such adjustment pursuant to this Underlying Specific Condition 1.2 (Potential Adjustment Events and Extraordinary Events), the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices), stating the relevant adjustment

and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

### 1.3 Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:

- a. make such adjustment(s) to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Share). Upon making any such adjustment, the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken; or
- b. if the Calculation Agent determines that no adjustment as described in (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### 1.4 Correction of Prices

In the event that a Relevant Underlying Price is subsequently corrected and the correction (the "**Corrected Price**") is published by the Exchange on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Underlying Price, then the Calculation Agent shall be entitled to determine the amount payable or the Entitlement regarding any Delivery of Underlying or make any such determination in connection with the Products after taking into account such Corrected Price, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Price. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 15 (Notices).

### 1.5 Definitions

The following terms and expressions shall have the following meanings in respect of Share Linked Products and each Underlying which is a Share:

**"A-Shares"** means any shares trading via the China Connect Service and defined as A-Share in the Issue Terms.

**"A-Shares Tax Event"** means any change to existing tax law or regulation applicable to A-Shares or any adoption of new applicable tax law or regulation applicable to A-Shares after the Initial Fixing Date of the Product.

**"Additional Disruption Event"** means each of Increased Cost of Hedging, a Change in Law, a Hedging Disruption, an Insolvency Filing, a Failure to Deliver and/or a Reduced Number of Shares, in each case, as specified in the Issue Terms, if any.

**"Basket Component"** means each Share composed within a basket of Underlyings.

**"Change in Law"** means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of a Share or (ii) the Hedging Entity will incur a materially increased cost in performing its obligations arising from the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"China Connect Business Day"** means any Trading Day on which the China Connect Service is open for order-routing during its regular order-routing sessions, notwithstanding the China Connect Service closing prior to its scheduled closing time.

**"China Connect Service"** means the securities trading and clearing links programme developed by the Shanghai Stock Exchange ("SSE"), Shenzhen Stock Exchange ("SZSE"), The Stock Exchange of Hong Kong Limited ("SEHK"), China Securities Depository and Clearing Corporation Limited ("CSDCC") and Hong Kong Securities Clearing Company Limited ("HKSCC") for the establishment of mutual market access between SEHK, SSE and SZSE ("China Connect"), through which (i) SEHK and/or its Affiliates provides order-routing and other related services for certain eligible securities traded on the Exchange and (ii) CSDCC and HKSCC provides clearing, settlement, depository and other services in relation to such securities.

**"China Market Disruption Event"** means in respect of the Share, the occurrence or existence of any of the following events as determined by the Calculation Agent:

- (i) a China Connect Service disruption, which is (a) any suspension of or limitation imposed on routing of orders (including in respect of buy orders only, sell orders only or both buy and sell orders) through the China Connect Service of a Share or of Share(s) constituting 20 percent or more of the Basket Components on the Related Exchange or (b) any event (other than a China Connect Service early closure pursuant to (ii) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of the market participants in general to enter orders in respect of a Share or of Share(s) constituting 20 percent or more of the Basket Components through the China Connect Service and which, in either case (a) or (b), the Calculation Agent determines is material;
- (ii) a China Connect Service early closure, which is the closure on any China Connect Business Day of the China Connect Service of a Share or of Share(s) constituting 20 percent or more of the Basket Components prior to its scheduled closing time unless such earlier closing time is announced by Stock Exchange of Hong Kong ("SEHK") or the Related Exchange, as the case may be, at least one hour prior to the actual closing time for order-routing through the China Connect Service on such China Connect Business Day;
- (iii) a China Connect Service share disqualification, which means, on or after the Issue Date, the Share or Share(s) cease to be accepted as "China Connect Securities" (as defined in the rules of the exchange of SEHK) for the purpose of the China Connect Service; or
- (iv) China Connect Service termination, which means, on or after the Issue Date, the announcement by one or more of the Related Exchange, Stock Exchange of Hong Kong ("SEHK"), the China Securities Depository and Clearing Corporation ("CSDCC"), Hong Kong Securities Clearing Company ("HKSCC") or any regulatory authority with competent jurisdiction of a suspension or termination of the China Connect Service or a part thereof for any reason which materially affects the routing of orders in respect of, or holding of, the

Share(s) through the China Connect Service and the Calculation Agent determines that there is a reasonable likelihood that such suspension or termination is not, or will not be, temporary.

**"Closing Share Price"** means, on any day in respect of a Share, the official closing price of such Share on the Exchange as of the Valuation Time on the relevant day, as determined by the Calculation Agent subject as provided in the Share Linked Conditions.

**"Delisting"** means, in respect of a Share, that the relevant Exchange announces that pursuant to the rules of such Exchange, the Share ceases (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 is 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, in respect of a Share, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session, or on which the China Connect Service fails to open for order-routing during its regular order-routing session, or on which a Market Disruption Event has occurred.

**"Early Closure"** means, in respect of a Share, the closure on any Exchange Business Day of any relevant Exchange(s) relating to such Share or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (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 for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Exchange"** means, in respect of a Share, the exchange or the quotation system as specified in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Share has temporarily relocated (provided that the Calculation Agent has determined in its reasonable discretion that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system).

**"Exchange Business Day"** means, in respect of a Share, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means, in respect of a Share, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, such Share on the Exchange, or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to such Share on any relevant Related Exchange.

**"Extraordinary Event"** means a Merger Event, a Tender Offer, a Nationalisation, an Insolvency or a Delisting.

**"Failure to Deliver"** means, in respect of a Share, the failure of the Share Issuer to deliver, when due, the relevant Shares, where such failure to deliver is due to illiquidity in the market for such Shares.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any



transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into and performing the Issuer's obligations arising from the Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer and/or Calculation Agent or any of its affiliate(s) or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Illiquidity Event"** means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the Share in a sufficient amount to meet its payment and/or delivery obligations (in whole or in part) in respect of the forthcoming payment date as a result of the insufficient liquidity of the Shares.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Insolvency"** means, in respect of a Share, that by reason of the voluntary or involuntary liquidation, winding-up, dissolution, bankruptcy or insolvency or any analogous proceeding affecting a Share Issuer (a) all the Shares of such Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Shares of such Share Issuer become legally prohibited from transferring them.

**"Insolvency Filing"** means, in respect of a Share, that the Share Issuer institutes or has instituted against it by a regulator, supervisor or similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its principal or registered office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Issuer shall not be deemed an Insolvency Filing.

**"Intraday Price"** means, in respect of a Share and any relevant time on any relevant day, the price at which such Share trades on the relevant Exchange at such time on such day, as determined by the Calculation Agent.

**"Level"** means, in respect of a Share and any relevant day, one of the following as specified in the Issue Terms in respect of such Share and such day:

- a. Closing Share Price;
- b. Opening Share Price;
- c. Intraday Price; or
- d. Volume Weighted Average Price.

**"Market Disruption Event"** means the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Calculation Agent regards as material, at any time during the one-hour period that ends at the relevant Valuation Time, or (c) an Early Closure or (d) an Illiquidity Event, or (e) a China Market Disruption Event.

**"Maximum Days of Disruption"** means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

**"Merger Date"** means the closing date of a Merger Event (as determined by the Calculation Agent) or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**"Merger Event"** means, in respect of a Share, any (a) reclassification or change of such Share that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (b) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding), (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (d) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its affiliates with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event (a "Reverse Merger") in each case if the Merger Date is on or before the Final Fixing Date or, if and to the extent the applicable Issue Terms provide for settlement by delivery, the Delivery Date.

**"Nationalisation"** means, in respect of a Share, that all the Shares of a Share Issuer or all the assets or substantially all the assets of such Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"Opening Share Price"** means, on any day in respect of a Share, the official opening share price of such Share on the Exchange on the relevant day, as determined by the Calculation Agent subject as provided in the Share Linked Conditions.

**"Potential Adjustment Event"** means any of the following:

- a. a subdivision, consolidation or reclassification of the relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- b. a distribution, issue or dividend to existing holders of the relevant Shares of (i) such Shares or (ii) other share capital or securities granting the right to payment of dividends and/or a share in the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of such Shares or (iii) share capital or other securities of another share issuer acquired or owned (directly or indirectly) by the Share Issuer as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- c. an amount per Share which the Calculation Agent determines should be characterised as an extraordinary dividend;
- d. a call by the Share Issuer in respect of relevant Shares that are not fully paid;
- e. a repurchase by the Share Issuer or any of its affiliates 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 Issuer, 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 Issuer pursuant to a shareholder rights plan or similar arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any exercise of such rights; or
- g. any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

**"Reduced Number of Shares"** means that at any time following an Extraordinary Event there remain a number of Shares of the Share Issuer less than the Relevant Number of Shares for the purposes of determining the redemption of the Products in accordance with the Conditions.

**"Related Exchange(s)"** means, in respect of a Share, each exchange or quotation system, any successor to such exchange or quotation system or any substitute exchange or quotation system where trading has a material effect (as determined by the Calculation Agent in its reasonable discretion) on the overall market for futures or options contracts relating to such Share.

**"Relevant Number of Shares"** means the number of Shares of the Share Issuer as specified in the Issue Terms.

**"Relevant Underlying Price"** means, in respect of a Share, a price for such Share, as determined and published by the Exchange, which is relevant for the Products.

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

**"Scheduled Trading Day"** means, in respect of a Share, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**"Scheduled Underlying Valuation Date"** means, in respect of an Underlying Valuation Date, the original date specified as such in the Issue Terms that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

**"Share"** means, subject to adjustment in accordance with the Share Linked Conditions, each share specified as such in the Issue Terms and related expressions shall be construed accordingly.

**"Share Issuer"** means, in respect of a Share, the issuer of such Share.

**"Tender Offer"** means, in respect of a Share, 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, more than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Issuer, as determined by the Calculation Agent, based upon filings made to governmental or self-regulatory agencies or such other information as the Calculation 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 (which shall be more than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Issuer) are actually purchased or otherwise obtained (as determined by the Calculation Agent).

**"Trading Disruption"** means, in respect of a Share, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of

movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to such Share on such Exchange or (b) in futures or options contracts relating to such Share on any relevant Related Exchange.

**"Underlying Trading Day"** means, in respect of a Share, an Exchange Business Day for such Share.

**"Underlying Valuation Date"** means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Share, in each case, subject to adjustment in accordance with the Share Linked Conditions.

**"Valuation Time"** means, in respect of a Share, the time at which the official closing price of such Share is calculated on and published by the Exchange. If the Exchange closes prior to its Scheduled Closing Time and the Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

**"Volume Weighted Average Price"** means, on any day in respect of a Share, an amount equal to the volume weighted average price for such Share as displayed on the Exchange as of the Valuation Time on the relevant day, as determined by the Calculation Agent subject as provided in the Share Linked Conditions.

## **2. Participation Certificate Linked Conditions**

*The provisions of these Underlying Specific Conditions 2 (Participation Certificate Linked Conditions) shall apply to Participation Certificate Linked Products in respect of each Underlying which is a Participation Certificate.*

### **2.1 Consequences of Disrupted Days**

#### **2.1.1 Single Participation Certificate and Underlying Valuation Dates**

Where the Products relate to a single Participation Certificate (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the Participation Certificate on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Participation Certificate in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 2.1.1 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date may be postponed until the earlier of (a) the first Scheduled Trading

Day on which no Illiquidity Event is in existence or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 2.1.1a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

**2.1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates**

Where the Products relate to a basket of Underlyings and unless 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' as opposed to 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 2.1.2 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for the relevant Basket Component may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Basket Component or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 2.1.2a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

**2.1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of Underlying Valuation Dates**

Where the Products relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Participation Certificates in the basket (each such Participation Certificate an "**Affected Participation Certificate**" in respect of such Underlying Valuation Date);
- b. in respect of each Participation Certificate in the basket that is not an Affected Participation Certificate, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- c. in respect of each Affected Participation Certificate, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Participation Certificate(s) in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 2.1.3 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for each Affected Participation Certificate may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Affected Participation Certificate or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 2.1.3a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

## **2.2 Potential Adjustment Events and Extraordinary Events**

### **2.2.1 Consequences of a Potential Adjustment Event**

If the Calculation Agent determines that a Potential Adjustment Event has occurred in relation to a Participation Certificate, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of such Participation Certificate and if so, the Issuer and/or Calculation Agent may (but is not obliged to):

- a. make the corresponding adjustment(s), if appropriate, to the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- b. determine the effective date(s) of the adjustment(s). In such case, such adjustments shall be deemed to be so made from such date(s). The Issuer and/or Calculation Agent may (but need not) perform the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by the Related Exchange(s); or
- c. if the Calculation Agent determines that no adjustment as described in (a) above (or in paragraph 2.2.3 below) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### **2.2.2 Consequences of an Extraordinary Event**

If the Calculation Agent determines that an Extraordinary Event has occurred in respect of a Participation Certificate, the following will apply:

- a. in respect of a Merger Event or Tender Offer, on or after the relevant Merger Date or Tender Offer Date (or such other date as the Calculation Agent deems relevant), the Issuer and/or Calculation

- Agent may (A) make such adjustment to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Merger Event or Tender Offer (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Participation Certificate), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer by the Related Exchange(s) to options on the Participation Certificate traded thereon and (B) determine the effective date of that adjustment; or
- b. in respect of a Nationalisation, Insolvency or Delisting, on or after the date of the occurrence of the Nationalisation, Insolvency and/or Delisting, as determined by the Calculation Agent, the Issuer and/or Calculation Agent may (A) make such adjustment to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of the relevant event, (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Participation Certificate), which may, but need not, be determined by reference to the adjustment(s) made in respect of a Nationalisation, Insolvency or Delisting by the Related Exchange(s) to options on the Participation Certificate traded thereon and (B) determine the effective date of that adjustment; or
  - c. if the Calculation Agent determines that no adjustment as described in (a) above (or in paragraph 2.2.3 below) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### 2.2.3 Additional Adjustments in respect of a basket of Underlyings

Where the Products relate to a basket of Underlyings, if in relation to a Basket Component an adjustment (as described in paragraphs 2.2.1 or 2.2.2) is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments pursuant to such Participation Certificate Linked Conditions in relation to each such Basket Component (an "**Affected Basket Component**") be entitled, but not obliged to, either:

- a. remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Products); or
- b. replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Underlying Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"). In such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the replacement of the Affected Basket Component(s) with the Successor Basket Component. The Successor Basket Component(s) will be selected by the Calculation Agent in its reasonable discretion and the relevant characteristics thereof shall be as similar to the Affected Basket Component being replaced as far as reasonably practicable. Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

#### 2.2.4 Notice of Adjustments

Upon making any such adjustment pursuant to this Underlying Specific Condition 2.2 (Potential Adjustment Events and Extraordinary Events), the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

### 2.3 Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:

- a. make such adjustment(s) to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Participation Certificate); or
- b. if the Calculation Agent determines that no adjustment as described in (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### 2.4 Correction of Prices

In the event that a Relevant Underlying Price is subsequently corrected and the correction (the "**Corrected Price**") is published by the Exchange on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Underlying Price, then the Calculation Agent shall be entitled to determine the amount payable or the Entitlement regarding any Delivery of Underlying or make any such determination in connection with the Products after taking into account such Corrected Price, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Price. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 15 (Notices).

### 2.5 Definitions

The following terms and expressions shall have the following meanings in respect of Participation Certificate Linked Products and each Underlying which is a Participation Certificate:

**"Additional Disruption Event"** means each of Increased Cost of Hedging, a Change in Law, a Hedging Disruption and/or an Insolvency Filing, in each case, as specified in the Issue Terms, if any.

**"Basket Component"** means each Participation Certificate composed within a basket of Underlyings.

**"Change in Law"** means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of a Participation Certificate or (ii) the Hedging Entity will incur a materially increased cost



in performing its obligations arising from the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Closing Price"** means, on any day in respect of a Participation Certificate, the official closing price of such Participation Certificate on the Exchange as of the Valuation Time on the relevant day, as determined by the Calculation Agent subject as provided in the Participation Certificate Linked Conditions.

**"Delisting"** means, in respect of a Participation Certificate, that the relevant Exchange announces that pursuant to the rules of such Exchange, the Participation Certificate ceases (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 is 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, in respect of a Participation Certificate, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**"Early Closure"** means, in respect of a Participation Certificate, the closure on any Exchange Business Day of any relevant Exchange(s) relating to such Participation Certificate or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (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 for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Exchange"** means, in respect of a Participation Certificate, the exchange or the quotation system as specified in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Participation Certificate has temporarily relocated (provided that the Calculation Agent has determined in its reasonable discretion that there is comparable liquidity relative to such Participation Certificate on such temporary substitute exchange or quotation system as on the original exchange or quotation system).

**"Exchange Business Day"** means, in respect of a Participation Certificate, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means, in respect of a Participation Certificate, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, such Participation Certificate on the Exchange, or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to such Participation Certificate on any relevant Related Exchange.

**"Extraordinary Event"** means a Merger Event, a Tender Offer, a Nationalisation, an Insolvency or a Delisting.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into and performing the Issuer's obligations arising from the Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer and/or Calculation Agent or any of its affiliate(s) or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Illiquidity Event"** means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the Participation Certificate in a sufficient amount to meet its payment and/or delivery obligations (in whole or in part) in respect of the forthcoming payment date as a result of the insufficient liquidity of the Participation Certificates.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Insolvency"** means, in respect of a Participation Certificate, that by reason of the voluntary or involuntary liquidation, winding-up, dissolution, bankruptcy or insolvency or any analogous proceeding affecting the Participation Certificate Issuer (a) all the shares of such Participation Certificate Issuer are required to be transferred to a trustee, liquidator or other similar official or (b) holders of shares of such Participation Certificate Issuer become legally prohibited from transferring them.

**"Insolvency Filing"** means, in respect of a Participation Certificate, that the Participation Certificate Issuer institutes or has instituted against it by a regulator, supervisor or similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its principal or registered office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Participation Certificate Issuer shall not be deemed an Insolvency Filing.

**"Intraday Price"** means, in respect of a Participation Certificate and any relevant time on any relevant day, the price at which such Participation Certificate trades on the relevant Exchange at such time on such day, as determined by the Calculation Agent.

**"Level"** means, in respect of a Participation Certificate and any relevant day, one of the following as specified in the Issue Terms in respect of such Participation Certificate and such day:

- a. Closing Price;
- b. Opening Price;
- c. Intraday Price; or
- d. Volume Weighted Average Price.

**"Market Disruption Event"** means, in respect of a Participation Certificate, the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Calculation Agent regards as material, at any time during the one-hour period that ends at the relevant Valuation Time, (c) an Early Closure or (d) an Illiquidity Event.

**"Maximum Days of Disruption"** means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

"4.5" means the closing date of a Merger Event (as determined by the Calculation Agent) or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**"Merger Event"** means, in respect of a Participation Certificate, any (a) reclassification or change of any share of the Participation Certificate Issuer that results in a transfer of or an irrevocable commitment to transfer all of such shares of the Participation Certificate Issuer outstanding to another entity or person, (b) consolidation, amalgamation, merger or binding exchange of the shares of the Participation Certificate Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Participation Certificate Issuer is the continuing entity and which does not result in a reclassification or change of all such shares outstanding), (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding shares of the Participation Certificate Issuer that results in a transfer of or an irrevocable commitment to transfer all such shares (other than such shares owned or controlled by such other entity or person), or (d) consolidation, amalgamation, merger or binding share exchange of the Participation Certificate Issuer or its affiliates with or into another entity in which the Participation Certificate Issuer is the continuing entity and which does not result in a reclassification or change of all such shares outstanding but results in the outstanding shares (other than shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares immediately following such event (a **"Reverse Merger"**) in each case if the Merger Date is on or before the Final Fixing Date or, if and to the extent the applicable Issue Terms provide for settlement by delivery, the Delivery Date.

**"Nationalisation"** means, in respect of a Participation Certificate, that all the shares of the Participation Certificate Issuer or all the assets or substantially all the assets of such Participation Certificate Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"Opening Price"** means, on any day in respect of a Participation Certificate, the official opening price of such Participation Certificate on the Exchange on the relevant day, as determined by the Calculation Agent subject as provided in the Participation Certificate Linked Conditions.

**"Participation Certificate"** means, subject to adjustment in accordance with the Participation Certificate Linked Conditions, each participation certificate specified as such in the Issue Terms and related expressions shall be construed accordingly.

**"Participation Certificate Issuer"** means, in respect of a Participation Certificate, the issuer of such Participation Certificate.

**"Potential Adjustment Event"** means any of the following:

- a. a subdivision, consolidation or reclassification of the relevant shares of the Participation Share Issuer (unless resulting in a Merger Event) or a free distribution or dividend of any such shares of the Preference Share Issuer to existing holders by way of bonus, capitalisation or similar issue;
- b. a distribution, issue or dividend to existing holders of the relevant Participation Certificates and/or shares of the Participation Certificate Issuer (**"Ordinary Shares"**) of (i) such Participation Certificate and/or Ordinary Shares or (ii) other share capital or securities granting the right to payment of dividends and/or a share in the proceeds of liquidation of the Participation Certificate Issuer equally or proportionately or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Participation Certificate Issuer as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in

- any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- c. an amount per share which the Calculation Agent determines should be characterised as an extraordinary dividend;
  - d. a call by the Participation Certificate Issuer in respect of relevant shares that are not fully paid;
  - e. a repurchase by the respective Participation Certificate Issuer or any of its affiliates 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 Participation Certificate Issuer, 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 Participation Certificate Issuer pursuant to a shareholder rights plan or similar arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any exercise of such rights;
  - g. an amendment or adjustment of the conditions of the Participation Certificate; or
  - h. any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Participation Certificates.

**"Related Exchange(s)"** means, in respect of a Participation Certificate, each exchange or quotation system, any successor to such exchange or quotation system or any substitute exchange or quotation system where trading has a material effect (as determined by the Calculation Agent in its reasonable discretion) on the overall market for futures or options contracts relating to such Participation Certificate.

**"Relevant Underlying Price"** means, in respect of a Participation Certificate, a price for such Participation Certificate, as determined and published by the Exchange, which is relevant for the Products.

**"Scheduled Closing Time"** means, in respect of a Participation Certificate, an 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 any other trading outside the regular trading session hours.

**"Scheduled Trading Day"** means, in respect of a Participation Certificate, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**"Scheduled Underlying Valuation Date"** means, in respect of an Underlying Valuation Date, the original date specified as such in the Issue Terms that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

**"Tender Offer"** means, in respect of a Participation Certificate, 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, more than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Participation Certificate Issuer, as determined by the Calculation Agent, based upon filings made to governmental or self-regulatory agencies or such other information as the Calculation 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 (which shall be more than 10 per cent. and less than

100 per cent. of the outstanding voting shares of the Participation Certificate Issuer) are actually purchased or otherwise obtained (as determined by the Calculation Agent).

**"Trading Disruption"** means, in respect of a Participation Certificate, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to such Participation Certificate on such Exchange or (b) in futures or options contracts relating to such Participation Certificate on any relevant Related Exchange.

**"Underlying Trading Day"** means, in respect of a Participation Certificate, an Exchange Business Day for such Participation Certificate.

**"Underlying Valuation Date"** means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Participation Certificate, in each case, subject to adjustment in accordance with the Participation Certificate Linked Conditions.

**"Valuation Time"** means, in respect of a Participation Certificate, the time at which the official closing price of such Participation Certificate is calculated on and published by the Exchange. If the Exchange closes prior to its Scheduled Closing Time and the Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

**"Volume Weighted Average Price"** means, on any day in respect of a Participation Certificate, an amount equal to the volume weighted average price for such Participation Certificate as displayed on the Exchange as of the Valuation Time on the relevant day, as determined by the Calculation Agent subject as provided in the Participation Certificate Linked Conditions.

### **3. Index Linked conditions**

These Underlying Specific Conditions 3 (Index Linked conditions) shall apply to Index Linked Products in respect of each Underlying which is an Index.

#### **3.1 Consequences of Disrupted Days**

##### **3.1.1 Single Index and Underlying Valuation Dates**

Where the Products relate to a single Index (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the Index on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Index in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 3.1.1 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 3.1.1a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

**3.1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates**

Where the Products relate to a basket of Underlyings and unless the 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' as opposed to 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 3.1.2 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for the relevant Basket Component may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Basket Component or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 3.1.2a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

**3.1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of Underlying Valuation Dates**

Where the Products relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption

immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Indices in the basket (each such Index an "**Affected Index**" in respect of such Underlying Valuation Date);
- b. in respect of each Index in the basket that is not an Affected Index, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- c. in respect of each Affected Index, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Index(ices) in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 3.1.3 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for each Affected Index may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Affected Index or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 3.1.3a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

### **3.2 Successor Index Sponsor, Successor Index and Index Adjustment Events**

#### **3.2.1 Successor Index Sponsor and Successor Index**

- a. If an Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (a "**Successor Index Sponsor**") acceptable to the Calculation Agent; or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for, and method of, calculation as used in the calculation of such Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.
- b. If either of the events described in (a) above have occurred, the Issuer and/or Calculation Agent may make such adjustment(s) that it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms of the Products to account for such Successor Index. Upon making any such adjustment the Issuer and/or Calculation Agent shall give notice to the Investors, giving details of the adjustment, in accordance with General Condition 15 (Notices).
- c. If the Calculation Agent determines that no adjustment as described in (b) above (or in paragraph 3.2.3 below) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### **3.2.2 Index Adjustment Events**

- a. If, in respect of an Index, the Calculation Agent determines that an Index Adjustment Event has occurred, the Calculation Agent shall determine if such event has a material effect on the Products and, if so, shall calculate the relevant amount using, in lieu of a published level for the Index, the level for the Index as at the relevant date as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to that change, failure or cancellation, but using only those securities that comprised the Index immediately prior to that event and shall notify the Investors thereof (in accordance with General Condition 15 (Notices)). None of the Issuer and/or Calculation Agent or the Paying Agent shall have any responsibility in respect of any error or omission or subsequent correction made in the calculation or publication of an index, whether caused by negligence or otherwise.
- b. If the Calculation Agent determines that no adjustment as described in (a) above (or in paragraph 3.2.3 below) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### 3.2.3 Additional Adjustments in respect of a Basket of Underlyings

Where the Products relate to a basket of Underlyings, if in relation to a Basket Component an adjustment (as described in paragraphs 3.2.1 or 3.2.2) is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments pursuant to such Index Linked Conditions in relation to each such Basket Component (an "**Affected Basket Component**")) be entitled, but not obliged to either:

- a. remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Products); or
- b. replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Underlying Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"). In such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the replacement of the Affected Basket Component(s) with the Successor Basket Component. The Successor Basket Component(s) will be selected by the Calculation Agent in its reasonable discretion and the relevant characteristics thereof shall be as similar to the Affected Basket Component being replaced as far as reasonably practicable. Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

### 3.2.4 Notice of Adjustments

Upon making any such adjustment pursuant to this Underlying Specific Condition 3.2 (Successor Index Sponsor, Successor Index and Index Adjustment Events), the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment



was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

### 3.3 Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:

- a. make such adjustment(s) to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event; or
- b. if the Calculation Agent determines that no adjustment as described in (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### 3.4 Correction of Levels

In the event that a Relevant Level is subsequently corrected and the correction (the "**Corrected Level**") is published by the Index Sponsor on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Level, then the Calculation Agent shall be entitled to determine the amount payable or the Entitlement regarding any Delivery of Underlying or make any such determination in connection with the Products after taking into account such Corrected Level, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Level. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 15 (Notices).

### 3.5 Definitions

The following terms and conditions shall have the following meanings in respect of Index Linked Products and each Underlying which is an Index:

**"Additional Disruption Event"** means each of Increased Cost of Hedging, a Change in Law and/or a Hedging Disruption, in each case, as specified in the Issue Terms.

**"Basket Component"** means each Index composed within a basket of Underlyings.

**"Change in Law"** means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of the components contained an Index, (ii) the use of an Index or one of the components contained in an Index has become illegal or (iii) the Hedging Entity will incur a materially increased cost in performing its obligations arising from the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Closing Index Level"** means, on any day in respect of an Index, the official closing level of such Index as of the Valuation Time on or in respect of the relevant day as calculated and published by

the relevant Index Sponsor or as otherwise determined by the Calculation Agent subject as provided in the Index Linked Conditions.

**"Disrupted Day"** means, in respect of an Index, any Scheduled Trading Day on which (a) the Index Sponsor fails to publish the level of the Index, (b) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or (c) on which a Market Disruption Event has occurred.

**"Early Closure"** means, in respect of an Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the 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 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 for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Exchange"** means, in respect of an Index, any exchange or quotation system, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the components contained in such Index has relocated or temporarily relocated (provided that the Calculation Agent has determined in its reasonable discretion that there is comparable liquidity relative to the components underlying such Index on such temporary substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means, in respect of an Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Delivery Settlement Price"** or **"EDSP"** means, in respect of an Index and any relevant time on any relevant day, the official exchange delivery settlement price of such Index at such time on or in respect of such day, as published by the Index Sponsor and as determined by the Calculation Agent.

**"Exchange Disruption"** means, in respect of an Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values on, any relevant Exchange for securities that comprise 20 per cent. or more of the level of such Index, or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to such Index on any relevant Related Exchange.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into and performing the Issuer's obligations arising from the Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer and/or Calculation Agent or any of their affiliate(s) or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Illiquidity Event"** means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the Index (or components thereof) in a sufficient amount to meet its payment and/or delivery obligations (in whole

or in part) in respect of the forthcoming payment date as a result of the insufficient liquidity of the Index or its components.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Index"** and **"Indices"** mean, subject to an adjustment in accordance with the Index Linked Conditions, each index specified as such in the Issue Terms and related expressions shall be construed accordingly.

**"Index Adjustment Event"** means an Index Cancellation, an Index Disruption or an Index Modification.

**"Index Cancellation"** means, in respect of an Index, on or before any Underlying Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor permanently cancels the Index or the Index may no longer be used as a consequence of new regulatory provisions and no Successor Index exists.

**"Index Disruption"** means, in respect of an Index, on any Underlying Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce the level of the Index.

**"Index Modification"** means, in respect of an Index, on or before any Underlying Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor announces that it will make a material change in the formula for or 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 securities and capitalisation and other routine events).

**"Index Sponsor"** means, in respect of an Index, the index sponsor specified as such in the Issue Terms.

**"Intraday Level"** means, in respect of an Index and any relevant time on any relevant day, the official level of such Index at such time on or in respect of such day, as published by the Index Sponsor and as determined by the Calculation Agent.

**"Level"** means, in respect of an Index and any relevant day, one of the following as specified in the Issue Terms in respect of such Index and such day:

- a. Closing Index Level;
- b. Intraday Level;
- c. Opening Index Level; or
- d. Exchange Delivery Settlement Price.

**"Market Disruption Event"** means, in respect of an Index, the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Calculation Agent regards as material, at any time during the one-hour period that ends at the relevant Valuation Time, (c) an Early Closure or (d) an Illiquidity Event. For the purpose of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index

attributable to that security and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

**"Maximum Days of Disruption"** means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

**"Opening Index Level"** means, on any day in respect of an Index, the official opening level of such Index on or in respect of the relevant day as calculated and published by the relevant Index Sponsor or as otherwise determined by the Calculation Agent subject as provided in the Index Linked Conditions.

**"Related Exchange(s)"** means, in respect of an Index, each exchange or quotation system, any successor to such exchange or quotation system or any substitute exchange or quotation system where trading has a material effect (as determined by the Calculation Agent in its reasonable discretion) on the overall market for futures or options contracts relating to such Index.

**"Relevant Level"** means, in respect of an Index, a level for such Index, as determined and published by the Index Sponsor, which is relevant for the Products.

**"Scheduled Closing Time"** means, in respect of an Index, an 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 any other trading outside the regular trading session hours.

**"Scheduled Trading Day"** means, in respect of an Index, any day on which the Index Sponsor is scheduled to calculate and publish the level of such Index.

**"Scheduled Underlying Valuation Date"** means, in respect of an Underlying Valuation Date, the original date specified as such in the Issue Terms that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

**"Trading Disruption"** means, in respect of an Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to securities that comprise 20 per cent. or more of the level of such Index on any relevant Exchange or (b) in futures or options contracts relating to such Index on any relevant Related Exchange.

**"Underlying Trading Day"** means, in respect of an Index, an Exchange Business Day for such Index.

**"Underlying Valuation Date"** means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of an Index, in each case, subject to adjustment in accordance with the Index Linked Conditions.

**"Valuation Time"** means, in respect of an Index, the time at which the official closing level of such Index is calculated and published by the Index Sponsor.

#### **4. Depositary Receipt Linked Conditions**

These Underlying Specific Conditions 4 (Depositary Receipt Linked Conditions) shall apply to Depositary Receipt Linked Products in respect of each Underlying which is a Depositary Receipt.

## 4.1 Consequences of Disrupted Days

### 4.1.1 Single Depositary Receipt and Underlying Valuation Dates

Where the Products relate to a single Depositary Receipt (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the Depositary Receipt on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Depositary Receipt in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 4.1.1 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 4.1.1a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

### 4.1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates

Where the Products relate to a basket of Underlyings and unless 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' as opposed to 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Conditions 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 4.1.2 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for the relevant Basket Component may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Basket Component or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 4.1.2a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### 4.1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of Underlying Valuation Dates

Where the Products relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Depositary Receipts in the basket (each such Depositary Receipt an "**Affected Depositary Receipt**" in respect of such Underlying Valuation Date);
- b. in respect of each Depositary Receipt in the basket that is not an Affected Depositary Receipt, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- c. in respect of each Affected Depositary Receipt, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Depositary Receipt(s) in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 4.1.3 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for each Affected Depositary Receipt may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Affected Depositary Receipt or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

## 4.2 Adjustments

### 4.2.1 Consequences of a Potential Adjustment Event

If the terms of the Deposit Agreement are amended or supplemented following a Potential Adjustment Event (as determined by the Calculation Agent) in relation to the relevant Depositary Receipt, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or

concentrative effect on the theoretical value of such Depositary Receipt and, if so, the Issuer and/or Calculation Agent may (but is not obliged to):

- a. make the corresponding adjustment(s), if appropriate, to the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- b. determine the effective date(s) of the adjustment(s). In such case, such adjustments shall be deemed to be so made from such date(s). The Issuer and/or Calculation Agent may (but need not) perform the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by the Related Exchange(s); or
- c. if the Calculation Agent determines that no adjustment as described in (a) above (or in paragraph 5.2.4) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### 4.2.2 Consequences of an Extraordinary Event

If the Calculation Agent determines that an Extraordinary Event has occurred in respect of a Depositary Receipt, the following will apply:

- a. in respect of a Merger Event or Tender Offer, on or after the relevant Merger Date or Tender Offer Date (or such other date as the Calculation Agent deems relevant), the Issuer and/or Calculation Agent may (A) make such adjustment to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Merger Event or Tender Offer (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Underlying Share or to the Depositary Receipt), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer by the Related Exchange(s) to options on the relevant Underlying Share or on the Depositary Receipt traded thereon and (B) determine the effective date of that adjustment; or
- b. in respect of a Nationalisation, Insolvency or Delisting, on or after the date of the occurrence of the Nationalisation, Insolvency and/or Delisting, as determined by the Calculation Agent, the Issuer and/or Calculation Agent may (A) make such adjustment to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of the relevant event, (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Underlying Share or the Depositary Receipt), which may, but need not, be determined by reference to the adjustment(s) made in respect of a Nationalisation, Insolvency or Delisting by the Related Exchange(s) to options on the Underlying Share or on the Depositary Receipt traded thereon and (B) determine the effective date of that adjustment; or
- c. if the Calculation Agent determines that no adjustment as described in (a) above (or in paragraph 5.2.4) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### 4.2.3 Consequences of a termination of the Deposit Agreement

If the Deposit Agreement is terminated, then on or after the date of such termination:

a. both:

- (i) references to the Depositary Receipt shall be replaced by references to the Underlying Shares; and
- (ii) the Issuer and/or Calculation Agent may adjust any relevant terms and will determine the effective date of such replacement and adjustments; or

b. if the Calculation Agent determines that no adjustment as described in (a) above (or in paragraph 4.2.4 below) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### 4.2.4 Additional Adjustments in respect of a basket of Underlyings

Where the Products relate to a basket of Underlyings, if in relation to a Basket Component an adjustment (as described in paragraphs 4.2.1 to 4.2.3) is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments pursuant to such Depositary Receipt Linked Conditions in relation to each such Basket Component (an "**Affected Depositary Receipt**")) be entitled, but not obliged to, either:

- a. remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Products); or
- b. replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Underlying Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"). In such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the replacement of the Affected Basket Component(s) with the Successor Basket Component. The Successor Basket Component(s) will be selected by the Calculation Agent in its reasonable discretion and the relevant characteristics thereof shall be as similar to the Affected Basket Component being replaced as far as reasonably practicable. Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

#### 4.2.5 Notice of Adjustments

Upon making any such adjustment pursuant to this Underlying Specific Condition 4.2 (Adjustments), the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices) stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.



#### 4.3 Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:

- a. make such adjustment(s) to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Underlying Share or Depositary Receipt); or
- b. if the Calculation Agent determines that no adjustment as described in (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### 4.4 Correction of Prices

In the event that a Relevant Underlying Price is subsequently corrected and the correction (the "**Corrected Price**") is published by the Exchange on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Underlying Price, then the Calculation Agent shall be entitled to determine the amount payable or the Entitlement regarding any Delivery of Underlying or make any such determination in connection with the Products after taking into account such Corrected Price, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Price. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 15 (Notices).

#### 4.5 Definitions

The following terms and expressions shall have the following meanings in respect of Depositary Receipt Linked Products and each Underlying which is a Depositary Receipt:

**"Additional Disruption Event"** means, in respect of a Share, each of Increased Cost of Hedging, a Change in Law, a Hedging Disruption, an Insolvency Filing, a Failure to Deliver and/or a Reduced Number of Shares, in each case, as specified in the Issue Terms.

**"Basket Component"** means each Depositary Receipt composed within a basket of Underlyings.

**"Closing Price"** means, on any day in respect of a Depositary Receipt, the official closing price of such Depositary Receipt on the Exchange as of the Valuation Time on the relevant day, as determined by the Calculation Agent subject as provided in the Depositary Receipt Linked Conditions.

**"Change in Law"** means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of a Depositary Receipt or (ii) the Hedging Entity will incur a materially increased cost in performing its obligations arising from the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Delisting"** means, in respect of a Share, that the relevant Exchange announces that pursuant to the rules of such Exchange, the Share ceases (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 is 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).

**"Deposit Agreement"** means the agreement or other instrument constituting the Depositary Receipts, as amended from time to time.

**"Depositary Receipt"** means, subject to adjustment in accordance with the Depositary Receipt Linked Conditions, each security representing shares specified as such in the Issue Terms and related expressions shall be construed accordingly.

**"Disrupted Day"** means, in respect of a Depositary Receipt, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**"Early Closure"** means, in respect of a Share, the closure on any Exchange Business Day of any relevant Exchange(s) relating to such Share or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (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 for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Exchange"** means:

- a. in respect of a Depositary Receipt, the exchange or the quotation system as specified in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Depositary Receipt has temporarily relocated (provided that the Calculation Agent has determined in its reasonable discretion that there is comparable liquidity relative to such Depositary Receipt on such temporary substitute exchange or quotation system as on the original exchange or quotation system); and
- b. in respect of the Underlying Share, the exchange on which the Underlying Share is principally traded, as determined by the Calculation Agent.

**"Exchange Business Day"** means, in respect of a Share, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means, in respect of a Share, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, such Share on the Exchange, or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to such Share on any relevant Related Exchange.

**"Extraordinary Event"** means, in respect of a Share, a Merger Event, a Tender Offer, a Nationalisation, an Insolvency or a Delisting.

**"Failure to Deliver"** means, in respect of a Share, the failure of the Share Issuer to deliver, when due, the relevant Shares, where such failure to deliver is due to illiquidity in the market for such Shares.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into and performing the Issuer's obligations arising from the Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer and/or Calculation Agent or any of its affiliate(s) or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Illiquidity Event"** means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the Depositary Receipts in a sufficient amount to meet its payment and/or delivery obligations (in whole or in part) in respect of the forthcoming payment date as a result of the insufficient liquidity of the Depositary Receipts.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Insolvency"** means, in respect of a Share, that by reason of the voluntary or involuntary liquidation, winding-up, dissolution, bankruptcy or insolvency or any analogous proceeding affecting a Share Issuer (a) all the Shares of such Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Shares of such Share Issuer become legally prohibited from transferring them.

**"Insolvency Filing"** means, in respect of a Share, that the Share Issuer institutes or has instituted against it by a regulator, supervisor or similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its principal or registered office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Issuer shall not be deemed an Insolvency Filing.

**"Intraday Price"** means, in respect of a Depositary Receipt and any relevant time on any relevant day, the price at which such Depositary Receipt trades on the relevant Exchange at such time on such day, as determined by the Calculation Agent.

**"Level"** means, in respect of a Depositary Receipt and any relevant day, one of the following as specified in the Issue Terms in respect of such Depositary Receipt and such day:

- a. Closing Price;
- b. Opening Price;
- c. Intraday Price; or
- d. Volume Weighted Average Price.

**"Market Disruption Event"** means:

- a. in respect of the Depositary Receipt, (i) the occurrence or existence of (A) a Trading Disruption, (B) an Exchange Disruption, which in either case the Calculation Agent regards as material, at any time during the one-hour period that ends at the relevant Valuation Time, (C) an Early Closure, in each case in relation to the Depositary Receipt or (D) an Illiquidity Event., or (ii) the existence of a Market Disruption Event in relation to the relevant Underlying Share; and
- b. in respect of an Underlying Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent regards as material, at any time during the one-hour period that ends at the relevant Valuation Time, or (iii) an Early Closure, in each case in respect of such Underlying Share.

**"Maximum Days of Disruption"** means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

**"Merger Date"** means the closing date of a Merger Event (as determined by the Calculation Agent) or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**"Merger Event"** means, in respect of a Share, any (a) reclassification or change of such Share that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (b) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding), (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (d) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its affiliates with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event (a **"Reverse Merger"**) in each case if the Merger Date is on or before the Final Fixing Date or, if and to the extent the applicable Issue Terms provide for settlement by delivery, the Delivery Date.

**"Nationalisation"** means, in respect of a Share, that all the Shares of a Share Issuer or all the assets or substantially all the assets of such Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"Opening Price"** means, on any day in respect of a Depositary Receipt, the official opening price of such Depositary Receipt on the Exchange on the relevant day, as determined by the Calculation Agent subject as provided in the Depositary Receipt Linked Conditions.

**"Potential Adjustment Event"** means any of the following:

- a. a subdivision, consolidation or reclassification of the relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- b. a distribution, issue or dividend to existing holders of the relevant Shares of (i) such Shares or (ii) other share capital or securities granting the right to payment of dividends and/or a share in the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of such Shares or (iii) share capital or other securities of another share issuer acquired or

- owned (directly or indirectly) by the Share Issuer as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- c. an amount per Share which the Calculation Agent determines should be characterised as an extraordinary dividend;
  - d. a call by the Share Issuer in respect of relevant Shares that are not fully paid;
  - e. a repurchase by the Share Issuer or any of its affiliates 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 Issuer, 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 Issuer pursuant to a shareholder rights plan or similar arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any exercise of such rights; or
  - g. any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Share.

**"Reduced Number of Shares"** means that at any time following an Extraordinary Event there remain a number of Shares of the Share Issuer less than the Relevant Number of Shares for the purposes of determining the redemption of the Products in accordance with the Conditions.

**"Related Exchange(s)"** means, in respect of a Share, each exchange or quotation system, any successor to such exchange or quotation system or any substitute exchange or quotation system where trading has a material effect (as determined by the Calculation Agent in its reasonable discretion) on the overall market for futures or options contracts relating to such Share.

**"Relevant Number of Shares"** means the number of Shares of the Share Issuer as specified in the Issue Terms.

**"Relevant Underlying Price"** means, in respect of a Depositary Receipt, a price for such Depositary Receipt, as determined and published by the Exchange, which is relevant for the Products.

**"Scheduled Closing Time"** means, in respect of a Share, an 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 any other trading outside the regular trading session hours.

**"Scheduled Trading Day"** means, in respect of a Share, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**"Scheduled Underlying Valuation Date"** means, in respect of an Underlying Valuation Date, the original date specified as such in the Issue Terms that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

**"Share"** means (a) for the determination whether a Potential Adjustment Event, a Merger Event, a Tender Offer, a Nationalisation or an Insolvency has occurred, the Underlying Share and (b) for all other purposes, the Underlying Share and the Depositary Receipt.

**"Share Issuer"** means the company that has issued the Underlying Share.

**"Tender Offer"** means, in respect of a Share, 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, more than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Issuer, as determined by the Calculation Agent, based upon filings made to governmental or self-regulatory agencies or such other information as the Calculation 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 (which shall be more than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Issuer) are actually purchased or otherwise obtained (as determined by the Calculation Agent).

**"Trading Disruption"** means, in respect of a Share, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to such Share on such Exchange or (b) in futures or options contracts relating to such Shares on any relevant Related Exchange.

**"Underlying Share"** means the relevant share represented by the Depositary Receipt, as issued by the relevant Share Issuer.

**"Underlying Trading Day"** means, in respect of a Depositary Receipt, an Exchange Business Day for such Depositary Receipt.

**"Underlying Valuation Date"** means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Depositary Receipt, in each case, subject to adjustment in accordance with the Depositary Receipt Linked Conditions.

