

This Programme is dated as of 8 October 2018



LEONTEQ SECURITIES AG

(Incorporated in Switzerland)

Issuance and Offering Programme

optionally guaranteed by

the Guarantor as specified in the respective Guarantee Annex (the "Guarantee Annex"), if any

Under the terms of its Issuance and Offering Programme (the "**Programme**"), Leonteq Securities AG, which may also be acting through its Guernsey branch and/or its Amsterdam branch (each an "**Issuer**" and the Swiss head office, the Guernsey branch and the Amsterdam branch together the "**Issuer**" or "**Leonteq Securities AG**") may issue structured products (the "**Structured Products**") and warrants (the "**Warrants**") in the forms as set out in this Programme (the "**Products**") and specified in the relevant termsheet of each Product (the "**Final Termsheet**").

The Products may include, but not be limited to, Warrants and Structured Products. 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 will be issued based on (i) the information set out in this Programme, including the General Terms and Conditions (the "**General Terms and Conditions**"), as amended, and on (ii) the Final Termsheet, together they form the product documentation ("**Product Documentation**"). The Programme and the relevant Final Termsheet shall form the entire documentation for each Product and should always be read in conjunction with each other. In case of inconsistencies between the General Terms and Conditions and the Final Termsheet, the Final Termsheet shall prevail.

The Products are only guaranteed if the Final Termsheet and the relevant Guarantee Annex expressly indicate a Guarantor. The Issuer determines to include a Guarantor, if any, in this Programme by the relevant Guarantee Annex. If the Issuer decides to include a Guarantor during the term of this Programme the Issuer will publish an addendum as required by SIX regulations and in accordance with the terms stated in this Programme. **Possible statements in the Product Documentation relating to the Guarantor are therefore not applicable as long as no Guarantor has been appointed for the relevant Product.**

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 Final Termsheet.

**Lead Manager
Leonteq Securities AG**

The SIX Exchange Regulation AG (the "**SIX Exchange Regulation**") has approved this Programme as of 8 October 2018 as an issuance programme pursuant to Article 23 of the Additional Rules for the Listing of Derivatives for the purpose of providing certain information with regard to the Issuer, the Guarantor, the General Terms and Conditions applying to the Products and certain other details in connection with the issuance of Products under the Programme. Where Products are listed, this Programme, as amended or supplemented, together with the relevant Final Termsheet