**"Valuation Time"** means, in respect of a Share, the time at which the official closing price of such Share is calculated on and published by the Exchange. If the Exchange closes prior to its Scheduled Closing Time and the Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

**"Volume Weighted Average Price"** means, on any day in respect of a Depositary Receipt, an amount equal to the volume weighted average price for such Depositary Receipt as displayed on the Exchange as of the Valuation Time on the relevant day, as determined by the Calculation Agent subject as provided in the Depositary Receipt Linked Conditions.

## **5. Commodity linked Conditions**

The provisions of these Underlying Specific Conditions 5 (Commodity linked Conditions) shall apply to Commodity Linked Products in respect of each Underlying which is a Commodity.

### **5.1 Consequences of Disrupted Days**

#### **5.1.1 Single Commodity and Underlying Valuation Dates**

Where the Products relate to a single Commodity (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that

each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the Commodity on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Commodity in accordance with General Condition IX.15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 5.1.1 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 5.1.1a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### 5.1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates

Where the Products relate to a basket of Underlyings and unless 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' as opposed to 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 5.1.2 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for the relevant Basket Component may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Basket Component or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 5.1.2a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### 5.1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of Underlying Valuation Dates

Where the Products relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Commodities in the basket (each such Commodity an "**Affected Commodity**" in respect of such Underlying Valuation Date);
- b. in respect of each Commodity in the basket that is not an Affected Commodity, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- c. in respect of each Affected Commodity, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Commodity(ies) in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 5.1.3 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for each Affected Commodity may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Affected Commodity or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 5.1.3a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

## **5.2 Adjustments**

### **5.2.1 Substitution of Reference Market and/or Price Source**

- a. If the quotation of or trading in the Commodity on the Reference Market or the publication of the relevant price of the Commodity by the Price Source is permanently discontinued while concurrently the quotation or trading is maintained or is commenced on another reference market (the "**Substitute Reference Market**") or if the relevant price of the Commodity is published by another price source (the "**Substitute Price Source**"), the Calculation Agent shall be entitled to stipulate the Substitute Reference Market as the new Reference Market and/or the Substitute Price Source as the Price Source through publication in accordance with General Condition 15 (Notices).

In the case of such a substitution, any reference in the Conditions to the Reference Market and/or Price Source thereafter shall be deemed to refer to the Substitute Reference Market and/or Substitute Price Source.



- b. If the Calculation Agent determines that no substitution as described in (a) above would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### 5.2.2 Changes in the Commodity

- a. If at any time the Commodity is terminated and/or replaced by another value or if the Commodity is traded in a different quality, in a different consistency (e.g., with a different degree of purity or a different point of origin) or in a different standard measuring unit, the Issuer and/or Calculation Agent are entitled to make an adjustment to the Conditions, which in the assessment of the Calculation Agent is appropriate to reflect the amendments and/or to replace the Commodity with a successor commodity (the "**Successor Commodity**") which is economically equivalent to the original relevant concept of the Commodity.

The Issuer and/or Calculation Agent will multiply the relevant price of the Commodity by an adjustment factor in order to ensure the continuity of the development of the reference value(s) underlying the Products. The Successor Commodity and the date of its initial application shall be published in accordance with General Condition 15 (Notices). Any reference in the Conditions to the Commodity shall, to the extent appropriate, be deemed to refer to the Successor Commodity.

- b. If the Calculation Agent determines that no adjustment as described in (a) above would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### 5.2.3 Additional Adjustments in respect of a basket of Underlyings

Where the Products relate to a basket of Underlyings, if in relation to a Basket Component an adjustment (as described in paragraphs 5.2.1 and 5.2.2) is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments pursuant to such Commodity Linked Conditions in relation to each such Basket Component (an "**Affected Commodity**")) be entitled, but not obliged to, either:

- a. remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Products); or
- b. replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Underlying Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"). In such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the replacement of the Affected Basket Component(s) with the Successor Basket Component. The Successor Basket Component(s) will be selected by the Calculation

Agent in its reasonable discretion and the relevant characteristics thereof shall be as similar to the Affected Basket Component being replaced as far as reasonably practicable. Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

#### 5.2.4 Notice of Adjustments

Upon making any such adjustment pursuant to this Underlying Specific Condition 5.2 (Adjustments), the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

### 5.3 Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:

- a. make such adjustment(s) to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event; or
- b. if the Calculation Agent determines that no adjustment as described in (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### 5.4 Correction of Prices

In the event that a Relevant Underlying Price is subsequently corrected and the correction (the "**Corrected Price**") is displayed on the relevant Price Source and/or published by the Reference Market on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Underlying Price, then the Calculation Agent shall be entitled to determine the amount payable or the Entitlement regarding any Delivery of Underlying or make any such determination in connection with the Products after taking into account such Corrected Price, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Price. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 15 (Notices).

### 5.5 Definitions

The following terms and expressions shall have the following meanings in respect of Commodity Linked Products and each Underlying which is a Commodity:

**"Additional Disruption Event"** means a Permanent Market Disruption Event, an Increased Cost of Hedging, a Change in Law and/or a Hedging Disruption, in each case, as specified in the Issue Terms.

**"Basket Component"** means each Commodity composed within a basket of Underlyings.

**"Change in Law"** means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of a Commodity or (ii) the Hedging Entity will incur a materially increased cost in performing its obligations arising from the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Commodity"** means, subject to adjustment in accordance with the Commodity Linked Conditions, each commodity or commodity futures contract specified as such in the Issue Terms and related expressions shall be construed accordingly.

**"Commodity Reference Price"** means, on any day in respect of a Commodity, the relevant price per unit of such Commodity displayed on the relevant Price Source and/or published by the Reference Market on the relevant day, as determined by the Calculation Agent subject as provided in the Commodity Linked Conditions.

**"Disrupted Day"** means, in respect of a Commodity, any Scheduled Trading Day on which a relevant Reference Market fails to open for trading during its regular trading session or on which a Market Disruption Event, except for a Permanent Market Disruption Event (to the extent applicable), has occurred.

**"Hedging Entity"** means the Issuer and/or Calculation Agent or any of their affiliate(s) or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into and performing the Issuer's obligations arising from the Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Illiquidity Event"** means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the Commodity in a sufficient amount to meet its payment and/or delivery obligations (in whole or in part) in respect of the forthcoming payment date as a result of the insufficient liquidity of the Commodity.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Level"** means, in respect of a Commodity and any date, the Commodity Reference Price in respect of such Commodity and such date.

**"Market Disruption Event"** means, in respect of a Commodity, the occurrence or existence of any of the following:

- a. the failure of a Reference Market or Price Source to announce or publish a price relevant for the Products; or (ii) the temporary or permanent discontinuance or unavailability of such Price Source; or (iii) the disappearance or permanent discontinuance or unavailability of a price relevant for the Products (notwithstanding the availability of the related Price Source or the status of trading in the Commodity);
- b. the material suspension or limitation of trading in the Commodity on the relevant Reference Market or in futures or options contracts relating to the Commodity on a futures exchange where such contracts are usually traded;
- c. the failure of trading to commence, or the permanent discontinuation of trading, (i) in the Commodity on the Reference Market or (ii) in futures or options contracts relating to the Commodity on a futures exchange where such contracts are usually traded;
- d. the occurrence since the Initial Fixing Date of a material change (i) in the formula for or method of calculating the price relevant for the Products; or (ii) in the content, composition or constitution of the Commodity or of futures or options contracts relating to the Commodity;
- e. the imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity or futures or options contracts relating to the Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or tax authority, if the direct effect of such imposition, change or removal is to raise or lower a relevant price on a Underlying Valuation Date from what it would have been without such imposition, change or removal; or
- f. an Illiquidity Event.

**"Maximum Days of Disruption"** means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

**"Permanent Market Disruption Event"** means, in respect of a Commodity, any Market Disruption Event, if such event is, in the determination of the Calculation Agent, permanent.

**"Price Source"** means, in respect of a Commodity, the price source specified as such in the Issue Terms.

**"Reference Market"** means, in respect of a Commodity, the reference market or the quotation system specified as such in the Issue Terms, any successor to such reference market or quotation system or any substitute reference market or quotation system to which trading in the Commodity has temporarily relocated (provided that the Calculation Agent has determined in its reasonable discretion that there is comparable liquidity relative to the Commodity on such temporary substitute reference market or quotation system as on the original reference market).

**"Reference Market Business Day"** means, in respect of a Commodity, any Scheduled Trading Day on which the Reference Market calculates and publishes a Relevant Underlying Price or, as the case may be, the Price Source publishes a Relevant Underlying Price.

**"Relevant Underlying Price"** means, in respect of a Commodity, a price for such Commodity, as determined and published by the Price Source, which is relevant for the Products.

**"Scheduled Trading Day"** means, in respect of a Commodity, any day on which the Reference Market is scheduled to calculate and publish a Relevant Underlying Price or, as the case may be, the Price Source is scheduled to publish a Relevant Underlying Price.

**"Scheduled Underlying Valuation Date"** means, in respect of an Underlying Valuation Date, the original date specified as such in the Issue Terms that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

**"Underlying Trading Day"** means, in respect of a Commodity, a Reference Market Business Day for such Commodity.

**"Underlying Valuation Date"** means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Commodity, in each case, subject to adjustment in accordance with the Commodity Linked Conditions.

## **6. Currency Exchange Rate Linked Conditions**

The provisions of these Underlying Specific Conditions 6 (Currency Exchange Rate Linked Conditions) shall apply to Currency Exchange Rate Linked Products in respect of each Underlying which is a Currency Exchange Rate.

### **6.1 Consequences of Disrupted Days**

#### **6.1.1 Single Currency Exchange Rate and Underlying Valuation Dates**

Where the Securities relate to a single Currency Exchange Rate (and if the Issue Terms specify that this provision shall apply to particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the Currency Exchange Rate on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Currency Exchange Rate in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 6.1.1 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 6.1.1a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### **6.1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates**

Where the Securities relate to a basket of Underlyings and unless 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' as opposed to 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying

Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 6.1.2 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for the relevant Basket Component may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Basket Component or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 6.1.2a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### 6.1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of the Underlying Valuation Dates

Where the Securities relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Currency Exchange Rates in the basket (each such Currency Exchange Rate an "**Affected Currency Exchange Rate**" in respect of such Underlying Valuation Date);
- b. in respect of each Currency Exchange Rate in the basket that is not an Affected Currency Exchange Rate, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- c. in respect of each Affected Currency Exchange Rate, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Currency Exchange Rate(s) in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 6.1.3 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for each Affected Currency Exchange Rate may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Affected Currency Exchange Rate or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 6.1.3a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

## **6.2 Adjustment Events**

### **6.2.1 Adjustments for changes in the market conditions on the Reference Market**

If the Calculation Agent determines that a material change in the market conditions has occurred on the Reference Market, the Issuer and/or Calculation Agent shall be entitled to effect adjustments to the Conditions to account for these changed market conditions.

### **6.2.2 Adjustments for changes in the calculation of the Currency Exchange Rate**

Any changes in the calculation (including corrections) of the Currency Exchange Rate or in the composition or weighting of the price or other reference parameters upon which the Currency Exchange Rate is based on (as compared to the Issue Date) shall not lead to an adjustment unless the Calculation Agent determines that, as a result of the changes (including corrections), the underlying concept and calculation of the Currency Exchange Rate are no longer comparable to the underlying concept or calculation of the Currency Exchange Rate applicable prior to such change. Adjustments may also be made as a result of the removal of the Currency Exchange Rate and/or its substitution by another underlying.

For the purpose of making any adjustments, the Calculation Agent shall determine an adjusted value per unit of the Currency Exchange Rate which shall be used for the determination of the relevant price of the Currency Exchange Rate for the Products and which in its economic result shall correspond to the provisions prior to this change. The Calculation Agent shall also determine the day on which the adjusted value per unit of the Currency Exchange Rate shall apply for the first time, taking into account the time the change occurred. The adjusted value per unit of the Currency Exchange Rate and the date of its first application shall be published pursuant to General Condition 15 (Notices).

### **6.2.3 Adjustments for changes in the currency used in connection with the Currency Exchange Rate**

If any Relevant Currency (the "**Affected Currency**") in its function as legal tender in the country(ies) or jurisdiction(s) maintaining the authority, institution or other body which issues such currency is replaced by another currency or merged with another currency to become a common currency (in each case, the "**Successor Currency**"), the Affected Currency shall be replaced, for the purposes of these Conditions, by the Successor Currency provided that, if applicable, the appropriate adjustments according to paragraph 6.2.2 above have been made. The Successor Currency and the date of its first application shall be published in accordance with General Condition 15 (Notices).

In this case, any reference in these Conditions to the Affected Currency shall, to the extent appropriate, be deemed to refer to the Successor Currency.

### **6.2.4 Adjustments for replacement of the Reference Market**

If the quotation of or trading in any Relevant Currency on the Reference Market is permanently discontinued while a quotation or trading is concurrently started up or maintained on another market (the "**Substitute Reference Market**"), the Calculation Agent shall be entitled to stipulate the

Substitute Reference Market as the relevant Reference Market via publication in accordance with General Condition 15 (Notices), provided that the Issuer has not terminated the Products in accordance with these Currency Exchange Rate Linked Conditions.

In the case of such a substitution, any reference in these Conditions to the Reference Market thereafter shall be deemed to refer to the Substitute Reference Market.

The adjustment described above shall be published in accordance with General Condition 15 (Notices) within the three-month period following the permanent discontinuation of the quotation of or trading in such Relevant Currency on the Reference Market.

#### 6.2.5 Additional Adjustments in respect of a Basket of Underlyings

Where the Products relate to a basket of Underlyings, if, in relation to a Basket Component, an adjustment (as described in this Underlying Specific Condition 6.2 (Adjustment Events)) is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments pursuant to such Currency Exchange Rate Linked Condition in relation to each such Basket Component (an "**Affected Basket Component**")) be entitled, but not obliged to, either:

- a. remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Products); or
- b. replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Underlying Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"). In such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the replacement of the Affected Basket Component(s) with the Successor Basket Component. The Successor Basket Component(s) will be selected by the Calculation Agent in its reasonable discretion and the relevant characteristics thereof shall be as similar to the Affected Basket Component being replaced as far as reasonably practicable. Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

#### 6.2.6 Notice of Adjustments

Upon making any such adjustment pursuant to this Underlying Specific Condition 6.2 (Adjustment Events), the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

#### 6.2.7 Early Termination due to an Adjustment Event

If the Calculation Agent determines that no adjustment as described in paragraphs 6.2.1 to 6.2.5 above would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The



termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### 6.3 Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:

- a. make such adjustment(s) to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event (including adjustments to account for changes in volatility relevant to the Currency Exchange Rate); or
- b. if the Calculation Agent determines that no adjustment as described in paragraph (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### 6.4 Correction of Rates

In the event that a Relevant Rate is subsequently corrected and the correction (the "**Corrected Rate**") is displayed on the relevant Price Source on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Rate, then the Calculation Agent shall be entitled to determine the amount payable or the Entitlement regarding any Delivery of Underlying or make any such determination in connection with the Products after taking into account such Corrected Rate, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Rate. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 15 (Notices).

### 6.5 Definitions

The following terms and expressions shall have the following meanings in respect of Currency Exchange Rate Linked Products and each Underlying which is a Currency Exchange Rate:

**"Additional Disruption Event"** means each of Increased Cost of Hedging, a Change in Law and/or a Hedging Disruption, in each case, as specified in the Issue Terms.

**"Adjustment Event"** means each of the events described in the Underlying Specific Condition 6.2 (Adjustment Events).

**"Base Currency"** means, in respect of a Currency Exchange Rate, the currency specified as such in the Issue Terms.

**"Base Currency/Cross Currency Price"** means, on any day in respect of a Currency Exchange Rate, an exchange rate expressed as a number of units of the Cross Currency (or fractional amounts thereof) per one unit of the Base Currency, which appears on the Price Source at approximately the Currency Exchange Rate Valuation Time in respect of such day, as determined by the Calculation Agent subject as provided in the Currency Exchange Rate Linked Conditions.

**"Basket Component"** means each Currency Exchange Rate composed within a basket of Underlyings.

**"Change in Law"** means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (x) it has become illegal to hold, acquire or dispose of any Relevant Currency, or (y) the Hedging Entity will incur a materially increased cost in performing its obligations arising from the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Cross Currency"** means, in respect of a Currency Exchange Rate, the currency specified as such in the Issue Terms.

**"Cross Currency/Reference Currency Price"** means, on any day in respect of a Currency Exchange Rate, an exchange rate expressed as a number of units of the Reference Currency (or fractional amounts thereof) per one unit of the Cross Currency, which appears on the Price Source at approximately the Currency Exchange Rate Valuation Time in respect of such day, as determined by the Calculation Agent subject as provided in the Currency Exchange Rate Linked Conditions.

**"Currency Exchange Rate"** means, subject to adjustment in accordance with the Currency Exchange Rate Linked Conditions, in respect of any day, an exchange rate of one currency for another currency specified as such in the Issue Terms.

**"Currency Exchange Rate Business Day"** means, in respect of a Currency Exchange Rate, any Scheduled Trading Day on which the Reference Market is open for trading during its regular trading sessions, notwithstanding the Reference Market closing prior to its Scheduled Closing Time.

**"Currency Exchange Rate Valuation Time"** means, in respect of a Currency Exchange Rate, Base Currency/Cross Currency Price or Cross Currency/Reference Currency Price, the time specified as such in the Issue Terms.

**"Currency Exchange Reference Rate"** means, on any day in respect of a Currency Exchange Rate, an exchange rate expressed as a number of units of the Reference Currency (or fractional amounts thereof) per one unit of the Base Currency, which appears on the Price Source at approximately the Currency Exchange Rate Valuation Time in respect of such day, as determined by the Calculation Agent subject as provided in the Currency Exchange Rate Linked Conditions, PROVIDED THAT, if 'Derived Exchange Rate' is specified as 'Applicable' in the Issue Terms, the Currency Exchange Reference Rate shall be the Derived Exchange Rate.

**"Derived Exchange Rate"** means, on any day in respect of a Currency Exchange Rate, an exchange rate expressed as a number of units of the Reference Currency (or fractional amounts thereof) per one unit of the Base Currency, as determined by the Calculation Agent as the quotient of the (i) Cross Currency/Reference Currency Price; and (ii) the Base Currency/Cross Currency Price, in each case in respect of such day.

**"Disrupted Day"** means, in respect of a Currency Exchange Rate, any Scheduled Trading Day on which the Reference Market fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**"Early Closure of the Reference Market"** means, in respect of a Currency Exchange Rate, the closure on any Currency Exchange Rate Business Day of the Reference Market prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Market at least one hour prior to the actual closing time for the regular trading session on the Reference Market on such Currency Exchange Rate Business Day.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into and performing the Issuer's obligations arising from the Products or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer and/or Calculation Agent, any of its affiliate(s) or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Illiquidity Event"** means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the relevant currency/ies in a sufficient amount to meet its payment and/or delivery obligations (in whole or in part) in respect of the forthcoming payment date as a result of the insufficient liquidity of the relevant currency/ies.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Level"** means, in respect of a Currency Exchange Rate and any relevant day, the Currency Exchange Reference Rate in respect of such Currency Exchange Rate and such day.

**"Market Disruption Event"** means, in respect of a Currency Exchange Rate, the occurrence or existence of any of the following:

- a. the suspension or absence of the announcement of a price of a Currency Exchange Rate relevant for the Products on the Reference Market or by the relevant Price Source;
- b. the suspension or limitation of banking activities in the Relevant Country, the latter of which the Calculation Agent determines is material in respect of the Products;
- c. the suspension or limitation of trading, the latter of which the Calculation Agent determines material in respect of the Products in either:
  - (i) a Relevant Currency on the Reference Market; or
  - (ii) in futures or options contracts relating to a Relevant Currency on a futures exchange where such contracts are usually traded,  
due to a directive of an authority or the Reference Market or due to a moratorium on banking activities in the country where the Reference Market is located, or due to any other reasons;
- d. the Early Closure of the Reference Market;
- e. a Relevant Country either:
  - (i) imposes any controls or announces its intention to impose any controls on any relevant currency; or
  - (ii) implements or announces its intention to implement any laws or regulations; or
  - (iii) changes or announces its intention to change the interpretation or administration of any laws or regulations,

where in each case, the Calculation Agent determines that such event mentioned in paragraph (e)(i), (e)(ii) and (e)(iii) of this definition of Market Disruption Event is likely to affect the ability of the Issuer and/or Calculation Agent or any of its affiliates to acquire, hold, transfer or realise any Relevant Currency or otherwise to effect transactions in relation to such Relevant Currency;

- f. an event which the Calculation Agent determines would make it impossible for the Issuer and/or Calculation Agent or any of its affiliates to perform, impair or delay the performance of the following activities:
  - (i) converting a Relevant Currency into the Settlement Currency or any other currency through customary legal channels or transferring within or from any Relevant Country a Relevant Currency due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
  - (ii) converting a Relevant Currency into another Relevant Currency or into the Settlement Currency or any other currency at a rate at least as favourable as the rate for domestic financial institutions located in the Relevant Country;
  - (iii) transferring a Relevant Currency from accounts inside the Relevant Country to accounts outside such Relevant Country; or
  - (iv) transferring a Relevant Currency between accounts inside the Relevant Country or to a party that is a non-resident of such Relevant Country;
- g. an event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to:
  - (i) obtain market values for a Relevant Currency; or
  - (ii) effect transactions in, or obtain market values for, futures or options contracts relating to a Relevant Currency on a futures exchange where such contracts are usually traded; or
- h. an Illiquidity Event.

**"Maximum Days of Disruption"** means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

**"Price Source"** means, in respect of a Currency Exchange Rate, Base Currency/Cross Currency Price or Cross Currency/Reference Currency Price, the price source, providing the relevant price of the Currency Exchange Rate, Base Currency/Cross Currency Price or Cross Currency/Reference Currency Price, specified as such in the Issue Terms.

**"Reference Market"** means, in respect of a Currency Exchange Rate, Base Currency/Cross Currency Price or Cross Currency/Reference Currency Price, the reference market specified as such in the Issue Terms.

**"Reference Currency"** means, in respect of a Currency Exchange Rate, the currency specified as such in the Issue Terms.

**"Relevant Country"** means, in respect of a Currency Exchange Rate, any country (or political or regulatory authority thereof) which:

- a. has a Relevant Currency as its legal tender or official currency; and
- b. in the opinion of the Calculation Agent, has a material connection with a Relevant Currency.

**"Relevant Currency"** means, in respect of a Currency Exchange Rate, any currency used to determine the level of such Currency Exchange Rate.

**"Relevant Rate"** means, in respect of a Currency Exchange Rate, a rate for such Currency Exchange Rate, as displayed on the Price Source, which is relevant for the Products.

**"Settlement Currency"** means the settlement currency specified as such in the Issue Terms.

**"Scheduled Closing Time"** means, in respect of a Currency Exchange Rate, the Reference Market and a Scheduled Trading Day, the scheduled weekday closing time of such Reference Market on such Scheduled Trading Day, without regard to any trading outside the regular trading session hours.

**"Scheduled Trading Day"** means, in respect of a Currency Exchange Rate, any day on which the Reference Market is scheduled to be open for trading for its regular trading sessions.

**"Scheduled Underlying Valuation Date"** means, in respect of an Underlying Valuation Date, the original date specified as such in the Issue Terms that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

**"Underlying Trading Day"** means, in respect of a Currency Exchange Rate, a Currency Exchange Rate Business Day for such Currency Exchange Rate.

**"Underlying Valuation Date"** means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Currency Exchange Rate, in each case, subject to adjustment in accordance with the Currency Exchange Rate Linked Conditions.

## **7. Futures Contract linked Conditions**

*The provisions of these Underlying Specific Conditions 7 (Futures Contract linked Conditions) shall apply to Futures Contract Linked Products in respect of each Underlying which is a Futures Contract.*

### **7.1 Consequences of Disrupted Days**

#### **7.1.1 Single Futures Contract and Underlying Valuation Dates**

Where the Products relate to a single Futures Contract (and if the Issue Terms specify that this provision shall apply to particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the Futures Contract on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Futures Contract in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 7.1.1 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption,

the Underlying Valuation Date may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 7.1.1a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

**7.1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates**

Where the Products relate to a basket of Underlyings and unless 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' as opposed to 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 7.1.2 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for the relevant Basket Component may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Basket Component or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 7.1.2a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

**7.1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of the Underlying Valuation Dates**

Where the Products relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Futures Contracts in the basket (each such Futures Contract an "**Affected Futures Contract**" in respect of such Underlying Valuation Date);
- b. in respect of each Futures Contract in the basket that is not an Affected Futures Contract, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- c. in respect of each Affected Futures Contract, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Futures Contract(s) in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 7.1.3 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for each Affected Futures Contract may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Affected Futures Contract or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 7.1.3a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

## **7.2 Adjustment Events**

### **7.2.1 Substitution of Reference Market and/or Price Source**

If the quotation of or trading in a Futures Contract on the Reference Market or the publication of the relevant price of such Futures Contract by the Price Source is permanently discontinued while the quotation or trading is concurrently maintained or is commenced on another reference market (the "**Substitute Reference Market**") or if the relevant price of such Futures Contract is published by another price source (the "**Substitute Price Source**"), the Calculation Agent shall be entitled to stipulate such Substitute Reference Market as the new Reference Market and/or such Substitute Price Source as the new Price Source through publication in accordance with General Condition 15 (Notices). In the case of such a substitution, any reference in the Conditions to the Reference Market and/or Price Source thereafter shall be deemed to refer to the Substitute Reference Market and/or Substitute Price Source.

### **7.2.2 Changes in the Futures Contract**

If at any time (a) a Futures Contract is terminated and/or replaced by another value or (b) the relevant contract characteristics and/or conditions of such Futures Contract or the value underlying such Futures Contract are changed, the Issuer and/or Calculation Agent may, but are not obliged to, make an adjustment to the Conditions, which in the assessment of the Calculation Agent is appropriate to reflect the events described in (a) and (b) of this paragraph 7.2.2 and/or to replace such Futures Contract with a successor futures contract (the "**Successor Futures Contract**") which is economically equivalent to the original concept of such Futures Contract.

As the case may be, the Issuer and/or Calculation Agent will multiply the relevant price of the Futures Contract by an adjustment factor in order to ensure the continuity of the development of the reference value(s) underlying the Products.

The Successor Futures Contract and the date of its initial application shall be published in accordance with General Condition 15 (Notices). Any reference in the Conditions to the Futures Contract shall, to the extent appropriate, be deemed to refer to the Successor Futures Contract.

#### 7.2.3 Additional Adjustments in respect of a Basket of Underlyings

Where the Products relate to a basket of Underlyings, if, in relation to a Basket Component, an adjustment (as described in this paragraph 7.2.3) is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments pursuant to such Futures Contract Linked Condition in relation to each such Basket Component (an "**Affected Basket Component**")) be entitled, but not obliged to, either:

- a. remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Products); or
- b. replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Underlying Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"). In such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the replacement of the Affected Basket Component(s) with the Successor Basket Component. The Successor Basket Component(s) will be selected by the Calculation Agent in its reasonable discretion and the relevant characteristics thereof shall be as similar to the Affected Basket Component being replaced as far as reasonably practicable. Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

#### 7.2.4 Notice of Adjustments

Upon making any such adjustment pursuant to these Underlying Specific Conditions 7.2, the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

#### 7.2.5 Early Termination due to an Adjustment Event

If the Calculation Agent determines that no adjustment as described in the paragraphs 7.2.1 or 7.2.2 above would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### 7.3 Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:



- a. make such adjustment(s) to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event; or
- b. if the Calculation Agent determines that no adjustment as described in paragraph (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### 7.4 Correction of Prices

In the event that a Relevant Underlying Price is subsequently corrected and the correction (the "**Corrected Price**") is displayed on the relevant Price Source on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Underlying Price, then the Calculation Agent shall be entitled to determine the amount payable or the Entitlement regarding any Delivery of Underlying or make any such determination in connection with the Products after taking into account such Corrected Price, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Price. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 15 (Notices).

#### 7.5 Definitions

The following terms and expressions shall have the following meanings in respect of Futures Contract Linked Products and each Underlying which is a Futures Contract:

"**Additional Disruption Event**" means each of Increased Cost of Hedging, a Change in Law, a Hedging Disruption and/or a Permanent Market Disruption Event, in each case, as specified in the Issue Terms.

"**Adjustment Event**" means each of the events described in Underlying Specific Conditions 7.2.1 (Substitution of Reference Market and/or Price Source) and 7.2.2 (Changes in the Futures Contract).

"**Basket Component**" means each Futures Contract composed within a basket of Underlyings.

"**Change in Law**" means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of a Futures Contract or (ii) the Hedging Entity will incur a materially increased cost in performing its obligations arising from the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"**Disrupted Day**" means, in respect of a Futures Contract, any Scheduled Trading Day on which a relevant Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event (other than a Permanent Market Disruption Event (to the extent applicable)) has occurred.

"**Exchange**" means, in respect of a Futures Contract, the exchange or the quotation system as specified in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Futures Contract has temporarily relocated

(provided that the Calculation Agent has determined in its reasonable discretion that there is comparable liquidity relative to such Futures Contract on such temporary substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means, in respect of a Futures Contract, any Scheduled Trading Day on which each Exchange is open for trading during its respective regular trading sessions, notwithstanding any such Exchange closing prior to its Scheduled Closing Time.

**"Futures Contract"** means, subject to adjustment in accordance with these Futures Contract Linked Conditions, each futures contract specified as such in the Issue Terms.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into and performing the Issuer's obligations arising from the Products or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer and/or Calculation Agent, any of their affiliate(s) or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Illiquidity Event"** means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the Futures Contract in a sufficient amount to meet its payment and/or delivery obligations (in whole or in part) in respect of the forthcoming payment date as a result of the insufficient liquidity of the Futures Contract.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Intraday Price"** means, in respect of a Futures Contract and any relevant time on any relevant day, the price at which such Futures Contract trades on the relevant Exchange at such time on such day, as determined by the Calculation Agent.

**"Level"** means, in respect of a Futures Contract and any relevant day, one of the following as specified in the Issue Terms in respect of such Futures Contract and such day:

- a. Intraday Price.
- b. Settlement Price.

**"Market Disruption Event"** means, in respect of a Futures Contract, the occurrence or existence of any of the following:

- a. either (i) the failure of the Price Source to announce or publish a price of such Futures Contract relevant for the Products, (ii) the temporary or permanent discontinuance or unavailability of such Price Source or (iii) the disappearance or permanent discontinuance or unavailability of a price of such Futures Contract relevant for the Products (notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract);
- b. the material suspension or limitation of trading (i) in such Futures Contract on the Exchange or (ii) on the Exchange in general;

- c. the failure of trading to commence, or the permanent discontinuation of trading (i) in such Futures Contract on the Exchange or (ii) on the Exchange in general;
- d. a material change (as compared to the circumstances as at the Initial Fixing Date) in (i) the formula for or method of calculating a price of such Futures Contract relevant for the Products or (ii) the content, composition or constitution of such Futures Contract or of the underlying on which such Futures Contract is based;
- e. the imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, such Futures Contract or the underlying on which such Futures Contract is based (other than a tax on, or measured by reference to, overall gross or net income) by any government or tax authority, if the direct effect of such imposition, change or removal is to raise or lower a relevant price on an Underlying Valuation Date from what it would have been without such imposition, change or removal; or
- f. an Illiquidity Event.

**"Maximum Days of Disruption"** means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

**"Permanent Market Disruption Event"** means, in respect of a Futures Contract, any one or more of the events set out in the definition of Market Disruption Event in these Futures Contract Linked Conditions, if such event is, in the determination of the Calculation Agent, considered to be permanent.

**"Price Source"** means, in respect of a Futures Contract, the price source specified as such in the Issue Terms.

**"Reference Market"** means, in respect of a Futures Contract, the reference market specified as such in the Issue Terms.

**"Relevant Underlying Price"** means, in respect of a Futures Contract, a price for such Futures Contract, as displayed on the Price Source, which is relevant for the Products.

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

**"Scheduled Trading Day"** means, in respect of a Futures Contract, any day on which the Exchange is scheduled to calculate and publish a Relevant Underlying Price of such Futures Contract or, as the case may be, the Price Source is scheduled to publish the a Relevant Underlying Price.

**"Scheduled Underlying Valuation Date"** means, in respect of an Underlying Valuation Date, the original date specified as such in the Issue Terms that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

**"Settlement Price"** means, on any day in respect of a Futures Contract, the official settlement price of such Futures Contract on the Exchange as of the Valuation Time on the relevant day, as determined by the Calculation Agent subject as provided in the Futures Contract Linked Conditions.

**"Underlying Trading Day"** means, in respect of a Futures Contract, an Exchange Business Day for such Futures Contract.

**"Underlying Valuation Date"** means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b)

each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Futures Contract, in each case, subject to adjustment in accordance with the Futures Contract Linked Conditions.

**"Valuation Time"** means, in respect of a Futures Contract, the time at which the official closing price of such Futures Contract is calculated on and published by the Exchange. If the Exchange closes prior to its Scheduled Closing Time and the Valuation Time is after the actual closing time for its regular trading session, then the Valuation.

## **8. Fixed Rate Instrument and Derivative Instrument Linked Conditions**

The provisions of these Underlying Specific Conditions 8 (Fixed Rate Instrument and Derivative Instrument Linked Conditions) shall apply to Fixed Rate Instrument Linked Products and Derivative Instrument Linked Products in respect of each Underlying which is a Fixed Rate Instrument or Derivative Instrument.

### **8.1 Consequences of Disrupted Days**

#### **8.1.1 Single Instrument and Underlying Valuation Dates**

Where the Products relate to a single Instrument (and if the Issue Terms specify that this provision shall apply to particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the Instrument on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Instrument in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 8.1.1 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 8.1.1a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### **8.1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates**

Where the Products relate to a basket of Underlyings and unless 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common in respect of the basket of Underlyings' as opposed to 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant

Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 8.1.2 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for the relevant Basket Component may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Basket Component or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 8.1.2a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### 8.1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of the Underlying Valuation Dates

Where the Products relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common in respect of the basket of Underlyings' in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Instruments in the basket (each such Instrument an "**Affected Instrument**" in respect of such Underlying Valuation Date);
- b. in respect of each Instrument in the basket that is not an Affected Instrument, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- c. in respect of each Affected Instrument, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Instrument(s) in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 8.1.3 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for each Affected Instrument may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Affected Instrument or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 8.1.3a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

## **8.2 Adjustment Events**

### **8.2.1 Changes in the market conditions on the Reference Market**

If, in the determination of the Calculation Agent, a material change in the market conditions has occurred on the Reference Market, the Issuer and/or Calculation Agent shall be entitled to effect adjustments to the Conditions to account for these changed market conditions.

### **8.2.2 Changes in the calculation of the Instrument**

Any changes in the calculation (including corrections) of an Instrument shall not lead to an adjustment unless the Calculation Agent determines that as a result of the changes (including corrections) the underlying concept and calculation of such Instrument is no longer comparable to the underlying concept or calculation applicable to such Instrument prior to such change. Adjustments may also be made as a result of the removal of such Instrument and/or its substitution by another underlying or the Delisting of such Instrument.

For the purposes of making any adjustments, the Calculation Agent shall determine the adjusted value of such Instrument which shall be used for the determination of the relevant price of such Instrument for the Products that, in its economic result, shall correspond to the provisions prior to this change, and shall determine the day on which the adjusted value of such Instrument shall apply for the first time taking into account the time the change occurred. The adjusted value of the Instrument and the date of its first application shall be published pursuant to General Condition 15 (Notices).

### **8.2.3 Termination, early redemption, replacement or adjustment to the terms and conditions of the Instrument**

In the event that an Instrument is terminated and/or redeemed early or replaced by another Instrument, provided that such circumstance does not occur in connection with any insolvency or general settlement proceedings or other similar proceedings of the issuer of the Instrument(s), or in the event of changes to the terms and conditions of the Instrument(s), the Instrument(s) may be replaced for the purposes of these Conditions by another financial instrument (the "**Successor Instrument**"), if necessary, after the appropriate adjustments (if any) according to paragraph 8.2.2 have been made. The Successor Instrument and the date of its first application shall be published in accordance with General Condition 15 (Notices).

In this case, any reference in these Conditions to the Instrument shall, to the extent permitted by the context, be deemed to refer to the Successor Instrument.

### **8.2.4 Replacement of the Reference Market**

If the quotation of or trading in the Instrument(s) on the Reference Market is permanently discontinued while a quotation or trading is started up or maintained concurrently on another market (the "**Substitute Reference Market**"), the Calculation Agent shall be entitled to stipulate the Substitute Reference Market as the relevant Reference Market via publication in accordance with General Condition 15 (Notices).

In the case of such a substitution, any reference in these Conditions to the Reference Market thereafter shall be deemed to refer to the Substitute Reference Market.

The adjustment described above shall be published in accordance with General Condition 15 (Notices) within the three-month period following the permanent discontinuation of the quotation of or trading in the Instrument on the Reference Market.

#### 8.2.5 Additional adjustments in respect of a Basket of Underlyings

Where the Products relate to a basket of Underlyings, if, in relation to a Basket Component, an adjustment (as described in paragraphs X.8.2.1 to 8.2.4) is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments pursuant to such Fixed Rate or Derivative Instrument Linked Condition in relation to each of such Basket Component (an "**Affected Basket Component**")) be entitled, but not obliged, to either:

- a. remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Products); or
- b. replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Underlying Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"). In such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the replacement of the Affected Basket Component(s) with the Successor Basket Component. The Successor Basket Component(s) will be selected by the Calculation Agent in its reasonable discretion and the relevant characteristics thereof shall be as similar to the Affected Basket Component being replaced as far as reasonably practicable. Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

#### 8.2.6 Notice of Adjustments

Upon making any such adjustment pursuant to this Underlying Specific Condition 8.2 (Adjustment Events), the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices) stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

#### 8.2.7 Early Termination due to an Adjustment Event

If the Calculation Agent determines that no adjustment as described in paragraphs 8.2.1 to 8.2.5 above would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### 8.3 Correction of Prices

In the event that a Relevant Underlying Price is subsequently corrected and the correction (the "**Corrected Price**") is published by the Reference Market on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Underlying Price, then the Calculation Agent shall be entitled to determine the amount payable or Entitlement regarding the Delivery of Underlying or make any such determination in connection with the Products after taking into account such Corrected Price, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Price. Any such determination or adjustment and the date of its first application shall be published in accordance with General Conditions 15 (Notices).

#### **8.4 Consequences of an Additional Disruption Event**

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:

- a. make such adjustment(s) to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event; or
- b. if the Calculation Agent determines that no adjustment as described in paragraph (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### **8.5 Definitions**

The following terms and expressions shall have the following meanings in respect of Fixed Rate Instrument Linked Products and Derivative Instrument Linked Products and each Underlying which is a Fixed Rate Instrument or Derivative Instrument:

**"Additional Disruption Event"** means each of Increased Cost of Hedging, a Change in Law and/or a Hedging Disruption, in each case, as specified in the Issue Terms.

**"Adjustment Event"** means each of the events described in Underlying Specific Conditions 8.2 (Replacement of the Reference Market) of these Fixed Rate Instrument and Derivative Instrument Linked Conditions.

**"Basket Component"** means each Instrument composed within a basket of Underlyings.

**"Change in Law"** means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of an Instrument or (ii) the Hedging Entity will incur a materially increased cost in performing its obligations arising from the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Closing Price"** means, on any day in respect of an Instrument, the official closing price of such Instrument on the Reference Market as of the Valuation Time on the relevant day, as determined by



the Calculation Agent subject as provided in the Fixed Rate Instrument and Derivative Instrument Linked Conditions.

**"Delisting"** means, in respect of an Instrument, that the relevant Reference Market announces that pursuant to the rules of such Reference Market, such Instrument ceases (or will cease) to be listed, traded or publicly quoted on the Reference Market for any reason and is not immediately re-listed, re-traded or re-quoted on a market or quotation system located in the same country as the Reference Market (or, where the Reference Market is within the European Union, in any Member State of the European Union).

**"Derivative Instrument"** means, subject to adjustment in accordance with these Fixed Rate Instrument and Derivative Instrument Linked Conditions, each instrument specified as such in the Issue Terms.

**"Disrupted Day"** means, in respect of an Instrument, any Scheduled Trading Day on which a relevant Reference Market fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**"Early Closure of the Reference Market"** means, in respect of an Instrument, the closure on any Trading Day of the Reference Market prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Market at least one hour prior to the actual closing time for the regular trading session on the Reference Market on such Trading Day.

**"Fixed Rate Instrument"** means, subject to adjustment in accordance with these Fixed Rate Instrument and Derivative Instrument Linked Conditions, each fixed rate instrument specified as such in the Issue Terms.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into and performing the Issuer's obligations arising from the Products or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer and/or Calculation Agent, any of its affiliate(s) or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Illiquidity Event"** means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the Fixed Rate Instruments and/or Derivative Instruments in a sufficient amount to meet its payment and/or delivery obligations (in whole or in part) in respect of the forthcoming payment date as a result of the insufficient liquidity of the Fixed Rate Instruments and/or Derivative Instruments.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Instrument"** means a Fixed Rate Instrument or Derivative Instrument, as the case may be.

**"Intraday Price"** means, in respect of an Instrument and any relevant time on any relevant day, the price at which such Instrument trades on the relevant Reference Market at such time on such day, as determined by the Calculation Agent.

**"Level"** means, in respect of an Instrument and any relevant day, one of the following as specified in the Issue Terms in respect of such Instrument and such day:

- a. Opening Price;
- b. Closing Price; or
- c. Intraday Price.

**"Market Disruption Event"** means, in respect of an Instrument, the occurrence or existence of any of the following:

- a. the suspension or absence of the announcement of a price of an Instrument relevant for the Products on the Reference Market;
- b. the suspension or limitation of trading (the latter of which the Calculation Agent determines is material in respect of the Products) (i) of such Instrument on the Reference Market, (ii) in futures or options contracts relating to such Instrument on a futures exchange where such contracts are usually traded or (iii) due to a directive of an authority or the Reference Market or due to a moratorium on banking activities in the country where the Reference Market is located, or due to any other reasons;
- c. the Early Closure of the Reference Market;
- d. at any time, an event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to obtain market values for such Instrument, (ii) to sell or transfer such Instrument or to exercise the rights conveyed by such Instrument or (iii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Instrument on a futures exchange where such contracts are usually traded;
- e. any event other than those listed at paragraphs (a) to (d) of this definition of Market Disruption Event which, in its consequences, is commercially comparable to those events;
- f. the suspension or limitation of banking activities in the country where the Reference Market is located and which the Calculation Agent determines is material in respect of the Products; or
- g. an Illiquidity Event.

**"Maximum Days of Disruption"** means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

**"Opening Price"** means, on any day in respect of an Instrument, the official opening price of such Instrument on the Reference Market on the relevant day, as determined by the Calculation Agent subject as provided in the Fixed Rate Instrument and Derivative Instrument Linked Conditions.

**"Reference Market"** means the reference market specified as such in the Issue Terms.

**"Relevant Underlying Price"** means, in respect of an Instrument, a price for such Instrument, as determined and published by the Reference Market, which is relevant for the Products.

**"Scheduled Closing Time"** means, in respect of an Instrument, a Reference Market and a Scheduled Trading Day, the scheduled weekday closing time of such Reference Market on such Scheduled Trading Day, without regard to after hours or any other trading outside the regular trading session hours.

**"Scheduled Trading Day"** means, in respect of an Instrument, any day on which the Reference Market is scheduled to open for trading during its regular trading sessions.

**"Scheduled Underlying Valuation Date"** means, in respect of an Underlying Valuation Date, the original date specified as such in the Issue Terms that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

**"Trading Day"** means, in respect of an Instrument, any Scheduled Trading Day on which the Reference Market is open for trading during its regular trading sessions, notwithstanding any such Reference Market closing prior to its Scheduled Closing Time.

**"Underlying Trading Day"** means, in respect of an Instrument, a Trading Day for such Instrument.

**"Underlying Valuation Date"** means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of an Instrument, in each case, subject to adjustment in accordance with these Fixed Rate Instrument and Derivative Instrument Linked Conditions.

**"Valuation Time"** means, in respect of an Instrument, the time at which the official closing price of such Instrument is calculated on and published by the Reference Market. If the Reference Market closes prior to its Scheduled Closing Time and the Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## **9. ETF Linked Conditions**

*The provisions of these Underlying Specific Conditions 9 (ETF Linked Conditions) shall apply to ETF Linked Products in respect of each Underlying which is an ETF Share.*

### **9.1 Consequences of Disrupted Days**

#### **9.1.1 Single Fund and Underlying Valuation Dates**

Where the Products relate to a single ETF Share (and if the Issue Terms specify that this provision shall apply to particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the ETF Share on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the ETF Share in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 9.1.1 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 9.1.1a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### **9.1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates**

Where the Products relate to a basket of Underlyings and unless the 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' as opposed to 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 9.1.2 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for the relevant Basket Component may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Basket Component or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 9.1.2a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### 9.1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of the Underlying Valuation Dates

Where the Products relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more ETF Shares in the basket (each such ETF Share an "**Affected ETF Share**" in respect of such Underlying Valuation Date);

- b. in respect of each ETF Share in the basket that is not an Affected ETF Share, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- c. in respect of each Affected ETF Share, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected ETF Share(s) in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 9.1.3 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for each Affected ETF Share may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Affected ETF Share or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 9.1.3a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

## **9.2 Potential Adjustment Events and Extraordinary Events**

### **9.2.1 Consequences of a Potential Adjustment Event**

If the Calculation Agent determines that a Potential Adjustment Event has occurred or is likely to occur and such Potential Adjustment Event Adjustment has a diluting or concentrative effect on the theoretical value of an ETF Share, the Issuer and/or Calculation Agent may (but is not obliged to):

- a. make the corresponding adjustment(s), if appropriate, to the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- b. determine the effective date(s) of the adjustment(s). In such case, such adjustments shall be deemed to be so made from such date(s). The Issuer and/or Calculation Agent may (but need not) perform the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event and exchange contracts on the ETF Shares that are traded on such Related Exchange; or
- c. if the Calculation Agent determines that no adjustment as described in (a) above (or in paragraph 9.2.3) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

Any adjustment made by the Issuer and/or Calculation Agent pursuant to this paragraph 9.2.1 shall be notified to Investors, stating the relevant adjustment and the effective date of such adjustment, in accordance with General Condition 15 (Notices).

### **9.2.2 Consequences of an Extraordinary Event**

- a. If the Calculation Agent determines that an Extraordinary Event has occurred, the Issuer and/or Calculation Agent may (but is not obliged to):
  - (i) undertake those adjustments to variables that it considers to be appropriate, as the case may be, regarding the calculation methods, the settlement or payment or other terms in respect

of the Products to account for the effects of such Extraordinary Event in respect of the Products and (B) determine the effective date of these adjustments; or

(ii) if the Calculation Agent determines that no adjustment that it could make pursuant to paragraph 9.2.2 (i) above leads to a commercially reasonable result, then the Calculation Agent may select:

(A) another fund that is in the same currency and has the same investment objective as the relevant Fund (the "**Replacement Fund**"); and

(B) the applicable day (the "**Fund Replacement Date**") for the replacement of the relevant Fund with the Replacement Fund (for the avoidance of doubt, the Calculation Agent may set the Fund Replacement Date as any date, including any date before the occurrence of the relevant Extraordinary Event or the Issue Date),

in which case, (I) the Replacement Fund replaces the Relevant Fund on the Fund Replacement Date, (II) references herein to the Fund are deemed, from the Fund Replacement Date, to be references to the Replacement Fund and (III) the Issuer and/or Calculation Agent in its reasonable discretion undertakes the appropriate adjustments to variables that it considers to be appropriate, as the case may be, regarding the calculation methods, the valuation, settlement or payment terms in respect of the Products to account for such substitution; or

b. if the Calculation Agent determines that no adjustment as described in (a) above (or in paragraph 9.2.3 below) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

Any adjustment made by the Issuer and/or Calculation Agent pursuant to this paragraph 9.2.2 shall be notified to Investors, stating the relevant adjustment and the effective date of such adjustment, in accordance with General Condition 15 (Notices).

#### 9.2.3 Additional Adjustments in respect of a Basket of Underlyings

Where the Products relate to a basket of Underlyings, if, in relation to a Basket Component, an adjustment (as described in ETF Linked Condition 9.2) is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments pursuant to such ETF Linked Condition in relation to each of such Basket Component (an "**Affected Basket Component**")) be entitled, but not obliged to either:

a. remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Products); or

b. replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Underlying Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"). In such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the replacement of the Affected Basket Component(s) with the Successor Basket Component. The Successor Basket Component(s) will be selected by the Calculation

Agent in its reasonable discretion and the relevant characteristics thereof shall be as similar to the Affected Basket Component being replaced as far as reasonably practicable. Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

#### 9.2.4 Notice of Adjustments

Upon making any such adjustment pursuant to this Underlying Specific Condition 9.2 ("Potential Adjustment Events and Extraordinary Events"), the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

### 9.3 Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:

- a. make such adjustment(s) to the Conditions as the Issuer and/or Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event (including adjustments to account for changes in volatility, expected dividends or liquidity relevant to the Fund); or
- b. if the Calculation Agent determines that no adjustment as described in paragraph (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

Any adjustment made by the Issuer and/or Calculation Agent pursuant to this ETF Linked Condition 9.3 shall be notified to Investors, stating the relevant adjustment and the effective date of such adjustment, in accordance with General Condition 15 (Notices).

### 9.4 Correction of Prices

In the event that a Relevant Underlying Price is subsequently corrected and the correction (the "**Corrected Price**") is published by the Exchange on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Underlying Price, then the Calculation Agent shall be entitled to determine the amount payable or the Entitlement regarding any Delivery of Underlying or make any such determination in connection with the Products after taking into account such Corrected Price, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Price. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 15 (Notices).

### 9.5 Definitions

The following terms and expressions shall have the following meanings in respect of ETF Linked Products and each Underlying which is an ETF Share:

**"Additional Disruption Event"** means each of Increased Cost of Hedging, a Change in Law and/or a Hedging Disruption, in each case, as specified in the Issue Terms..

**"Basket Component"** means each ETF Share composed within a basket of Underlyings.

**"Change in Law"** means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of an ETF Share or (ii) the Hedging Entity will incur a materially increased cost in performing its obligations arising from the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Closing Price"** means, on any day in respect of an ETF, the official closing price of such ETF on the Exchange as of the Valuation Time on the relevant day, as determined by the Calculation Agent subject as provided in the ETF Linked Conditions.

**"Constitutional Document(s)"** means, in respect of a Fund, the document(s) constituting the Trust.

**"Delisting"** means, in respect an ETF Share, that such ETF Shares cease or have ceased to be admitted to trade on the Exchange and that such ETF Shares have not been admitted to trade on another Exchange that the Calculation Agent considers to be a suitable substitute Exchange.

**"Disrupted Day"** means, in respect of an ETF Share, a 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.

**"Early Closure"** means, in respect of an ETF Share, the closure on any Exchange Trading Day of one or more relevant Exchange(s) or one or more Related Exchange(s) prior to the Scheduled Closing Time, unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Trading Day and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Trading Day.

**"ETF"** means an exchange traded fund.

**"ETF Share"** mean, in respect of a Fund, the shares or units of such Fund specified as such in the Issue Terms, subject to replacement in accordance with these ETF Linked Conditions.

**"Exchange"** means, in respect of an ETF Share, the exchange or the quotation system specified as such in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such ETF Share has temporarily relocated (provided that the Calculation Agent has determined in its reasonable discretion that there is comparable liquidity relative to such ETF Share on such temporary substitute exchange or quotation system as on the original Exchange).

**"Exchange Disruption"** means, in respect of an ETF Share, an event (other than an Early Exchange Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to (a) effect transactions in such ETF Shares or obtain market values on the Exchange for such ETF Shares or (b) effect transactions in, or obtain market values for, futures or options contracts on such ETF Share on a relevant Related Exchange.

**"Exchange Trading Day"** means, in respect of an ETF Share, a Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular



trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Extraordinary Event"** means, in respect of an ETF Share, each of (a) an Insolvency in respect of the Fund, its Management Company or a depository or another of the Fund's service providers, (b) a Merger Event, (c) a Delisting or (d) a Termination of the Trust in respect of the related Fund.

**"Fund"** means, in respect of an ETF Share, the issuer of such ETF Share as specified in the Issue Terms, subject to replacement in accordance with these ETF Linked Conditions.

**"Fund Reference Index"** means the index specified as such in the Issue Terms.

**"Fund Reference Index Sponsor"** means the sponsor of the Fund Reference Index, as specified in the Issue Terms.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into and performing the Issuer's obligations arising from the Products or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer and/or Calculation Agent, any of their affiliate(s) or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Illiquidity Event"** means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the ETF Shares in a sufficient amount to meet its payment and/or delivery obligations (in whole or in part) in respect of the forthcoming payment date as a result of the insufficient liquidity of the ETF Shares.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Insolvency"** means, in respect of a relevant entity, that such entity:

- a. is wound up (other than pursuant to a consolidation, amalgamation or takeover);
- b. becomes insolvent, is unable or fails to pay its debts or admits in writing its inability generally to pay its debts as they become due;
- c. makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- d. either:
  - (i) institutes or has instituted against it a petition by a regulator, regulatory body or other body with primary responsibility for insolvency, restructuring or supervision in the country in which its head office is registered or established, whereby a judgment is sought for insolvency or bankruptcy or any other relief affecting creditors' rights or a petition is presented for its winding-up or liquidation by itself or such regulator, regulatory body or such similar body; or
  - (ii) has brought a petition against itself seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or applicable relief affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and the petition or other

application is instituted or made by a person or agent that is not named under (d)(i) of this definition of Insolvency and either:

- (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
  - (B) is not dismissed, discharged, stayed or restrained in each case within fifteen calendar days of the institution or presentation thereof;
- e. has passed a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
  - f. seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, Trustee, custodian or other similar official for it or for all or substantially all its assets;
  - g. has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen calendar days thereafter;
  - h. causes or is subject to any event with respect to which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (g) of this definition; or
  - i. takes actions that promote any of the foregoing processes or agrees to, consents to or permits the same.

**"Intraday Price"** means, in respect of an ETF and any relevant time on any relevant day, the price at which such ETF trades on the relevant Exchange at such time on such day, as determined by the Calculation Agent.

**"Level"** means, in respect of an ETF Share and any relevant day, one of the following as specified in the Issue Terms in respect of such ETF Share and such day:

- a. Closing Price;
- b. Intraday Price; or
- c. Opening Price.

**"Management Company"** means, in respect of an ETF Share and the related Fund, the management company specified as such in the Issue Terms.

**"Market Disruption Event"** means, in respect of an ETF Share, the occurrence or existence of:

- a. a Trading Disruption or an Exchange Disruption, which in either case the Calculation Agent regards as material in respect of the Products, at any time during the one-hour period immediately before the relevant Valuation Time;
- b. an Early Exchange Closure; or
- c. an Illiquidity Event,

**PROVIDED THAT**, if in respect of an event that would otherwise be a Market Disruption Event occurs only two hours prior to the time of the actual closing time for the regular trading session on the relevant Exchange(s) or Related Exchange(s) on the relevant Exchange Trading Day, the Calculation Agent may determine that such event is not considered material in respect of the relevant ETF Share. In such case such event shall not be a Market Disruption Event in respect of such ETF Share and, in

respect of the relevant day, the Calculation Agent shall use the corresponding level of such ETF Share and the immediately preceding Scheduled Trading Day.

**"Maximum Days of Disruption"** means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

**"Merger Date"** means the closing date of a Merger Event (as determined by the Calculation Agent) or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**"Merger Event"** means, in respect of an ETF Share, any of:

- a. reclassification or other change to the Fund that results in a transfer of or an irrevocable commitment to transfer all such ETF Shares outstanding to another entity or person;
- b. a consolidation, amalgamation or binding unit exchange of the Fund with or into another entity or person (other than a consolidation, amalgamation or binding unit exchange in which such Fund is the continuing entity and which does not result in a reclassification or change of all such ETF Shares outstanding);
- c. takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding ETF Shares that results in a transfer of or an irrevocable commitment to transfer all such ETF Shares (other than such ETF Shares owned or controlled by such other entity or person); or
- d. consolidation, amalgamation or binding unit exchange of the Fund or its affiliates with or into another entity in which the Fund is the continuing entity and which does not result in a reclassification or change of all such ETF Shares outstanding but results in the outstanding ETF Shares (other than ETF Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding ETF Shares immediately following such event in each case if the Merger Date is on or before the Final Fixing Date.

**"Opening Price"** means, on any day in respect of an ETF, the official opening price of such ETF on the Exchange on the relevant day, as determined by the Calculation Agent subject as provided in the ETF Linked Conditions.

**"Potential Adjustment Event"** means, in respect of an ETF Share and the related Fund, the occurrence of any of the following events:

- a. a subdivision, consolidation or reclassification of ETF Shares (unless resulting in a Merger Event) or a free distribution or dividend of such ETF Shares to existing holders by way of bonus, capitalisation or similar issue;
- b. a distribution, issue or dividend to existing holders of ETF Shares of:
  - (i) such ETF Shares;
  - (ii) other participation rights or securities granting the right to payment of dividends and/or a share in the proceeds of liquidation of the Fund equally or proportionately with such payments to holders of such ETF Shares;
  - (iii) participation rights or securities of another unit issuer acquired or owned (directly or indirectly) by the Fund as a result of a spin-off or other similar transaction; or
  - (iv) any other type of securities, rights or options or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- c. a distribution per ETF Share which the Calculation Agent determines to be characterised as an extraordinary dividend;
- d. a call by the Fund in respect of ETF Shares that are not fully paid;
- e. a repurchase by the Fund or any of its affiliates of ETF Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- f. an event occurs that results in any shareholder rights being distributed or becoming separated from shares of common stock other units of the Fund pursuant to a shareholder rights plan or similar arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any exercise of such rights;
- g. any other circumstances that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of such ETF Shares; or
- h. an adjustment to the calculation terms of exchange contracts in respect of such ETF Shares that are traded on a Related Exchange.

**"Related Exchange(s)"** means, in respect of an ETF Share, those options or futures exchanges on which options or futures contracts are regularly traded on the units of the Fund, as determined by the Calculation Agent, and (in each case) any successor to such exchange or quotation system or any substitute exchange or quotation system where trading is temporarily carried out in futures or options contracts on such ETF Shares (to the extent as determined by the Calculation Agent on the temporary substitute exchange or quotation system the liquidity for the futures and options contracts on ETF Shares is comparable with the liquidity of the original Related Exchange.)

**"Relevant Underlying Price"** means, in respect of an ETF Share, a price for such ETF Share, as determined and published by the Exchange, which is relevant for the Products.

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

**"Scheduled Trading Day"** means, in respect of an ETF Share, a day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions.

**"Scheduled Underlying Valuation Date"** means, in respect of an Underlying Valuation Date, the original date specified as such in the Issue Terms that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

**"Termination of the Trust"** means, in respect of a Fund, where pursuant to the Constitutional Document(s) the Trust has been terminated or amended in another way, including (but not limited to):

- a. the rescission of the Constitutional Document(s) by the Management Company or the Trustee or the termination of the calculation and publication of the Fund Reference Index by the Fund Reference Index Sponsor;
- b. a decision of a competent authority on the rescission or cancellation of the Constitutional Document(s) or the Trust; and/or
- c. a decision of a competent authority on the (i) rescission or suspension of the applicable licence of the Management Company that is necessary for the administration of the Fund or (ii) unwinding of the Management Company.

Throughout the life of a Fund the replacement of the Management Company or the substitution of the Trustee by a substitute Trustee shall not lead to the Termination of the Trust and any such replacement investment Management Company and any such substitute Trustee shall be regarded as the Management Company or Trustee as from the date on which such replacement or substitution takes effect.

**"Trading Disruption"** means, in respect of an ETF Share, a suspension 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 relevant Exchange or Related Exchange or otherwise (a) relating to ETF Shares on the Exchange, (b) in futures or options contracts on the ETF Shares on a relevant Related Exchange or (c) in ETF Shares or other securities of an ETF in respect of the relevant Funds Reference Index on the Exchange or a Related Exchange, if in any of these cases the Calculation Agent determines in its reasonable discretion that such suspension or limitation is material.

**"Trust"** means, in respect of an ETF Share and the related Fund, the trust which constitutes the Fund or the company or another vehicle under which the ETF Shares are issued by the Fund.

**"Trustee(s)"** means the trustees for the beneficial owners of the Fund.

**"Underlying Trading Day"** means, in respect of an ETF Share, an Exchange Trading Day for such ETF Share.

**"Underlying Valuation Date"** means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Fund, in each case, subject to adjustment in accordance with these ETF Linked Conditions.

**"Valuation Time"** means, in respect of an ETF Share, the time at which the Exchange calculates and publishes the official closing price of such ETF Share. If the Exchange closes prior to its Scheduled Closing Time and the Valuation Time falls after the actual closing time for the regular trading session, the Valuation Time means the time of the actual close of trading.

## **10. Fund Linked Conditions**

*The provisions of these Underlying Specific Conditions 10 (Fund Linked Conditions) shall apply to Fund Linked Products in respect of each Underlying which is a Fund Unit.*

### **10.1 Consequences of Disrupted Days**

#### **10.1.1 Single Fund and Underlying Valuation Dates**

Where the Products relate to a single Fund Unit (and if the Issue Terms specify that this provision shall apply to particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the Fund Unit on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Fund Unit in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 10.1.1 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 10.1.1a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### 10.1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates

Where the Products relate to a basket of Underlyings and unless 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' as opposed to 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 10.1.2 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for the relevant Basket Component may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Basket Component or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 10.1.2a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### 10.1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of Underlying Valuation Dates

Where the Products relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one

or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Fund Units in the basket (each such Fund Unit an "**Affected Fund Unit**" in respect of such Underlying Valuation Date);
- b. in respect of each Fund Unit in the basket that is not an Affected Fund Unit, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- c. in respect of each Affected Fund Unit, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Fund Unit(s) in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 10.1.3 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for each Affected Fund Unit may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Affected Fund Unit or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 10.1.3a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

## **10.2 Adjustments**

### **10.2.1 Consequences of a Potential Adjustment Event**

If the Calculation Agent determines that a Potential Adjustment Event has occurred or is likely to occur, the Issuer and/or Calculation Agent may (but is not obliged to), if the Calculation Agent determines in its reasonable discretion, that such event is material and adversely affects the relevant Fund Unit or the calculation of the NAV of such Fund Unit:

- a. make any adjustments to any calculation methods, values or terms in respect of the Products that they determine at their reasonable discretion to be necessary to account for such Potential Adjustment Event; and/or
- b. select, by using reasonable efforts for a period of no longer than five (5) Business Days, one or more suitable alternative funds with reasonably similar investment mandates (each a "**Replacement Fund**") and replace the Fund by such Replacement Fund, subject to the satisfaction of all of the following suitability criteria:
  - (i) the relevant fund management company(ies) and fund manager(s) are willing to allow the fund to be referenced in the Products;
  - (ii) the Issuer and/or Calculation Agent can trade at net asset value or at bid price in the fund with no direct or indirect fee, levy or other charge whatsoever, including subscription or

redemption penalties applicable, or potentially applicable, to any such trading or any interest so acquired;

(iii) the fund (or a relevant manager) publishes the fund's net asset value or bid price on a daily basis; and

(iv) the Hedging Entity is able to fully hedge its position with respect to the Replacement Fund as at the date on which the Issuer and/or Calculation Agent elects to replace the Fund with the Replacement Fund; or

- c. if the Calculation Agent determines that no adjustment as described in paragraph (a) above (and paragraph 10.2.2 below) would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

If the Issuer and/or Calculation Agent elects to replace a Fund with a Replacement Fund, any reference to such Fund in these Fund Linked Conditions shall, to the extent appropriate, be deemed to refer to such Replacement Fund.

Any adjustment made by the Issuer and/or Calculation Agent pursuant to this Underlying Specific Condition 10.2 ("Adjustments") shall be notified to Investors, stating the relevant adjustment and the effective date of such adjustment, in accordance with General Condition 15 (Notices).

#### 10.2.2 Additional Adjustments in respect of a Basket of Underlyings

Where the Products relate to a basket of Underlyings, if, in relation to a Basket Component, an adjustment (as described in Underlying Specific Condition 10.2 (Adjustments)) is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments pursuant to such Fund Linked Condition in relation to each such Basket Component (an "**Affected Basket Component**")) be entitled, but not obliged to either:

- a. remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Products); or
- b. replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Underlying Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"). In such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the replacement of the Affected Basket Component(s) with the Successor Basket Component. The Successor Basket Component(s) will be selected by the Calculation Agent in its reasonable discretion and the relevant characteristics thereof shall be as similar to the Affected Basket Component being replaced as far as reasonably practicable. Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

#### 10.2.3 Notice of Adjustments



Upon making any such adjustment pursuant to this Fund Linked Condition 10.2, the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

### 10.3 Correction of Values

In the event that a Relevant Value is subsequently corrected and such correction (the "**Corrected Value**") is published on behalf of such Fund on or before the Business Day prior to the next date on which any relevant payment or delivery may have been made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Value, then the Calculation Agent shall be entitled to determine the amount payable or the Entitlement regarding any Delivery of Underlying or make any such determination in connection with the Products after taking into account such Corrected Value, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Value. The adjustment and the date of its first application shall be published in accordance with General Condition 15 (Notices).

### 10.4 Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:

- a. make such adjustment(s) to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event; or
- b. if the Calculation Agent determines that no adjustment as described in paragraph (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### 10.5 Definitions

The following terms and expressions shall have the following meanings in respect of Fund Linked Products and each Underlying which is a Fund Unit:

**"Additional Disruption Event"** means each of Increased Cost of Hedging, a Change in Law and/or a Hedging Disruption, in each case, as specified in the Issue Terms..

**"Basket Component"** means each Fund Unit composed within a basket of Underlyings.

**"Change in Law"** means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of a Fund Unit or (ii) the Hedging Entity will incur a materially increased cost in performing its obligations arising from the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Denomination Currency"** means, in respect of a Fund Unit, the currency in which the NAV of such Fund Unit or the related Fund is published.

**"Disrupted Day"** means, in respect of a Fund Unit, a Scheduled Trading Day on which a Market Disruption Event has occurred.

**"Fund"** means, in respect of a Fund Unit, the issuer of such Fund Unit as specified in the Issue Terms, subject to replacement in accordance with these Fund Linked Conditions.

**"Fund Unit"** means, in respect of a Fund, a share or unit in such Fund, as specified in the Issue Terms, subject to replacement in accordance with these Fund Linked Conditions.

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into and performing the Issuer's obligations arising from the Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer and/or Calculation Agent or any of their affiliate(s) or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Illiquidity Event"** means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the Fund in a sufficient amount to meet its payment and/or delivery obligations (in whole or in part) in respect of the forthcoming payment date as a result of the insufficient liquidity of the Fund.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Level"** means, in respect of a Fund Unit and any relevant day, the NAV in respect of such Fund Unit and such day.

**"Manager"** means, in respect of a Fund, each of its manager, investment manager or any of its investment advisors.

**"Market Disruption Event"** means, in respect of a Fund Unit, any one of the following events:

- a. a suspension or a failure of the announcement of the price of such Fund Unit or NAV;
- b. an Illiquidity Event; or
- c. the occurrence of any other event that, in the opinion of the Calculation Agent in its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for such Fund Unit.

**"Maximum Days of Disruption"** means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

**"NAV"** means, in respect of a Fund Unit, the net asset value calculated in accordance with the terms of the prospectus or other documents prepared in connection with the marketing of such Fund.

**"Potential Adjustment Event"** means, in respect of a Fund Unit and the related Fund, any one of the following events:

- a. a violation or change of any material terms of the offer documents or other documents prepared in connection with the marketing of the Fund or each of its constitutional documents, which, in the opinion of the Calculation Agent at its reasonable discretion, is material;
- b. the main investment objective of the Fund changes;
- c. the Denomination Currency is changed and now differs from the Denomination Currency as at the Initial Fixing Date;
- d. the NAV, as calculated by or on behalf of the Fund is not calculated or announced in respect of any Scheduled Trading Day within the time period that the Calculation Agent would ordinarily expect such NAV to be available in respect of such day;
- e. the total value of the assets managed by the Fund Adviser (including the Fund), as determined by the Calculation Agent, has decreased by 50 per cent. (either due to redemptions or decrease in value of such assets), over a period of twelve months;
- f. the reduction of the Fund's aggregate net asset value under an amount that, in the reasonable opinion of the Calculation Agent, has, or is likely to have, a significant effect on the management conditions of the Fund or its operating expenses or would increase the proportion of Fund Units held, or likely to be held, by a Hypothetical Investor to such extent that the full redemption in one single valid and timely redemption order of the Fund Units held by a Hypothetical Investor or funds managed by the same, is likely to be impaired;
- g. any restriction or limitation or suspension or deferral of trading of, or redemptions of or subscription for Fund Units affecting the Hedging Entity's ability to conduct its activities it deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products (including, but not limited to, the introduction or increase of any associated fee, cost or expense, or any restructure, reorganisation or action that has a similar impact to a gate or side pocket), or any mandatory redemption of Fund Units;
- h. the regulatory or tax treatment applicable with respect to the Issuer, the Fund or any Manager is changed;
- i. any review or investigation of the activities of the Fund or its Managers, by a relevant regulator, in connection with suspected or alleged wrongdoing or breach of any rule or regulation, or other similar reason, or any disciplinary action taken by such regulator in consequence thereof;
- j. any winding-up, liquidation of, or any termination or any loss of regulatory approval, licence or registration of, a Manager, or any merger, de-merger, winding-up or liquidation of or affecting the Fund;
- k. any arrangement between the Issuer and/or Calculation Agent and the Fund and/or a Manager, including arrangements relating to subscriptions in and redemptions of Fund Units, being changed or terminated;
- l. the occurrence of any event that, in the opinion of the Calculation Agent at their reasonable discretion, prevents, hinders or materially impairs the Hedging Entity's ability to conduct activities it deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products;
- m. the notice period for subscriptions/redemption in the Fund Unit is modified in a significant manner and/or the subscriptions and/or redemptions in Fund Units are suspended, postponed or reduced (either in whole or in part), and/or the payments of redemption proceeds to be paid in respect of a redemption order are suspended, postponed, reduced (either in whole or in part) or paid by instalments, and/or the dividend and/or redemption payments are made (either in whole or in part) in kind rather than in cash and/or the non-execution or partial execution by the Fund for any reason of a subscription or redemption order on the Fund Units; or
- n. any other circumstances that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the Fund Units or on the NAV.

**"Relevant Value"** means, in respect of a Fund Unit, a value for such Fund Unit, as determined and published by or on behalf of the related Fund, which is relevant for the Products.

**"Scheduled Trading Day"** means, in respect of a Fund Unit, any day on which the NAV is scheduled to be calculated and announced in accordance with the terms of the prospectus or other documents prepared in connection with the marketing of the Fund.

**"Scheduled Underlying Valuation Date"** means, in respect of an Underlying Valuation Date, the original date specified as such in the Issue Terms that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

**"Trading Day"** means, in respect of a Fund Unit, any Scheduled Trading Day on which the NAV is calculated and announced in accordance with the terms of the prospectus or other documents prepared in connection with the marketing of the Fund.

**"Underlying Trading Day"** means, in respect of a Fund Unit, a Trading Day for such Fund Unit.

**"Underlying Valuation Date"** means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Fund Unit, in each case, subject to adjustment in accordance with these Fund Linked Conditions.

## **11. Reference Rate Linked Conditions**

*The provisions of these Underlying Specific Conditions 11 ("Reference Rate Linked Conditions") shall apply to Reference Rate Linked Products in respect of each Underlying which is a Reference Rate.*

### **11.1 Determination of the Reference Rate**

The relevant level of the Reference Rate in respect of any Underlying Valuation Date will be determined by the Calculation Agent in its reasonable discretion on the following basis:

- a. the Calculation Agent will, in its reasonable discretion, determine the relevant level of the respective Reference Rate which appears on the relevant Screen Page as of the Relevant Time on the relevant Underlying Valuation Date;
- b. if, in respect of an Underlying Valuation Date, the Calculation Agent determines that the relevant level of the Reference Rate does not appear on the relevant Screen Page or the relevant Screen Page is unavailable, the Calculation Agent will:
  - (i) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of such Reference Rate at approximately the Relevant Time on such Underlying Valuation Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (ii) determine the arithmetic mean of such quotations (rounded upward or downwards, if necessary, to the Quotation Rounding),

provided that if fewer than two such quotations are provided as requested under paragraph 11.1 above, then the Calculation Agent shall determine its estimate of the relevant level of the Reference Rate in respect of such Underlying Valuation Date in its reasonable discretion, taking into account the market circumstances prevailing on such day (any such determination

made pursuant to this Reference Rate Linked Condition 11.1a. shall be notified to Investors in accordance with General Condition 15 (Notices); or

c. if the Calculation Agent has determined, in its reasonable discretion, that an Underlying Event has occurred, notwithstanding the provisions above in paragraphs 11.1a. and b. above, it is entitled:

- (i) if a successor reference rate has been determined for the respective Reference Rate by a public announcement issued by the administrator of the respective Reference Rate, the competent central bank or a regulatory and/or supervisory authority or a successor administrator, to set such rate as the successor reference rate (the "**Successor Reference Rate**") and to use it instead of the respective Reference Rate on the relevant Underlying Valuation Date and on any subsequent Underlying Valuation Date for the Products. This Successor Reference Rate may include the application of an Adjustment Spread as determined by the Calculation Agent,
- (ii) if a Successor Reference Rate has not been determined by such announcement, to set as the successor reference rate a rate which is comparable to the respective Reference Rate at its reasonable discretion and taking into account market practices (the "**Successor Reference Rate**") and to use such Successor Reference Rate on the relevant Underlying Valuation Date and any subsequent Underlying Valuation Date for the Products, where, if the Calculation Agent determines that an appropriate rate exists which is generally accepted in the financial sector as the Successor Reference Rate for the respective Underlying and/or Basket Component, it will set such rate as the Successor Reference Rate for the Products and will use that Successor Reference Rate for the Products on the relevant Underlying Valuation Date and any subsequent Underlying Valuation Date,

provided that, in the event that a Successor Reference Rate is determined by the Calculation Agent pursuant to subparagraphs (i) or (ii) above, the Calculation Agent shall be entitled to determine in its reasonable discretion the method for periodically determining the amount of the Successor Reference Rate and, if necessary, to make adjustments to the provisions of the Conditions on which the Products are based with respect to the calculation of the Successor Reference Rate and the Coupon and the redemption of the Products in general, including the possible application of an Adjustment Spread to the Successor Reference Rate, or the possible adjustment, or addition, of a spread (either positive or negative) or fraction applied to the Successor Reference Rate. The determination of a Successor Reference Rate and any adjustments to the Conditions on which the Products are based pursuant to the preceding paragraphs as well as the respective effective dates thereof shall be announced by the Calculation Agent in accordance with General Condition 15 (Notices).

d. if the Calculation Agent determines that (i) no determination as described in (a) above would be possible or would achieve a commercially reasonable result; or (b) in the case of an Underlying Event, it is not possible to determine a Successor Reference Rate, the Calculation Agent may determine, at its discretion, either:

- (i) that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices); or
- (ii) that the original Reference Rate will continue to apply, based on the last available Level.

## 11.2 Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:

- a. make such adjustment(s) to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event; or
- b. if the Calculation Agent determines that no determination as described in (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

## 11.3 Correction of Rates

In the event that a Relevant Rate is subsequently corrected and the correction (the "**Corrected Rate**") is displayed on the relevant Screen Page on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Rate, then the Calculation Agent shall be entitled to determine the amount payable or the Entitlement regarding any Delivery of Underlying or make any such determination in connection with the Products after taking into account such Corrected Rate, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Rate. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 15 (Notices).

## 11.4 Definitions

The following terms and expressions shall have the following meanings in relation to Reference Rate Linked Products and each Underlying which is a Reference Rate:

**"Additional Disruption Event"** means each of Increased Cost of Hedging, a Change in Law and/or a Hedging Disruption, in each case, as specified in the Issue Terms.

**"Adjustment Spread"** means that if the Calculation Agent determines that (i) an Adjustment Spread is required to be applied to the Successor Reference Rate and (ii) the quantum of, or a formula or methodology for determining such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Reference Rate (as the case may be) for each subsequent determination of a Relevant Rate (or a relevant component thereof) by reference to such Successor Reference Rate (as applicable).

**"Change in Law"** means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of positions, contracts, instruments or arrangements in relation to a Reference Rate or (ii) the Hedging Entity will incur a materially increased cost in performing its obligations arising from the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Hedging Disruption"** means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into and performing the Issuer's obligations arising from the Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer and/or Calculation Agent, any of its affiliates or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Level"** means, in respect of a Reference Rate and any relevant day, the Screen Rate in respect of such Reference Rate and such day.

**"Quotation Rounding"** means the rounding specified as such in the Issue Terms.

**"Reference Banks"** means the major banks selected by the Calculation Agent, in its reasonable discretion, in the Relevant Financial Centre.

**"Reference Rate"** means, subject to adjustment in accordance with these Reference Rate Linked Conditions, each interest rate or reference rate specified as such in the Issue Terms.

**"Relevant Financial Centre"** means the city specified as such in the Issue Terms.

**"Relevant Rate"** means, in respect of a Reference Rate, a rate for such Reference Rate, as displayed on the Screen Page, which is relevant for the Products.

**"Relevant Time"** means the time specified as such in the Issue Terms.

**"Screen Page"** means the screen page specified as such in the Issue Terms.

**"Screen Rate"** means, on any day in respect of a Reference Rate, the relevant rate of such Reference Rate displayed on the relevant Screen Page as of the Relevant Time on the relevant day, as determined by the Calculation Agent subject as provided in the Reference Rate Linked Conditions

**"Underlying Event"** means

(a) any permanent and final termination of the determination, provision or publication of the relevant Reference Rate by any administrator in circumstances where no successor administrator exists, or any other permanent and final discontinuation of the existence of the respective Underlying and/or Basket Component or

(b) a material change in the methodology of determining or calculating the relevant rate of the respective Reference Rate as compared to the methodology used at the Issue Date if such change results in the respective rate, calculated in accordance with the new methodology, no longer representing, or being apt to represent adequately, the (original) rate or in terms of economic substance no longer being comparable to the (original) rate determined or calculated in accordance with the methodology used at the Issue Date or

(c) the applicability of any law or any other legal provision, or of any administrative or judicial order, decree or other binding measure, pursuant to which the relevant rate may no longer be used to

determine the payment obligations under the Products, or pursuant to which any such use is subject to not only immaterial restrictions or adverse consequences, or

(d) the payment obligations under the Products, or pursuant to which any such use is subject to not only immaterial restrictions or adverse consequences; or

(e) a public statement by the administrator of the Reference Rate that it will, by a specified date within the following six months, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate); or

(f) a public statement by the supervisor of the administrator of the Reference Rate, that the Reference Rate has been or will be permanently or indefinitely discontinued; or

(g) a public statement by the supervisor of the administrator of the Reference Rate as a consequence of which the Reference Rate will be prohibited from being used either generally, or that its use will be subject to restrictions which would not allow its further use in respect of the Products; or

(h) that a decision to withdraw the authorisation or registration pursuant to Article 35 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") of any administrator previously authorised to publish the Reference Rate has been adopted.

"**Underlying Trading Day**" means, in respect of a Reference Rate, a Business Day.

"**Underlying Valuation Date**" means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Reference Rate, in each case, subject to adjustment in accordance with these Reference Rate Linked Conditions.

## **12. Virtual Currency linked conditions**

*The provisions of these Underlying Specific Conditions 12 (Virtual Currency linked conditions) shall apply to Reference Rate Linked Products in respect of each Underlying which is a Virtual Currency.*

### **12.1 Consequences of Disrupted Days**

#### **12.1.1 Single Virtual Currency and Underlying Valuation Dates**

Where the Products relate to a single Virtual Currency (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and



- b. the Calculation Agent shall determine its estimate of the relevant level of the Virtual Currency on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Virtual Currency in accordance with General Condition 15 (Notices).

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 12.1.1 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 12.1.1a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### 12.1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates

Where the Products relate to a basket of Underlyings and unless 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' as opposed to 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- b. the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 15 (Notices),

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 12.1.2 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for the relevant Basket Component may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Basket Component or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 12.1.2a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

#### 12.1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of Underlying Valuation Dates

Where the Products relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a

Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- a. the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Virtual Currencies in the basket (each such Virtual Currency an "**Affected Virtual Currency**" in respect of such Underlying Valuation Date);
- b. in respect of each Virtual Currency in the basket that is not an Affected Virtual Currency, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- c. in respect of each Affected Virtual Currency, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Virtual Currency(ies) in accordance with General Condition 15 (Notices),

**PROVIDED THAT**, if the Underlying Valuation Date is postponed in accordance with this paragraph 12.1.3 due to the occurrence of an Illiquidity Event, notwithstanding the Maximum Days of Disruption, the Underlying Valuation Date for each Affected Virtual Currency may be postponed until the earlier of (a) the first Scheduled Trading Day on which no Illiquidity Event is in existence in respect of such Affected Virtual Currency or (b) the day that is 60 calendar days following the Scheduled Trading Day determined in accordance with paragraph 12.1.3a. above (or if such day is not a Scheduled Trading Day, the first Scheduled Trading Day following such day).

## **12.2 Successor Service Provider and Virtual Currency Adjustment Events**

### **12.2.1 Successor Service Provider**

- a. If the Level of the Virtual Currency is (a) no longer calculated and published by the Service Provider or (b) is no longer available from the Service Provider on the same terms as agreed between the Issuer and the Service Provider on the relevant Initial Fixing Date, but the Level of the Virtual Currency is calculated and published by another Suitable Trading Platform acceptable to the Calculation Agent in its reasonable discretion (the "**Substitute Service Provider**"), the Calculation Agent shall be entitled to stipulate the Substitute Service Provider as the Service Provider through publication in accordance with General Condition 15 (Notices).

In the case of such a substitution, any reference in the Conditions to the Service Provider thereafter shall be deemed to refer to the Substitute Service Provider.

- b. If the Calculation Agent determines that no substitution as described in (a) above would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than sixty (60) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### 12.2.2 Virtual Currency Adjustment Events

- a. If the Calculation Agent determines that a Virtual Currency Adjustment Event has occurred in respect of a Virtual Currency, the Issuer and/or Calculation Agent will (i) make such adjustment to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of the relevant event and (B) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the timing and terms of the adjustment by reference to the corresponding adjustments to the Virtual Currency or Virtual Currency Exchange Rate made by the Service Provider.
- b. If the Calculation Agent determines that no adjustment as described in (a) above would be possible or would achieve a commercially reasonable result, the Calculation Agent may determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

#### 12.2.3 Additional Adjustments in respect of a Basket of Underlyings

Where the Products relate to a basket of Underlyings, if in relation to a Basket Component an adjustment (as described in Virtual Currency Linked Condition 12.2.1 and 12.2.2) is necessary, the Issuer and/or Calculation Agent shall (in addition to the adjustments pursuant to such Virtual Currency Linked Conditions in relation to each such Basket Component (an "**Affected Basket Component**")) be entitled, but not obliged to either:

- a. remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Products); or
- b. replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Underlying Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"). In such case, the Calculation Agent may make such amendments to the Conditions as it reasonably determines are appropriate to take into account the replacement of the Affected Basket Component(s) with the Successor Basket Component. The Successor Basket Component(s) will be selected by the Calculation Agent in its reasonable discretion and the relevant characteristics thereof shall be as similar to the Affected Basket Component being replaced as far as reasonably practicable. Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

#### 12.2.4 Notice of Adjustments

Upon making any such adjustment pursuant to this Virtual Currency Linked Condition 12.2, the Issuer and/or Calculation Agent shall give notice to the Investors in accordance with General Condition 15 (Notices), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

### 12.3 Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer and/or Calculation Agent may:

- a. make such adjustment(s) to the Conditions as the Calculation Agent determines appropriate to account for the economic effect on the Products of such Additional Disruption Event; or
- b. if the Calculation Agent determines that no adjustment as described in (a) above would be possible or would achieve a commercially reasonable result, determine that the Issuer shall redeem the Products by giving not less than ten (10) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 15 (Notices), in which case the Issuer shall redeem the Products and cause to be paid to each Investor in respect of each Product held by it an amount equal to the Unscheduled Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 15 (Notices).

### 12.4 Correction of Rates

In the event that a Relevant Rate is subsequently corrected and the correction (the "**Corrected Rate**") is published by the relevant Service Provider at any time on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Products may have to be made, which, in each case, would require the Relevant Rate, then the Calculation Agent shall be entitled to determine the amount payable or Entitlement deliverable or make any such determination in connection with the Products after taking into account such Corrected Rate, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Products to account for such Corrected Rate. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 15 (Notices).

Notwithstanding reference in this condition 12.4 to "delivery" and "Entitlement", as at the date of this Base Prospectus it is not yet possible to physically settle Products linked to Virtual Currencies.

### 12.5 Definitions

"**Additional Disruption Event**" means each of Increased Cost of Hedging, a Change in Law and/or a Hedging Disruption, in each case, as specified in the Issue Terms.

"**Basket Component**" means each Virtual Currency composed within a basket of Underlyings.

"**Change in Law**" means that on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), 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 Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of a Virtual Currency or (ii) the Hedging Entity will incur a materially increased cost in performing its obligations arising from the Products (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"**Disrupted Day**" means, in respect of a Virtual Currency, any Scheduled Trading Day on which a Market Disruption Event occurs.

"**Hedging Disruption**" means that the Hedging Entity is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Calculation Agent deems necessary to hedge the risk of entering into

and performing the Issuer's obligations arising from the Products or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Hedging Entity"** means the Issuer and/or Calculation Agent, any of their affiliate(s) or any entity (or entities) acting on behalf of the Issuer and/or Calculation Agent engaged in any underlying or hedging transactions in respect of the Issuer's obligations arising from the Products.

**"Illiquidity Event"** means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the Virtual Currency in a sufficient amount in respect of the forthcoming payment date as a result of the insufficient liquidity of the Virtual Currency.

**"Increased Cost of Hedging"** means that the Hedging Entity would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or other cost (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Hedging Entity deems necessary to hedge the risk in respect of entering into and performing the Issuer's obligations under the relevant Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Level"** means, in respect of a Virtual Currency and any relevant day, the Virtual Currency Exchange Rate in respect of such Virtual Currency and such day.

**"Market Disruption Event"** means (a) the occurrence of an Illiquidity Event, (b) the temporary suspension or material restriction of trading in at least one of the Virtual Currency or the Underlying Currency, (c) a restriction on the convertibility of either the Virtual Currency or the Underlying Currency or (d) that it is impossible in economic terms to obtain a rate of exchange of the Virtual Currency for the Underlying Currency. A reduction in the trading period or number of trading days does not constitute a Market Disruption Event if it is the result of a previously announced change to the normal business hours of the relevant Service Provider. A restriction on trading imposed by the relevant Service Provider during a trading day for the purpose of preventing price movements that would exceed particular prescribed limits constitutes a Market Disruption Event if that restriction remains in place until the end of the trading period on the relevant Scheduled Trading Day.

**"Maximum Days of Disruption"** means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

**"Relevant Rate"** means, in respect of a Virtual Currency, a rate for such Virtual Currency, as published by the Service Provider, which is relevant for the Products.

**"Scheduled Trading Day"** means, in respect of a Virtual Currency, any day that is both (a) a day on which the Service Provider normally publishes a rate for the Virtual Currency Exchange Rate and (b) 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 Issuer.

**"Scheduled Underlying Valuation Date"** means, in respect of an Underlying Valuation Date, the original date specified as such in the Issue Terms that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

**"Service Provider"** means, in respect of a Virtual Currency, an entity for trading and holding/storing such Virtual Currency and that provides the relevant rate for the Virtual Currency Exchange Rate, specified as such in the Issue Terms.

**"Suitable Trading Platforms"** are trading platforms (which could be affiliated companies of the Issuer or of the Calculation Agent) which are designated as "Suitable Trading Platforms" by the Issuer in its reasonable discretion, subject to satisfying the following criteria:

- a. the trading platform must publish on a continuous and regular basis (i) a bid-offer spread for an immediate sale (offer) and an immediate purchase (bid) and (ii) the most recent price paid for the Virtual Currency, in each case in the Underlying Currency;
- b. the activities relating to trading and/or the publication of the prices on the trading platform have not been prohibited or declared illegal by an authority that is legally responsible for that trading platform; and
- c. exchanges (payments in or out) of national currencies into Virtual Currencies, and vice versa, must be executed within a period of two (2) to seven (7) Business Days.

**"Underlying Trading Day"** means, in respect of a Virtual Currency, each Scheduled Trading Day on which the Service Provider publishes a rate for the relevant Virtual Currency Exchange Rate.

**"Underlying Valuation Date"** means each of the following (a) each Coupon Observation Date, the Initial Fixing Date, the Underlying Initial Fixing Date, each Initial Lookback Observation Date, each Autocall Observation Date, each Lock-In Observation Date, each Optimal Tracker Observation Date, each Tracker Observation Date, each Final Fixing Averaging Date and the Final Fixing Date and (b) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Virtual Currency in each case, subject to adjustment in accordance with these Virtual Currency Linked Conditions.

**"Virtual Currency"** and **"Virtual Currencies"** mean, subject to an adjustment in accordance with the Virtual Currency Linked Conditions, each virtual currency specified as such in the Issue Terms and related expressions shall be construed accordingly.

**"Virtual Currency Adjustment Event"** means, in respect of a Virtual Currency, the occurrence or existence of one of the following:

- a. a material change in the method of calculating the Virtual Currency or the Virtual Currency Exchange Rate,
- b. adjustments to the Virtual Currency or the Virtual Currency Exchange Rate by the Service Provider;
- c. a cessation of trading in the Virtual Currency;
- d. a material change in the concept of the Virtual Currency or in the technical specifications on which the Virtual Currency is based (including, but not limited to, any process that results in a division or split of the Virtual Currency into multiple assets);
- e. the introduction, cancellation or modification of a tax, fee, duty or other costs which are levied on the Virtual Currency, if this affects the price of the Virtual Currency and if such introduction, cancellation or modification takes place after the Issue Date; or
- f. any other change or reason that has economic effects that are comparable to (a) to (e) in this definition of Virtual Currency Adjustment Event.

**"Virtual Currency Exchange Rate"** means, in respect of a Virtual Currency and any relevant time on any relevant day, an exchange rate expressed as a number of the Underlying Currency (or fractional amounts thereof) per one unit of the Virtual Currency which is published by the Service Provider at such time on such day, as determined by the Calculation Agent subject as provided in the Virtual Currency Linked Conditions.]

### 13. Credit Linked Products Conditions

The following Credit Linked Conditions (the "**Credit Linked Conditions**") are applicable to all Credit Linked Products issued under this Programme by the Issuer and shall be read in conjunction with the General Terms and Conditions. In case of inconsistencies between these Credit Linked Products Conditions and the Issue Terms, the Issue Terms shall prevail.

#### 13.1 Types of Credit Linked Products

Credit Linked Products may be Single Name CLPs, Nth-to-Default CLPs, Portfolio CLPs, Index CLPs or such other type of Product as described in the Issue Terms (the "**Credit Linked Products**"), provided that any products referred to in the Issue Terms as "Credit Linked Notes", "Credit Linked Certificates" or "Reference Entity Certificates" shall also be deemed to be Credit Linked Products.

"**Single Name CLP**" means a Product, the payment on which is determined by reference to and/or contingent upon the occurrence of a Relevant Credit Event with respect to a single Reference Entity.

"**Nth-to-Default CLP**" means a Product, the payment on which is determined by reference to and/or contingent upon the occurrence of a Relevant Credit Event, in relation to the Nth Event Determination Date, with respect to the Reference Portfolio.

"**Portfolio CLP**" or "**Basket CLP**" means a Product, the payment on which is determined by reference to and/or contingent upon the occurrence of a Credit Event with respect to more than one Reference Entity comprising the Reference Portfolio.

"**Index CLP**" means a Product, where the Issuer purchases credit protection from the Investors in respect of an Index or a tranche of an Index.

#### 13.2 Credit Event Determinations and consequences

##### 13.2.1 Credit Event Determination

The Issuer may, at any point during the Notice Delivery Period (or, at any point thereafter on or prior to the Products Extension Date), deliver a Credit Event Notice (provided that a Relevant Event Determination Date may only occur following the Scheduled Redemption Date where an Extension Notice has been delivered) in accordance with the provisions of these Credit Linked Conditions and the Issue Terms.

The Issuer's determination of a Credit Event will, in the absence of manifest error and subject to the 'Event Determination Date' definition, be conclusive and binding on all persons (including, without limitation, the Investors). The Issuer may elect in its discretion to deliver or not to deliver a Credit Event Notice and neither the Issuer nor the Issue and Paying Agent will have any liability whatsoever for the failure of the Issuer for any reason to determine that a Credit Event has occurred or with respect to the Issuer's election as to when to deliver a Credit Event Notice, Notice of Publicly Available Information or Notice of Physical Settlement, nor will they have any duty or responsibility to investigate or check whether any Credit Event has, or may have, occurred or may be continuing.

##### 13.2.2 Relevant Credit Events

If a Relevant Event Determination Date has occurred in respect of a Reference Entity on or prior to the Scheduled Redemption Date, or, if applicable, the Products Extension Date, and provided that the Products have not previously been redeemed or cancelled in full then, unless otherwise specified in the Issue Terms:

- a. the Calculation Amount of each Credit Linked Product shall be reduced by an amount equal to its *pro rata* share (on a per Calculation Amount basis) of the related Reference Entity Notional Amount with effect from the related Interest Expiration Date; and
- b. the Issuer shall redeem each Cash Settled CLP and each Physically Delivered CLP in whole or (where the related Reference Entity Notional Amount is less than the aggregate Calculation Amount prior to reduction as set out above), in part only as to its *pro rata* share (on a per Calculation Amount basis) of the related Reference Entity Notional Amount, by payment of the Credit Event Redemption Amount on the Credit Event Redemption Date or, as applicable, by Delivery of the Deliverable Obligations Portfolio on or before the Final Delivery Date, subject to and in accordance with, the provisions of these Credit Linked Conditions and the relevant Issue Terms.

In connection with any redemption of Credit Linked Products as set out above, the Issuer shall deliver, or may cause the Issue and Paying Agent at the expense of the Issuer to deliver, a notice (a "**Credit Event Redemption Notice**") in accordance with Credit Linked Condition 13.8 (Notices) to the Investors, with a copy to the Calculation Agent and the Issue and Paying Agent. The Credit Event Redemption Notice will:

- (i) identify the Credit Linked Products to which the Credit Event Redemption Notice relates;
- (ii) state the Issuer's intention to redeem the Products pursuant to Credit Linked Condition 13.3 (Redemption of Cash Settled CLPs) or 13.4 (Redemption of Physically Delivered Products), as applicable; and
- (iii) if 'Issuer CLP Settlement Option' is specified as applicable in the Issue Terms, state the CLP Settlement Method that shall apply to the Products.

If a Credit Event Notice, Notice of Publicly Available Information or, if applicable, Notice of Physical Settlement specifies the information required to be specified in a Credit Event Redemption Notice, such notice will be deemed to be a Credit Event Redemption Notice.

### 13.2.3 Credit Event Notice after M(M)R Restructuring

Upon the occurrence of an M(M)R Restructuring:

- a. the Issuer may deliver multiple Credit Event Notices with respect to such M(M)R Restructuring, each such Credit Event Notice setting forth that portion of the related Reference Entity Notional Amount to which such Credit Event Notice applies (such amount being the "**Exercise Amount**"), provided that the Exercise Amount specified in a Credit Event Notice describing an M(M)R Restructuring must be an amount that is at least 1,000,000 units of the Settlement Currency (or, if Japanese Yen, 100,000,000 units) or an integral multiple thereof or the entire related Reference Entity Notional Amount; if no Exercise Amount is specified by the Issuer, the Exercise Amount shall be deemed to be the related Reference Entity Notional Amount; and
- b. if the Issuer has delivered a Credit Event Notice that specifies an Exercise Amount that is less than such Reference Entity Notional Amount, the rights and obligations of the Issuer in respect of each Credit Linked Product, the provisions of Credit Linked Condition 13.2.2 (*Relevant Credit Events*) shall apply in respect of a portion of the Calculation Amount of each Product equal to its *pro rata* share of the Exercise Amount only.



#### 13.2.4 Redemption Date

The Redemption Date shall be, except where an Early Redemption Date has occurred, the Scheduled Redemption Date or, where an Extension Notice is given, the Deferred Redemption Date.

#### 13.2.5 Early Redemption Date

Upon the occurrence of an Early Redemption Date, the Investor shall receive the Liquidation Amount, as calculated in respect of the Early Redemption Date and the Product will be terminated as of such date. The Investor will receive no further interest.

#### 13.2.6 Interest after Scheduled Redemption

In addition to amounts of interest (if any) accrued in accordance with the Credit Linked Conditions, in respect of the Extended Interest Period (if any), unless 'Extension Interest' is specified as not applicable in the Issue Terms and provided no Relevant Event Determination Date occurs on or prior to the Products Extension Date, interest ("**Extension Interest**") on each interest-bearing Credit Linked Product will be payable in arrears on the Deferred Redemption Date in an amount determined by the Calculation Agent equal to the sum for each day in the Extended Interest Period of the product of (i) the Calculation Amount on such day, (ii) the overnight deposit rate quoted by the Issuer (or any of its Affiliates) for deposits in the Settlement Currency for such day and (iii) 1/360. If 'Extension Interest' is specified as not applicable in the Issue Terms, no amount of Extension Interest or other interest shall accrue or be payable on each such Credit Linked Product in respect of any period on or following the Scheduled Redemption Date, notwithstanding that the Deferred Redemption Date occurs following such date.

### 13.3 Redemption of Cash Settled CLPs

#### 13.3.1 Redemption at Credit Event Redemption Amount

Following delivery of a Credit Event Redemption Notice in relation to a Cash Settled CLP, each Credit Linked Product will be redeemed in part or whole, as applicable, at its Credit Event Redemption Amount on the Credit Event Redemption Date.

#### 13.3.2 Redemption at Fixed Recovery

If 'Fixed Recovery' is specified as applicable in the Issue Terms (the "**Fixed Recovery CLP Provisions**") the following amendments shall be made to these Credit Linked Conditions, provided that, in the event of any inconsistency between this Credit Linked Condition 13.3.2 (*Redemption at Fixed Recovery*) and any other Credit Linked Condition, this Credit Linked Condition 13.3.2 will govern.

- a. If the Fixed Recovery CLP Provisions apply then for the purposes of the method of settlement, the following elections are deemed to have been made in the Issue Terms:

CLP Settlement Method: Cash Settlement

Fallback CLP Settlement Method: Not applicable

- b. In Credit Linked Conditions 13.15.9, paragraph "*Settlement Suspension and Effect of DC Resolutions*", the first sub-paragraph shall be amended by deleting the words "Physical Settlement Date or, to the extent applicable, a CLP Valuation Date" and replacing them with the words "Credit Event Redemption Date".

- c. In Credit Linked Conditions 13.15.6, the definition of 'Credit Event Redemption Date' shall be deleted and replaced as follows:

**"Credit Event Redemption Date"** means, subject to Paragraph "*Settlement Suspension and Effect of DC Resolutions*" in Credit Linked Conditions 13.15.9, either:

- (i) the date that is the number of Business Days specified in the related Issue Terms (or, if a number of Business Days is not so specified, five Business Days) following either:
  - (A) if an Event Determination Date is determined, the third Business Day following such Event Determination Date; provided that no Credit Event Resolution Request Date occurs on or before such third Business Day;
  - (B) subject to sub-paragraph (i)(1) above, if a DC Credit Event Question Dismissal occurs, the later of (A) the Event Determination Date and (B) the date of such DC Credit Event Question Dismissal;
  - (C) subject to sub-paragraph (ii) below, if an Event Determination Date occurs and an Auction Cancellation Date occurs or one or more Parallel Auction Cancellation Dates occur, the last such Auction Cancellation Date or Parallel Auction Cancellation Date;
  - (D) subject to sub-paragraph (i)(1) above, if the Credit Event in respect of which the Event Determination Date occurred is not an M(M)R Restructuring and a No Auction Announcement Date described in clause (a) or (c) of the definition 'No Auction Announcement Date' in Credit Linked Conditions 13.15.7 occurs, such No Auction Announcement Date; or
  - (E) subject to sub-paragraph (ii) below, if the Credit Event in respect of which the Event Determination occurred is an M(M)R Restructuring and a No Auction Announcement Date described in clause (a) or (c) of the definition 'No Auction Announcement Date' in Credit Linked Conditions 13.15.7 occurs, the Exercise Cut-off Date; or
- (ii) if an Event Determination Date occurs and an Auction Settlement Date or a Parallel Auction Settlement Date (as defined in the Transaction Auction Settlement Terms) occurs, the first such Auction Settlement Date or Parallel Auction Settlement Date to occur.

- d. The definition 'Final Price' in Credit Linked Conditions 13.15.6 shall be deleted and replaced as follows:

**"Final Price"** means the percentage specified as such in the Issue Terms (which may be zero).

- e. The definition 'CLP Valuation Date' in Credit Linked Conditions 13.15.6 shall be deleted, and, for the avoidance of doubt, a CLP Valuation Date will not occur.
- f. The definition 'Transaction Auction Settlement Terms' in Part C, Credit Linked Conditions 13.15.7 shall be amended by deleting the words "the relevant Reference Entity and Reference Obligation" and replacing them with the words "Equivalent Auction-Settled Products".
- g. The definition 'Parallel Auction Settlement Terms' in Credit Linked Conditions 13.15.7 shall be amended by adding the words "and for which the Products would, but for the application of the Fixed Recovery CLP Provisions, be an Equivalent Auction-Settled Products" before the full stop.
- h. **"Equivalent Auction-Settled Products"** means, where the Fixed Recovery CLP Provisions apply, a hypothetical issuance of Products (a) on the same terms as the Products, except that the

Fixed Recovery CLP Provisions shall be deemed to not have been specified in the Issue Terms, and (b) for which an Event Determination Date will be deemed to have occurred if an Event Determination Date had occurred for purposes of such Products.

### 13.4 Redemption of Physically Delivered Products

#### 13.4.1 Redemption of Physically Delivered CLPs

Notwithstanding anything to the contrary in General Condition 9 (*Redemption and Settlement*), following delivery of a Credit Event Redemption Notice in relation to a Physically Delivered CLP, each Credit Linked Product will be redeemed in whole or part, as applicable, by Delivery of such Product's pro rata share (on a per Calculation Amount basis), determined on or about the date of the Credit Event Redemption Notice, of the Deliverable Obligations Portfolio, subject to and in accordance with this Credit Linked Condition 13.4.

#### 13.4.2 Delivery of Deliverable Obligations on shortfall

Subject to Credit Linked Condition 13.4.4 (Partial Cash Settlement due to Impossibility or Illegality), and unless otherwise elected by the Issuer in accordance with the Issuer CLP Settlement Option, if all or any part of the Deliverable Obligations Portfolio to be Delivered to an Investor is not a whole integral multiple of the smallest unit of transfer for any such Deliverable Obligation at the relevant time of Delivery, the Issuer will Deliver and such Investor will only be entitled to receive the portion of the Deliverable Obligations Portfolio specified by the Calculation Agent which is closest to but less than the full Deliverable Obligations Portfolio, after consideration of such smallest unit or units of transfer (such portion of the Deliverable Obligations Portfolio that is not so Delivered being a "**Delivery Shortfall**"), and the Issuer will pay to such Investor in the Settlement Currency at the same time as such Delivery an amount in cash equal to the value of such Delivery Shortfall.

#### 13.4.3 Delivery of Deliverable Obligations Portfolio

Delivery of the Deliverable Obligations Portfolio shall be made in accordance with General Conditions 9.2 (*Settlement by Delivery of Underlying*) as if references to 'Entitlement' were to the relevant Investor's share of the Deliverable Obligations Portfolio and references to 'Physical Delivery Date' were to the relevant Delivery Date, subject to adjustment as provided in this Credit Linked Condition 13.4.

Subject to the rest of this Credit Linked Condition 13.4, the Issuer may Deliver only the Deliverable Obligations specified in the Notice of Physical Settlement and only in the amounts specified therein. The Issuer may continue to attempt to Deliver the whole of the Deliverable Obligations specified in the Notice of Physical Settlement (i) in the case of Deliverable Obligations that are Bonds or Loans or Assets forming part of an Asset Package after the Physical Settlement Date and (ii) in the case of Deliverable Obligations that are not Bonds or Loans or Assets forming part of an Asset Package for an additional five Business Days after the Physical Settlement Date.

Until the date on which the Deliverable Obligations Portfolio has been fully Delivered (or, if applicable, the Latest Permissible Physical Settlement Date), the Issuer or any other person (whether or not on behalf of the Issuer) may continue to be the legal owner of the Deliverable Obligations comprising the Deliverable Obligations Portfolio which are not possible, practical or legal to deliver. None of the Issuer nor any such other person will: (a) be under any obligation to deliver or procure delivery to the relevant Investor or any other person any letter, certificate, notice, circular or any other document or payment whatsoever received by the Issuer or that person; (b) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Deliverable Obligations comprising the Deliverable Obligations Portfolio until the date on which the Deliverable Obligations

Portfolio has been fully Delivered (or, if applicable, the Latest Permissible Physical Settlement Date); (c) be under any liability to such Investor or any other person in respect of any loss or damage which such Investor or other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any person (whether or not on behalf of the Issuer) being the legal owner of such Deliverable Obligations comprising the Deliverable Obligations Portfolio until the date on which the Deliverable Obligations Portfolio has been fully Delivered (or, if applicable, the Latest Permissible Physical Settlement Date); or (d) have any liability whatsoever to such Investor or any other person if, as a result of a Redemption Failure Event or for any other reason whatsoever (including, without limitation, Credit Linked Conditions 13.4.4 (Partial Cash Settlement due to Impossibility or Illegality) to 13.5.4 (Alternative Procedures Relating to Loans not Delivered)), it is unable to effect Delivery of any Deliverable Obligations comprising the Deliverable Obligations Portfolio and its obligations hereunder are deemed to be fully discharged in accordance with the Credit Linked Conditions.

#### 13.4.4 Partial Cash Settlement due to Impossibility or Illegality

Unless otherwise specified in the Issue Terms if, due to an event beyond the control of the Issuer, it is impossible, impracticable (including if unduly burdensome) or illegal for the Issuer to Deliver, or due to an event beyond the control of the Issuer it is impossible, impracticable (including if unduly burdensome) or illegal for any Investor (the "**Affected Investor**", which term shall apply to the relevant Investor in this Credit Linked Condition 13.4) to accept Delivery of, any of the Deliverable Obligations (other than a Prior Deliverable Obligation or any Package Observable Bond) specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable on the Physical Settlement Date (including, without limitation, failure of the relevant clearance system or due to any law, regulation or court order, but excluding market conditions or the failure to obtain any requisite consent with respect to the Delivery of Loans) (the "**Undeliverable Obligation**"), then on or before such date (i) the Issuer shall Deliver and the Affected Investor shall take Delivery of any of the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable for which it is possible and legal to take Delivery and (ii) the Issuer shall provide a description in reasonable detail of the facts giving rise to such impossibility, impracticability or illegality, and 'Cash Settlement' pursuant to the Partial Cash Settlement Terms in Credit Linked Condition 13.5.5 (Partial Cash Settlement Terms) shall apply to each Undeliverable Obligation.

#### 13.5 Partial Cash Settlement of Consent Required Loans

Unless otherwise specified in the Issue Terms, if:

- a. the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice include Consent Required Loans that, due to the non-receipt of any requisite consents, are not, on the Physical Settlement Date, capable of being assigned or novated to the Affected Investor and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and
- b. 'Direct Loan Participation' is not specified as a Deliverable Obligation Characteristic in the Issue Terms or 'Direct Loan Participation' is specified as a Deliverable Obligation Characteristic in the Issue Terms and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,

Cash Settlement pursuant to the Partial Cash Settlement Terms in Credit Linked Condition 13.5.5 (Partial Cash Settlement Terms) shall be deemed to apply to the Products with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment

Notice, as applicable that consist of Consent Required Loans for which consents are not obtained or deemed given (the "**Undeliverable Loan Obligations**").

#### 13.5.2 Partial Cash Settlement of Assignable Loans

Unless otherwise specified in the Issue Terms, if:

- a. the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, include Assignable Loans that, due to the non-receipt of any requisite consents, are not, on the Physical Settlement Date, capable of being assigned or novated to the Affected Investor and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and
- b. 'Direct Loan Participation' is not specified as a Deliverable Obligation Characteristic in the Issue Terms or 'Direct Loan Participation' is specified as a Deliverable Obligation Characteristic in the Issue Terms and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,

Cash Settlement pursuant to the Partial Cash Settlement Terms in Credit Linked Condition 13.5.5 (Partial Cash Settlement Terms) shall be deemed to apply to the Products with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable that consist of Assignable Loans for which consents are not obtained or deemed given (the "**Unassignable Obligations**").

#### 13.5.3 Partial Cash Settlement of Participations

Unless otherwise specified in the Issue Terms, if the Deliverable Obligations include Direct Loan Participations and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date, cash settlement pursuant to the Partial Cash Settlement Terms shall be deemed to apply to the Credit Linked Products with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable that consist of Direct Loan Participations in respect of which the relevant participation is not effected (the "**Undeliverable Participations**").

#### 13.5.4 Alternative Procedures Relating to Loans not Delivered

If the Issuer has not Delivered any Deliverable Obligations specified in the Notice of Physical Settlement that are Loans (other than any Loan which is (i) a Prior Deliverable Obligation which the Issuer has notified Investors it intends to Deliver an Asset Package in lieu thereof or (ii) forms part of an Asset Package which the Issuer has notified Investors it intends to Deliver) on or prior to the date that is five Business Days after the Physical Settlement Date (the "**Loan Alternative Procedure Start Date**"), the following provisions shall apply unless (i) Reference Obligations Only has been specified as the Deliverable Obligation Category in the Issue Terms, (ii) in the case of a Consent Required Loan, 'Partial Cash Settlement of Consent Required Loans Applicable' is specified in the Issue Terms (in which case Credit Linked Condition 13.5 (Partial Cash Settlement of Consent Required Loans) shall apply), (iii) in the case of an Assignable Loan, 'Partial Cash Settlement of Assignable Loans' is specified as applicable in the Issue Terms (in which case Credit Linked Condition 13.5.2 (Partial Cash Settlement of Assignable Loans) shall apply), (iv) in the case of a Direct Loan Participation, 'Partial Cash Settlement of Participations' is specified as applicable in the Issue Terms (in which case Credit Linked Condition 13.5.3 (Partial Cash Settlement of Participations) shall apply) or (v) in any case, such failure to Deliver is due to an event described in Credit Linked Condition 13.4.4 (Partial Cash

Settlement due to Impossibility or Illegality) (in which case Credit Linked Condition 13.4.4 (Partial Cash Settlement due to Impossibility or Illegality) shall apply).

In the event that the Issuer has failed to obtain the requisite consents to Deliver a Loan specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, and has provided a certificate signed by a Managing Director (or other substantively equivalent title) of the Issuer, which certifies that Issuer has used reasonable efforts to obtain such consents, at any time following the Loan Alternative Procedure Start Date, the Issuer may Deliver, in lieu of all or part of such Loan, any Bond that is Transferable and Not Bearer or any Assignable Loan, in either case selected by the Issuer and having on both the Physical Settlement Date and the Delivery Date each of the Deliverable Obligation Characteristics (other than Consent Required Loan or Direct Loan Participation), if any, specified in the Issue Terms and otherwise satisfying the requirements to constitute a Deliverable Obligation (and such instrument shall be deemed specified in the NOPS Amendment Notice which will be effective notwithstanding the fact that it is deemed specified after the Physical Settlement Date).

#### 13.5.5 Partial Cash Settlement Terms

Unless otherwise specified in the Issue Terms, the following terms are deemed to be defined as follows for the purposes of the Partial Cash Settlement Terms referred to in Credit Linked Conditions 13.4.4 (Partial Cash Settlement due to Impossibility or Illegality) to 13.5.4 (Alternative Procedures Relating to Loans not Delivered):

- a. if 'Cash Settlement' is deemed to apply pursuant to Credit Linked Conditions 13.4.4 (Partial Cash Settlement due to Impossibility or Illegality) to 13.5.4 (Alternative Procedures Relating to Loans not Delivered), the portion of the Deliverable Obligations Portfolio corresponding to the applicable Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation (each an "**Undeliverable Deliverable Obligation**") shall not consist of such Undeliverable Deliverable Obligation, but shall consist of an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or the equivalent Currency Amount thereof) of such Undeliverable Deliverable Obligation multiplied by the Final Price with respect to such Undeliverable Deliverable Obligation. For the purposes of this Credit Linked Condition 13.5.5, "**Final Price**" shall mean the highest firm bid price (expressed as a percentage of par and excluding any accrued and unpaid interest) solicited by the Calculation Agent from five or more Dealers at the CLP Valuation Time (as per Credit Linked Condition X.13.5.5e. ) on the CLP Valuation Date (as per Credit Linked Condition X.13.5.5c. ) for the purchase of the applicable Undeliverable Deliverable Obligation in a quantity equal to the applicable Outstanding Principal Balance or Due and Payable Amount which was not, or could not be, delivered, provided, if no such firm bids are provided in respect of any such Undeliverable Deliverable Obligation at such time on such date, the firm bid price will be zero. Any quotation provided by the Issuer or an Affiliate thereof shall be deemed to be a firm quotation;
- b. "**Credit Event Redemption Date**" is deemed to be the date that is three Business Days after the calculation of the Final Price;
- c. "**CLP Valuation Date**" is deemed to be the date that is two Business Days after the Latest Permissible Physical Settlement Date;
- d. there shall be no 'Minimum Quotation Amount';

- e. **"CLP Valuation Time"** is the time specified as such in the Issue Terms or, if no time is so specified, the time specified by the Calculation Agent, which shall be as close as reasonably practicable to 11:00 a.m. in the relevant Calculation Agent City, unless the Calculation Agent determines that the principal market for transactions in the Undeliverable Deliverable Obligation would be closed at such time or such transactions are not being conducted in sufficient volume at such time, in which event the CLP Valuation Time shall be such other time as may be specified by the Calculation Agent that such principal market is open; and
- f. **"Quantum of the Claim"** means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, provided that the Quantum of the Claim cannot exceed the Non-Contingent Amount.

#### 13.5.6 Asset Package Delivery

##### a. General

- (i) Asset Package Delivery will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event applicable to the Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event.
- (ii) The following shall apply if in the Issue Terms the specified Transaction Type is 'Standard Singapore Sovereign', 'Standard Asia Sovereign', 'Standard Sukuk Sovereign', 'Standard Latin America Sovereign' (save for where the Reference Entity is either Argentina or Ecuador) and 'Standard Emerging European & Middle Eastern Sovereign' (save for where the Reference Entity is Ukraine).

Notwithstanding Credit Linked Condition 13.5.6(i), it shall be deemed that no Package Observable Bond exists with respect to a Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA) and accordingly, Asset Package Delivery shall not apply thereto.

- b. **"Asset Package"** means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.
- c. **"Largest Asset Package"** means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment) by reference to Eligible Information. If, in the determination of the Calculation Agent, this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realisable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee.
- d. **"Asset"** means each obligation, equity, amount of cash, security, fee (including any 'early-bird' or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued,

incurred, paid or provided by the Reference Entity or a third party (or any value which was realised or capable of being realised in circumstances where the right and/or other asset no longer exists).

e. "Asset Package Credit Event" means:

- (i) if 'Financial Reference Entity Terms' and 'Governmental Intervention' are specified as applicable in the Issue Terms:
  - (A) a Governmental Intervention; or
  - (B) a Restructuring in respect of the Reference Obligation, if 'Restructuring' is applicable and such Restructuring does not constitute a Governmental Intervention; and
- (ii) if the Reference Entity is a Sovereign and 'Restructuring' is specified in the Issue Terms as being applicable, a Restructuring,

in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement.

f. "**Relevant Holder**" means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement, or NOPS Amendment Notice, as applicable.

### 13.6 Redemption Failure Event

"**Redemption Failure Event**" means, in each case as determined by the Calculation Agent: (i) that it is impossible or illegal for the Issuer to pay (due to an event beyond the control of the Issuer), or for an Investor to accept payment of (due to an event beyond the control of such Investor), any cash amount (including, without limitation, any Credit Event Redemption Amount) required to be paid on the date scheduled for such payment; (ii) the failure of an Investor to surrender a Credit Linked Product for cancellation or endorsement on or before the Scheduled Redemption Date or, as applicable, Deferred Redemption Date, first Delivery Date in respect of an applicable Physical Settlement Date or any Credit Event Redemption Date, as the case may be; or (iii) the failure of any relevant person to duly execute, deliver and/or accept a transfer certificate or other transfer document on or before any Delivery Date and/or specify a date for transfer of the relevant Deliverable Obligation that is on or before any Delivery Date, in each case in accordance with the terms of the relevant Deliverable Obligation. In circumstances where a Redemption Failure Event has occurred prior to the Scheduled Redemption or, as applicable, Deferred Redemption Date, the obligation of the Issuer to pay any cash amount affected by such Redemption Failure Event shall, subject to the following paragraph, be postponed without further act or notice, and such payment will be made on a Business Day selected by the Calculation Agent on which such Redemption Failure Event no longer exists.

If a Redemption Failure Event has occurred and exists on the Scheduled Redemption Date or, as applicable, Deferred Redemption Date, the obligation of the Issuer to pay any cash amount or make any Delivery (including, without limitation, the obligation to pay any Credit Event Redemption Amount or to Deliver any Deliverable Obligations Portfolio or part thereof, as the case may be) on such date will be postponed (or will continue to be postponed, as the case may be) without further act or notice, and such payment or Delivery will be made on a Business Day selected by the Calculation Agent on which such Redemption Failure Event no longer exists, provided that, if such Redemption Failure Event continues to exist on the tenth Business Day after the Scheduled Redemption Date or, as



applicable, Deferred Redemption Date or other scheduled payment date or Delivery Date in respect of an amount required to be paid or Deliverable Obligations to be Delivered (as the case may be), the Investor may request the Issuer in writing to make payment of such amount or Delivery of such Deliverable Obligations to such account or to such other person as the Investor specifies (the "**Alternative Settlement Request**"), provided that the Issuer first receives an irrevocable and unconditional release and indemnity in respect of liabilities arising therefrom to its absolute satisfaction and provided further that the Issuer shall be entitled to refuse to comply with such Alternative Settlement Request in its absolute and sole discretion without any further explanation.

Notwithstanding anything to the contrary in the General Terms and Conditions, if the Calculation Agent determines that such Redemption Failure Event continues to exist on the 180th calendar day after the Scheduled Redemption Date or, as applicable, Deferred Redemption Date or other scheduled payment date or Delivery Date in respect of an amount required to be paid or Deliverable Obligations to be Delivered (as the case may be), no such payment or Delivery will be made by the Issuer and the Issuer's obligations to the Investor hereunder will be deemed to be fully discharged as of that date.

Any postponement or deemed discharge of payment pursuant to this Credit Linked Condition 13.6 will not constitute a default hereunder (including for the purpose of the General Terms and Conditions) and will not entitle the relevant Investor to any additional interest or other payment as a result thereof. For the avoidance of doubt, the provisions of this Credit Linked Condition X.13.6 are in addition to any provisions of Credit Linked Condition 13.4 (Redemption of Physically Delivered Products) regarding, inter alia, the failure to Deliver Deliverable Obligations.

### **13.7 Calculation Agent**

Except as otherwise set out in the Issue Terms, any determination, discretion or calculation of the Issuer as may be specified in these Credit Linked Conditions will be made by the Issuer, as applicable, and neither the Issuer nor the Calculation Agent will assume any obligation to, or relationship of agency or trust with, any Investors or any other person. Furthermore, each Investor agrees that neither the Issuer nor the Calculation Agent is acting as fiduciary for or as an adviser to such Investor in respect of its duties as Issuer or Calculation Agent. In making any such determination or calculation or exercising any such discretion, neither the Issuer nor Calculation Agent shall be required to take into account any person's interest other than its own.

The Calculation Agent is responsible for, inter alia:

- a. determining a Successor or Successors and making any other determinations required to be made under the Successor Provisions;
- b. determining whether (i) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (ii) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (iii) for any reason other than as described in (i) or (ii) above and other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity;
- c. identifying and determining a Substitute Reference Obligation;

- d. obtaining Quotations (and, if necessary, determining whether such Quotations shall include or exclude accrued but unpaid interest) and determining the Final Price in accordance with the applicable Valuation Method;
- e. converting the Quotation Amount into the relevant Obligation Currency;
- f. determining the Dealers (where none have been specified in the Issue Terms) and substituting Dealers;
- g. determining the Currency Rate;
- h. determining the Representative Amount;
- i. determining the number of Business Days in each Physical Settlement Period;
- j. determining the Outstanding Principal Balance;
- k. if 'Include Accrued Interest' is specified in the Issue Terms, determining accrued but unpaid interest; and
- l. determining the Largest Asset Package.

Except as otherwise expressly set out herein or in the Issue Terms, whenever the Calculation Agent is required to act or to exercise its judgement, it will do so in good faith and in a commercially reasonable manner. Each Investor in respect of the relevant Series of Credit Linked Products acknowledges and agrees that the Calculation Agent is not acting as a fiduciary for or an adviser to any person in respect of the Products, and acts in all respects as an arm's length contractual counterparty.

If any of the matters set out in this Credit Linked Condition 13.7 are decided and/or determined by a Credit Derivatives Determinations Committee, the Calculation Agent shall follow such decision or determination to the extent such decision and/or determination is applicable to any Series of Credit Linked Products.

## **13.8 Notices**

### **13.8.1 Notices required to be delivered**

The Issuer shall give notice in accordance with General Condition 15 (*Notices*) to Investors of the following, to the extent required to be delivered for Credit Linked Products and unless otherwise specified in the Issue Terms:

- a. Credit Event Notice;
- b. Notice of Publicly Available Information;
- c. Notice of Physical Settlement;
- d. Extension Notice;
- e. Repudiation/Moratorium Extension Notice;
- f. the occurrence of any Successor determination, including, if applicable, details of any Successors and any amendments to the weighting of each Reference Entity within the Reference Portfolio (provided that (i) no Successor Notice shall be required following a determination by a Credit Derivatives Determinations Committee that a succession event (or, in relation to a Reference

Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to such Reference Entity has been determined, and (ii) the failure of the Issuer to deliver a notice to the Investors pursuant to this Credit Linked Condition shall not affect the effectiveness of any determinations by the Calculation Agent in respect of such Successor (such determinations to be in accordance with these Credit Linked Conditions));

- g. the selection of any Replacement Reference Entity;
- h. if the terms of any Products provide for the Reference Portfolio to be amended from time to time other due to the determination of a Successor, details of any amendments to the Reference Portfolio;
- i. the designation of any Substitute Reference Obligation (provided that (i) no such notice shall be required following a determination by a Credit Derivatives Determinations Committee that a Substitute Reference Obligation has occurred and (ii) the failure of the Issuer to deliver a notice to the Investors pursuant to this Credit Linked Condition 13.8 shall not affect the effectiveness of any designation of such Substitute Reference Obligation by the Calculation Agent (such designation to be in accordance with these Credit Linked Conditions));
- j. in respect of any Cash Settled CLP, following the selection by the Issuer of an obligation of the Reference Entity constituting a Reference Obligation for the purposes of 'Terms relating to Cash Settlement', a notice specifying the identification details of such selected obligation, provided that the failure of the Issuer to deliver a notice to the Investors pursuant to this Credit Linked Condition 13.8 shall not affect the effectiveness of any designation of such Reference Obligation by the Calculation Agent (such designation to be in accordance with these Credit Linked Conditions);
- k. following the determination of the CLP Cash Settlement Amount with respect to any Cash Settled CLP, a notice specifying, to the extent applicable:
  - (i) the Reference Obligation;
  - (ii) the CLP Valuation Date;
  - (iii) the Quotation Amount;
  - (iv) the Quotations obtained;
  - (v) the Final Price or Auction Final Price, as applicable;
  - (vi) the CLP Cash Settlement Amount;
  - (vii) if applicable, any Settlement Expenses and/or Swap Costs; and
  - (viii) if applicable, the Credit Event Redemption Amount,
  - (ix) or any NOPS Amendment Notice;
- l. following delivery of a Notice of Physical Settlement (to the extent such information is not included in the Notice of Physical Settlement):
  - (i) the proposed Delivery Date;
  - (ii) if applicable, the Settlement Expenses and/or Swap Costs; and
  - (iii) the Outstanding Principal Balance of Deliverable Obligations to be Delivered; and

- m. following the occurrence of an Asset Package Credit Event, a detailed description of the Asset Package that the Issuer intends to Deliver in lieu of the Prior Deliverable Obligations or Package Observable Bond, if any, specified in a Notice of Physical Settlement.

#### 13.8.2 Effectiveness of Notices

Any notice required to be delivered by the Issuer to the Issue and Paying Agent pursuant to these Credit Linked Conditions or the Issue Terms shall be effective when delivered. The Issue and Paying Agent will deliver a copy thereof to Investors if required in accordance with the provisions of General Condition 15 (Notices), provided that the failure of the Issue and Paying Agent to deliver any such notice shall not affect the effectiveness of any notice delivered by the Issuer.

A notice delivered by the Issuer to the Issue and Paying Agent on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. A notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation of such notice will be executed and delivered confirming the substance of such notice within one Business Day of that notice. Failure to provide a written confirmation shall not affect the effectiveness of a notice given by telephone. If a notice is given by email, it will be deemed effective at the date and time it was delivered.

#### 13.8.3 Confidentiality

Investors will treat as confidential any information about a Reference Entity which is designated by the Issuer as confidential information and conveyed to the Investors for the purposes of identifying the Credit Event or giving rise to the determination of a Credit Event.

### 13.9 Additional provisions in respect of a Successor

#### 13.9.1 Provisions for determining a Successor

- a. **"Successor"** means, subject to Credit Linked Condition 13.9.1c. below, the entity or entities, if any, determined as follows:
- (i) subject to paragraph (vii) below, if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to 75 per cent or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor in respect of the relevant Reference Entity;
  - (ii) if only one entity succeeds, either directly or as a provider of a Relevant Guarantee, to more than 25 per cent (but less than 75 per cent) of the Relevant Obligations of the Reference Entity, and not more than 25 per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent of the Relevant Obligations will be the sole Successor in respect of the relevant Reference Entity;
  - (iii) if more than one entity each succeeds, either directly or as a provider of a Relevant Guarantee, to more than 25 per cent of the Relevant Obligations of the Reference Entity, and not more than 25 per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent of the Relevant Obligations will each be a Successor (subject to Credit Linked Condition 13.9.2a. (Treatment of certain Successors));

- (iv) if one or more entities each succeeds, either directly or as a provider of a Relevant Guarantee, to more than 25 per cent of the Relevant Obligations of the Reference Entity, and more than 25 per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor (subject to Credit Linked Condition 13.9.2a. (Treatment of certain Successors));
  - (v) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than 25 per cent of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
  - (vi) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than 25 per cent of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (provided that if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor (subject to Credit Linked Condition 13.9.2a. (Treatment of certain Successors)));
  - (vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the "**Universal Successor**") will be the sole Successor in respect of the relevant Reference Entity.
- b. The Calculation Agent will be responsible for determining, as soon as reasonably practicable after delivery of a Successor Notice and with effect from the Succession Date, any Successor or Successors; provided that the Calculation Agent will not make such determination if, at the time of such determination, the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations. The Calculation Agent will make all calculations and determinations required to be made under this Credit Linked Condition 13.9 on the basis of Eligible Information and will notify the Issuer of any such calculation or determination as soon as practicable. In calculating the percentages used to determine whether an entity qualifies as a Successor, if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.
- c. An entity may only be a Successor if:
- (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor;
  - (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity;
  - (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event; and

- (iv) in respect of Index CLP where the relevant Credit Derivatives Determinations Committee has, in relation to a Successor Resolution Request Date, not identified a Successor in accordance with the DC Rules, the Successor is an entity identified as such by the relevant Index Sponsor.
- d. For purposes of this Credit Linked Condition 13.9.1, "**succeed**" means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (I) assumes or becomes liable for such Relevant Obligations, whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (II) issues Bonds or incurs Loans (the "**Exchange Bonds or Loans**") that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For purposes of this Credit Linked Condition 13.9, "**succeeded**" and "**succession**" shall be construed accordingly.
- e. In the case of an exchange offer, the determination required pursuant to Credit Linked Condition 13.9.1a. shall be made on the basis of the Outstanding Principal Balance of Relevant Obligations exchanged and not on the basis of the Outstanding Principal Balance of the Exchange Bonds or Loans.
- f. If two or more entities (each, a "**Joint Potential Successor**") jointly succeed to a Relevant Obligation (the "**Joint Relevant Obligation**") either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.
- g. Where, pursuant to Credit Linked Conditions 13.9.1a. (iii), (iv), (iv) or 13.9.1a. (vi) one or more Successors have been identified, the relevant Products shall be deemed, for the purposes of determining the payment and delivery obligations of the Issuer, to have been divided, with effect from the Succession Date, into the same number of new Products (the "**New Products**") as there are Successors, with the following terms:
- (i) each Successor shall be a Reference Entity for the purposes of one of the New Products, with a Reference Entity Notional Amount equal to the Reference Entity Notional Amount of the Reference Entity to which that Successor relates, divided by the number of Successors;
  - (ii) in respect of each New Product, the Aggregate Nominal Amount or Calculation Amount (determined on or about the date of the applicable succession event (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event)), as applicable, shall be the Aggregate Nominal Amount or Calculation Amount of the original Product (before the identification of the relevant Successor(s)) divided by the number of Successors;
  - (iii) all other terms and conditions of the original Products shall be replicated in each of the New Products, with such modifications as would be required, to preserve substantially the economic effect of the original Products in the New Products (considered in the aggregate);

- (iv) each of the New Products shall be deemed to constitute a separate and distinct issuance which shall be treated as a separate Series by the Issuer, and the Register shall be endorsed by the Registrar to reflect such separate Series of the New Products, and, at the request of an Investor, the Definitive Product representing the original Product (before the identification of the relevant Successor(s)) will be replaced by Definitive Products representing the New Products in accordance with this Credit Linked Condition 13.9.1g. ; and
- (v) the Calculation Agent shall make such other conforming and consequential changes as it shall deem appropriate to give effect to this Credit Linked Condition 13.9, including, without limitation, the amendment of Credit Linked Conditions 13.2.1 (Credit Event Determination), 13.2.2 (Relevant Credit Events) and 13.2.3 (Credit Event Notice after M(M)R Restructuring) to allow, inter alia, for redemption of the Credit Linked Products with an aggregate Calculation Amount (determined on or about the Succession Date) equal to the nominal amount of one (or more) New Product(s) in respect of which a Relevant Event Determination Date has occurred, with the remainder of such Products remaining outstanding and accruing interest on such reduced aggregate Calculation Amount (until such time as a further Event Determination Date in respect of a different New Product may occur or a redemption of the remaining aggregate Calculation Amount of the Credit Linked Products may otherwise occur pursuant to the terms hereof),

provided that notwithstanding the foregoing, the Issuer may in its sole discretion and without the consent of the Investors, elect not to divide the relevant Products into New Products, and instead to make such modifications to the terms of the relevant Products as it deems necessary such that the relevant Products would in aggregate have substantially the same economic value and/or effect on the date such modifications are effective as if the New Products had been issued in accordance with the foregoing.

- h. **"Relevant Obligations"** means the Obligations of the Reference Entity which fall within the Obligation Category 'Bond or Loan' and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), provided that:
  - (i) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
  - (ii) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under Credit Linked Condition 13.9.1a. (i), make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category 'Bond or Loan' that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
  - (iii) if 'Financial Reference Entity Terms' and 'Senior Product' are specified as applicable in the related Issue Terms, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category 'Bond or Loan'; and
  - (iv) if 'Financial Reference Entity Terms' and 'Subordinated Product' are specified as applicable in the related Issue Terms, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category 'Bond or Loan', provided that if no such Relevant Obligations exist, 'Relevant Obligations' shall have the same meaning as it would if 'Senior Product' were specified as applicable in the related Issue Terms.

- i. **"Sovereign Succession Event"** means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar event.
- j. **"Steps Plan"** means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.
- k. **"Succession Date"** means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; provided that, if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination of the Calculation Agent in accordance with the definition of 'Successor' would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of an Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.
- l. **"Successor Backstop Date"** means, for purposes of any Successor determination determined by DC Resolution, the date that is 90 calendar days prior to the Successor Resolution Request Date, otherwise, the date that is 90 calendar days prior to the earlier of (i) the date on which the Successor Notice is effective and (ii) in circumstances where (A) a Successor Resolution Request Date has occurred, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (C) the Successor Notice is delivered by the Calculation Agent not more than 14 calendar days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, the Successor Resolution Request Date. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.
- m. **"Successor Resolution Request Date"** means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.
- n. **"Successor Notice"** means an irrevocable notice from the Calculation Agent that describes a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to the Reference Entity can be determined, and which contains a description in reasonable detail of the facts relevant to the determination to be made pursuant to Credit Linked Condition 13.9 (Additional provisions in respect of a Successor) and any consequential amendments to the Reference Portfolio and/or the Credit Linked Products as a result thereof.
- o. **"Eligible Information"** means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.
- p. **"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including, without limiting the foregoing, the central bank) thereof.



- q. **"Standard Reference Obligation"** means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List. If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation (other than for purposes of the 'Not Subordinated' Obligation Characteristic or 'Not Subordinated' Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation.
- r. **"Non-Standard Reference Obligation"**, if any, means the Original Non-Standard Reference Obligation or, if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.
- s. **"Original Non-Standard Reference Obligation"** means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in the related Issue Terms (if any is so specified) provided that if an obligation is not an obligation of the Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the Credit Linked Products (other than for the purposes of determining the Seniority Level and for the 'Not Subordinated' Obligation Characteristic or 'Not Subordinated' Deliverable Obligation Characteristic) unless otherwise specified in the related Issue Terms.

#### 13.9.2 Successor provisions specific to Nth-to-Default CLP

In respect of Nth-to-Default CLP, this Credit Linked Condition 13.9.2 shall apply in addition to Credit Linked Condition 13.9.1 (Provisions for determining a Successor). If there is any inconsistency between this Credit Linked Condition 13.9.2 and the rest of the Credit Linked Conditions (including Credit Linked Condition 13.9.1 (Provisions for determining a Successor)), then this Credit Linked Condition 13.9.2 shall prevail.

##### a. Treatment of certain Successors

- (i) In the event that, pursuant to the application of Credit Linked Condition 13.9.113.9.1a. , a Reference Entity in relation to which no succession has occurred (the **"Surviving Reference Entity"**) would be the only Successor to a Reference Entity (the **"Legacy Reference Entity"**):
  - (A) such Successor (that is a Surviving Reference Entity) shall not be a Successor to such Legacy Reference Entity; and
  - (B) the replacement Reference Entity (the **"Replacement Reference Entity"**) selected by the Issuer in accordance with Credit Linked Condition X.13.9.2b. (Selection of Replacement Reference Entity) shall be the sole Successor to such Legacy Reference Entity.
- (ii) In the event that, pursuant to the application of Credit Linked Condition X.13.9.1a. , there is only one Successor to a Legacy Reference Entity and such Successor is not a Surviving Reference Entity, such Successor shall be the sole Successor to such Legacy Reference Entity.
- (iii) In the event that, pursuant to the application of Credit Linked Conditions 13.9.113.9.1a. (iii), (iv) and (vi) there are two or more Successors to a Legacy Reference Entity and none of such Successors is a Surviving Reference Entity:

- (A) each of such Successors (that is not a Surviving Reference Entity) shall be a Reference Entity for the purposes of one of the New Products determined in accordance with Credit Linked Condition 13.9.1g. ; and
  - (B) each of the Surviving Reference Entity(ies) (that is not a Successor) shall continue to be a Reference Entity for each and every one of the New Products determined in accordance with Credit Linked Condition 13.9.1g.
- (iv) In the event that, pursuant to the application of Credit Linked Conditions 13.9.1g.(iii), (iv) and (vi) there are two or more Successors to a Legacy Reference Entity and at least one of such Successors is a Surviving Reference Entity:
- (A) each of such Successor(s) (that is a Surviving Reference Entity) shall not be a Successor to such Legacy Reference Entity, and shall be replaced by a Replacement Reference Entity selected in accordance with Credit Linked Condition 13.9.2b. (Selection of Replacement Reference Entity);
  - (B) each of such Replacement Reference Entity(ies) and any other Successor(s) not constituting a Surviving Reference Entity shall be a Reference Entity for the purposes of one of the New Products determined in accordance with Credit Linked Condition 13.9.1g.; and
  - (C) each of the Surviving Reference Entity(ies) (that is not a Successor) shall continue to be a Reference Entity for each and every one of the New Products determined in accordance with Credit Linked Condition 13.9.1g.

b. Selection of Replacement Reference Entity

Upon a determination by the Calculation Agent of the occurrence of a succession with respect to which a Surviving Reference Entity would be a Successor but for the operation of Credit Linked Condition 13.9.2a. , the Issuer shall select an Eligible Reference Entity as the Replacement Reference Entity and the Transaction Type applicable to such Eligible Reference Entity.

**"Eligible Reference Entity"** means an entity:

- c. that is in the same Moody's or S&P industry group as the relevant Surviving Reference Entity;
- d. that has a bid-side credit spread (at the time the Issuer delivers to the Issue and Paying Agent the notice specifying the Eligible Reference Entity that it has selected to be the Replacement Reference Entity) no greater than 110 per cent of the bid-side credit spread of the relevant Surviving Reference Entity at the same time (the **"Credit Spread Requirement"**), in each case based on a credit default swap:
  - (i) on market standard terms for the relevant entity as at the time of such determination;
  - (ii) in respect of a notional amount equal to at least 50 per cent, but not more than 100 per cent, of the aggregate Calculation Amount of the Credit Linked Products; and
  - (iii) with a term equal to the period from and including the date of the determination to and including the Scheduled Redemption Date (the **"Remaining Term"**), provided that if the Issuer, having used reasonable endeavours, cannot obtain Quotations from at least three Dealers in respect of the Remaining Term, the term for the purposes of this paragraph (iii) shall be five years.

The bid-side credit spreads for the purpose of the Credit Spread Requirement shall be the unweighted arithmetic mean of the spread quotations obtained by the Issuer (on the basis of

the terms set out above) from at least three Dealers, as determined by the Issuer in a commercially reasonable manner and notified by the Issuer to the Issue and Paying Agent:

- (iv) that is principally traded in the credit derivatives market in respect of the same Geographical Region as the relevant Surviving Reference Entity, as determined in a commercially reasonable manner by the Issuer, where 'Geographical Region' means North America, Latin America, Western Europe, Eastern Europe, Australia/New Zealand, Singapore, Asia (excluding Japan), Japan or such region determined in a commercially reasonable manner by the Issuer to give best effect to the then current market practice in respect of the relevant Surviving Reference Entity; and
- (v) that is not an Affiliate of any Reference Entity or the Issuer both immediately prior to and following the determination of the relevant Successor.

e. Fallback Successor Process

If Credit Linked Condition (i) applies and the Issuer fails to specify a Replacement Reference Entity in accordance with Credit Linked Condition 13.9.2b. Selection of Replacement Reference Entity), then:

- (i) the Legacy Reference Entity shall cease to be a Reference Entity unless it is itself a Successor; and
- (ii) notwithstanding Credit Linked Condition (i), each Surviving Reference Entity shall continue to be a Successor, together with any other Successors, and all other terms of the Products shall remain unaffected.

f. Effective Date for Substitution of Reference Entity following a Successor determination

The substitution of a Reference Entity and the issuance of New Products in accordance with the terms hereof shall be deemed to be effective on the Succession Date.

13.9.3 Substitute Reference Obligation

**"Substitute Reference Obligation"** means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the Non-Standard Reference Obligation, determined as follows:

- a. The Calculation Agent shall identify the Substitute Reference Obligation in accordance with Credit Linked Conditions 13.9.3c. , 13.9.3d. and 13.9.3e. below to replace the Non-Standard Reference Obligation, provided that the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution. In the case of an Index CLP, if there is no Standard Reference Obligation and the Index Sponsor publishes a replacement Reference Obligation for such Reference Entity, the Calculation Agent shall select such obligation rather than identify a Substitute Reference Obligation in accordance with Credit Linked Conditions 13.9.3c. , 13.9.3d. and 13.9.3e. below.
- b. If any of the events set out under Credit Linked Condition 13.9.4a. (i) or (iii) have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the 'Not Subordinated' Obligation Characteristic or 'Not Subordinated' Deliverable Obligation Characteristic and Credit Linked Condition 13.9.3c. (ii) below). If the event set out in Credit Linked Condition 13.9.4a. (ii) has

occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set out under Credit Linked Condition 13.9.4a.(i) or (iii) occur with respect to such Non-Standard Reference Obligation.

- c. The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
- (i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);
  - (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
  - (iii) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
    - (A) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of 'Deliverable Obligation'; or if no such obligation is available;
    - (B) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of 'Deliverable Obligation';
  - (iv) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
    - (A) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available;
    - (B) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of 'Deliverable Obligation'; or if no such obligation is available,
    - (C) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available; or
    - (D) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of 'Deliverable Obligation', or
  - (v) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
    - (A) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available;
    - (B) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available;
    - (C) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of 'Deliverable Obligation'; or if no such obligation is available;

- (D) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of 'Deliverable Obligation'.
- d. If more than one potential Substitute Reference Obligation is identified pursuant to the process described in Credit Linked Condition 13.9.3c. , the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Issuer in respect of the relevant Credit Linked Products. The Calculation Agent will notify the Issuer of the Substitute Reference Obligation within a reasonable period after it has been identified in accordance with Credit Linked Condition 13.9.3c. X.13.9.3c. and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation immediately upon such notification.
- e. If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation, then, subject to Credit Linked Condition 13.9.3a. and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with Credit Linked Condition 13.9.3b. , the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.

**"Conforming Reference Obligation"** means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (a) of the definition of 'Deliverable Obligation'.

**"Further Subordinated Obligation"** means, if the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

**"Non-Conforming Reference Obligation"** means a Reference Obligation which is not a Conforming Reference Obligation.

**"Non-Conforming Substitute Reference Obligation"** means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (a) of the definition of 'Deliverable Obligation' on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

**"Private-side Loan"** means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

**"Seniority Level"** means, with respect to an obligation of the Reference Entity, (a) 'Senior Level', 'Senior Non-Preferred Level' or 'Subordinated Level' as specified in the Issue Terms, or (b) if no such seniority level is specified in the Issue Terms, 'Senior Level' if the Original Non-Standard Reference Obligation is a Senior Obligation or 'Subordinated Level' if the Original Non-Standard Reference Obligation is a Subordinated Obligation, (c) if the Original Non-Standard Reference Obligation is a Senior Non-Preferred Obligation, 'Senior Non-Preferred Level' failing which (d) 'Senior Level'.

**"SRO List"** means the list of Standard Reference Obligations as published by IHS Markit on its website at <https://ihsmarkit.com/> from time to time (or any successor website thereto) or by a third party designated by IHS Markit on its website from time to time.

**"Substitution Date"** means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent determines that such Substitute Reference Obligation has been identified in accordance with Credit Linked Condition 13.9.3 (Substitute Reference Obligation).

**"Substitution Event Date"** means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

**"Substitute Reference Obligation Resolution Request Date"** means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve a Substitute Reference Obligation to the Non-Standard Reference Obligation, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**"Senior Non-Preferred Obligation"** means any obligation of the Reference Entity which is Subordinated only to any unsubordinated Borrowed Money obligations of the Reference Entity but not further or otherwise, or which would be so Subordinated if any unsubordinated Borrowed Money obligations of the Reference Entity existed, and which ranks above Traditional Subordinated Obligations of the Reference Entity or which would so rank if any Traditional Subordinated Obligations of the Reference Entity existed. A Senior Non-Preferred Obligation shall constitute a Subordinated Obligation for the purposes of this definition.

**"Senior Non-Preferred Products"** means Products in respect of which 'Standard European Senior Non-Preferred Financial Corporate' is specified as applicable in the Issue Terms. Senior Non-Preferred Products shall constitute Subordinated Products for the purposes of this definition.

**"Senior Product"** means a Credit Linked Product for which (a) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (b) there is no Reference Obligation or Prior Reference Obligation.

**"Senior Obligation"** means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity.

**"Subordinated Product"** means a Credit Linked Product for which the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation.

**"Subordinated Obligation"** means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of the Reference Entity existed.

#### 13.9.4 Substitution Event

- a. **"Substitution Event"** means, with respect to the Non-Standard Reference Obligation:
- (i) the Non-Standard Reference Obligation is redeemed in whole;
  - (ii) the aggregate amounts due under the original Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD10,000,000 (or its equivalent in the relevant Obligation Currency); or
  - (iii) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).
- b. For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event.
- c. If an event described in Credit Linked Condition 13.9.4a. (i) or (ii) above has occurred on or prior to the Issue Date, then a Substitution Event shall be deemed to have occurred pursuant to Credit Linked Condition 13.9.4a. (i) or (ii) above, as the case may be, on the Issue Date.

### 13.10 Additional Provisions relating to Deliverable Obligations

For the purposes of making a determination pursuant to Credit Linked Conditions 13.10.1 (Mod R) and 13.10.2 (Mod Mod R), final maturity date shall, subject to Credit Linked Condition 13.10.2 (Mod Mod R), be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

#### 13.10.1 Mod R

- a. For any Physically Delivered CLP, where 'Mod R' is specified in the Issue Terms and 'Restructuring' is the only Credit Event specified in a Credit Event Notice delivered by the Issuer, then unless the Deliverable Obligation is a Prior Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may only be specified for any Credit Linked Product (or deemed specified pursuant to Credit Linked Condition 13.5.4 (Alternative Procedures Relating to Loans not Delivered)) in the Notice of Physical Settlement or specified in any NOPS Amendment Notice, as applicable, only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date in each case, as both of the NOPS Effective Date and the Delivery Date.
- b. **"Fully Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this Credit Linked Condition 13.10.1.
- c. **"Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Redemption Date. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Redemption Date occurs prior to the final maturity date of such Latest Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.
- d. **"Eligible Transferee"** means:
  - (i) any:
    - (A) bank or other financial institution;
    - (B) insurance or reinsurance company;
    - (C) mutual fund, unit trust or similar collective investment vehicle (other than an entity described in paragraph (iii) of this definition); and
    - (D) registered or licensed broker or dealer (other than a natural person or proprietorship),
    - (E) provided, however, in each case that such entity has total assets of at least USD 500,000,000;
  - (ii) an Affiliate of an entity specified in clause (i) of this definition;

- (iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (A) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligation, commercial paper conduit or other special purpose vehicle) that (I) has total assets of at least USD 100,000,000 or (II) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD 100,000,000;
  - (B) that has total assets of at least USD 500,000,000; or
  - (C) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in clauses (i), (ii), (iii) or (iv) of this definition; and
- (iv) (A) any Sovereign; or
  - (B) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

All references in this Credit Linked Condition 13.10.1 to 'USD' include equivalent amounts in other currencies.

e. Where in the Issue Terms the following elections have been made:

- (i) Cash Settlement as CLP Settlement Method or as Fallback CLP Settlement Method; and
- (ii) Mod R as Restructuring Credit Event,

then the following shall apply to Credit Linked Condition 13.10.1 (Mod R):

- (i) any reference to Physically Delivered CLP shall be construed to be a reference to Cash Settled CLP;
- (ii) Credit Linked Condition 13.10.1a. shall be deleted in its entirety and be replaced with the following:
- (iii) "For any Cash Settled CLP, where 'Mod R' is specified in the Issue Terms and 'Restructuring' is the only Credit Event specified in a Credit Event Notice delivered by the Issuer, then unless the Deliverable Obligation is a Prior Obligation and Asset Package Delivery applies due to a Governmental Intervention, an obligation may be specified as a Reference Obligation, only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date, as of the date on which the relevant Deliverable Obligation is selected by the Issuer as a Reference Obligation."
- (iv) Credit Linked Condition 13.10.1b. shall be deleted in its entirety and be replaced with the following:

**"Fully Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of the date on which the relevant Deliverable Obligation is selected by the Issuer as a Reference Obligation. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall



not be considered to be a requirement for consent for purposes of this Credit Linked Condition 13.10.1."

#### 13.10.2 Mod Mod R

- a. For any Physically Delivered CLP where 'Mod Mod R' is specified in the Issue Terms and 'Restructuring' is the only Credit Event specified in a Credit Event Notice delivered by the Issuer, then unless the Deliverable Obligation is a Prior Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may only be specified (or deemed specified pursuant to Credit Linked Condition 13.5.4 (Alternative Procedures Relating to Loans not Delivered)) in the Notice of Physical Settlement or in any NOPS Amendment Notice, as applicable, if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of both the NOPS Effective Date and the Delivery Date. Notwithstanding the foregoing, for purposes of the above, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the ten-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.
- b. **"Conditionally Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor of the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer to so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this Credit Linked Condition 13.10.2.
- c. If Credit Linked Condition 13.10.213.10.1 applies and the Deliverable Obligation specified in the Notice of Physical Settlement (or any NOPS Amendment Notice, as applicable) is a Conditionally Transferable Obligation with respect to which consent is required to novate, assign or transfer and the requisite consent is refused (whether or not a reason is given for such refusal and, where a reason is given for such refusal, regardless of that reason), or is not received by the Physical Settlement Date (in which case it shall be deemed to have been refused), the Issuer shall promptly notify the Investors of such refusal (or deemed refusal) and if the Investor does not designate a third party or the Investor does not take Delivery on or prior to the Loan Alternative Procedure Start Date, then Credit Linked Condition 13.5.4 (Alternative Procedures Relating to Loans not Delivered) shall apply.
- d. **"Modified Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Redemption Date. Subject to the foregoing, if the Scheduled Redemption Date is later than the ten-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Redemption Date.

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

f. Where in the Issue Terms the following elections have been made:

- (i) Cash Settlement as CLP Settlement Method or as Fallback CLP Settlement Method; and
- (ii) Mod Mod R,

then the following shall apply to Credit Linked Condition 13.10.2 (Mod Mod R):

- (A) any reference to Physically Delivered CLP shall be construed to be a reference to Cash Settled CLP;
- (B) Credit Linked Condition 13.10.2a. shall be deleted in its entirety and be replaced with the following:

"For any Cash Settled CLP where 'Mod Mod R' is specified in the Issue Terms and 'Restructuring' is the only Credit Event specified in a Credit Event Notice delivered by the Issuer, then unless the Deliverable Obligation is a Prior Obligation and Asset Package Delivery applies due to a Governmental Intervention, an obligation may be specified as a Reference Obligation, if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, as of the date on which the relevant Deliverable Obligation is selected by the Issuer as a Reference Obligation.

Notwithstanding the foregoing, for purposes of the above, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the ten-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring."

- (C) Credit Linked Condition 13.10.2b. shall be deleted in its entirety and be replaced with the following:

**"Conditionally Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of the date on which the relevant Deliverable Obligation is selected by the Issuer as Reference Obligation, provided that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor of the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer to so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this Credit Linked Condition 13.10.2."

g. For the purposes of Credit Linked Conditions 13.10.1 and 13.10.2:

**"Limitation Date"** means, in respect of a Credit Event that is a Restructuring, the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **"2.5-year Limitation Date"**), 5 years (the **"5-year Limitation Date"**), 7.5 years, ten years (the **"10-year Limitation Date"**), 12.5 years, 15 years or 20 years, as applicable. Limitation Dates shall not be subject to adjustment unless otherwise provided in the Issue Terms.

**"Restructured Bond or Loan"** means an Obligation that is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

**"Restructuring Date"** means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Physical Settlement Matrix"** means the "Credit Derivatives Physical Settlement Matrix" as most recently amended or supplemented as at the Trade Date (unless otherwise specified in the relevant Issue Terms) and as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website).

#### 13.10.3 Deliverable Obligations where the Transaction Type is Standard Emerging European Corporate LPN

Where a Reference Entity is specified to have a Transaction Type of 'Standard Emerging European Corporate LPN' or where this Credit Linked Condition 13.10.3 is stated to be applicable in the Issue Terms, the following shall apply:

- a. 'Multiple Holder Obligation' will be 'Not Applicable' with respect to any Reference Obligation (and any Underlying Loan).
- b. Each Reference Obligation will be an Obligation notwithstanding anything to the contrary in these Credit Linked Conditions, and, in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.
- c. Each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in these Credit Linked Conditions, including, but not limited to, the definition thereof, and, in particular, notwithstanding that the obligation is not an obligation of the Reference Entity. For the avoidance of doubt, with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the Outstanding Principal Balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation. The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity.
- d. **"Reference Obligation"** means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the Issue Terms or set out on the relevant LPN Reference Obligations List (each a **"Markit Published LPN Reference Obligation"**), as published by Markit Group Limited, or any successor thereto, which list is currently available at <http://www.markit.com/marketing/services.php> (or any successor page thereto), any Additional LPN, determined in accordance with Credit Linked Condition 13.10.3f. X.13.10.3e. below, and each Additional Obligation. Each Reference Obligation determined in accordance with the foregoing will be a Reference Obligation notwithstanding anything to the contrary in these Credit Linked Conditions, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity. It is intended that there may be more than one Reference Obligation, as a result of which all applicable references in these Credit Linked Conditions to 'the Reference Obligation'

shall be construed as a reference to 'a Reference Obligation', and all other provisions of these Credit Linked Conditions shall be construed accordingly.

- e. Credit Linked Conditions 13.9.3 (Substitute Reference Obligation) and 13.9.4 (*Substitution Event*) shall not be applicable in respect of LPN Reference Obligations.
- f. **"Additional LPN"** means any bond issued in the form of a loan participation note (an **"LPN"**) by an entity (the **"LPN Issuer"**) for the sole purpose of providing funds for the LPN Issuer to (a) finance a loan to the Reference Entity (the **"Underlying Loan"**), or (b) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the **"Underlying Finance Instrument"**); provided that: (I) either (A) in the event that there is an Underlying Loan with respect to such LPN, the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity, or (B) in the event that there is an Underlying Finance Instrument with respect to such LPN, the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics; (II) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Specified Currency-Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and (III) the LPN Issuer has, as at the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs. **"First Ranking LPN Interest"** means a charge, or security interest (or other type of interest having similar effect) (an **"LPN Interest"**) which is expressed as being 'first ranking', 'first priority' or similar (**"First Ranking LPN"**) in the document creating such LPN Interest (notwithstanding that such LPN Interest may not be First Ranking LPN under any insolvency laws of any relevant insolvency jurisdiction of the LPN Issuer).
- g. **"LPN Reference Obligation"** means each Reference Obligation other than any Additional Obligation. For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation from constituting a Reference Obligation. Each LPN Reference Obligation is issued for the sole purpose of providing funds for the LPN Issuer to finance a loan to the Reference Entity. For the purposes of these Credit Linked Conditions, each such loan shall be an Underlying Loan.
- h. **"Additional Obligation"** means each of the obligations listed as an Additional Obligation of the Reference Entity in the Issue Terms or set out on the relevant LPN Reference Obligations List, as published by Markit Group Limited, or any successor thereto, as at the Trade Date, which list is currently available at <http://www.markit.com/marketing/services.php> (or any successor page thereto).

#### 13.10.4 Monoline Insurer as Reference Entity

Where 'Monoline Provisions' is specified to be applicable with respect to any Reference Entity, the following amendments shall be made to the Credit Linked Conditions.

##### a. Additional Definitions

**"Qualifying Policy"** means a financial guarantee insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments (as defined below) of an instrument that constitutes Borrowed Money (modified as set out below) (the **"Insured Instrument"**) for which another party (including a special purpose entity or trust) is the obligor (the **"Insured Obligor"**). Qualifying Policies shall exclude any arrangement (1) structured as

a surety bond, letter of credit or equivalent legal arrangement or (2) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being Delivered together with the Delivery of the Insured Instrument.

**"Instrument Payments"** means (i) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (a) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (b) the ultimate distribution of the Certificate Balance on or prior to a specified date and (ii) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (i) and (ii), (I) determined without regard to limited recourse or reduction provisions of the type described in Credit Linked Condition 13.10.4c. (A) below and (II) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

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

- b. The definitions of 'Obligation' and 'Deliverable Obligation' are amended by adding 'or Qualifying Policy' after 'or as provider of a Relevant Guarantee'.
- c. In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, the terms of the definition thereof will apply, with references to the 'Relevant Guarantee', the 'Underlying Obligation' and the 'Underlying Obligor' deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:
  - (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms 'obligation' and 'obligor' as used in these Credit Linked Conditions in respect of such an Insured Instrument shall be construed accordingly;
  - (A) references in the definitions of 'Assignable Loan' and 'Consent Required Loan' to the 'guarantor' and 'guaranteeing' shall be deemed to include the insurer and insuring, respectively
  - (B) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the Issue Terms;
  - (C) if the 'Assignable Loan', 'Consent Required Loan', 'Direct Loan Participation' or 'Transferable' Deliverable Obligation Characteristics are specified in the Issue Terms and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument;
  - (D) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term 'maturity', as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which

the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur; and

- (E) with respect to a Qualifying Policy and an Insured Instrument, only the Qualifying Policy must satisfy on the relevant date or dates the 'Not Subordinated' Obligation Characteristic or Deliverable Obligation Characteristic, if applicable.

d. **Outstanding Principal Balance.** References in the definition of 'Outstanding Principal Balance' to a 'Guarantee', the 'Underlying Obligation' and the 'Underlying Obligor' shall be deemed to include a Qualifying Policy, the Insured Instrument and the Insured Obligor respectively. Any provisions of an Insured Instrument limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument shall be disregarded for the purposes of the definition of 'Outstanding Principal Balance', provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction.

e. **"Deliver"**, with respect to an obligation that is a Qualifying Policy, means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and 'Delivery' and 'Delivered' will be construed accordingly.

f. **Provisions for Determining a Successor.** Credit Linked Conditions 13.9.1a. , 13.9.1d. and 13.9.1f. are hereby amended by adding 'or Qualifying Policy' after each occurrence of 'a Relevant Guarantee'. Credit Linked Conditions 13.9.1f. is hereby amended by adding 'or provider of a Qualifying Policy' after 'as guarantor or guarantors'.

g. **Original Non-Standard Reference Obligation, Substitute Reference Obligation and Substitution Event.** The definitions of 'Original Non-Standard Reference Obligation', 'Substitute Reference Obligation' and Credit Linked Condition 13.9.4 (Substitution Event) are hereby amended by adding 'or Qualifying Policy' after 'a guarantee'.

h. Restructuring

With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (i) to (v) of the definition of 'Restructuring' is hereby amended to read as follows:

- (ii) a reduction in the rate or amount of the Instrument Payments described in paragraph (i)(a) of the definition thereof that are guaranteed or insured by the Qualifying Policy (including by way of redenomination);
  - (A) a reduction in the amount of the Instrument Payments described in paragraph (i)(b) of the definition thereof that are guaranteed or insured by the Qualifying Policy (including by way of redenomination);
  - (B) a postponement or other deferral of a date or dates for either (1) the payment or accrual of the Instrument Payments described in paragraph (i)(a) of the definition thereof or (2) the payment of the Instrument Payments described in paragraph (i)(b) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
  - (C) a change in the ranking in priority of payment of (1) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation

- to any other Obligation or (2) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, 'Subordination' will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
- (D) any change in the currency of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom, the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).
- i. Paragraph (d) of the definition of 'Restructuring' shall be amended by adding 'or, in the case of Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy' at the end thereof.
- j. For purposes of the definition of 'Restructuring', the term 'Obligation' shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the 'Reference Entity' in the first paragraph of the definition shall be deemed to refer to the Insured Obligor and the reference to the 'Reference Entity' in the second paragraph thereof shall continue to refer to the Reference Entity.
- k. In the event that a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument. References in the definition of 'Conditionally Transferable Obligation' to the 'guarantor' and 'guaranteeing' shall be deemed to include the insurer and insuring, respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term 'final maturity date', as such term is used in Credit Linked Conditions 13.10.1 (Mod R) and 13.10.2 (Mod Mod R) and the definition of 'Restructuring Maturity Limitation Date', shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- l. For purposes of the definitions of 'Prohibited Action', 'Credit Event' and 'Deliver', references to the 'Underlying Obligation' and the 'Underlying Obligor' shall be deemed to include Insured Instruments and the Insured Obligor, respectively. Any transfer or similar fee reasonably incurred by the Issuer in connection with the Delivery of a Qualifying Policy and payable to the Reference Entity shall be part of the Settlement Expenses.

### 13.11 Additional Provisions for CoCo CLP

"CoCo CLP" means a Credit Linked Product where the timing and/or amount of payments of interest and/or principal is determined with reference to an Obligation which contains a CoCo Provision.

**"CoCo Provision"** means, with respect to an Obligation, a provision which requires (1) a permanent or temporary reduction of the amount of principal payable at redemption or (2) a conversion of principal into shares or another instrument, in each case, at or below the Trigger Percentage of the Capital Ratio.

A CoCo Provision shall be deemed to be a provision which permits a Governmental Intervention for all purposes under the Credit Linked Conditions.

If the operation of a CoCo Provision results in (1) a permanent or temporary reduction of the amount of principal payable at redemption or (2) a conversion of principal into shares or another instrument, such event shall be deemed to constitute a Governmental Intervention.

**"Trigger Percentage"** means the trigger percentage specified in the related Issue Terms (or if no such trigger percentage is specified, seven per cent. (7%)).

**"Capital Ratio"** means the ratio of capital to risk weighted assets applicable to the Obligation, as described in the terms thereof in effect from time to time.

### 13.12 Representations

By its holding of a Credit Linked Product, each Investor is deemed to acknowledge and agree that:

- a. none of the Issuer, the Manager or any of their Affiliates has made any representation whatsoever with respect to any Reference Entity, any Reference Obligation, any Obligation, any Deliverable Obligation, any Underlying Obligor or any Underlying Obligation on which it is relying or is entitled to rely;
- b. the Issuer will be entitled to perform its obligations under the Credit Linked Products in accordance with the relevant CLP Settlement Method applicable to such Credit Linked Products, irrespective of the existence or amount of the Issuer's credit exposure to a Reference Entity, and the Issuer need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event;
- c. the Credit Linked Products do not create any rights or impose any obligations in respect of any entity that is not the Issuer;
- d. the Issuer, the Calculation Agent and each of their Affiliates may deal in each Reference Obligation, Obligation, each Deliverable Obligation and each Underlying Obligation and may, where permitted, accept deposits from or make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, a Reference Entity, any Affiliate of a Reference Entity, any Underlying Obligor or any other person or entity having obligations relating to a Reference Entity, any Underlying Obligor or any Affiliate of a Reference Entity or of any Underlying Obligor, and may act (but is not obliged to act) with respect to such business in the same manner as each of them would if the Credit Linked Products did not exist, regardless of whether any such action might have an adverse effect on a Reference Entity, any Underlying Obligor or any Affiliate of a Reference Entity or of any Underlying Obligor or the position of the Investors or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event); and
- e. the Issuer, the Calculation Agent and each of their Affiliates may, whether by virtue of the types of relationship described herein or otherwise, on the Trade Date or at any time thereafter, be in possession of information in relation to a Reference Entity, any Underlying Obligor or any Affiliate of a Reference Entity or of any Underlying Obligor that is or may be material in the context of such



Credit Linked Products and that may or may not be publicly available or known to the Investors, and the Credit Linked Products do not create any obligation on the part of such entity to disclose to the Investors any such relationship or information (whether or not confidential).

With respect to the Credit Derivatives Determinations Committees, each Investor is deemed to agree:

- (i) that no DC Party and no legal counsel or other third-party professional hired by a DC Party in connection with such DC Party's performance of its respective duties under the DC Rules and/or any Credit Derivatives Auction Settlement Terms, as applicable, shall be liable, whether for negligence or otherwise, to the Issuer or any Investor for any form of damages, whether direct, indirect, special, consequential or otherwise, that might arise in connection with such DC Party's performance of its duties, or any advice given by legal counsel or any other third-party professional hired by such DC Party in connection with such DC Party's performance of its respective duties, under the DC Rules and/or any Credit Derivatives Auction Settlement Terms, as applicable, except in the case of fraud or wilful misconduct on the part of such DC Party, legal counsel or other third-party professional, as applicable; provided that, notwithstanding the foregoing, legal counsel or any other third-party professional hired by a DC Party in connection with such DC Party's performance of its duties under the DC Rules and/or any Credit Derivatives Auction Settlement Terms, as applicable, may be still be liable to such DC Party;
- (ii) to waive any claim, whether for negligence or otherwise, that may arise against a DC Party and any legal counsel or other third-party professional hired by such DC Party in connection with such DC Party's performance of its duties under the DC Rules, except in the case of fraud or wilful misconduct on the part of such DC Party, legal counsel or other third-party professional, as applicable; provided that, notwithstanding the foregoing, legal counsel or any other third-party professional hired by a DC Party in connection with such DC Party's performance of its duties under the DC Rules and/or any Credit Derivatives Auction Settlement Terms, as applicable, may be still be liable to such DC Party;
- (iii) unless otherwise specified in the Issue Terms, any DC Resolution of the relevant Credit Derivatives Determinations Committee that is applicable to the Credit Linked Products, including a DC Resolution that reverses a previous DC Resolution, as determined by the Calculation Agent shall be binding on it:
  - (A) provided that:
    - if effect of such DC Resolution would reverse (A) a prior DC Resolution of the relevant Credit Derivatives Determinations Committee, (B) any determination by the Calculation Agent that is effectively notified to the Issuer, Issue and Paying Agent and the Investors in respect of the relevant Series prior to the fifth Business Day which immediately precedes the Successor Resolution Request Date, as applicable, or (C) the occurrence of an Event Determination Date, that, in any case, has resulted in:
      - (1) the identification of one or more Successors;
      - (2) the identification of one or more Substitute Reference Obligations; or
      - (3) the occurrence of an Auction Final Price Determination Date, Physical Settlement Date or Redemption Date, as applicable, or to the extent that a CLP Valuation Date or Delivery Date, as applicable, has occurred, in each case, on or prior to the date that the DC Secretary publicly announces such DC Resolution of the relevant Credit Derivatives Determinations Committee),

then such DC Resolution shall not be effective for purposes of the Series, or, in the case of a CLP Valuation Date or Delivery Date only, shall not be effective to the extent that a CLP Valuation Date or Delivery Date has occurred; and

(B) notwithstanding:

- (1) these Credit Linked Conditions may require such determination to be made by the Calculation Agent; or
  - (2) in order to reach such DC Resolution, the relevant Credit Derivatives Determinations Committee may be required to Resolve one or more factual matters before being able to reach such DC Resolution; and
  - (3) any actual or perceived conflict of interest on the part of a DC Party, legal counsel or other third-party professional hired by such DC Party in connection with such DC Party's performance of its duties under the DC Rules;
- (iv) no DC Party is (A) under any obligation to research, investigate, supplement, or verify the veracity of any information on which the relevant Credit Derivatives Determinations Committee bases its decision and (B) acting as a fiduciary for, or as an adviser to, any Investor in connection with the relevant Products; and
- (v) in reaching any DC Resolution that is applicable to such Credit Linked Products, the relevant Credit Derivatives Determinations Committee shall be under no requirement to consult with, or individually notify, any Investor, notwithstanding any provision of these Credit Linked Conditions to the contrary.

Each Investor shall be deemed to acknowledge the disclaimers set out in section 5.1(B) of the DC Rules on the Trade Date. A copy of the DC Rules is available at <https://www.cdsdeterminationscommittees.org/> (or any successor page thereto).

### **13.13 Amendment to General Condition 14 (*Taxation/Tax Call*)**

Notwithstanding anything to the contrary in the General Terms and Conditions (including, without limitation, General Condition IX.14 (Taxation/Tax Call) thereof) or this Credit Linked Annex, except as otherwise specified in the Issue Terms, the Issuer will not be liable for or otherwise obliged to pay any Taxes which may arise as a result of the ownership, transfer, presentation and surrender for payment or enforcement of any Products and all payments in respect of the Products shall be made subject to any withholding or deduction for, any present or future Taxes of whatever nature which may be required to be made, paid, withheld or deducted. The Issuer is not obliged to redeem the Products early as a result of, or make any additional payments to Investors in respect of, any amount so withheld or deducted.

### **13.14 Additional Disruption Events**

In addition to each Market Disruption Event applicable to a Series as set out in the General Terms and Conditions, Increased Cost of Hedging Due to Market-Wide Change in Standard CDS Documentation shall be an additional Disruption Event with respect to each Series of Credit Linked Products, where:

**"Increased Cost of Hedging Due to Market-Wide Change in Standard CDS Documentation"** means that if the Calculation Agent determines that, as of the relevant time on the relevant date, the majority of the first eight 'Eligible Global Dealers' on the 'Global Dealer Trading Volume List' as determined for the most recent 'List Review Date' (in each case, as defined in the DC Rules) as at the relevant time sign up to a credit default swap industry-wide protocol or similar agreement to

document credit default swaps by way of documentation differing from the prevailing market standard credit default swap documentation existing as of the Trade Date in respect of a Series of Credit Linked Products, the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) and/or materially increased (as compared with circumstances existing on the Trade Date) costs related to that Series of Credit Linked Products, including without limitation internal charges of the Issuer and/or any of its Affiliates in terms of potentially increasing its risk asset weighting and/or worsening any other leverage ratio treatment or any other such capital measure to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the relevant Series of Credit Linked Products, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).13.3

For the avoidance of doubt, if an Disruption Event occurs at any time prior to the redemption of the Products (including after the occurrence of a Relevant Event Determination Date), the Products may be redeemed at the Early Redemption Amount pursuant to Issue Terms and the General Terms and Conditions instead of at the Credit Event Redemption Amount pursuant Credit Linked Condition 13.3 (Redemption of Cash Settled CLPs).

### **13.15 Definitions and Interpretations applicable to Credit Linked Products**

#### **13.15.1 Certain general definitions relating to Credit Linked Products**

**"Accrued Interest"** means with respect to a Series for which:

- a. 'Physical Settlement' is specified to be the CLP Settlement Method (or for which Physical Settlement is applicable as the Fallback Settlement Method in accordance with the terms relating to Auction Settlement), the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless 'Include Accrued Interest' is specified as applicable in the related Issue Terms, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest (as the Calculation Agent shall determine);
- b. 'Cash Settlement' is specified to be the Settlement Method in the related Issue Terms (or if Cash Settlement is applicable as the Fallback Settlement Method in accordance with the terms relating to Auction Settlement), and:
  - (i) 'Include Accrued Interest' is specified as applicable in the related Issue Terms, the Outstanding Principal Balance of the Reference Obligation shall include accrued but unpaid interest;
  - (ii) 'Exclude Accrued Interest' is specified as applicable in the related Issue Terms, the Outstanding Principal Balance of the Reference Obligation shall not include accrued but unpaid interest; or
  - (iii) neither 'Include Accrued Interest' nor 'Exclude Accrued Interest' is specified as applicable in the related Issue Terms, the Calculation Agent shall determine, based on the then current market practice in the market of the Reference Obligation whether the Outstanding Principal Balance of the Reference Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or
- c. Credit Linked Condition 13.5.5 (Partial Cash Settlement Terms) is applicable, the Calculation Agent shall determine, after consultation with the Issuer, based on the then current market practice

in the market of the relevant Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation, whether such Quotations shall include or exclude accrued but unpaid interest.

**"Additional Business Centre"** means any other city specified in the Issue Terms.

**"Calculation Agent City"** means the city specified as such in the Issue Terms or, if a city is not so specified:

- (i) in respect of a Reference Entity the Transaction Type of which is North American Corporate, Standard North American Corporate, Latin America Corporate B, Standard Latin America Corporate B, Latin America Corporate BL, Standard Latin America Corporate BL, Latin America Sovereign or Standard Latin America Sovereign, New York;
- (ii) in respect of a Reference Entity the Transaction Type of which is Australia Corporate, New Zealand Corporate, Singapore Corporate, Asia Corporate, Asia Sovereign, Australia Sovereign, New Zealand Sovereign, Singapore Sovereign, Standard Australian Financial Corporate, Standard New Zealand Financial Corporate, Standard Singapore Financial Corporate, Standard Asia Financial Corporate, Standard Asia Sovereign, Standard Australia Sovereign, Standard New Zealand Sovereign, or Standard Singapore Sovereign, London;
- (iii) in respect of a Reference Entity the Transaction type of which is Japan Corporate, Japan Sovereign, Standard Japan Financial Corporate or Standard Japan Sovereign, Tokyo; and
- (iv) in respect of any other Reference Entity, London.

**"Calculation Agent City Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City.

**"Cash Settled CLPs"** means either:

- a. Products in respect of which the CLP Settlement Method is specified as 'Cash Settlement' or 'Auction Settlement' in the Issue Terms; or
- b. Products in respect of which the Issuer CLP Settlement Option has been designated as applicable and in respect of which the CLP Settlement Method has been selected by the Issuer upon the occurrence of an Event Determination Date to be 'Cash Settlement'.

**"Credit Derivatives Determinations Committee"** means each committee established pursuant to the DC Rules for purposes of reaching certain DC Resolutions in connection with swap transactions that incorporate the 2014 ISDA Credit Derivatives Definitions as published by the International Swaps and Derivatives Association Inc (and as supplemented or amended from time to time).

**"Credit Event Backstop Date"** means (a) for purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in paragraph (b) of the definition thereof) as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date, or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the Notice Delivery Date, if the Notice Delivery Date occurs during the Notice Delivery Period or, where there is a Products Extension Date, on or prior to the Products Extension Date and (ii) the Credit Event Resolution Request Date, if the Credit Event Resolution Request Date occurs on or prior to the Products Extension Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Credit Event Notice"** means an irrevocable notice from the Issuer (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Issue and Paying Agent that describes a Credit Event that occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred, unless provided pursuant to the publication of a DC Credit Event Announcement. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

**"Credit Event Redemption Amount"** means, unless otherwise specified in the Issue Terms, in respect of each Product and any Event Determination Date, an amount equal to the CLP Cash Settlement Amount minus such Product's pro rata share of the Settlement Expenses and Swap Costs, subject to a minimum of zero.

**"Credit Event Resolution Request Date"** means, with respect to a DC Credit Event Question, the date as publicly announced by the DC Secretary that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

**"DC Announcement Coverage Cut-off Date"** means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 14 calendar days following the No Auction Announcement Date, if any, as applicable.

**"DC Credit Event Announcement"** means, with respect to any Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, provided that if the Credit Event occurred after the Scheduled Redemption Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

**"DC Credit Event Meeting Announcement"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

**"DC Credit Event Question Dismissal"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

**"DC Credit Event Question"** means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred.

**"DC No Credit Event Announcement"** means, with respect to any Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event.

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

**"DC Resolution"** means a resolution made by a relevant Credit Derivatives Determinations Committee or, if the context requires, the meaning given to that term in the DC Rules.

**"DC Rules"** means the Credit Derivatives Determinations Committees Rules, as made available on the website of the Credit Derivatives Determinations Committees at <https://www.cdsdeterminationscommittees.org/> (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

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

**"Event Determination Date"** means, in respect of any Reference Entity: the Notice Delivery Date, provided that the Notice Delivery Date occurs during either the Notice Delivery Period or at any point thereafter on or prior to the Products Extension Date.

No Event Determination Date will occur, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a related CLP Valuation Date, related Physical Settlement Date (or, if earlier, a Delivery Date) or the Scheduled Redemption Date or Deferred Redemption Date, as applicable, a DC No Credit Event Announcement Date occurs (including without limitation prior to the Notice Delivery Date) with respect to the relevant Reference Entity or Obligation thereof and the Credit Event specified in the Credit Event Notice.

If a DC Credit Event Announcement occurs, the Issuer may elect (by notice in the Credit Event Notice) that the Event Determination Date be the later of the Issue Date and the Credit Event Resolution Request Date.

If, in accordance with the provisions above, (i) following the determination of an Event Determination Date, such Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Event Determination Date or (B) not to have occurred or (ii) an Event Determination Date is deemed to have occurred prior to a preceding Interest Payment Date, the Calculation Agent will determine (I) the adjustment payment, if any, that is payable to reflect any change that may be necessary to the amounts previously calculated and/or paid in respect of the Credit Linked Products and (II) the date on which such adjustment payment is payable, if any. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment.

**"Exercise Cut-off Date"** means with respect to an M(M)R Restructuring and the delivery of a Credit Event Notice under Credit Linked Conditions 13.2.3 (*Credit Event Notice after M(M)R Restructuring*),

- (i) if the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms, the Date that is two Relevant City Business Days following the date on which such Final List is published; or
- (ii) otherwise, the date that is fourteen calendar days following the relevant No Auction Announcement Date.

**"Extension Date"** means, in respect of any Reference Entity, the latest of (a) the Scheduled Redemption Date, (b) the Grace Period Extension Date if (i) 'Failure to Pay' and 'Grace Period Extension' are specified as applicable in the related Issue Terms and (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Redemption Date and (c) the Repudiation/Moratorium Evaluation Date (if any) if 'Repudiation/Moratorium' is specified as applicable in the related Issue Terms, as applicable.

**"Final List"** has the meaning given to that term in the DC Rules.

**"Grace Period"** means:

- (i) subject to paragraphs (ii) and (iii) below, the applicable grace period with respect to payments under and in accordance with the relevant Obligation under the terms of such Obligation in effect as at the date as at which such Obligation is issued or incurred;
- (ii) if 'Grace Period Extension' is specified as applicable in the Issue Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Redemption Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Redemption Date, the Grace

Period shall be deemed to be the lesser of such grace period and the period specified as such in the Issue Terms or, if no period is specified, 30 calendar days; and

- (iii) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless 'Grace Period Extension' is specified as applicable in the Issue Terms, such deemed Grace Period shall expire no later than the Scheduled Redemption Date.

**"Grace Period Extension Date"** means, if (a) 'Grace Period Extension' is specified as applicable in the Issue Terms and (b) a Potential Failure to Pay occurs on or prior to the Scheduled Redemption Date, the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If 'Grace Period Extension' is not specified as applicable in the Issue Terms, Grace Period Extension shall not apply.

**"Grace Period Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and, if a place or places are not so specified, (a) if the Obligation Currency is the euro, a TARGET Business Day, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

**"Index"** means, in respect of Index CLP, the relevant "Credit Index" as specified in the relevant Issue Terms.

**"Index Annex"** means, in respect of Index CLP, portfolio of Reference Entities and related terms comprising the relevant Credit Index with the relevant Index Annex Date published by the Index Publisher specified in the relevant Issue Terms and which can be accessed at the web address specified in the relevant Issue Terms (if applicable) or any successor website thereto. The Index Annex will be deemed amended from time to time to reflect any modifications resulting from Credit Linked Condition 13.9 (Additional provisions in respect of a Successor

), and the definitions of Reference Entity, Reference Obligation, Standard Reference Obligation, Substitute Reference Obligation and Successor as set out in Credit Linked Products 13.15 shall be construed accordingly, provided that any related determinations of a relevant Index Sponsor shall be binding on the Issuer, Calculation Agent and Investors if and to the extent that the Calculation Agent determines that such determination would be binding on the parties to an over-the-counter credit default swap on market standard terms referencing the relevant Index.

**"Index Annex Date"** means, in respect of Index CLP, the date specified as such in the relevant Issue Terms.

**"Index Publisher"** means, in respect of Index CLP and the related Index Annex, the entity specified as such or, following the Issue Date of the relevant Series of Index CLP any replacement appointed by the Index Sponsor for purposes of officially publishing the relevant Index.

**"Index Sponsor"** means, in respect of Index CLP, the entity specified as such in the relevant Issue Terms.

**"Interest Expiration Date"** means the earlier to occur of the day prior to (a) the Scheduled Redemption Date and (b) if 'Credit Event Accrued Interest' is specified as not applicable in the Issue Terms, the Interest Payment Date (or Issue Date where no Interest Payment Date has occurred)

occurring on or immediately preceding the Relevant Event Determination Date or (c) otherwise, the Relevant Event Determination Date.

**"Interest Payment Date"** means a Coupon Payment Date as specified in the Issue Terms.

**"Liquidation Amount"** means an amount expressed in the Settlement Currency equal to (a) the Denomination less (b) the pro rata share of all losses for unwinding or the settlement of any Hedge Positions relating to the Reference Entity less (c) the pro rata share of any costs generated by the unwind or settlement of such Hedge Positions, provided that:

- (i) such amount shall be calculated by the Calculation Agent at its sole and absolute discretion;
- (ii) in the event that the Issuer receives delivery of the Hedging Positions, the Issuer shall try to sell such Hedging Positions on the market within 20 calendar days upon receipt of the delivery; and
- (iii) if the Issuer is unable to proceed with such sale, the Issuer shall act as buyer of such Hedge Positions, taking into account a price it determines at its sole and absolute discretion, taking into account the prevailing market conditions (provided that such price may, depending on such market conditions, be zero).

**"M(M)R Restructuring"** means a Restructuring Credit Event in respect of which either 'Mod R' or 'Mod Mod R' is applicable.

**"Notice Delivery Date"** means the first date on which both an effective Credit Event Notice and, unless 'Notice of Publicly Available Information' is specified as not applicable in the Issue Terms, an effective Notice of Publicly Available Information, have been delivered by the Issuer.

**"Notice Delivery Period"** means, in respect of any Reference Entity, the period from and including the Trade Date to and including the day that is 25 calendar days after the Extension Date.

**"Notice of Publicly Available Information"** means an irrevocable notice from the Issuer delivering the relevant Credit Event Notice or Repudiation/Moratorium Extension Notice that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. The notice given must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If 'Notice of Publicly Available Information' is applicable to a Series and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information.

**"Nth Event Determination Date"** means, in respect of the Reference Portfolio, the Event Determination Date that is the Nth to occur in respect of such Reference Portfolio following the Trade Date where 'N' is the number specified as such in the Issue Terms.

**"Permitted Contingency"** means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

a. as a result of the application of:

- (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
- (ii) provisions implementing the Subordination of the obligation;



- (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
  - (iv) any Solvency Capital Provisions, if 'Subordinated European Insurance Terms' is specified as applicable in the related Issue Terms; or
  - (v) provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, if 'Financial Reference Entity Terms' is specified as applicable in the related Issue Terms; or
- b. which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

**"Physically Delivered CLPs"** means either:

- a. Products in respect of which the CLP Settlement Method is specified as 'Physical Settlement' and in respect of which settlement occurs by way of Delivery of the Deliverable Obligations Portfolio; or
- b. Products in respect of which the Issuer CLP Settlement Option has been designated as applicable and in respect of which the CLP Settlement Method has been selected by the Issuer upon the occurrence of an Event Determination Date to be 'Physical Settlement'.

**"Post Dismissal Additional Period"** means the period from and including the date of the DC Credit Event Question Dismissal to and including a day that is three Business Days following the date that is 14 calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)).

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

**"Prohibited Action"** means any counterclaim, defence (other than a counterclaim or defence based on the factors set out in paragraphs (a) to (d) of the definition of 'Credit Event') or right of setoff by or of the Reference Entity or any applicable Underlying Obligor.

**"Public Source"** means each source of Publicly Available Information specified as such in the Issue Terms (or, if no such source is specified in the Issue Terms, each of Bloomberg, Refinitiv, Dow Jones Newswires, The Wall Street Journal, The New York Times (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

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

- (i) has been published in or on not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information;
- (ii) is information received from or published by (A) a Reference Entity (or for a Reference Entity which is a Sovereign any agency, instrumentality, ministry, department or other authority

thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or

- (iii) is information contained in any order, decree, notice, petition or filing, howsoever described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body,

provided that where any information of the type described in paragraph (b) or (c) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

In relation to any information of any type described in paragraph (b) or (c) above, the Issue and Paying Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the person receiving such information.

Publicly Available Information need not state (a) in relation to the definition of 'Downstream Affiliate', the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity and (b) that the relevant occurrence (i) has met the Payment Requirement or Default Requirement, (ii) is the result of exceeding any applicable Grace Period or (iii) has met the subjective criteria specified in certain Credit Events.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in both paragraphs (i) and (ii) of the definition of 'Repudiation/Moratorium'.

**"Relevant City Business Day"** means has the meaning given to it in the DC Rules.

**"Relevant Credit Event"** means:

- (i) in the case of a Single Name CLP, the Credit Event in relation to the first Event Determination Date to occur with respect to the Reference Entity;
- (ii) in the case of an Nth-to-Default CLP, the Credit Event in relation to the Nth Event Determination Date to occur with respect to the Reference Portfolio;
- (iii) in the case of a Portfolio CLP and any particular Reference Entity, the Credit Event in relation to the first Event Determination Date to occur with respect to such Reference Entity; and
- (iv) in the case of any other Products, as specified in the applicable Issue Terms.

**"Relevant Event Determination Date"** means the Event Determination Date occurring with respect to a Relevant Credit Event.

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

**"Scheduled Redemption Date"** means the date specified as the Redemption Date in the Issue Terms.

**"Specified Number"** means, unless otherwise specified in the Issue Terms, two.

**"Swap Costs"** means an amount determined by the Calculation Agent equal to any loss or costs incurred (or expected to be incurred) by or on behalf of the Issuer as a result of its terminating, liquidating, obtaining or re-establishing any hedge, term deposits, related trading position or funding

arrangements entered into by it (including with its internal treasury function) in connection with the Products.

**"Trade Date"** means the date specified as such in the relevant Issue Terms or, if none is so specified, the Issue Date.

**"Transaction Type"** means, for the purposes of the application of the Physical Settlement Matrix, the transaction type specified in in respect of each Reference Entity in the relevant Issue Terms.

#### 13.15.2 Reference Entities and Obligations

**"Deliverable Obligation"** means, subject to Credit Linked Condition 13.10 (Additional Provisions relating to Deliverable Obligations):

- (i) any obligation of a Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in these Credit Linked Conditions;
- (ii) the Standard Reference Obligation or the Non-Standard Reference Obligation, as applicable;
- (iii) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation; and
- (iv) if Asset Package Delivery is applicable, any Prior Deliverable Obligation (if 'Financial Reference Entity Terms' is specified as applicable in the Issue Terms) or any Package Observable Bond (if the Reference Entity is a Sovereign), or any Asset Package in lieu of such Prior Deliverable Obligation or Package Observable Bond; and
- (v) any other obligation of a Reference Entity specified as such in the Issue Terms,

in each case, (i) unless it is an Excluded Deliverable Obligation and (ii) provided that the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of sub-paragraph (d) above, immediately prior to the relevant Asset Package Credit Event).

**"Excluded Deliverable Obligation"** means:

- (i) any obligation of the Reference Entity specified as such or of a type specified in the Issue Terms;
- (ii) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (iii) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

**"Excluded Obligation"** means:

- (i) any obligation of the Reference Entity specified as such or of a type described in the Issue Terms;
- (ii) if 'Financial Reference Entity Terms' and 'Senior Product' are specified as applicable in the Issue Terms, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (iii) if 'Financial Reference Entity Terms' and 'Subordinated Product' are specified as applicable in the Issue Terms, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

**"Obligation"** means:

- (i) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in 'Method for determining Obligations' under Credit Linked Conditions 13.15.3 below; and
- (ii) the Reference Obligation,

in each case, unless it is an Excluded Obligation.

The "**Outstanding Principal Balance**" of an obligation will be calculated as follows:

- (i) first, by determining, in respect of the obligation, the amount of the relevant Reference Entity's principal payment obligations and, where applicable in accordance with the definition of Accrued Interest, the relevant Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (i) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the relevant Reference Entity were references to the Underlying Obligor) and (ii) the amount of the Fixed Cap, if any);
- (ii) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (i) is subject to any Prohibited Action, or (ii) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (A) payment or (B) a Permitted Contingency) (the amount determined in sub-paragraph (a) above of the definition of "Outstanding Principal Balance" less any amounts subtracted in accordance with this sub-paragraph (b), the "**Non-Contingent Amount**"); and
- (iii) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (A) unless otherwise specified, in accordance with the terms of the obligation in effect on either (I) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (II) the Valuation Date, as applicable; and
- (B) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

For the purpose of this definition of "Outstanding Principal Balance":

- (i) where "Fallback Discounting" applies as set out below, "**applicable laws**" shall include any bankruptcy or insolvency law or other law affecting creditors' rights to which the relevant obligation is, or may become, subject;
- (ii) "**Quantum of the Claim**" means the lowest amount of the claim which could be validly asserted against the relevant Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, provided that the Quantum of the Claim cannot exceed the Non-Contingent Amount; and
- (iii) if "**Fallback Discounting**" is specified as applicable in the applicable Issue Terms or is applicable pursuant to the terms of the applicable Transaction Type specified in respect of a Reference Entity in the Issue Terms, then notwithstanding the above, if (x) the Outstanding Principal Balance of an obligation is not reduced or discounted under sub-paragraph (c)(B)

above, (y) that obligation is either a Bond that has an issue price less than 95 per cent. of the principal redemption amount or a Loan where the amount advanced is less than 95 per cent. of the principal repayment amount and, (z) such Bond or Loan does not include provisions relating to the accretion over time of the amount which would be payable on an early redemption or repayment of such Bond or Loan that are customary for the applicable type of Bond or Loan as the case may be, then the Outstanding Principal Balance of such Bond or Loan shall be the lesser of (I) the Non-Contingent Amount; and (II) an amount determined by straight line interpolation between the issue price of the Bond or the amount advanced under the Loan and the principal redemption amount or principal repayment amount, as applicable.

For the purposes of determining whether the issue price of a Bond or the amount advanced under a Loan is less than 95 per cent. of the principal redemption amount or principal repayment amount (as applicable) or, where applicable, for applying straight line interpolation:

- (iv) where such Bond or Loan was issued as a result of an exchange offer, the issue price or amount advanced of the new Bond or Loan resulting from the exchange shall be deemed to be equal to the aggregate Outstanding Principal Balance of the original obligation(s) that were tendered or exchanged (the "**Original Obligation(s)**") at the time of such exchange (determined without regard to market or trading value of the Original Obligation(s)); and
- (v) in the case of a Bond or Loan that is fungible with a prior debt obligation previously issued by the relevant Reference Entity, such Bond or Loan shall be treated as having the same issue price or amount advanced as the prior debt obligation.

In circumstances where a holder would have received more than one obligation in exchange for the Original Obligation(s), the Calculation Agent will determine the allocation of the aggregate Outstanding Principal Balance of the Original Obligation(s) amongst each of the resulting obligations for the purpose of determining the issue price or amount advanced of the relevant Bond or Loan. Such allocation will take into account the interest rate, maturity, level of subordination and other terms of the obligations that resulted from the exchange and shall be made by the Calculation Agent in accordance with the methodology (if any) determined by the relevant Credit Derivatives Determinations Committee.

**"Prior Deliverable Obligation"** means:

- (i) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within paragraphs (a) or (b) of the definition of 'Deliverable Obligation', in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (ii) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

**"Package Observable Bond"** means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within paragraphs (a) or (b) of the definition of 'Deliverable

Obligation', in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

**"Reference Entity"** means, subject to the provisions of the Credit Linked Condition 13.9 (Additional provisions in respect of a Successor), in respect of Single Name CLP, Portfolio CLP (excluding Index CLP) and Nth-to-Default CLP, each entity specified as such in the relevant Issue Terms and in respect of Index CLP, each entity specified as such in the relevant Index Annex. Any Successor to the Reference Entity either (a) identified by the Calculation Agent pursuant to Credit Linked Condition 13.9.1 (Provisions for determining a Successor) on or following the Trade Date, or (b) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date shall, in each case, with effect from the Succession Date, be the Reference Entity for the relevant Series or a New Products (as determined pursuant to such Credit Linked Condition 13.9.1 (Provisions for determining a Successor)).

**"Reference Entity Notional Amount"** means, in respect of a Reference Entity, the amount specified in the Issue Terms, in each case subject to adjustment in accordance with Credit Linked Condition 13.9 (Additional provisions in respect of a Successor

; if no such amount is specified in the Issue Terms, the Reference Entity Notional Amount for each Reference Entity on any day shall be the aggregate Calculation Amount of Products outstanding on such day, divided by the number of Reference Entities in the Reference Portfolio on such day.

**"Reference Entity Weighting"** means, in respect of (i) Portfolio CLP (excluding Index CLP) and a Reference Entity in a Reference Portfolio, the percentage weighting specified for such Reference Entity in the relevant Issue Terms or (ii) Index CLP and a Reference Entity specified in the Index Annex, the percentage weighting specified for such Reference Entity in the Index Annex, or, in each case if no Reference Entity Weighting is specified for such Reference Entity, an amount (expressed as a percentage) equal to the Reference Entity Notional Amount of the Reference Entity to which the Relevant Credit Event relates, divided by the aggregate Calculation Amount of the Credit Linked Products in each case as at the Issue Date.

**"Reference Obligation"** means, in respect of a Reference Entity and subject to the Issue Terms:

- a. for the purposes of 'Terms relating to Cash Settlement' or 'Terms relating to Physical Settlement and Delivery', an obligation of the Reference Entity satisfying the definition of Deliverable Obligation in accordance with these Credit Linked Conditions as selected by the Issuer in its discretion;
- b. for all other purposes (including the determination of Seniority Level), the Standard Reference Obligation, described in the Issue Terms (if any are so specified or described) and any Substitute Reference Obligation identified in accordance with Credit Linked Condition 13.9.3 (Substitute Reference Obligation), unless:
  - (i) 'Standard Reference Obligation' is specified as not applicable in the related Issue Terms, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any;
  - (ii) If 'Standard Reference Obligation' is specified as not applicable in the related Issue Terms and 'Standard European Senior Non-Preferred Financial Corporate' is the applicable Transaction Type, then the Reference Obligation will be the Non-Standard Reference Obligation, if any, provided that, irrespective of any Original Non-Standard Reference Obligation specified in the related Confirmation, if (i) a Senior Non-Preferred Level Standard Reference Obligation of the Reference Entity is specified on the SRO List, such Standard

Reference Obligation shall be deemed to constitute the Reference Obligation, or (ii) no such Senior Non-Preferred Level Standard Reference Obligation of the Reference Entity is specified on the SRO List but such Standard Reference Obligation has previously been specified on the SRO List, there shall be deemed to be no Reference Obligation applicable to the Products and such previously specified Senior Non-Preferred Level Standard Reference Obligation of the Reference Entity shall be deemed to constitute the Prior Reference Obligation;

(iii) 'Standard Reference Obligation' is specified as applicable in the related Issue Terms (or no election is specified in the related Issue Terms), (A) there is no Standard Reference Obligation and (B) a Non-Standard Reference Obligation is specified in the related Issue Terms, in which case the Reference Obligation will be (1) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (2) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation; or

(iv) in respect of Index CLP, the Reference Obligation as specified in the Index Annex.

**"Reference Portfolio"** means the Reference Entity and Reference Obligation or the portfolio of Reference Entities and Reference Obligations, as the case may be, specified in the Issue Terms or in the Index Annex, as applicable, as the same may be amended from time to time in accordance with the provisions of the Credit Linked Conditions and the Issue Terms.

**"Sovereign Restructured Deliverable Obligation"** means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the Credit Event or a DC Credit Event Announcement has occurred and (b) which fell within paragraph (a) the definition of 'Deliverable Obligation' immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

### 13.15.3 Method for determining Obligations and Deliverable Obligations

#### ***Method for determining Obligations***

For purposes of this Credit Linked Condition 13.15.3, the term **"Obligation"** means each obligation of each Reference Entity described by the Obligation Category specified in the Issue Terms and having each of the Obligation Characteristics, if any, specified in the Issue Terms, in each case immediately prior to the Credit Event which is the subject of either the Credit Event Notice or the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

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

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

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

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

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

**"Not Domestic Currency"** means any obligation that is payable in any currency other than the Domestic Currency, provided that a Standard Specified Currency shall not constitute a Domestic Currency.

**"Not Domestic Issuance"** means any obligation other than an obligation that was issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

**"Not Domestic Law"** means any obligation that is not governed by the applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute a Domestic Law.

**"Not Sovereign Lender"** means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as 'Paris Club debt'.

**"Not Subordinated"** means an obligation that is not Subordinated to (a) the Reference Obligation or (b) the Prior Reference Obligation, if applicable.

**"Obligation Category"** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the Issue Terms.

**"Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance.

**"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.

**"Prior Reference Obligation"** means, in circumstances where there is no Reference Obligation applicable to the relevant Series, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the Issue Terms as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity.

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

**"Specified Currency"** means an obligation that is payable in the currency or currencies specified as such in the Issue Terms (or, if 'Specified Currency' is specified in the Issue Terms and no currency is so specified, any Standard Specified Currency), provided that if the euro is a Specified Currency, 'Specified Currency' shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a member state of the European Union which is of general application in the jurisdiction of such Governmental Authority.



## Subordination

- a. "**Subordination**" means, with respect to an obligation (the "**Second Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**First Obligation**"), a contractual, trust or similar arrangement providing that (I) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation, or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and 'Standard Reference Obligation' is specified as applicable in the related Issue Terms, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date.
- b. If 'Standard European Senior Non-Preferred Financial Corporate' is specified as applicable in the Issue Terms, paragraph (a) above shall be applied in the assessment of any Obligation without regard to how the Obligation is described by the laws of any relevant jurisdiction, including any characterisation of the Obligation as senior or unsubordinated by the laws of any relevant jurisdiction.

"**Tier 2 Subordinated Obligation**" means any obligation of the Reference Entity which meets the conditions set out in Article 63 of the Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013, as such Article may be amended or replaced from time to time (the "**CRR**") or which are (or were at any time) otherwise eligible as a Tier 2 item in accordance with the CRR.

"**Traditional Subordinated Obligation**" means: (i) Tier 2 Subordinated Obligations of the Reference Entity; (ii) any obligations of the Reference Entity which rank or are expressed to rank *pari passu* with any Tier 2 Subordinated Obligations of the Reference Entity; and (iii) any obligations of the Reference Entity which are Subordinated to the obligations thereto described in (i) and (ii) above shall each (without limitation) constitute Traditional Subordinated Obligations in respect of a Senior Non-Preferred Obligation. A Traditional Subordinated Obligation shall constitute a Further Subordinated Obligation for the purposes of the definition of "Further Subordinated Obligation" in Credit Linked Condition X.13.9.3 (Substitute Reference Obligation).

### **Method for determining Deliverable Obligations**

For purposes of this Credit Linked Condition 13.15.3, the term "**Deliverable Obligation**" may be defined as each obligation of the Reference Entity described by the Deliverable Obligation Category specified in the Issue Terms and, subject to 'Method for determining Obligations' above, having each of the Deliverable Obligation Characteristics, if any, specified in the Issue Terms, in each case as of

both the NOPS Effective Date and the Delivery Date (unless otherwise specified in the related Issue Terms). The following terms shall have the following meanings:

**"Accelerated or Matured"** means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws.

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

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

**"Deliverable Obligation Category"** means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, and Bond or Loan, except that no Deliverable Obligation Characteristics shall be applicable where 'Reference Obligation Only' applies.

**"Deliverable Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

If an obligation would have been capable of being specified as a 'Deliverable Obligation' immediately prior to a Credit Event in respect of a Reference Entity, such obligation (as in effect after such Credit Event) shall continue to be able to constitute a Deliverable Obligation after the occurrence of such Credit Event. If it is not possible or reasonably practicable to specify any Obligation as a Deliverable Obligation of the Reference Entity because there is or will be no Deliverable Obligation in existence at any time, the Issuer may, if applicable, designate by notice (which may be by telephone) to the Issue and Paying Agent one or more bonds, loans, instruments, certificates or other obligations (an **"Exchanged Obligation"**) which have been or will be issued in exchange, whether pursuant to a mandatory or voluntary exchange (an **"Obligation Exchange"**), for one or more bonds, loans, instruments, certificates or obligations of the Reference Entity that would have been capable of being specified as a Deliverable Obligation immediately prior to the occurrence of the Relevant Credit Event of the Reference Entity, provided that failure to deliver such notice shall not affect the effectiveness of such designation.

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

**"Domestic Currency"** means the currency specified as such in the Issue Terms and any successor currency thereto (or if no such currency is specified, the lawful currency and any successor currency of:

- (i) the Reference Entity, if the Reference Entity is a Sovereign; or
- (ii) the jurisdiction in which the Reference Entity is organised, if the Reference Entity is not a Sovereign.

**"Domestic Law"** means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if such Reference Entity is not a Sovereign.

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

**"Fixed Cap"** means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, provided that a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

**"Guarantee"** means a Relevant Guarantee or a guarantee which is the Reference Obligation.

**"Maximum Maturity"** means an obligation that has a remaining maturity of not greater than the period specified in the Issue Terms (or, if no such period is specified, 30 years).

**"Not Bearer"** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream International or any other internationally recognised clearing system.

**"Permitted Transfer"** means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

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

**"Qualifying Guarantee"** means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes, or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- a. which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or
- pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
- (i) by payment;
  - (ii) by way of Permitted Transfer;

- (iii) by operation of law;
- (iv) due to the existence of a Fixed Cap; or
- (v) due to:
  - (A) provisions permitting or anticipating a Governmental Intervention, if 'Financial Reference Entity Terms' is specified as applicable in the Issue Terms; or
  - (B) any Solvency Capital Provisions, if 'Subordinated European Insurance Terms' is specified as applicable in the Issue Terms.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of 'Bankruptcy' in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- (i) the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- (ii) if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified in the Issue Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Relevant Guarantee"** means a Qualifying Affiliate Guarantee or, if 'All Guarantees' is specified as applicable in the related Issue Terms, a Qualifying Guarantee.

**"Solvency Capital Provisions"** means any terms in an obligation which permit the Reference Entity's payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

**"Standard Specified Currencies"** means the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole) (and each a **"Standard Specified Currency"**).

**"Transferable"** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

- (i) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
- (ii) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or

(iii) restrictions in respect of blocked periods on or around payment dates or voting periods.

**"Underlying Obligation"** means, with respect to a guarantee, the obligation which is the subject of the guarantee.

**"Underlying Obligor"** means, with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

**"Voting Shares"** means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

### ***Interpretation of provisions***

If either of the Obligation Characteristics 'Listed' or 'Not Domestic Issuance' is specified in the Issue Terms, the Issue Terms shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.

If: (a) either of the Deliverable Obligation Characteristics 'Listed', 'Not Domestic Issuance' or 'Not Bearer' is specified in the Issue Terms, such Issue Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds; (b) the Deliverable Obligation Characteristic 'Transferable' is specified in the Issue Terms, such Issue Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans; or (c) any of the Deliverable Obligation Characteristics 'Assignable Loan', 'Consent Required Loan' or 'Direct Loan Participation' is specified in the Issue Terms, such Issue Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans.

If more than one of 'Assignable Loan', 'Consent Required Loan' and 'Direct Loan Participation' are specified as Deliverable Obligation Characteristics in the Issue Terms, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

### ***Provisions relating to Relevant Guarantees***

If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:

For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.

For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the Issue Terms from the following list: 'Not Subordinated', 'Specified Currency', 'Not Sovereign Lender', 'Not Domestic Currency' and 'Not Domestic Law'.

For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Issue Terms from the following list: 'Listed', 'Not Domestic Issuance', 'Assignable Loan', 'Consent Required Loan', 'Direct Loan Participation', 'Transferable', 'Maximum Maturity', 'Accelerated' or 'Matured' and 'Not Bearer'.

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

***Further provisions relating to Obligation Characteristics and Deliverable Obligation Characteristics***

For purposes of the application of the Deliverable Obligation Characteristic 'Maximum Maturity', remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.

If 'Financial Reference Entity Terms' and 'Governmental Intervention' are specified as applicable in the Issue Terms, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.

For the purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in Credit Linked Condition 13.10.1 (Mod R) and Credit Linked Condition 13.10.2 (Mod Mod R) to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.

If 'Subordinated European Insurance Terms' is specified as applicable in the Issue Terms, if an obligation would otherwise satisfy the 'Maximum Maturity' Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

#### 13.15.4 Credit Events

**"2019 Narrowly Tailored Credit Event Supplement"** means a supplement published by ISDA to the 2014 ISDA Credit Derivatives Definitions which replaces the definitions of "Outstanding Principal Balance" and "Failure to Pay" under the Credit Derivatives Definitions and sets out guidance on the interpretation of the definition of "Failure to Pay" where "Credit Deterioration Requirement" is applicable.

**"Bankruptcy"** means that the Reference Entity: (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally or such a general assignment, arrangement, scheme or composition becomes effective; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an

administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) above.

**"Credit Event"** means the occurrence of one or more of the Credit Events specified in the Issue Terms, which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring, or Governmental Intervention, or any additional Credit Event specified in the Issue Terms. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (i) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, howsoever described;
- (iii) any applicable law, order, regulation, decree or notice, howsoever described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, howsoever described; or
- (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, howsoever described.

Any event occurring at midnight shall be deemed to occur immediately prior to midnight Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity relates to Japan, Tokyo Time).

**"Default Requirement"** means the amount specified as such in the Issue Terms or its equivalent in the relevant Obligation Currency (or, if no such amount is specified or if "As per the Credit Linked Annex" is specified in the Issue Terms, USD 10,000,000 or its equivalent in the relevant Obligation Currency) in either case, as of the occurrence of the relevant Credit Event.

**"Failure to Pay"** means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the relevant Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure. If a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity relates to Japan, Tokyo time), irrespective of the time zone of its place of payment.

If "Credit Deterioration Requirement" is specified as applicable in the relevant Issue Terms or is applicable pursuant to the terms of the applicable Transaction Type specified in respect of a Reference Entity in the Issue Terms, then notwithstanding the foregoing, it shall not constitute a Failure to Pay if such failure does not directly or indirectly result either from, or result in, a deterioration in the creditworthiness or financial condition of the relevant Reference Entity. In such case, any

determination as to whether a "Failure to Pay" has occurred is to be made by the Issuer, for which purposes, the Issuer may take into account any guidance provided in the 2019 Narrowly Tailored Credit Event Supplement.

**"Governmental Authority"** means:

- (i) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof);
- (ii) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;
- (iii) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or of all of its obligations; or
- (iv) any other authority which is analogous to any of the entities specified in paragraphs (i) to (iii) above.

**"Governmental Intervention"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

a. any event which would affect creditors' rights so as to cause:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
- (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
- (iii) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or
- (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;

b. an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;

c. a mandatory cancellation, conversion or exchange; or

d. any event which has an analogous effect to any of the events specified in sub-paragraphs (a) to (c) above.

For purposes of the above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

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

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



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

If an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

**"Payment Requirement"** means the amount specified as such in the Issue Terms or its equivalent in the relevant Obligation Currency (or, if no such amount is specified or if "As per the Credit Linked Annex" is specified in the Issue Terms, USD 1,000,000 or its equivalent in the relevant Obligation Currency), in either case as at the occurrence of the Relevant Credit Event.

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

- a. **"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Redemption Date, (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (I) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (II) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium; provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Redemption Date unless the Repudiation/Moratorium Extension Condition is satisfied.
- b. **"Potential Repudiation/Moratorium"** means the occurrence of an event described in paragraph (a) of the definition of 'Repudiation/Moratorium'.
- c. The **"Repudiation/Moratorium Extension Condition"** is satisfied (i) if the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is 14 calendar days after the Redemption Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to the Redemption Date, or (ii) otherwise, by the delivery by the Issuer of a Repudiation/Moratorium Extension Notice and, unless 'Notice of Publicly Available Information' is specified as not applicable in the related Issue Terms, a Notice of Publicly Available Information that are each effective on or prior to the date that is 14 calendar days after the Redemption Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the Reference Entity, or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of the relevant Series has occurred with respect to an Obligation of the Reference Entity but that such event occurred after the Redemption Date.

**"Repudiation/Moratorium Extension Notice"** means an irrevocable notice from the Issuer to the Issue and Paying Agent that describes a Potential Repudiation/Moratorium that occurred on or prior to the Redemption Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

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

- a. a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
- b. a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
- c. a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium;
- d. a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- e. any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

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

- a. the payment in euros of interest, principal or premium in relation to an Obligation denominated in a currency of a member state of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- b. the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a member state of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
- c. the occurrence of, agreement to or announcement of any of the events described in paragraphs (a) to (d) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; or
- d. the occurrence of, agreement to or announcement of any of the events described in paragraphs (a) to (d) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of sub-paragraph (e) above only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a member state of the European Union which is of general application in the jurisdiction of such Governmental Authority.

For purposes of this definition and the definition of 'Multiple Holder Obligation', the term 'Obligation' shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in this definition shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in this definition shall continue to refer to the Reference Entity.

If an exchange has occurred, the determination as to whether one of the events described under paragraphs (a) to (e) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

Unless 'Multiple Holder Obligation' is expressed to be not applicable in the Issue Terms, then none of the events described above shall constitute a Restructuring unless the Obligation is a Multiple

Holder Obligation, where **"Multiple Holder Obligation"** means an Obligation that (a) at the time of the event which constitutes a Restructuring Credit Event, is held by more than three holders that are not Affiliates of each other and (b) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to 66 and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event (provided that part (b) shall be deemed to be satisfied where the Obligation is a Bond).

#### 13.15.5 General terms relating to Redemption and Settlement

**"CLP Settlement Method"** means:

- (i) the terms relating to the settlement of Auction Settled CLPs, as provided in the General Terms and Conditions, these Credit Linked Conditions in respect of such Products and the Issue Terms;
- (ii) the terms relating to the settlement of Cash Settled CLPs, as provided in the General Terms and Conditions, these Credit Linked Conditions in respect of such Products and the Issue Terms; and
- (iii) the terms relating to the settlement of Physically Delivered CLPs, as provided in the Credit Linked Conditions in respect of such Products and the Issue Terms.

**"Deferred Redemption Date"** means, if an Extension Notice is effective and no Event Determination Date occurs on or prior to the Products Extension Date, the date falling five Business Days after the Products Extension Date or, if an Extension Notice is effective and an Event Determination Date occurs on or prior to the Products Extension Date, in respect of Cash Settled CLPs, the Credit Event Redemption Date, or, in respect of Physically Delivered CLPs, the Final Delivery Date.

**"Early Redemption Date"** means any Early Redemption Date as determined pursuant to the General Terms and Conditions, these Credit Linked Conditions or the Issue Terms.

**"Extended Interest Period"** means the period, if any, from and including the Scheduled Redemption Date to but excluding the Deferred Redemption Date.

**"Extension Notice"** means an irrevocable notice (which may be by telephone) from the Issuer to the Issue and Paying Agent which is effective on or prior to the Scheduled Redemption Date that specifies one or more Reference Entities which the Issuer determines, in its discretion, are or may be subject to a Credit Event, a Potential Failure to Pay or a Potential Repudiation/Moratorium.

**"Fallback CLP Settlement Method"** means, with respect to a Series of Credit Linked Products for which 'Auction Settlement' is specified as the CLP Settlement Method in the Issue Terms, if 'Physical Settlement' is specified as the Fallback CLP Settlement Method in the Issue Terms, Physical Settlement; otherwise, Cash Settlement.

**"Issuer CLP Settlement Option"** means, if specified in the Issue Terms, the option, exercisable by the Issuer in its discretion, for the Issuer to redeem the Products by way of Cash Settlement, Auction Settlement or Physical Settlement upon the occurrence of a Relevant Event Determination Date.

**"Issuer's Termination Announcement"** means, to the extent that the Issue Terms specify Issuer's Termination Right to be applicable, an announcement by the Issuer that the Issuer exercises such Issuer's Termination Right, provided that such announcement must specify the Early Redemption Date that shall apply to such early termination.

**"Issuer's Termination Right"** means, to the extent applicable pursuant to the Issue Terms, that the Issuer has the right to call the Products for early redemption at any time without previous notice by way of delivery of an Issuer's Termination Announcement.

**"Products Extension Date"** means the latest to occur of (a) the last applicable day specified in the definition of 'Notice Delivery Period' in respect of each Reference Entity specified in an Extension Notice and (b) either (i) 14 calendar days after the date on which a 'DC Credit Event Announcement' occurs or (ii) the date on which a 'DC No Credit Event Announcement' occurs or (iii) if applicable, the expiry of the Post Dismissal Additional Period.

**"Reference Price"** means the percentage specified as such in relation to a Reference Entity in the Issue Terms or, if a percentage is not so specified, 100 per cent.

**"Relevant Event Determination Date"** means the Event Determination Date occurring with respect to a Relevant Credit Event.

**"Settlement Currency"** means the currency specified as such in the Issue Terms, or if no currency is so specified in the Issue Terms, the Specified Currency.

**"Settlement Date"** means the Auction Settlement Date, the Cash Settlement Date or the Physical Settlement Date, as applicable.

#### 13.15.6 Terms relating to Cash Settlement

**"CLP Cash Settlement Amount"** means, with respect to any Product and a Reference Entity, such Product's *pro rata* share (on a per Calculation Amount basis) of the product of (a) the related Reference Entity Notional Amount determined as at the relevant Event Determination Date and (b) the Final Price (if Cash Settlement applies) or Auction Final Price (if Auction Settlement applies).

**"CLP Valuation Date"** means:

- a. if 'Single CLP Valuation Date' is specified in the Issue Terms, a date selected by the Issuer not less than five Business Days following the Event Determination Date (or, if 'Cash Settlement' is applicable pursuant to the fallback provisions in Auction Settlement, any Auction Cancellation Date or any No Auction Announcement Date, if later);
- b. if 'Multiple CLP Valuation Dates' is specified in the Issue Terms:
  - (i) subject to Credit Linked Conditions 13.15.9 (Settlement Suspension and Effect of DC Resolutions), the date that is the number of Business Days specified in the related Issue Terms (or, if the number of Business Days is not so specified, five Business Days) following the Event Determination Date (or, if 'Cash Settlement' is applicable pursuant to the Fallback Settlement Method in accordance with the terms relating to Auction Settlement, the date that is the number of Business Days specified in the related Issue Terms (or, if the number of Business Days is not so specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and
  - (ii) each successive date that is the number of Business Days specified in the related Issue Terms (or, if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding CLP Valuation Date.
- c. if neither 'Single CLP Valuation Date' nor 'Multiple CLP Valuation Dates' is specified in the Issue Terms, Single CLP Valuation Date shall apply.

**"CLP Valuation Time"** means the time specified as such in the Issue Terms or, if no such time is specified, the time specified by the Calculation Agent, which shall be as close as reasonably practicable to 11:00 a.m. in the relevant Calculation Agent City, unless the Calculation Agent determines that the principal market for transactions in the Reference Obligation would be closed at such time or such transactions are not being conducted in sufficient volume at such time, in which

event the CLP Valuation Time shall be such other time as may be specified by the Calculation Agent that such principal market is open.

**"Credit Event Redemption Date"** means (a) if the Credit Event Redemption Amount is not specified in the Issue Terms, the date that is the number of Business Days specified in the Issue Terms (or, if a number of Business Days is not so specified, five Business Days) following the calculation of the Final Price and (b) if the Credit Event Redemption Amount is specified in the related applicable Issue Terms, the date that is the number of Business Days specified in the related applicable Issue Terms (or, if a number of Business Days is not so specified, five Business Days) following the Event Determination Date, provided, however, that if Auction Settlement is applicable, then the Credit Event Redemption Date shall be the date falling five Business Days following the Auction Settlement Date determined pursuant to the Credit Derivatives Auction Settlement Terms for such Auction.

**"Dealer"** means, as selected by the Calculation Agent, at least five financial institutions, funds or other entities that purchase or deal in obligations of the type of the relevant Reference Obligation, Obligation or Undeliverable Obligation, one of which institutions, funds or other entities may be the Issuer or an Affiliate thereof.

**"Final Price"** means the price of the Reference Obligation, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable, determined in accordance with the specified Valuation Method and subject to a maximum of 100 per cent. Unless 'Auction Settlement' applies, the Calculation Agent shall, as soon as reasonably practicable after obtaining all Quotations for a CLP Valuation Date, notify the Issue and Paying Agent in writing of each such Quotation (together with a written computation showing such calculation) that it receives in connection with the calculation of the Final Price. The Issue and Paying Agent shall deliver such notice through the relevant settlement system to holders of Products, provided that the failure of the Issue and Paying Agent to deliver any such notice shall not affect the effectiveness of any notice delivered by the Calculation Agent. If 'Auction Settlement' is specified to be applicable or is elected to be applicable pursuant to the Issuer CLP Settlement Option, then, notwithstanding the Valuation Method, Final Price means the Auction Final Price. If Cash Settlement is applicable as the Fallback CLP Settlement Method and the Issuer has not delivered a notice specifying the Reference Obligation on or prior to:

- (i) if '60 Business Day Cap on Settlement' is specified as 'Not Applicable' in the Issue Terms, the later of the Scheduled Redemption Date and 60 Business Days following a No Auction Announcement Date or an Auction Cancellation Date or any equivalent cancellation date under a Relevant Settlement Mechanic, as applicable; or
- (ii) if '60 Business Day Cap on Settlement' is not specified as 'Not Applicable' in the Issue Terms, the date that is 60 Business Days following a No Auction Announcement Date or an Auction Cancellation Date or any equivalent cancellation date under a Relevant Settlement Mechanic, as applicable,

then the Final Price shall be deemed to be 100 per cent.

**"Full Quotation"** means, in accordance with the Quotation Method, each firm quotation obtained from a Dealer at the CLP Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an Outstanding Principal Amount or Due and Payable Amount, as applicable, equal to the Quotation Amount.

**"Market Value"** means, with respect to a Reference Obligation on a CLP Valuation Date: (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall

be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject to paragraph (b) of the definition of 'Quotation', an amount that the Calculation Agent shall determine on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained within the additional five Business Day period set out in paragraph (b) of the definition of 'Quotation' the Market Value shall be determined as provided in such definition.

**"Minimum Quotation Amount"** means the amount specified as such in the Issue Terms (or its equivalent in the relevant Obligation Currency) or, if no such amount is specified, the lower of (a) USD1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

**"Quotation"** means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage of the Reference Obligation's Outstanding Principal Amount or Due and Payable Amount, as applicable, with respect to a CLP Valuation Date in the manner that follows:

- (i) The Calculation Agent shall attempt to obtain Full Quotations with respect to the CLP Valuation Date from five or more Dealers. If the Calculation Agent is able to obtain two or more such Full Quotations from Dealers other than the Issuer in respect of such CLP Valuation Date, then the Calculation Agent shall use such Full Quotations to determine the Final Price in accordance with the specified Valuation Method. If the Calculation Agent is unable to obtain two or more such Full Quotations in respect of such CLP Valuation Date but is able to obtain a Weighted Average Quotation in respect of such CLP Valuation Date, then the Calculation Agent shall use such Weighted Average Quotation to determine the Final Price in accordance with the specified Valuation Method.
- (ii) If the Calculation Agent is unable to obtain two or more such Full Quotations or such a Weighted Average Quotation in respect of such CLP Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until and including the fifth Business Day) the Calculation Agent shall attempt to obtain two or more such Full Quotations from Dealers other than the Issuer and, if two or more such Full Quotations are not available from Dealers other than the Issuer on such Business Day, a Weighted Average Quotation on such Business Day. If the Calculation Agent is able to obtain two or more such Full Quotations in respect of any such Business Day from Dealers other than the Issuer, then the Calculation Agent shall use such Full Quotations to determine the Final Price in accordance with the specified Valuation Method. If the Calculation Agent is unable to obtain two or more such Full Quotations in respect of any such Business Day but is able to obtain a Weighted Average Quotation in respect of any such Business Day, then the Calculation Agent shall use such Weighted Average Quotation to determine the Final Price in accordance with the specified Valuation Method.
- (iii) If the Calculation Agent is unable to obtain two or more such Full Quotations or such a Weighted Average Quotation from Dealers other than the Issuer on or prior to the fifth Business Day following the relevant CLP Valuation Date, then the Calculation Agent shall use the Full Quotation, if any, obtained from the Issuer on such fifth Business Day to determine the Final Price in accordance with the specified Valuation Method.

- (iv) If the Calculation Agent is unable to obtain a Full Quotation from the Issuer on such fifth Business Day following the relevant CLP Valuation Date, then the Quotation shall be deemed to be zero.
- (v) Any quotation provided by the Issuer or an Affiliate thereof shall be deemed to be a firm quotation.

**"Quotation Amount"** means the amount specified as such in the Issue Terms or, if no amount is so specified, an amount specified by the Calculation Agent not in excess of the aggregate of the Calculation Amounts of the Credit Linked Products outstanding (or, its equivalent in the relevant Obligation Currency, which shall be converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

**"Quotation Method"** means the applicable Quotation Method specified in the Issue Terms by reference to one of the following terms (or, if no Quotation Method is specified, Bid shall apply):

- a. **"Bid"** means that only bid quotations shall be requested from Dealers;
- b. **"Offer"** means that only offer quotations shall be requested from Dealers; or
- c. **"Mid-market"** means that bid and offer quotations shall be requested from Dealers and shall be averaged for purposes of determining a relevant Dealer's quotation.

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market and at the relevant time, which amount the Calculation Agent shall determine.

**"Weighted Average Quotation"** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the CLP Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Amount or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

**"Valuation Method":**

- a. The following Valuation Methods may be specified in the Issue Terms for a Series with only one CLP Valuation Date:
  - (i) **"Market"** means the Market Value determined by the Calculation Agent with respect to the CLP Valuation Date; or
  - (ii) **"Highest"** means the highest Quotation obtained by the Calculation Agent (or in accordance with the definition of 'Quotation') with respect to the CLP Valuation Date; or
  - (iii) **"Lowest"** means the lowest Quotation obtained by the Calculation Agent (or in accordance with the definition of 'Quotation') with respect to the CLP Valuation Date.

If no such Valuation Method is specified in the Issue Terms, the Valuation Method shall be Highest.

- b. The following Valuation Methods may be specified in the Issue Terms for a Series with more than one CLP Valuation Date:
  - (i) **"Average Market"** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each CLP Valuation Date; or
  - (ii) **"Highest"** means the highest Quotation obtained by the Calculation Agent (or in accordance with the definition of 'Quotation') with respect to any CLP Valuation Date; or



- (iii) "**Average Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent (or in accordance with the definition of 'Quotation') with respect to each CLP Valuation Date.

If no such Valuation Method is specified in the Issue Terms, the Valuation Method shall be Average Highest.

- c. Notwithstanding paragraphs (a) and (b) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market or Average Blended Market, as the case may be.

#### 13.15.7 Terms relating to Auction Settlement

If "**Auction Settlement**" is the applicable Settlement Method with respect to a Series as specified in the Issue Terms or elected pursuant to the Issuer CLP Settlement Option and a Relevant Event Determination Date occurs on or prior to the Auction Final Price Determination Date, the Auction Final Price shall be the Final Price with respect to the related Credit Event. Without prejudice to the foregoing, but without duplication of settlement, if (a) an Auction Cancellation Date occurs, (b) a No Auction Announcement Date occurs, (c) a DC Credit Event Question Dismissal occurs or (d) an Event Determination Date was determined pursuant to the definition of 'Event Determination Date' and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Event Determination Date, 'Auction Settlement' shall not apply and the Fallback CLP Settlement Method shall apply.

In the event that no Auction occurs, Auction Settlement shall encompass any settlement protocol or process (howsoever described) relating to the settlement of credit derivative transactions linked to the Reference Entity: (i) published by the International Swaps and Derivatives Association (or any successor thereto); (ii) resolved by the Credit Derivatives Determinations Committee; or (iii) adopted by a significant portion of the relevant credit derivatives market (each of (i), (ii) and (iii), a "**Relevant Settlement Mechanic**"), provided that the Calculation Agent shall be entitled to adjust the conditions applicable to the Products such that the Relevant Settlement Mechanic would produce a reasonable result thereunder. For the avoidance of doubt, if Auction Settlement is specified with respect to a Series in the Issue Terms or is elected pursuant to the Issuer CLP Settlement Option and a Relevant Event Determination Date occurs on or prior to the Auction Final Price Determination Date, the Auction Final Price shall still be the Final Price with respect to the related Credit Event, notwithstanding that the Deliverable Obligation Category and/or Deliverable Obligation Characteristics are different to those set out in the Issue Terms, provided that if the Calculation Agent determines in its reasonable discretion that the terms of the Deliverable Obligations in respect of the relevant Auction are not identical to the terms of the Deliverable Obligations in respect of the relevant Series of Credit Linked Products, then the Calculation Agent may determine in its reasonable discretion that Cash Settlement will apply in respect of such Series.

"**Auction**" has the meaning set out in the Transaction Auction Settlement Terms.

"**Auction Settlement Date**" means the date that is the number of Business Days specified in the Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, three Business Days) immediately following the Auction Final Price Determination Date. The Auction Settlement Date shall be the Redemption Date.

"**Auction Cancellation Date**" has the meaning set out in the Transaction Auction Settlement Terms.

"**Auction Covered Transaction**" has the meaning set out in the Transaction Auction Settlement Terms.

**"Auction Final Price Determination Date"** has the meaning set out in the Transaction Auction Settlement Terms.

**"Auction Final Price"** has the meaning set out in the Transaction Auction Settlement Terms in respect of the relevant Reference Entity, provided that:

- (i) where both a Senior Auction and a Subordinate Auction are held in connection with an Auction in respect of such Reference Entity, the Issuer may, in its discretion, elect to apply the price determined pursuant to the Senior Auction where the Reference Obligation in respect of such Reference Entity is specified as 'Sub' or 'Subordinated' Reference Obligation; and
- (ii) if the Credit Event is a Restructuring, the Calculation Agent shall select which of the Transaction Auction Settlement Terms shall apply in a commercially reasonable manner in accordance with then current market practices by reference to the Scheduled Redemption Date of the relevant Products, and
- (iii) notwithstanding the foregoing, the Auction Final Price shall always be subject to a maximum of 100 per cent.

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

**"Deliverable Obligation Provisions"**, has the meaning set out in the Credit Derivatives Auction Settlement Terms.

**"Deliverable Obligation Terms"** has the meaning set out in the Credit Derivatives Auction Settlement Terms.

**"No Auction Announcement Date"** means, with respect to a Credit Event, the date on which the DC Secretary first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of an M(M)R Restructuring, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published, or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by the DC Secretary to the contrary, in circumstances where either (i) no Parallel Auction will be held, or (ii) one or more Parallel Auctions will be held.

**"Parallel Auction Cancellation Date"** means 'Auction Cancellation Date' as defined in any relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of an M(M)R Restructuring with respect to a Reference Entity and a Series, any Credit Derivatives Auction Settlement Terms published by the DC Secretary with respect to such M(M)R Restructuring, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions specified in the related Issue Terms.

**"Parallel Auction"** means 'Auction' as defined in any relevant Parallel Auction Settlement Terms.

**"Parallel Notice of Physical Settlement Date"** means the 'Notice of Physical Settlement Date' as defined in the relevant Parallel Auction Settlement Terms.

**"Senior Auction"** means an Auction in respect of one or more Obligations of the relevant Reference Entity specified as 'Senior' pursuant to such Auction.

**"Subordinated Auction"** means an Auction in respect of one or more Obligations of the relevant Reference Entity specified as 'Subordinated' or 'Sub' pursuant to such Auction.

**"Transaction Auction Settlement Terms"** means the Credit Derivatives Auction Settlement Terms applicable to the relevant Reference Entity and Reference Obligation.

#### 13.15.8 Terms relating to Physical Settlement and Delivery

**"Asset Market Value"** means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee.

**"Deliver"** means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, to Investors free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all Products in a relevant clearance system, but including, without limitation, any counterclaim, defence (other than a counterclaim or defence based on the factors set out in paragraphs (a) to (d) of the definition of 'Credit Event' or right of set-off by or of the Reference Entity or any applicable Underlying Obligor); provided that (i) if a Deliverable Obligation is a Direct Loan Participation, **"Deliver"** means to create (or procure the creation of) a participation in favour of each Investor, and (ii) if a Deliverable Obligation is a Guarantee, **"Deliver"** means to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, (A) **"Deliver"** means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap and (B) those claims shall be deemed to be Deliverable Obligations for purposes of any physical settlement. **"Delivery"** and **"Delivered"** will be construed accordingly.

In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time, provided further that, each of the Issuer and each Investor agrees to comply with the provisions of any documentation (which shall include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the Issuer hereunder. Each of the Issuer and each Investor further agrees that compliance by it with the provisions of any such documentation shall be required for, and, without further action, constitute, Delivery for purposes of this definition (to the extent that such documentation contains provisions describing how Delivery should be effected) and neither the Issuer nor any Investor shall be permitted to request that the other take, nor shall it be required to take, any action under Credit Linked Condition 13.4.3 (Delivery of Deliverable Obligations Portfolio) unless otherwise contemplated by such documentation.

If Asset Package Delivery applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount,

as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) each Asset in the Asset Package shall be Delivered provided that if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer has notified Investors and the Calculation Agent of the detailed description of the Asset Package that it intends to Deliver in the Notice of Physical Settlement, (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value.

**"Deliverable Obligations Portfolio"** means, in respect of each Physically Delivered CLP, subject to Credit Linked Condition 13.9.1 (Provisions for determining a Successor) and unless otherwise elected by the Issuer in accordance with the Issuer CLP Settlement Option as set out in these Credit Linked Conditions, such Deliverable Obligations, or if Asset Package is applicable, such Asset Package, as may be selected by the Issuer with: (a) an Outstanding Principal Balance, in respect of Deliverable Obligations that are Borrowed Money obligations; or (b) a Due and Payable Amount, in respect of Deliverable Obligations that are not Borrowed Money obligations (or, in either case, the equivalent Currency Amount thereof), in an aggregate amount (excluding any accrued and unpaid interest) equal to (i) its *pro rata* share (on a per Calculation Amount basis) of the Reference Entity Notional Amount in respect of the Credit Linked Products, as determined by the Calculation Agent in its discretion, acting in a commercially reasonable manner as at the relevant Event Determination Date less (ii) (if, at the option of the Issuer, Settlement Expenses and Swap Costs are to be deducted rather than separately paid by each such Investor) an outstanding principal balance or Due and Payable Amount, as the case may be, of such Deliverable Obligations with a market value as determined by the Calculation Agent equal to the Settlement Expenses and Swap Costs. If the amount of the Deliverable Obligations Portfolio is less than zero, no Deliverable Obligations will be required to be Delivered and the amount of the Deliverable Obligations Portfolio will be deemed to be zero. If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as at the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or circumstance.

**"Delivery Date"** means, with respect to a Deliverable Obligation or an Asset Package, the date such Deliverable Obligation or Asset Package is Delivered (or deemed Delivered, as applicable) and, in circumstances where Credit Linked Condition 13.5.5 (Partial Cash Settlement Terms) applies in respect of the Products, with respect to an amount of cash comprised in the Deliverable Obligations Portfolio, the date on which such cash is paid.

**"Delivery Method"** has the meaning specified in the Issue Terms, or, if no such meaning is specified, shall mean, unless otherwise agreed between an Investor and the Issuer, that delivery to such Investor shall be to a Products account designated by such Investor.

**"Due and Payable Amount"** means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any

Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date) or (B) the CLP Valuation Date, as applicable.

**"Final Delivery Date"** means, in respect of a Physical Settlement Date, the final Delivery Date to occur with respect to Deliverable Obligations (or, where Credit Linked Condition X.13.5.5 (Partial Cash Settlement Terms) applies in respect of the Products, the amount of cash) comprised in the Deliverable Obligations Portfolio pertaining to such Physical Settlement Date.

**"Latest Permissible Physical Settlement Date"** means, in respect of Credit Linked Condition 13.4.3 (Delivery of Deliverable Obligations Portfolio), the date that is 30 calendar days after the Physical Settlement Date and, in respect of Credit Linked Conditions 13.5 (Partial Cash Settlement of Consent Required Loans), 13.5.2 (Partial Cash Settlement of Assignable Loans) and 13.5.3 (Partial Cash Settlement of Participations), the date that is 15 Business Days after the Physical Settlement Date (or, where 'Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation' applies, the Modified Restructuring Maturity Limitation Date).

**"Notice of Physical Settlement"** or **"NOPS"** means a notice from the Issuer that (a) confirms that the Issuer will redeem the Products (unless the Issue Terms provides for multiple Deliveries) and require performance in accordance with Physical Settlement as the CLP Settlement Method, (b) contains a detailed description of each Deliverable Obligation that the Issuer will, subject to Credit Linked Condition 13.4 (Redemption of Physically Delivered Products), Deliver to Investors, including if available, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor) of each such Deliverable Obligation and (c) specifies the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency (in each case, the "Outstanding Amount") and, if different, the face amount, of each such Deliverable Obligation and the aggregate Outstanding Amount of all Deliverable Obligations specified in the Notice of Physical Settlement that the Issuer intends to Deliver to Investors (the **"Aggregate Outstanding Amount"**).

The Issuer may, from time to time, notify the Investors in the manner specified above (each such notification, a **"NOPS Amendment Notice"**) that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective). A NOPS Amendment Notice shall contain a revised detailed description of each replacement Deliverable Obligation that the Issuer will, subject to Credit Linked Condition 13.4 (Redemption of Physically Delivered Products), Deliver to Investors (each, a **"Replacement Deliverable Obligation"**) and shall also specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the **"Replaced Deliverable Obligation Outstanding Amount"**). The Outstanding Amount of each Replacement Deliverable Obligation identified in a NOPS Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of the Replacement Deliverable Obligations specified in any NOPS Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligations specified in the Notice of Physical Settlement or any earlier NOPS Amendment Notice which, in each case, are not being replaced must not be greater than the

Aggregate Outstanding Amount. Each such NOPS Amendment Notice must be effective on or prior to the Physical Settlement Date (determined without reference to any change resulting from such NOPS Amendment Notice).

Notwithstanding the foregoing, (i) the Issuer may correct any errors or inconsistencies in the detailed description of each Deliverable Obligation contained in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, by notice to the Investors prior to the relevant Delivery Date and (ii) if Asset Package Delivery is applicable, the Issuer shall on the NOPS Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Investors of the detailed description of the Asset Package, if any, that it intends to, subject to Credit Linked Condition 13.4 (Redemption of Physically Delivered Products), Deliver to the Investors in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, it being understood in each case that such notice shall not constitute a NOPS Amendment Notice.

**"NOPS Cut-Off Date"** means:

a. the later of:

- (i) the thirtieth calendar day after the Event Determination Date; and
- (ii) the tenth calendar day after either the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal, if any (or, if the relevant Credit Event is an M(M)R Restructuring, the tenth calendar day after the Exercise Cut-off Date).

b. Notwithstanding the foregoing, if "Physical Settlement" is applicable as the Fallback CLP Settlement Method and:

- (i) the relevant Credit Event is not an M(M)R Restructuring, the later of (A) the date determined pursuant to subparagraph (a)(i) above and (B) the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date, as applicable; or
- (ii) the relevant Credit Event is an M(M)R Restructuring, either:
  - (A) the later of (I) the date determined pursuant to subparagraph (a)(i) above and (II) the thirtieth calendar day after (x) a No Auction Announcement Date occurring, if any; or (y) a No Auction Announcement Date occurring, if any; or (z) the Auction Cancellation Date, if any, as applicable; or
  - (B) the later of the Parallel Notice of Physical Settlement Date (or, if more than one should occur, the last Parallel Notice of Physical Settlement Date), and Business Day immediately following the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where a No Auction Announcement Date occurs,

provided that in the case of subparagraphs (a)(ii) and (b) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in subparagraph (a)(i).

**"NOPS Effective Date"** means the date on which an effective Notice of Physical Settlement or NOPS Amendment Notice, as the case may be, is delivered by the Issuer.

**"Physical Settlement Date"** means the last day of the longest Physical Settlement Period following the NOPS Cut-off Date, as the Calculation Agent may designate in its reasonable discretion provided that if the Final Price has not been determined by the Business Day immediately preceding the Physical Settlement Date, the Physical Settlement Date shall be the first Business Day after the Final Price is determined. If all Deliverable Obligations specified in the Notice of Physical Settlement or any

NOPS Amendment Notice, as applicable, are Delivered on or before the day so designated, the date that Delivery of such Deliverable Obligations is completed shall be deemed to be the Physical Settlement Date.

**"Physical Settlement Period"** means the number of Business Days specified as such in the Issue Terms or, if a number of Business Days is not so specified, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as the Calculation Agent shall determine, provided, however, that, if the Issuer has notified the Issue and Paying Agent that it intends to Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be thirty Business Days.

#### 13.15.9 Timing

##### *Time Zones*

In order to determine the day on which an event occurs for purposes of these Credit Linked Conditions, the demarcation of days shall be made by reference to Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo time), irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

##### *Payment Timing*

Notwithstanding the definition of Credit Event Notice and the paragraph above (Time Zones), if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo time), irrespective of the time zone of its place of payment.

##### *Settlement Suspension and Effect of DC Resolutions*

If, following the determination of an Event Determination Date in accordance with the definition thereof but prior to the Physical Settlement Date or, to the extent applicable, a CLP Valuation Date, there is a DC Credit Event Meeting Announcement, all timing requirements in these Credit Linked Conditions that pertain to settlement shall toll and remain suspended until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. During such suspension period, the Issuer is not obliged to take any action in connection with the settlement of such Credit Event or the redemption, if any, of the Credit Linked Products. Once the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal, as applicable, has occurred, the relevant timing requirements that pertain to settlement that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary, with the Issuer having the benefit of the full day, notwithstanding when the tolling or suspension began.

Any DC Resolution of the relevant Credit Derivatives Determinations Committee that is applicable to a Series, including a DC Resolution that reverses a previous DC Resolution, shall be binding on the Issuer and Investors of such Series:

a. provided that:

- (i) if the effect of a DC Resolution would be to reverse (A) a prior DC Resolution of the relevant Credit Derivatives Determinations Committee, (B) any determination made by the Calculation Agent that is effectively notified to the Issuer prior to the fifth Business Day which immediately

precedes the Successor Resolution Request Date or a Substitute Reference Obligation Resolution Request Date, as applicable, or (C) the occurrence of an Event Determination Date, that, in any case, has resulted in:

- (A) the identification of one or more Successors;
- (B) the identification of a Substitute Reference Obligation; or
- (C) the occurrence of an Auction Final Price Determination Date, Physical Settlement Date or Redemption Date, as applicable, or to the extent of the occurrence of a CLP Valuation Date or Delivery Date, as applicable, in each case, on or prior to the date that the DC Secretary publicly announces such DC Resolution of the relevant Credit Derivatives Determinations Committee,

then such DC Resolution shall not be effective for purposes of any Series, or, in the case of a CLP Valuation Date or Delivery Date only, shall not be effective to the extent that a CLP Valuation Date or Delivery Date has occurred; and

- (ii) if the terms of such Series seek to amend or override the agreement contained in this Credit Linked Condition by expressly referring in writing to this Credit Linked Condition and which would otherwise be effective in accordance with the terms of such Series, then any DC Resolution shall not be effective for purposes of such Series; and

b. notwithstanding:

- (i) that the Credit Linked Conditions, as supplemented, or any provisions incorporated in the Issue Terms, may require such determination to be made by the Calculation Agent;
- (ii) that in order to reach such DC Resolution, the relevant Credit Derivatives Determinations Committee may be required to Resolve one or more factual matters before being able to reach such DC Resolution; and
- (iii) any actual or perceived conflict of interest on the part of a DC Party, legal counsel or other third-party professional hired by such DC Party in connection with such DC Party's performance of its duties under the DC Rules.

#### 13.15.10 Terms relating to Currencies

**"Currency Amount"** means, with respect to (a) a Deliverable Obligation specified in a Notice of Physical Settlement that is denominated in a currency other than the Settlement Currency, an amount converted into the Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted into the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each NOPS Amendment Notice with respect to the relevant portion of the applicable Calculation Amount into the currency of denomination of the relevant Replacement Deliverable Obligation.

**"Currency Rate"** means, with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, as the Calculation Agent shall determine and (b) a



Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the Revised Currency Rate; provided, however, that:

- (i) if a Notice of Physical Settlement is delivered within five Business Days of an Auction Final Price Determination Date, the Issuer may elect to use the Auction Currency Rate (as defined in the Credit Derivatives Auction Settlement Terms) if such rate exists for the relevant currency pair; or
- (ii) if 'Local Market Currency Rate' is specified in the Issue Terms, then the Issuer may elect, instead of using the Currency Rate Source, to determine the Currency Rate by reference to quotes from four leading dealers at the Next Currency Fixing Time. The highest and lowest quotes shall be discarded and the Calculation Agent shall take an average of the remaining two quotes. If it is not possible to obtain four quotes, then the Calculation Agent shall determine the rate acting in a commercially reasonable manner.

**"Currency Rate Source"** means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

**"Next Currency Fixing Time"** means 4:00 p.m. (London time) on the London Business Day immediately following the date on which the Notice of Physical Settlement or relevant NOPS Amendment Notice, as applicable, is effective.

**"Revised Currency Rate"** means, with respect to a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time or (b) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner.

#### **14. Tracker Certificate referencing to an actively managed underlying**

*The provisions of these Underlying Specific Conditions<sup>14</sup> (Tracker Certificate referencing to an actively managed underlying) shall apply to Products with an actively managed Index as an Underlying.*

##### **14.1 Active Management of Underlying**

The Underlying of a Tracker Certificate referencing to an actively managed underlying (the **"Actively Managed Certificate"** or the **"AMC"**) is a dynamic, actively managed index (the **"Index"**) which is discretionarily managed by the Index Sponsor and calculated by the respective Index Calculation Agent.

##### **14.2 Redemption**

The Investor is entitled to receive from the Issuer, subject to an Extraordinary Termination, if Applicable, on the Redemption Date per Product a Cash Settlement in the Settlement Currency corresponding to the value of the Underlying (adjusted by applicable fees, any expenses and taxes, and, as the case may be, an FX Rate) on the Final Fixing Date as specified in the Issue Terms.

### 14.3 Publication

Any Index Rule Books and other relevant documentation regarding the investment strategy of an AMC as well as periodically (at least monthly) updated percentage-weighted composition of the Indices can be obtained free of charge from the Lead Manager.

### 14.4 Fees

In relation to Actively Managed Certificates different fees, as specified in the Issue Terms will be deducted and will have an effect on the Redemption Amount.

### 14.5 Definitions

**"Actively Managed Certificate"** or **"AMC"** means a Tracker Certificate referencing to an actively managed underlying specified as such in the Issue Terms.

**"Index"** means an Index representing a hypothetical portfolio in order to reflect the investment strategy as described in the Issue Terms/or Index Rule Book. There is no obligation on the Index Calculation Agent to purchase and/or hold any components of the Index and there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index is merely comprised of components, the performance of which will be used as a reference point for the purposes of calculating the value of the Index. References to any rebalancing of the Index or addition, adjustment, substitution, replacement or removal of Components should not be construed as imposing an obligation on the Index Calculation Agent or any person actually to acquire or dispose of any securities, investments, assets or other property but are references to the change in, and relate solely to the calculation of the value of the Index.

**"Index Sponsor"** means the in relation to Actively Managed Certificates persons or entities defining the composition of the AMC's underlying index. The Index Sponsor is responsible to define Index composition in accordance with the investment strategy and investment universe of in accordance Issue Terms and the Index Rule Book. The Index Sponsor may make an amendment to the Index by adding, removing, or replacing components within the Index subject to the index rules, as described in the Index Rule Book

**"Index Rule Book"** means an integral part of the legal documentation of an AMC and sets out among others the investment strategy and investment universe agreed between Issuer, Index Calculation Agent and the Index Sponsor.

## **XI. TERMS FOR COLLATERAL SECURED INSTRUMENTS (COSI)**

### **1. Collateralisation of COSI Products**

*These Terms for COSI Products shall only apply to the extent specified as applicable in the Issue Terms.*

COSI Products are collateralized in accordance with the terms of the SIX Swiss Exchange "Framework Agreement for Collateral Secured Instruments". The Collateral Provider, as defined in the respective Issue Terms, undertakes to secure the value of the COSI Product at any given time as well as the further claims listed in the Framework Agreement.

Security must be provided to SIX Swiss Exchange in the form of a regular pledge. The collateral is booked to a SIX Swiss Exchange account with SIX SIS. Investors do not themselves have a security interest regarding the collateral. The COSI Products and the collateral shall be valued on each Banking Day. The Collateral Provider shall be obliged to adjust the collateral to any changes in value. Permitted forms of collateral shall be selected by SIX Swiss Exchange on an ongoing basis from various categories of securities. The issuer shall, upon enquiry, inform Investors about the collateral that is permitted as security for the COSI Product at any given time. The Collateral Provider shall pay SIX Swiss Exchange a Fee for the service regarding the collateralisation of the COSI Product. A change of Collateral Provider shall be notified in accordance with the provisions of this Programme.

If FINMA orders the liquidation (bankruptcy) regarding SIX Swiss Exchange or SIX SIS, the collateralisation shall continue during two Banking Days which follow such order. After expiration of the two Banking Days without occurrence of a Realisation Event, the collateralisation shall stop and a Realisation Event cannot occur anymore; the Collateral is transferred back from the account of SSX at SIX SIS to the account of the Guarantor at SIX SIS. If a Realisation Event occurs during these two Banking Days, clause 11 shall be applicable. SSX and SIX SIS shall notify the public, by announcement on their websites, of the order of FINMA and the stop of collateralisation.

### **2. Documentation**

The collateralisation in favor of SIX Swiss Exchange is based on the "Framework Agreement for Collateral Secured Instruments" between SIX Swiss Exchange, SIX SIS, and the Issuer (also as the Collateral Provider) valid from 01 January 2019 ("Framework Agreement"). The investor is not party to the Framework Agreement. The Framework Agreement constitutes an integral part of this Programme. In the event of any contradiction between the provisions of this Programme and the Framework Agreement, the Framework Agreement takes precedence. The issuer shall, upon request, provide the Framework Agreement to investors free of charge in the original German version or in an English translation. The Framework Agreement may be obtained from Leonteq Securities AG at Europaallee 39, 8004 Zurich, Switzerland via telephone +41 58 800 1111, fax +41 58 800 1010 or via e-mail [termsheet@leonteq.com](mailto:termsheet@leonteq.com). The core elements of collateralisation of the COSI Products are summarized in a SIX Swiss Exchange information sheet, which is available at "[www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)".

### **3. Collateralisation method**

The collateral that must be furnished by the Collateral Provider is determined by the value of the COSI Product at any given time (hereinafter "Current Value"). The Current Values shall be determined in the trading currency of the COSI Product and converted into Swiss francs for the purpose of calculating the required collateral. The method for calculating the Current Value shall be determined for each COSI Product upon application for (provisional) admission to trading and shall remain unchanged for the entire term of the COSI Product. If prices for the COSI Product calculated by third

parties are available (so-called "Fair Values"), they are taken into account when determining the Current Value in accordance with the provisions of the rules and regulations of SIX Swiss Exchange. Otherwise, the determination of the Current Value will take into account the "bond floor pricing", as defined by the Swiss Federal Tax Administration, Berne (Switzerland). For as long as no bond floor is available for a COSI Product that is subject to bond floor pricing, the Current Value shall correspond at least to the capital protection laid down in the redemption terms for the COSI Product. If the final bid-side purchase price of the COSI Product on the previous trading day on SIX Swiss Exchange is higher, the collateral requirement shall always be based on this latter price. If the aforementioned prices for COSI Products are unavailable at any given time, then other prices shall be used to calculate the required collateral, in accordance with the rules and regulations of SIX Swiss Exchange. The Current Values required for the collateralisation of the COSI Products shall be determined exclusively in accordance with the provisions of the "Special Conditions for Collateral Secured Instruments" of SIX Swiss Exchange. The Current Value of the COSI Product shall be determined according to either Method A: Fair Value Method or Method B: Bond Floor Method of these Special Conditions of SIX Swiss Exchange, as defined in the listing prospectus.

#### **4. Distribution and market making**

The distribution of the COSI Product shall be the responsibility of the issuer. The issuer undertakes to ensure that market making for the COSI Product is in place.

If FINMA orders the liquidation (bankruptcy) regarding SIX Swiss Exchange or SIX SIS, trading in all COSIs under this Framework Agreement shall be suspended immediately and the COSIs shall be delisted. The obligation for market making shall expire with this suspension of trading. The Issuer is obliged to ensure an over-the-counter (OTC) market making for the certificates for their remaining duration and to repurchase the certificates from the Investors at their corresponding market value. This right of reselling of the Investors vis-à-vis the Issuer is based on a genuine contract in favor of third parties (Article 112 paragraph 2 of the Swiss Code of Obligations). SIX Swiss Exchange and SIX SIS shall notify the public, by announcement on their websites, of the obligations of the Issuer regarding over-the-counter market making and repurchasing of the certificates.

#### **5. Risks**

Collateralisation eliminates the issuer default risk only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Liquidation Event (less the costs of liquidation and payout) are able to meet the Investors' claims. The Investor bears the following risks, among others: (i) the Collateral Provider is unable to supply the additionally required collateral if the value of the COSI Product rises or the value of the collateral decreases; (ii) in a Liquidation Event, the collateral cannot be liquidated immediately by SIX Swiss Exchange because of factual hindrances or because the collateral must be handed over to the executory authorities for liquidation; (iii) the market risk associated with the collateral results in insufficient liquidation proceeds or, in extreme circumstances, the collateral might lose its value entirely until the liquidation can take place; (iv) the maturity of COSI Products in a foreign currency according to the Framework Agreement may result in losses for the Investor because the Current Value (determinant for the Investor's claim against the issuer) is set in the foreign currency, while payment of the pro-rata share of net liquidation proceeds (determinant for the extent to which the Investor's claim against the issuer is satisfied) is made in Swiss francs; (v) the collateralisation is challenged according to the laws governing debt enforcement and bankruptcy, so that the collateral cannot be liquidated according to the terms of the Framework Agreement for the benefit of the Investors in COSI Products.

#### **6. Liquidation of collateral**

If the Collateral Provider fails to fulfill its obligations, the collateral will be liquidated by SIX Swiss Exchange or a liquidator under the terms of the applicable legal regulations. The collateral may be liquidated ("**Liquidation Events**") if (i) the Collateral Provider fails to furnish the required collateral, fails to do so in due time, or if the collateral that is provided is not free from defects, unless any such defect is remedied within three (3) Banking Days; (ii) the issuer fails to fulfill a payment or delivery obligation under a COSI Product upon maturity according to the issuing conditions, fails to do so in due time, or if its fulfillment of such obligations is defective, unless any such defect is remedied within three (3) Banking Days; (iii) the Swiss Financial Market Supervisory Authority FINMA orders protective measures with regard to the issuer or the Collateral Provider under Article 26 paragraph 1 letter (f) to (h) of the Federal Act on Banks and Savings Banks, or restructuring measures or the liquidation (winding-up proceedings) under Article 25 et seq. of the Federal Act on Banks and Savings Banks; (iv) a foreign financial market supervisory authority, another competent foreign authority or a competent foreign court orders an action that is comparable with that described in item (iii) above; (v) the market making obligation is breached for ten (10) consecutive Banking Days; (vi) the Collateral Provider's participation at SIX SIS ceases; (vii) the provisional admission of the COSI Product to trading lapses or is cancelled and the issuer fails to satisfy Investors' claims according to the issuing conditions of the COSI Products within thirty (30) Banking Days of the lapse or cancellation of the provisional admission; or (viii) the COSI Products are delisted upon application by the issuer or for any other reason, and the issuer fails to satisfy Investors' claims according to the issuing conditions of the COSI Product within thirty (30) Banking Days of the last trading day. The Framework Agreement provides for the exact time at which each Liquidation Event occurs. The remedy of a Liquidation Event is not possible.

#### **7. Determination of a Liquidation Event**

SIX Swiss Exchange is not required to undertake investigations with regard to the occurrence of a Liquidation Event. In determining the occurrence of a Liquidation Event, it bases its decision on reliable sources of information only. SIX Swiss Exchange determines with binding effect for the Investors that an incident qualifies as a Liquidation Event and at what point in time the Liquidation Event occurred.

#### **8. Procedure in case of a Liquidation Event**

If a Liquidation Event occurs, SIX Swiss Exchange is at its discretion entitled: (i) to make public the occurrence of a Liquidation Event immediately or at a later stage in suitable form, specifically in a newspaper with a national distribution and on the SIX Swiss Exchange website; as well as (ii) to liquidate immediately or at a later stage – without regard to the amount of unsatisfied claims – all existing collateral on a private basis, provided the applicable legal regulations or regulatory orders do not prohibit such private liquidation (and, if a private liquidation is not possible, hand the collateral over to the competent person for liquidation). Once a Liquidation Event has occurred, trading in all COSI Products of the issuer may be suspended, and the COSI Products of the issuer may be delisted.

#### **9. Maturity of the COSI Products as well as investor claims against SIX Swiss Exchange and the issuer**

All of the issuer's COSI Products under the Framework Agreement shall fall due for redemption thirty (30) Banking Days after a Liquidation Event has occurred. SIX Swiss Exchange shall make public the due date in a newspaper with a national distribution, as well as on the SIX Swiss Exchange website. Investors' claims against SIX Swiss Exchange for the payment of their pro-rata share of the net liquidation proceeds arise automatically only once the COSI Products have fallen due for redemption. Investors' claims against SIX Swiss Exchange are based on a genuine contract in favor of third parties

(Article 112 paragraph 2 of the Swiss Code of Obligations) which is irrevocable on the part of the Collateral Provider. The acquisition of a COSI Product by an Investor automatically entails the declaration vis-à-vis SIX Swiss Exchange, as described in Art. 112 paragraph 3 of the Swiss Code of Obligations, that he wishes to enforce his right under the Framework Agreement at maturity of the COSI Product. In dealings with SIX Swiss Exchange and SIX SIS, the Investors are bound by the provisions of the Framework Agreement, specifically the choice of Swiss law and the exclusive jurisdiction of the courts in Zurich (Switzerland).

If a Liquidation Event has occurred, SIX Swiss Exchange will determine the Current Values of all COSI Products of the issuer in the respective trading currency with binding effect for the issuer, the Collateral Provider and the Investors. Investors' claims against the issuer will be based on these Current Values when the COSI Products mature in accordance with the Framework Agreement. The Current Values of the COSI Products on the Banking Day immediately preceding the date on which the Liquidation Event occurred shall be applicable. SIX Swiss Exchange shall make public the applicable Current Values of the COSI Products.

#### **10. Costs of liquidation and payout for the benefit of the investors**

The costs incurred in connection with the liquidation and payout (including taxes and duties, as well as consulting Fees) shall, in advance, be covered out of the proceeds of the liquidation of the collateral. For this purpose, SIX Swiss Exchange shall deduct a flat-rate Fee of 0.1 percent from the entire liquidation proceeds for its own expenses and for the expenses of third parties. In addition, SIX Swiss Exchange shall be entitled to satisfy, in advance out of the proceeds of the liquidation of the collateral, any outstanding claims it holds against the Collateral Provider and the issuer under the terms of the Framework Agreement. The remaining net liquidation proceeds are available for payout to the Investors in COSI Products of the issuer.

SIX Swiss Exchange will transfer the pro-rata share of net liquidation proceeds due to Investors to SIX SIS Participants. In doing so, it is released from all further obligations. The amounts transferred are determined by the holdings of COSI Products that are booked to participant accounts with SIX SIS. If the issuer which, according to the Framework Agreement, is affected by the maturity of its COSI Product, is a SIX SIS Participant, then SIX Swiss Exchange and SIX SIS shall decide on a separate procedure for the payment of the pro-rata share of net liquidation proceeds to those Investors who hold their COSI Products via the issuer. SIX Swiss Exchange may transfer the pro-rata share of net liquidation proceeds for these Investors to one or more other SIX SIS Participants or to one or more third parties, which will attend to the payment to Investors in COSI Products either directly or indirectly. In doing so, SIX Swiss Exchange is released from all further obligations. SIX Swiss Exchange may decide at its own discretion to have the payment of the pro-rata share of net liquidation proceeds for other or all Investors in COSI Products conducted by one or more other SIX SIS participants or by one or more third parties.

The payouts to Investors are made exclusively in Swiss francs. The claim of the Investors is non-interest-bearing. SIX Swiss Exchange is not liable to pay either default interest or damages should the payout be delayed for any reason.

The maximum claim of an Investor to satisfaction from the net liquidation proceeds of collateral is determined by the sum of the Current Values of his COSI Products. Should the combined Current Values of all Investors in the issuer's COSI Products exceed the net liquidation proceeds, payment of pro-rata shares of net liquidation proceeds to individual Investors will be made according to the ratio between the total Current Values held by individual Investors and the total Current Values accruing to all Investors in COSI Products of the issuer.

In the case of COSI Products in a different trading currency than the Swiss franc, SIX Swiss Exchange shall, with binding effect for the parties to the Framework Agreement and the Investors, convert the Current Values into Swiss francs in order to determine the pro-rata share of net liquidation proceeds. The exchange rates according to the rules and regulations of SIX SIS on the Banking Day immediately preceding the date on which the Liquidation Event occurred shall be applicable. The conversion of the Current Values of COSI Products of a different trading currency than the Swiss franc pertains only to the amount and the effect of the payout of pro-rata net liquidation proceeds by SIX Swiss Exchange to Investors in such COSI Products and shall have no further effect on the relationship between the Investor and the issuer. SIX Swiss Exchange shall make public these values of the COSI Products as well as the applicable exchange rates.

The Investors' claims against the issuer arising from the COSI Products are reduced by the amount of the payment of the pro-rata net liquidation proceeds. In the case of COSI Products of a different trading currency than the Swiss franc, the reduction amount of the claim of the Investor against the issuer shall be determined in accordance with the conversion rate of the particular trading currency of the COSI Product to the Swiss franc applicable on the Banking Day immediately preceding the date on which the Liquidation Event occurred.

No further Investor claims exist against SIX Swiss Exchange, SIX SIS or other persons which are involved in the collateralisation service for COSI Products under the terms of the Framework Agreement.

#### **11. Secondary Listing**

Apart from the primary listing of the COSI Products on SIX Swiss Exchange the issuer may apply for a listing or admission to trading on one or more secondary exchanges. All aspects and events related to listing or admission to trading of the COSI Products on a secondary exchange of the COSI Product shall be disregarded under the Framework Agreement. In particular, prices of the COSI Products on secondary exchanges are not taken into consideration for the calculation of the Current Value and events which are related to a listing or admission to trading of the COSI Product on a secondary exchange, such as the suspension of the market making at a secondary exchange or the delisting of the COSI Products from a secondary exchange, shall not be deemed a Liquidation Event under the Framework Agreement. SIX Swiss Exchange is at its own discretion entitled to make public the occurrence of a Liquidation Event and the maturity of the COSI Product pursuant to the Framework Agreement in the countries where a listing or admission to trading of the COSI Product on a secondary exchange is maintained as well as to inform the secondary exchanges or any other bodies about such occurrences.

#### **12. Liability**

The liability of parties to the Framework Agreement to pay damages exists only in cases of gross negligence or intentional misconduct. Further liability is excluded. SIX Swiss Exchange shall only be liable for third parties, which are mandated with the valuation of COSI Products, in case of improper selection and instruction of such third parties. Where the payment of pro-rata shares of net liquidation proceeds of COSI Products is made via SIX SIS Participants to the extent these Participants hold the COSI Products in accounts at SIX SIS, SIX Swiss Exchange and SIX SIS are liable only for the careful instruction of these SIX SIS Participants. If the payment is made via third parties or via SIX SIS Participants in respect of COSI Products that are not booked to these Participants' accounts at SIX SIS, then SIX Swiss Exchange and SIX SIS are liable only for the careful selection and instruction.

#### **13. No authorisation**

COSI Products do not constitute collective investment schemes pursuant to the Federal Act on Collective Investment Schemes (CISA). They do not require authorisation or supervision by the Swiss Financial Market Supervisory Authority FINMA.

#### **14. Congruence with the Programme**

This section XI (TERMS FOR COLLATERAL SECURED INSTRUMENTS (COSI)) corresponds to the SIX Swiss Exchange standard text. The terms contained herein are incorporated as follows in the Programme:

##### **Term used in this section “Collatera Corresponding Programme Definition Secured Instruments (COSI)”**

issuer	Issuer
trading day	Exchange Business Day
maturity	Redemption, Redemption Date or Final Fixing Date
redemption	Redemption

The provisions of this section XI (TERMS FOR COLLATERAL SECURED INSTRUMENTS (COSI)) take precedence in the event of contradiction between this section and the other content of the Programme.



## **XII. GUARANTEE OF EFG INTERNATIONAL AG FOR PRODUCTS OF EFG INTERNATIONAL FINANCE (GUERNSEY) LTD**

*The provisions of this guarantee (the "**Guarantee**") apply to all Products for which the Final Terms specify EFG International AG as Guarantor (for the purpose of this section, the "**Guarantor**"). The guarantee provided by the Guarantor (the "**Guarantee**") and all other information contained in this section apply only to Guaranteed Products.*

*This Guarantee applies in addition to the General Terms and Conditions, the Underlying Specific Conditions and the relevant Issue Terms.*

*In case of any inconsistencies between the Issue Terms and any other parts of the Conditions, the Issue Terms shall prevail. In the event of any inconsistencies between the General Terms and Conditions, the Underlying Specific Conditions and this Guarantee, this Guarantee shall prevail.*

### **1. Form of Guarantee**

*The terms of the guarantee to be provided by the Guarantor in respect of the payment and delivery obligations of the Issuer in respect of the Guaranteed Products will be substantively on the terms set out in this Section.*

\*\*\*

**THIS GUARANTEE** is made on 06 September 2021 between:

**EFG INTERNATIONAL AG**, being a stock corporation, duly organized and existing under the laws of Switzerland whose registered head office is situated at Bleicherweg 8, 8001 Zurich, Switzerland (the "**Guarantor**"); and

**EFG INTERNATIONAL FINANCE (GUERNSEY) LTD**, being a limited liability company, duly organized and existing under the laws of Guernsey whose registered head office is situated at EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4NN, Channel Islands (the "**Issuer**").

### **WHEREAS**

- A. The Issuer may from time to time issue Products (as defined in the Programme (as defined hereinafter)) as part of the issuance and offering programme (the "**Programme**") under a base prospectus dated 06 September 2021 (as supplemented and/or replaced under the Programme from time to time, the "**Base Prospectus**") as may be supplemented by any final terms and conditions set out in any applicable set of final terms or pricing supplement, as the case may be (the "**Issue Terms**").
- B. To the extent specified in the Issue Terms by reference to the Guarantor, the Products shall be guaranteed according to the terms of this guarantee (the "**Guaranteed Products**").
- C. The Guarantor has determined to execute this guarantee (the "**Guarantee**") within the meaning of Article 111 of the Swiss Code of Obligations ("**CO**") for the payment of the relevant cash settlement amount or to deliver a relevant Underlying (as defined in the terms and conditions of the Guaranteed Products) in the case of the Issuer's failure to deliver such Underlying or to make payment of the relevant cash settlement amount for the benefit of the Investor (as defined in the terms and conditions of the Guaranteed Products) in respect of any Guaranteed Product that is issued by the Issuer under the Programme.

The Guarantor hereby agrees as follows:

### **1. DEED OF GUARANTEE**

The Guarantor hereby unconditionally and, subject to the provisions in this Guarantee, irrevocably guarantees, irrespective of the validity and enforceability of the terms and conditions of the Guaranteed Products and waiving all rights of objection and defence arising from the terms and conditions of the Guaranteed Products to which the Issuer is entitled (provided that the Guarantor shall retain its own rights of objection and defence arising from the terms and conditions of the Guaranteed Products as regards its function as a Guarantor and the Guarantee), upon first written demand, the Issuer's obligations as stipulated to be due in accordance with the terms and conditions of the Programme and the respective Guaranteed Products which are issued under the Programme and guaranteed by the Guarantor, as the case may be (the "**Guaranteed Obligations**"), except that the Guarantor is not obliged to settle by delivery. In the case of cash settlement, the Guarantor is obliged to make the cash payment of the cash settlement amount as stipulated to be due and payable in the relevant Issue Terms. In the case of delivery of any relevant Underlying according to the relevant Issue Terms, however, the Guarantor is not obliged to deliver any Underlying but may elect, irrespective of the provisions in the relevant Issue Terms, in its absolute and full discretion, to pay the amount that would have been stipulated to be due and payable if cash settlement had been specified in the relevant Issue Terms. This Guarantee shall be valid for any present or future Guaranteed Product which is issued by the Issuer under the Programme, subject to Clause 3 (Termination).

This Guarantee constitutes a Guarantee of payment and not of collection and is not conditional or contingent upon any attempts to collect from, or pursue or exhaust any rights or remedies against, the Issuer, and is intended by the Guarantor to constitute an unlimited non-accessory undertaking (*unbeschränkte, nicht akzessorische Verpflichtung*) within the meaning of Article 111 CO and is not a mere surety (*Bürgschaft*) within the meaning of Article 492 et seq. of the CO. Notwithstanding any reference to the obligations of the Issuer, the Guarantor's obligations under this Guarantee are absolute and independent obligations of the Guarantor as a primary obligor.

## **2. ASSIGNMENT**

The Guarantor may not assign its rights nor delegate its obligations under this Guarantee in whole or in part, except for an assignment and delegation of all of the Guarantor's rights and obligations hereunder to another entity in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes such obligations by contract, operation of law, or otherwise. Upon any such delegation and assumption of delegations, the Guarantor shall be relieved of and be fully discharged from all obligations hereunder.

## **3. TERMINATION**

This Guarantee may be terminated by the Guarantor upon thirty calendar days' written notice served on the Issuer and the relevant Lead Manager (as defined in the terms and conditions of the Guaranteed Products), such 30 days' notice period to start upon the later of the written acknowledgment by the Issuer or the Lead Manager, provided that this Guarantee shall remain in full force and effect with respect to Guaranteed Obligations.

## **4. NOTICES**

All notices, demands and other communications to the Guarantor hereunder shall be in writing (by letter) and shall be sent to Bleicherweg 8, 8001 Zurich, Switzerland, Attn: EFG Corporate Desk, or to such other address or for the attention of such other person or department as the Guarantor has notified to the Investors in the manner prescribed for the giving of notices in connection with the Guaranteed Products.

Every notice, demand or other communication sent in accordance with this Clause 4 shall be effective upon receipt by the Guarantor, provided that any such notice, demand or other communication which

would otherwise take effect on a day which is not a business day in the place of the Guarantor or after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the registered office of the Guarantor.

## 5. GOVERNING LAW AND JURISDICTION

This Guarantee shall be governed by and construed in accordance with substantive Swiss law. Disputes arising from this Guarantee shall fall within the jurisdiction of the ordinary courts of the canton of Zurich, venue being the city of Zurich.

EFG International AG

EFG International Finance (Guernsey) Ltd.

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## 2. Additional Terms and Conditions

*The following additional Terms and Conditions apply to the Guaranteed Products with EFG International AG as Guarantor:*

### 2.1 Guarantee by the Guarantor

The Guaranteed Products are guaranteed pursuant to Swiss law and the Guaranteed Products are guaranteed by the Guarantor pursuant to the terms of the Guarantee Agreement in the sense of Article 111 of the Swiss Code of Obligations as set out in section 1 above.

The Guarantee Agreement and the guarantee provided thereunder are governed by Swiss law and the place of jurisdiction for disputes arising from such guarantee are the ordinary courts of the Canton of Zurich, venue being the city of Zurich.

### 2.2 Change of Guarantor

A change of the Guarantor in respect of the Guaranteed Products shall only occur on the terms specified in the Guarantee Agreement as set out in section 1 above, i.e. where an entity succeeds into all or substantially all the assets and liabilities of the Guarantor, including the Guarantor's obligations resulting from the Guaranteed Products, irrespective of whether such succession occurs by contract, operation of law or otherwise (such successor a "**New Guarantor**").

### 2.3 Termination of the Products due to a Realisation Event

The Guarantor shall have the right, but not the obligation, to request the Issuer, in the Guarantor's duly executed discretion (*billiges Ermessen*), to terminate the Products guaranteed by the Guarantor with effect to any Exchange Business Day if a realisation event has occurred.

Each of the following events constitutes a realisation event (each a "**Realisation Event**"):

- (i) if a competent financial market supervisory authority, another competent authority or a competent foreign court orders restructuring measures or liquidation (insolvency) proceedings in respect of the Issuer. The point decisive for the occurrence of this Realisation Event shall be the date on which the measures were ordered or insolvency proceedings or proceedings with a comparable effect are commenced; or
- (ii) if the Issuer's or the Guarantor's participation in SIX SIS AG expires. The point decisive for the occurrence of this Realisation Event shall be the first day on which banks are open for business in Zurich and Bern after the participation has expired.

### 2.4 Procedures in case of a termination of the Products due to a Realisation Event

If the Products are terminated due to a Realisation Event, the Products will be early redeemed by paying to each Investor in respect of the Products an amount determined in the Calculation Agent's duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, as representing the Fair Market Value of such Products immediately prior to such termination.

Payment will be made within a reasonable time by the Paying Agent after the occurrence of a Realisation Event in such manner as shall be notified to the Investors by the Calculation Agent within a period of not less than ten (10) and not more than thirty (30) Business Days in accordance with General Condition 15 (*Notices*).

Instead of paying a cash amount corresponding to the Fair Market Value of a Product, the Paying Agent may – in its duly executed discretion (*billiges Ermessen*) – decide to deliver the Underlying of such Product.

Neither the Issuer nor the Guarantor are obligated to make any further payments and/or deliveries for the Products terminated due to the occurrence of a Realisation Event.

### 2.5 Notices regarding Guarantor

Notices to Investors regarding the Guarantor will be published under the section "Investor Relations" on the Guarantor's website [www.efginternational.com](http://www.efginternational.com) or any successor website.

### **XIII. GUARANTEE OF EFG BANK AG FOR PRODUCTS OF EFG INTERNATIONAL FINANCE (GUERNSEY) LTD**

*The provisions of this guarantee (the "**Guarantee**") apply to all Products for which the Final Terms specify EFG Bank AG as Guarantor (for the purpose of this section, the "**Guarantor**"). The guarantee provided by the Guarantor (the "**Guarantee**") and all other information contained in this section apply only to Guaranteed Products.*

*This Guarantee applies in addition to the General Terms and Conditions, the Underlying Specific Conditions and the relevant Issue Terms.*

*In case of any inconsistencies between the Issue Terms and any other parts of the Conditions, the Issue Terms shall prevail. In the event of any inconsistencies between the General Terms and Conditions, the Underlying Specific Conditions and this Guarantee, this Guarantee shall prevail.*

#### **1. Form of Guarantee**

*The terms of the guarantee to be provided by the Guarantor in respect of the payment and delivery obligations of the Issuer in respect of the Guaranteed Products will be substantively on the terms set out in this section.*

\*\*\*

**THIS GUARANTEE** is made on 06 September 2021 between:

**EFG BANK AG**, being a stock corporation, duly organized and existing under the laws of Switzerland whose registered head office is situated at Bleicherweg 8, 8001 Zurich, Switzerland (the "**Guarantor**"); and

**EFG INTERNATIONAL FINANCE (GUERNSEY) LTD**, being a limited liability company, duly organized and existing under the laws of Guernsey whose registered head office is situated at EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4NN, Channel Islands (the "**Issuer**").

#### **WHEREAS**

- A. The Issuer may from time to time issue Products (as defined in the Programme (as defined hereinafter)) as part of the issuance and offering programme (the "**Programme**") under a base prospectus dated 06 September 2021 (as supplemented and/or replaced under the Programme from time to time, the "**Base Prospectus**") as may be supplemented by any final terms and conditions set out in any applicable set of final terms or pricing supplement, as the case may be (the "**Issue Terms**").
- B. To the extent specified in the Issue Terms by reference to the Guarantor, the Products shall be guaranteed according to the terms of this guarantee (the "**Guaranteed Products**").
- C. The Guarantor has determined to execute this guarantee (the "**Guarantee**") within the meaning of Article 111 of the Swiss Code of Obligations ("**CO**") for the payment of the relevant cash settlement amount or to deliver a relevant Underlying (as defined in the terms and conditions of the Guaranteed Products) in the case of the Issuer's failure to deliver such Underlying or to make payment of the relevant cash settlement amount for the benefit of the Investor (as defined in the terms and conditions of the Guaranteed Products) in respect of any Guaranteed Product that is issued by the Issuer under the Programme.

The Guarantor hereby agrees as follows:

#### **1. DEED OF GUARANTEE**

The Guarantor hereby unconditionally and, subject to the provisions in this Guarantee, irrevocably guarantees, irrespective of the validity and enforceability of the terms and conditions of the

Guaranteed Products and waiving all rights of objection and defence arising from the terms and conditions of the Guaranteed Products to which the Issuer is entitled (provided that the Guarantor shall retain its own rights of objection and defence arising from the terms and conditions of the Guaranteed Products as regards its function as a Guarantor and the Guarantee), upon first written demand, the Issuer's obligations as stipulated to be due in accordance with the terms and conditions of the Programme and the respective Guaranteed Products which are issued under the Programme and guaranteed by the Guarantor, as the case may be (the "**Guaranteed Obligations**"), except that the Guarantor is not obliged to settle by delivery. In the case of cash settlement, the Guarantor is obliged to make the cash payment of the cash settlement amount as stipulated to be due and payable in the relevant Issue Terms. In the case of delivery of any relevant Underlying according to the relevant Issue Terms, however, the Guarantor is not obliged to deliver any Underlying but may elect, irrespective of the provisions in the relevant Issue Terms, in its absolute and full discretion, to pay the amount that would have been stipulated to be due and payable if cash settlement had been specified in the relevant Issue Terms. This Guarantee shall be valid for any present or future Guaranteed Product which is issued by the Issuer under the Programme, subject to Clause 3 (Termination).

This Guarantee constitutes a Guarantee of payment and not of collection and is not conditional or contingent upon any attempts to collect from, or pursue or exhaust any rights or remedies against, the Issuer, and is intended by the Guarantor to constitute an unlimited non-accessory undertaking (*unbeschränkte, nicht akzessorische Verpflichtung*) within the meaning of Article 111 CO and is not a mere surety (*Bürgschaft*) within the meaning of Article 492 et seq. of the CO. Notwithstanding any reference to the obligations of the Issuer, the Guarantor's obligations under this Guarantee are absolute and independent obligations of the Guarantor as a primary obligor.

## **2. ASSIGNMENT**

The Guarantor may not assign its rights nor delegate its obligations under this Guarantee in whole or in part, except for an assignment and delegation of all of the Guarantor's rights and obligations hereunder to another entity in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes such obligations by contract, operation of law, or otherwise. Upon any such delegation and assumption of delegations, the Guarantor shall be relieved of and be fully discharged from all obligations hereunder.

## **3. TERMINATION**

This Guarantee may be terminated by the Guarantor upon thirty calendar days' written notice served on the Issuer and the relevant Lead Manager (as defined in the terms and conditions of the Guaranteed Products), such 30 days' notice period to start upon the later of the written acknowledgment by the Issuer or the Lead Manager, provided that this Guarantee shall remain in full force and effect with respect to Guaranteed Obligations.

## **4. NOTICES**

All notices, demands and other communications to the Guarantor hereunder shall be in writing (by letter) and shall be sent to Bleicherweg 8, 8001 Zurich, Switzerland, Attn: EFG Corporate Desk, or to such other address or for the attention of such other person or department as the Guarantor has notified to the Investors in the manner prescribed for the giving of notices in connection with the Guaranteed Products.

Every notice, demand or other communication sent in accordance with this Clause 4 shall be effective upon receipt by the Guarantor, provided that any such notice, demand or other communication which would otherwise take effect on a day which is not a business day in the place of the Guarantor or

after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the registered office of the Guarantor.

## 5. GOVERNING LAW AND JURISDICTION

This Guarantee shall be governed by and construed in accordance with substantive Swiss law. Disputes arising from this Guarantee shall fall within the jurisdiction of the ordinary courts of the canton of Zurich, venue being the city of Zurich.

EFG Bank AG

EFG International Finance (Guernsey) Ltd.

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## 2. Additional Terms and Conditions

*The following additional Terms and Conditions apply to the Guaranteed Products with EFG Bank AG as Guarantor:*

### 2.1 Guarantee by the Guarantor

The Guaranteed Products are guaranteed pursuant to Swiss law and the Guaranteed Products are guaranteed by the Guarantor pursuant to the terms of the Guarantee Agreement in the sense of Article 111 of the Swiss Code of Obligations as set out in section 1 above.

The Guarantee Agreement and the guarantee provided thereunder are governed by Swiss law and the place of jurisdiction for disputes arising from such guarantee are the ordinary courts of the Canton of Zurich, venue being the city of Zurich.

### 2.2 Change of Guarantor

A change of the Guarantor in respect of the Guaranteed Products shall only occur on the terms specified in the Guarantee Agreement as set out in section 1 above, i.e. where an entity succeeds into all or substantially all the assets and liabilities of the Guarantor, including the Guarantor's obligations resulting from the Guaranteed Products, irrespective of whether such succession occurs by contract, operation of law or otherwise (such successor a "**New Guarantor**").

### 2.3 Termination of the Products due to a Realisation Event

The Guarantor shall have the right, but not the obligation, to request the Issuer, in the Guarantor's duly executed discretion (*billiges Ermessen*), to terminate the Products guaranteed by the Guarantor with effect to any Exchange Business Day if a realisation event has occurred.

Each of the following events constitutes a realisation event (each a "**Realisation Event**"):

- (i) if a competent foreign financial market supervisory authority, another competent foreign authority or a competent foreign court orders restructuring measures or liquidation (insolvency) proceedings in respect of the issuer. The point decisive for the occurrence of this Realisation Event shall be the date on which the measures were ordered or insolvency proceedings or proceedings with a comparable effect are commenced; or
- (ii) if the Issuer's or the Guarantor's participation in SIX SIS AG expires. The point decisive for the occurrence of this Realisation Event shall be the first day on which banks are open for business in Zurich and Bern after the participation has expired.

### 2.4 Procedures in case of a termination of the Products due to a Realisation Event

If the Products are terminated due to a Realisation Event, the Products will be early redeemed by paying to each Investor in respect of the Products an amount determined in the Calculation Agent's duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, as representing the Fair Market Value of such Products immediately prior to such termination.

Payment will be made within a reasonable time by the Paying Agent after the occurrence of a Realisation Event in such manner as shall be notified to the Investors by the Calculation Agent within a period of not less than ten (10) and not more than thirty (30) Business Days in accordance with General Condition 15 (*Notices*).

Instead of paying a cash amount corresponding to the Fair Market Value of a Product, the Paying Agent may – in its duly executed discretion (*billiges Ermessen*) – decide to deliver the Underlying of such Product.

Neither the Issuer nor the Guarantor are obligated to make any further payments and/or deliveries for the Products terminated due to the occurrence of a Realisation Event.

### 2.5 Notices regarding Guarantor

Notices to Investors regarding the Guarantor will be published under the section "Investor Relations" on the Guarantor's website [www.efgbank.com](http://www.efgbank.com) or any successor website.



#### **XIV. SELLING RESTRICTIONS**

Hereinafter are the forms of selling restrictions that will apply with respect to Products issued under the Programme unless otherwise amended, supplemented or modified in any particular Issue Terms.

##### **1. General**

No action has been or will be taken by the Issuer, the Guarantor or the Lead Manager that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action for that purpose is required. No offers, sales, resales or deliveries of any Products or distribution of any offering material relating to any Products 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, the Guarantor and/or the Lead Manager.

The Lead Manager will, unless prohibited by applicable law, provide to each person to whom it offers or sells Products a copy of the Programme Documentation as then amended or supplemented. The Lead Manager is not authorised to give any information or to make any representation not contained in the Programme in connection with the offer and sale of Products to which the Programme relates.

With regard to each issue of Products, additional selling restrictions may be set out in the applicable Issue Terms.

##### **2. Switzerland**

The Products and any Issue Terms and marketing material in relation thereto may only be offered, directly or indirectly, in Switzerland in accordance with FinSA. None of the Products constitute a participation in a collective investment scheme within the meaning of the CISA and are neither subject to the authorisation nor the supervision by the FINMA and investors do not benefit from the specific investor protection provided under the CISA. Investors are exposed to the default risk of the Issuer.

If and to the extent the Products will be publicly offered, directly or indirectly, in Switzerland within the meaning of the FinSA, or if the Products were admitted to trading, or listed, on SIX Swiss Exchange or BX Swiss, the relevant Final Terms pertaining to the Products have to be registered with SIX Exchange Regulation in its capacity as Swiss Prospectus Office pursuant to FinSA.

The Structured Products and Warrants constitute structured products within the meaning of FinSA and may only be offered to Retail Clients in Switzerland if a FinSA-KID or a key information document pursuant to the PRIIPs Regulation, or – until 1 January 2022 only – a Swiss Simplified Prospectus has been prepared and provided to the relevant Retail Client. If such Products may only be offered to Retail Clients in the context of asset management mandates, such obligation to provide a FinSA-KID, a PRIIPs-KID or a Swiss Simplified Prospectus would not apply.

Products relating to Issue Terms which have not been registered with SIX Exchange Regulation in its capacity as Swiss Prospectus Office pursuant to FinSA may only be offered, sold or advertised, directly or indirectly, in, into or from Switzerland if (a) the Products are addressed solely at Professional or Institutional Clients; (b) are addressed at fewer than 500 Retail Clients; (c) are addressed at investors acquiring securities to the value of at least CHF 100,000; (d) have a minimum denomination per unit of CHF 100,000; or (e) do not exceed a total value of CHF 8 million over a 12-month period.

Professional or Institutional Clients include: (a) financial intermediaries regulated pursuant to the Swiss Federal Banking Act of 8 November 1934, the Swiss Federal Financial Institutions Act of 15 June 2018 or the CISA; (b) regulated insurance undertakings pursuant to the Swiss Federal

Insurance Supervision Act of 17 December 2004; (c) foreign financial intermediaries or insurance undertakings subject to a similar prudential supervision as the financial intermediaries or insurance undertakings pursuant to (a) and (b); (d) central banks; (e) public entities with professional treasury operations; (f) pension funds and occupational pension schemes with professional treasury operations; (g) undertakings with professional treasury operations; (h) large companies that exceed two of the following thresholds: (i) a balance sheet total of CHF 20 million, (ii) turnover of CHF 40 million, and/or (iii) own capital of CHF 2 million; (i) private investment structures for high-net worth individuals with professional treasury operations; and (j) Opting-out Clients.

An "**Opting-out Client**" (*vermögende Privatkundinnen und -kunden und für diese errichtete private Anlagestrukturen*) is a Retail Client who confirms (i) that, based on the education/professional experience or based on comparable experience in the financial sector, he/she/it has the necessary knowledge to understand the risks resulting from an investment in the Products and who owns, directly or indirectly, eligible financial assets of at least CHF 500,000, or (ii) that he/she/it owns, directly or indirectly, eligible financial assets of at least CHF 2 million.

### 3. European Economic Area

#### Public Offer Selling Restriction under the EU Prospectus Regulation

In relation to each Member State of the European Economic Area ("**EEA**") (each a "**Relevant Member State**"), each of the Issuer, the Guarantor or the Lead Manager represents and agrees that an offer of Products as contemplated by this Base Prospectus may not be made to the public in any Relevant Member State except that it may make an offer of such Product to the public in that Relevant Member State:

- a. at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation; or
- b. at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant bank or banks nominated by the Issuer for any such offer; or
- c. in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Products referred to in a. to c. above shall require the Issuer or any Manager to publish a prospectus or a supplement to a prospectus pursuant to, respectively, Article 3 and Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any Product 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 Product to be offered so as to enable an investor to decide to purchase or subscribe the Products. The expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended).

#### Prohibition of Sales to EEA Retail Investors / No PRIIPs key information document prepared

The Products must not be offered, sold or otherwise made available to any retail investor within the meaning of the Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") in the EEA if a key information document is required by the PRIIPs Regulation for offering or selling the Products or otherwise making them available to retail investors in the EEA and no such document has been prepared. For these purposes, a retail investor means a person who is one (or more) of:

- a. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**");

- b. a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as professional client as defined in point (10) of Article 4(1) of MiFID II; or
- c. not a qualified investor as defined in the EU Prospectus Regulation.

Therefore, offering or selling the Products or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

For the purposes of this provision, the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Products to be offered so as to enable an investor to decide to purchase or subscribe the Products.

#### 4. United States of America

The Issuer, the Guarantor and/or the Lead Manager are not registered as an investment company under the U.S. Investment Company Act of 1940 (the "**Investment Company Act**"), and the Product has not been registered under U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Product may not be offered or sold within the United States except:

- in compliance with the registration requirements of the Securities Act and all applicable securities laws of the states of the United States; or
- pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable securities laws of the states of the United States; and

in each case, in a transaction that is not prohibited by the Investment Company Act or that would not require us to register under the Investment Company Act.

Accordingly, the Product is being offered and sold only outside the United States to non-U.S. persons (within the meaning of Regulation S under the Securities Act) in offshore transactions in reliance on Rule 903 of Regulation S.

Each purchaser of the Product hereunder will be deemed to have acknowledged, represented and agreed that:

- 1) it understands and acknowledges that the Product has not been registered under the Securities Act or any other applicable securities laws and that the Product is being offered for resale only in transactions not requiring registration under the Securities Act and may not be offered, sold, assigned, pledged, hypothecated or otherwise transferred except in compliance with the registration requirements of the Securities Act and any other applicable securities laws or pursuant to an exemption therefrom and in each case in compliance with the conditions for transfer set forth in paragraphs (4), (5) and (7) below;
- 2) it is not a U.S. person and it is purchasing the Product outside the United States in an offshore transaction in accordance with Regulation S under the Securities Act;
- 3) it represents and agrees that it and each of its affiliates have not entered and will not enter into any contractual arrangement with respect to the distribution of the Product unless any such arrangement is permitted under the Program and is not in violation of the Securities Act;
- 4) it is purchasing the Product for its own account, or for an account for which it exercises sole investment discretion and is acting as a fiduciary or agent, in each case for investment purposes, and not with a view to or for an offer or sale in connection with any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account(s) be at all times

within its or their control and subject to its or their ability to resell such Product pursuant to Regulation S;

- 5) it understands and agrees that if in the future it decides to resell, assign, pledge, hypothecate or otherwise transfer any Product or any beneficial interests in any Product it will do so only to persons other than U.S. persons, outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act, or in the U.S. pursuant to an exemption from registration under the Securities Act;

- 6) it understands that the Product will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER FOR THE BENEFIT OF THE ISSUER AND ANY OF ITS SUCCESSORS IN INTEREST (1) REPRESENTS THAT IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION, (2) AGREES THAT IT WILL NOT, PRIOR TO THE DATE WHICH IS 40 DAYS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY REGULATION S UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE DATE OF ORIGINAL ISSUE AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THE PRODUCT (OR ANY PREDECESSOR THERETO) (THE "RESALE RESTRICTION TERMINATION DATE") RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR A BENEFICIAL INTEREST IN THIS SECURITY EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (C) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED, A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES," AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT;

- 7) it agrees that it will give to each person to whom it transfers the Product, notice of any restrictions on the transfer of the Product; and
- 8) it acknowledges that until the expiration of 40 days after the date of the original issue any offer or sale of the Product within the United States by a broker/dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

## **5. United Kingdom**

### Prohibition of sales to retail investors in the United Kingdom

Each of the Issuer, the Guarantors or the Lead Manager represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Products

contemplated by this Base Prospectus as completed by the Issue Terms in relation thereto to any retail investor in the United Kingdom.

For the purposes of this provision:

- a. the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 of the United Kingdom (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- b. the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Products to be offered so as to enable an investor to decide to purchase or subscribe for the Products.

#### Public Offer Selling Restriction under the UK Prospectus Regulation

Each of the Issuer, the Guarantors or the Lead Manager has represented and agreed that it has not made and will not make an offer of Products contemplated by this Base Prospectus as completed by the Issue Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Product to the public in the United Kingdom:

- a. at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- b. at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant bank or banks nominated by the Issuer for any such offer; or
- c. at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Products referred to in a. to c. above shall require the Issuer or any Lead Manager to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Products to the public" in relation to any Products means the communication in any form and by any means of sufficient information on the terms of the offer and the Products to be offered so as to enable an investor to decide to purchase or subscribe for the Products and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA and regulations made thereunder.

#### Other regulatory restrictions

Each of the Issuer, the Guarantors or the Lead Manager has represented and agreed that:

- a. *Financial Promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Products in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and
- b. *General Compliance*: it has complied and will comply with all applicable provisions of the FSMA and the Financial Conduct Authority Handbook with respect to anything done by it in relation to any Products in, from or otherwise involving the United Kingdom.

## 6. **Guernsey**

The Products may only be offered or sold in or from within Guernsey either (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the "POI Law"); or (ii) to persons licensed under the POI Law or persons licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended, the Insurance Managers and Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended, or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc., (Bailiwick of Guernsey) Law, 2000, as amended.

## 7. **Italy**

In addition to the requirements set out under the Selling Restriction 3 above, any offer, sale or delivery of the Products or distribution of copies of the Base Prospectus or any other document relating to the Products in the Republic of Italy must be:

- a. made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Italian Financial Services Act**"), CONSOB Regulation 15 February 2018, No. 20307 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Banking Act**");
- b. in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy which have been issued on 25 August 2015 and came into force on 1 October 2016, as amended from time to time, pursuant to which the Bank of Italy requests periodic information on the issue or the offer of securities in the Republic of Italy to be provided by uploading such information on the Infostat platform of the Bank of Italy; and
- c. in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Please note that in accordance with Article 100–bis of the Italian Financial Services Act, where no exemption from the rules on public offerings applies, Products which are initially offered and placed in Italy or abroad to qualified investors only but in the following year are continuously (*sistematicamente*) distributed on the secondary market in Italy become subject to the public offer and the prospectus requirement rules provided under the Italian Financial Services Act and CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time. Failure to comply with such rules may result in the sale of such Products being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

## 8. **Netherlands**

No Products which are the subject of the offering contemplated by this Programme, and as completed by the Issue Terms relating thereto, shall be offered to the public in the Netherlands in reliance on

Article 3(2) of the Prospectus Directive (as defined above under "European Economic Area" above) unless (i) such offer is made exclusively to persons or entities which are qualified investors (*gekwalficeerde beleggers*) as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) or (ii) standard exemption wording and a logo are disclosed as required by Article 5:20(5) of the Dutch Financial Supervision Act, provided that no such offer of Products shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Products in definitive bearer form that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenure or on which no interest is due whatsoever (savings certificates or spaarbewijzen as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the "SCA") may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Products to the first holders thereof,

(ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Products if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter.

## **9. Belgium**

For selling restrictions in respect of Belgium, please see "Public offer selling restrictions under the EU Prospectus Regulation" above.

With respect to Products with a maturity of less than 12 months qualifying as money market instruments within the meaning of the EU Prospectus Regulation, no action will be taken by the Issuer, the Guarantor or the Lead Manager in connection with the issue, sale, transfer, delivery, offering or distribution (or otherwise) of such Products that would require the publication of a prospectus pursuant to the Belgian law of 11 July 2018 on the offering of investment instruments to the public and the admission of investment instruments to trading on a regulated market.

In the case of Fund Linked Products, if the relevant underlying Fund(s) to which these Products are linked are not registered in Belgium with the Belgian Financial Services and Markets Authority in accordance with the Belgian law of 19 April 2014 regarding alternative investment funds and their managers and the Belgian law of 3 August 2012 on the collective investment undertakings satisfying the conditions set out in Directive 2009/65/EC and undertakings for investment in receivables, as applicable, such Fund Linked Products cannot be offered in Belgium unless (i) Cash Settlement applies or (ii) in case the underlying Fund is a UCITS within the meaning of Directive 2009/65/EC, the Fund Linked Products are offered to qualified investors only or to fewer than 150 natural or legal persons (other than qualified investors).

Bearer securities (including, without limitation, definitive securities in bearer form and securities in bearer form underlying the Products) shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with Article 4 of the Belgian Law of 14 December 2005.

Each of the Issuer, the Guarantor and the Lead Manager has represented and agreed, and each further offeror of the Products will be required to represent and agree, that an offering of Products may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian**

**Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Products, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Products, directly or indirectly, to any Belgian Consumer unless such offer, sale or re-sale, transfer or delivery is made in compliance with the Belgian Code of Economic Law and its implementing regulations and the Issue Terms expressly provide that the relevant Products may be offered, sold, re-sold, transferred, delivered or otherwise made available to Belgian Consumers.

## 10. France

This Base Prospectus has not been approved by the Autorité des marchés financiers.

Each of the Issuer, the Guarantor and the Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Products to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, any Issue Terms or any other offering material relating to the Products. Such offers, sales and distributions have been and will be made in France only in circumstances that do constitute an offer exempted from the obligation to publish a prospectus pursuant to Articles L.411-2 of the French Code monétaire et financier ("**CMF**") and more particularly to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) pursuant to Article L. 411-2-II 1°, and/or (b) a restricted circle of investors (*cercle restreint d'investisseurs*), other than qualified investors, acting for their own account; in accordance with Articles L. 411-2-II 2° and D.411-4 of the CMF, and/or (c) qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with Article L 411-2-II 2° of the CMF and Article 2(e) of the EU Prospectus Regulation, and/or (d) investors who acquire Products for a total consideration of at least EUR 100,000 (or its equivalent in another currency) per investor, for each separate offer in accordance with Article L. 411-2-I 2° of the CMF and Article 211-2 II of the Règlement Général of the AMF ("**RG AMF**"), and/or (e) Products whose nominal amount or equivalent amounts is at least EUR 100,000 (or its equivalent in another currency) in accordance with Article L. 411-2-I 3° of the CMF and Article 211-2 III of the RG AMF.

The direct or indirect resale of Products which have been acquired in with respect to an offer to the public exempted from the obligation to publish a prospectus shall be subject to the same restrictions and shall only be made in accordance with Articles L.411-1 and L.411-2 of the CMF.

## 11. Hong Kong

This document has not been reviewed by the Securities and Futures Commission of Hong Kong, nor has a copy of it been registered by the Registrar of Companies in Hong Kong.

Each offeror of the Products has represented and agreed that

- (i) it has not offered or sold and will not offer and sell such Products in Hong Kong (excluding products defined as "Structured Products" in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "Securities and Futures Ordinance")), by means of any document, to any person other than to "professional investors" within the meaning of the Securities and Futures Ordinance and any rules made under that Ordinance, or in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and



- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Products issued under this Programme 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 securities laws of Hong Kong) other than with respect to the Products issued under this Programme 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 Securities and Futures Ordinance and any rules made thereunder.

## 12. Singapore

This document has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore under the of the Securities and Futures Act (Cap. 289) of Singapore ("**SFA**"). Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Products issued under this Programme may not be circulated or distributed, nor may Products issued under this Programme be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined under Section 4 A of the SFA) pursuant to Section of the 274 of the SFA, (ii) to a relevant person (as defined under Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA (which term includes an accredited investor (as defined in Section 4A of the SFA) ("**accredited investor**")), or any person pursuant to an offer referred to in Section 275(1A) of the SFA, 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 Products issued under this Programme are acquired by persons who are relevant persons specified in Section 275 of the SFA, namely:

- a. a corporation (which is not an accredited investor) 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
- b. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual, who is an accredited investor,

the shares, debentures and units of shares and debentures 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 Products issued under this Programme pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (under Section 274 of the SFA) or to a relevant person (as defined in Section 275(2) of the SFA), or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA; or
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

## **XV. TAXATION**

### **1. General**

The following is a general and non-binding summary of certain tax consequences according to the tax laws and the tax authorities' practice as of the date of this document. This outline is a summary and not exhaustive and does not take into consideration possible special circumstances of some Investors and should not be considered as tax advice. It does not aim to be a comprehensive description of all the tax considerations that may be relevant for a decision to invest in Products. The tax treatment of each Investor depends on the particular situation. Tax laws and the tax authorities' practice may undergo changes (or their interpretation or application may change) and their validity might also be retroactive.

Purchasers of Products may be required to pay stamp taxes, transaction taxes and other taxes and/or charges in connection with the Products. Investors of Products should be aware that transactions involving the Products, any purchase or disposal of or other dealings in a Product, the abandonment of a Product and any transaction involved in the exercise and settlement or, as the case may be, redemption of a Product, may have tax consequences in any jurisdiction (including but not limited to possible liabilities to stamp duties, transfer and registration taxes). Such tax consequences may depend, amongst other things, upon the status of the potential purchaser of a Product. Purchasers of Products should consult their own tax advisors about the tax implications of purchasing and holding a Product, any transaction involving a Product, and any transaction involved in the exercise and settlement or, as the case may be, redemption of a Product.

### **2. Swiss Taxation**

#### **2.1 Swiss Federal Stamp Duties**

Neither the issuance of Products nor the trade of Products which classify as pure derivatives for Swiss Federal Stamp Duty purposes are normally subject to Swiss Issuance Stamp Tax (*Emissionsabgabe*) and/or Swiss Federal Securities Transfer Tax (*Umsatzabgabe*) even if an Issuer resident in Switzerland issues the Products. Exemptions to these rules apply to Products which, due to specific features, are considered debt financing instruments (bonds, or money market securities), share-like or fund-like products, as well as Low Exercise Price Options (LEPO) on shares (with a maturity exceeding one year) for purposes of Swiss Federal Stamp Duty law. These specific types of products are in general subject to Swiss Federal Securities Transfer Tax. If upon the exercise or redemption of a Product an underlying security is delivered to the Investors, the transfer of the underlying security may be subject to Swiss Federal Securities Transfer Tax (i) of 0.15% in the case of an underlying security which has been issued by a Swiss resident issuer or (ii) of 0.3% in the case of an underlying security which has been issued by an issuer resident abroad, provided in both cases that a Swiss securities dealer (*Effekthändler*), as defined in art. 13 para. 3 of the Swiss Federal Act on Stamp Duties (*Bundesgesetz über die Stempelabgaben*), is a party to the transaction with the Products or acts as an intermediary thereto. Certain exemptions may, *inter alia*, apply regarding certain institutional investors such as mutual funds, life insurance companies and social security institutions.

On 14 April 2021, the Swiss Federal Council adopted the dispatch on an amendment to the Swiss Federal Withholding Tax act (strengthening the debt capital market). The reform provides for the abolition of Swiss Federal Securities Transfer Tax on bonds of Swiss issuers. The bonds of non-Swiss issuers, however, shall remain subject to Swiss Federal Securities Transfer Tax. Hence, Products of a Swiss issuer, which are considered as bonds for purposes of Swiss Federal Stamp Duty law would no longer be subject to Swiss Federal Securities Transfer Tax.

## **2.2 Swiss Federal Withholding Tax**

Payments by the Issuer of interest on, and repayment of principal of, the Products are, in principle, not subject to Swiss Federal Withholding Tax, provided that the Issuer does not qualify at any time as a Swiss tax resident for Swiss Federal Withholding Tax purposes and the proceeds of the Products will be used outside of Switzerland unless use in Switzerland is permitted under applicable Swiss Federal Withholding Tax rules (all as interpreted by the Swiss Federal Tax Administration).

According to a confirmation obtained from the Swiss Federal Tax Administration, subject to certain conditions being met, the payments made from Products issued by EFGIF LTD, will not be subject to the Swiss Federal Withholding Tax.

For Products subject to Swiss Federal Withholding Tax, the Issuer will arrange for withholding of taxes at the source.

The Investor who is resident in Switzerland may be entitled to a full refund of or a full tax credit for the Swiss Federal Withholding Tax, subject to conditions being met.

A non-Swiss resident Investor may be able to claim a full or partial refund of the Swiss Federal Withholding Tax if such an Investor is entitled to claim the benefits with regard to such a payment of a double taxation treaty concluded between Switzerland and his or her country of residence.

The above-mentioned dispatch of the Swiss Federal Council of 14 April 2021 on an amendment to the Swiss Federal Withholding Tax act provides for the complete abolition of Swiss Federal Withholding Tax on domestic interest payments (with the exception of interest payments on bank deposits to domestic individuals). Should the reform be enacted as currently envisaged, payments of interest would thus no longer be subject to Swiss Federal Withholding Tax, even if the Issuer were domiciled in Switzerland, provided that the Products do not qualify as bank deposits. If there was a deduction or withholding of Swiss Federal Withholding Tax on any interest payments in respect of the Products, the holders of the Products would not be entitled to receive any additional amounts as a result of such deduction or withholding under the terms of the Products.

## **2.3 Swiss Income Taxation of Products Held by Non-Swiss Resident Investors**

Payments of interest and repayment of principal as well as the gain realized on the sale or redemption of Products will for an Investor, who is not a resident of Switzerland and who during the relevant taxation year has not engaged in a trade or business through a permanent establishment or a fixed place of business in Switzerland to which the Products are attributable and who is not subject to income taxation in Switzerland for any other reason, not be subject to any Swiss federal, cantonal or communal income tax.

## **2.4 Swiss Income Taxation of Products Held by Individuals as Private Assets**

Payments or credits received by a holder of a Product, which are considered, from a Swiss taxation perspective, as investment income (dividends or interests or other income), are subject to income tax. Gains or losses realised upon a sale or other disposition by Swiss resident individuals holding a Product as private assets and which qualify as private capital gains or losses for Swiss tax purposes are generally not subject to income taxation or are not deductible from taxable income respectively. Capital gains may, however, be subject to income taxation, if a Product or a distinguishable part thereof qualifies as a bond where the predominant part of the annual yield is paid in a one-time payment (*überwiegende Einmalverzinsung*) or the Product is considered as not transparent for Swiss tax purposes. Losses arising from predominant one time interest paying bonds may be deducted from gains from similar instruments in the same tax period. Furthermore, for low exercise price options (LEPO) with a maturity exceeding one year, the interest component is subject to income tax.

Profits and option premiums from Products, which are considered as pure derivatives for Swiss tax purposes (financial futures, options) are not subject to the income tax as such profits are in general considered as private capital gains provided the Investor is holding the Products as private assets. Possible losses are not tax-deductible.

Income derived from a Product which is neither a private capital gain nor a repayment of paid-in capital (or face value in case of shares) is generally subject to income tax. This applies, *inter alia*, to any issuance discount, repayment premium, other guaranteed payments (besides repayment of capital) or any combination thereof. Payments or credits received by an Investor because of dividends, interest etc. of the Underlying may be subject to income tax for such Investor. This may apply likewise to payments or credits derived from underlying funds.

## **2.5 Swiss Income Taxation of Products Held by Swiss Resident Entities or Individuals as Part of Business Assets**

Income of any kind realized from Products as part of the business assets of individuals (including deemed securities dealers due to frequent dealing, debt financing and similar criteria [*Wertschriftenhändler*]) or entities resident in Switzerland are subject to personal income tax or corporate income tax respectively. In general, respective losses are deductible regarding personal or corporate income tax.

## **2.6 Wealth Taxation of Products held by Swiss Resident Individuals**

The market value of Products may be subject to wealth tax levied on the overall net wealth of Swiss resident individuals, regardless of whether the instruments are held as part of the Investor's private or business assets.

## **2.7 International Automatic Exchange of Information in Tax Matters**

On 19 November 2014, Switzerland signed the Multilateral Competent Authority Agreement. Such Multilateral Competent Authority Agreement is based on article 6 of the Organisation for Economic Cooperation and Development/Council of Europe administrative assistance convention and is intended to ensure the uniform implementation of Automatic Exchange of Information ("AEOI"). The Federal Act on the International Automatic Exchange of Information in Tax Matters ("AEOI Act") entered into force on 1 January 2017. The AEOI Act is the legal basis for the implementation of the AEOI standard in Switzerland.

The AEOI is being introduced in Switzerland through bilateral agreements or multilateral agreements. The agreements have, and will be, concluded on the basis of guaranteed reciprocity, compliance with the principle of specialty (i.e., the information exchanged may only be used to assess and levy taxes (and for criminal tax proceedings)) and adequate data protection. An up-to-date list of the AEOI agreements of Switzerland in effect or signed and becoming effective, including the dates of commencement of data collection and data exchange, can be found on the website of the State Secretariat for International Financial Matters SIF at [www.sif.admin.ch](http://www.sif.admin.ch).

Based on such multilateral and bilateral agreements and the implementation of Swiss law, Switzerland collects and exchanges data in respect of financial assets, including, as the case may be, the Products, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a European Union member state or in a treaty state.

### **3. Guernsey Taxation**

Following a review of Guernsey's corporate tax regime by the European Union Code of Conduct Group ("**EUCCG**"), the States of Guernsey agreed to abolish deemed distributions. The EUCCG confirmed in September 2012 that Guernsey's tax regime would then conform to the EU Code of Conduct and this was ratified by the EU Economic and Financial Affairs Council (ECOFIN) in December 2012. The States of Guernsey abolished deemed distributions with effect from 1 January 2013.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in the future, including the possible introduction of a goods and services tax, depending on the state of Guernsey's public finances at the time. Any changes to the Guernsey corporate tax regime could have an impact on the Issuer's liability to Guernsey tax.

#### **3.1 Stamp Taxes**

No stamp duty or document duty will be levied or charged in Guernsey upon the issue of Products or upon the transfer, sale or redemption of Products (save for registration fees and ad valorem duty payable upon an application for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such grant).

#### **3.2 Guernsey Income Tax**

EFG International Finance (Guernsey) Ltd will be deemed to be resident in Guernsey for the purposes of Guernsey income tax. EFG International Finance (Guernsey) Ltd will, however, qualify for a zero rate of income tax.

#### **3.3 Payments of Interest and Redemption Proceeds**

Payments of interest and the payment of capital proceeds arising upon the redemption or repurchase of Products to non-Guernsey (which includes Alderney and Herm) residents for Guernsey tax purposes will not be subject to Guernsey withholding tax.

#### **3.4 Capital Taxes**

Guernsey does not currently levy taxes upon any capital gains made by non-Guernsey resident Investors on securities or debt instruments issued by Guernsey companies.

#### **3.5 US-Guernsey Intergovernmental Agreement**

On 13 December 2013, the Chief Minister of Guernsey signed an intergovernmental agreement with the U.S. (the "**U.S.-Guernsey IGA**") regarding the implementation of U.S. rules formerly referred to as "FATCA", under which certain disclosure requirements will be imposed in respect of certain investors in the Products who are, or are entities that are controlled by one or more natural persons who are, residents or citizens of the U.S., unless an exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that will need to be disclosed will include certain information about investors in the Products, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Products. The Issuer will be required to report this information each year in the prescribed format and manner as per local guidance.

Under the terms of the U.S.-Guernsey IGA, Guernsey resident financial institutions that comply with the due diligence and reporting requirements of Guernsey's domestic legislation will be treated as compliant with FATCA and, as a result, should not be subject to FATCA withholding on payments they receive and should not be required to withhold under FATCA on payments they make under the Products. If the Issuer does not comply with these obligations, it may be subject to a FATCA deduction

on certain payments to it of US source income (including interest and dividends) and (from no earlier than two years after the date of publication of certain final regulations defining "foreign passthru payments") a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments. The U.S.-Guernsey IGA is implemented through Guernsey's domestic legislation, in accordance with guidance which is currently published in draft form.

### 3.6 Common Reporting Standards

On 13 February 2014, the Organisation for Economic Co-operation and Development released the Common Reporting Standard ("**CRS**") designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, 51 jurisdictions signed the multilateral competent authority agreement (the "**Multilateral Agreement**") that activates this automatic exchange of FATCA-like information in line with the CRS. Since then, further jurisdictions have signed the Multilateral Agreement and in total over 100 jurisdictions have committed to adopting the CRS.

Under the CRS and legislation enacted in Guernsey to implement the CRS with effect from 1 January 2016, certain disclosure requirements will be imposed in respect of certain investors in the Products who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions who have adopted the CRS, unless a relevant exemption applies. Where applicable, information that would need to be disclosed will include certain information about investors in the Products, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Products.

The CRS is implemented through Guernsey's domestic legislation in accordance with published local guidance that is supplemented by guidance issued by the Organisation for Economic Co-operation and Development.

## 4. United States Taxation

Under Section 1471 through 1474 of the U.S. Internal Revenue Code, as amended, and the regulations promulgated thereunder (collectively referred to as "**FATCA**"), the Issuer may, under certain circumstances, be required to withhold U.S. tax at a rate of 30 percent on all or a portion of interest, principal or other payments on the Products if such payments are treated as "foreign passthru payments" made to foreign financial institutions, unless such foreign financial institution payee complies with applicable FATCA requirements, or other entity payees subject to FATCA withholding. On 13 December 2018 the Internal Revenue Service (IRS) has issued proposed FATCA Regulations confirming the deferral of the withholding on foreign passthru payments until at least two years from the date foreign passthru payments are formally defined in law. As a result, non-U.S. source payments (not subject to Section 871(m)) generally should not be subject to a FATCA withholding tax for the time being.

Nonetheless, if an amount in respect of FATCA withholding tax were to be deducted or withheld from interest, principal or other payments on the Products as a result of a payee's or holder's failure to comply with FATCA, none of the Issuer, any Paying Agent or any other person would, pursuant to the Terms and Conditions, be required to pay additional amounts or to compensate the payee or the holder as a result of the deduction or withholding of such tax.

Since 1 January 2017, U.S. withholding tax applies to certain payments arising from products treated as in-scope pursuant to Section 871(m) of the U.S. Internal Revenue Code and the corresponding

regulations issued by the IRS. If an amount in respect of Section 871(m) were to be deducted or withheld from interest, principal or other payments on the Products, none of the Issuer, any Paying Agent or any other person would, pursuant to the Terms and Conditions, be required to pay additional amounts or to compensate the payee or the holder as a result of the deduction or withholding of such tax.

## **XVI. GENERAL INFORMATION**

### **AUTHORISATION**

The annual update of the Programme and the issuance of Products under the Programme have been duly authorised by the Board of Directors of EFG International Finance (Guernsey) Ltd pursuant to a resolution dated as of 12 December 2007, by the Board of Directors of EFG Bank Ltd. pursuant to a resolution dated as of 27 April 2018.

The execution and the delivery of the Guarantee, if any, has been authorised as stipulated in the relevant Guarantee Annex.

### **LISTING**

SIX Exchange Regulation as Swiss Prospectus Office within the meaning of FinSA has approved the Programme as of 06 September 2021 and on the basis of such approval the Products may be listed on SIX Swiss Exchange AG and BX Swiss AG. Subject to local regulation the Products may also be listed on other stock exchanges such as on the open market segment of Börse Frankfurt Zertifikate AG.

### **CLEARING SYSTEMS**

The Products have been accepted for clearing through SIX SIS AG. If the Products of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Issue Terms.

### **AUDITORS**

The consolidated financial statements for the years ending 31 December 2018 and 31 December 2019 of EFG International AG and EFG International Finance (Guernsey) Ltd have been prepared in accordance with IFRS and of EFG Bank AG in accordance with Swiss GAAP and have been reported upon without qualification for EFG International AG by PriceWaterhouseCoopers, certified public accountants, which has its principal place of business at Avenue Giuseppe-Motta 50, CH-1211 Geneva, Switzerland.

### **SIGNIFICANT CHANGE**

Save as disclosed herein there has been no significant change in the financial or trading position of EFG International AG, EFG Bank AG and EFG International Finance (Guernsey) Ltd, except as caused by the issuance listed and non-listed products.

### **TREND INFORMATION**

Save as disclosed herein (including any information incorporated by reference herein) neither the Issuers nor the Guarantors are aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on their respective prospects during the current financial year.

### **LEGAL, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS**

Save as disclosed herein (including any information incorporated by reference herein), neither EFG International AG nor EFG Bank AG nor EFG International Finance (Guernsey) Ltd is nor has been involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this Base Prospectus a significant effect on the financial position or prospects of EFG International AG, EFG Bank AG and EFG International Finance (Guernsey) Ltd. Nor so far as EFG International AG, EFG Bank AG and EFG International Finance (Guernsey) Ltd (taken as a whole) are aware, are any such proceedings pending nor threatened.



## **USE OF PROCEEDS**

The Issuer intends to use the net proceeds from each issue of Products for general purposes, for hedging the obligations created by the issuance of the Products and, as the case may be, to guarantee the Products by any Guarantor.

## **XVII. RESPONSIBILITY**

EFG International AG, Zurich, EFG Bank AG, Zurich and EFG International Finance (Guernsey) Ltd, Guernsey, accept responsibility for the information contained in this Base Prospectus. The Issuers and Guarantors declare that the information contained in this Base Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission of material information.

#### REGISTERED AND PRINCIPAL OFFICES OF THE ISSUERS

**EFG Bank AG**  
**Bleicherweg 8**  
8001 Zurich  
Switzerland

**EFG International Finance  
(Guernsey) Ltd**  
EFG House, St Julian's Avenue  
St Peter Port, Guernsey  
GY1 4NN Channel Islands

#### PRINCIPAL OFFICES OF THE GUARANTORS

**EFG International AG**  
Bleicherweg 8  
8001 Zurich  
Switzerland

**EFG Bank AG**  
Bleicherweg 8  
8001 Zurich  
Switzerland

#### PAYING AGENTS

**Leonteq Securities AG**  
Europaallee 39  
8004 Zurich  
Switzerland

**EFG Bank AG**  
Bleicherweg 8  
8001 Zurich  
Switzerland

#### AUDITORS TO THE ISSUER

**PriceWaterhouseCoopers AG**  
Avenue Giuseppe-Motta 50  
1211 Geneva  
Switzerland

#### LISTING AGENT

**Leonteq Securities AG**  
Europaallee 39  
8004 Zurich  
Switzerland

#### LEAD MANAGERS

**Leonteq Securities AG**

Europaallee 39

8004 Zurich

Switzerland

**EFG Bank AG**

Bleicherweg 8

8001 Zurich

Switzerland

**CALCULATION AGENT****Leonteq Securities AG**

Europaallee 39

8004 Zurich

Switzerland

**SCHEDULE 1****PART A****Previous Terms and Conditions**

<b>Issuer</b>	<b>Name</b>	<b>Date</b>
EFG Financial Products AG / EFG Financial Products (Guernsey) Ltd.	Derivate Programme (" <b>EFGFP 2008 Programme</b> ")	14 December 2008
EFG Financial Products AG / EFG Financial Products (Guernsey) Ltd.	Derivate Programme (" <b>EFGFP 2009 Programme</b> ")	14 December 2009
EFG Financial Products AG / EFG Financial Products (Guernsey) Ltd.	Derivate Programme (" <b>EFGFP 2011 Programme</b> ")	6 June 2011
EFG Financial Products AG / EFG Financial Products (Guernsey) Ltd.	Derivate Programme (" <b>EFGFP 2012 Programme</b> ")	6 June 2012
EFG INTERNATIONAL FINANCE (GUERNSEY) LTD	Derivate Programme (" <b>EFGIF LTD 2013 Programme</b> ")	6 June 2013
EFG INTERNATIONAL FINANCE (GUERNSEY) LTD	Derivate Programme (" <b>EFGIF LTD 2014 Programme</b> ")	6 June 2014
EFG INTERNATIONAL FINANCE (GUERNSEY) LTD	Derivate Programme (" <b>EFGIF LTD 2015 Programme</b> ")	8 June 2015
EFG INTERNATIONAL FINANCE (GUERNSEY) LTD	Derivate Programme (" <b>EFGIF LTD 2016 Programme</b> ")	8 June 2016
EFG INTERNATIONAL FINANCE (GUERNSEY) LTD	Derivate Programme (" <b>EFGIF LTD 2017 Programme</b> ")	8 June 2017
EFG BANK AG / EFG INTERNATIONAL FINANCE (GUERNSEY) LTD / EFG INTERNATIONAL AG / EFG BANK AG	Issuance and Offering Programme (" <b>EFG 2018 Programme</b> ")	31 May 2018
EFG BANK AG / EFG INTERNATIONAL FINANCE (GUERNSEY) LTD / EFG INTERNATIONAL AG / EFG BANK AG	Issuance and Offering Programme (" <b>EFG 2019 Programme</b> ")	31 May 2019
EFG BANK AG / EFG INTERNATIONAL FINANCE (GUERNSEY) LTD / EFG INTERNATIONAL AG / EFG BANK	Issuance and Offering Programme (" <b>EFG 2020 Programme</b> ")	31 May 2020

EFG BANK AG / EFG INTERNATIONAL FINANCE (GUERNSEY) LTD / EFG INTERNATIONAL AG / EFG BANK	Issuance and Offering Programme (" <b>EFG 2020 FinSA Programme</b> ")	16 November 2021 as supplemented by a supplement dated 30 November 2020
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**SCHEDULE 1****PART B****Existing Products**

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CH0192712799	CH0506323721	CH0583729345	CH1100993141	CH1117925540
CH0192712880	CH0495851898	CH0583729196	CH1100993174	CH1117925532
CH0192712872	CH0492554164	CH0583729519	CH1100993125	CH1117926118
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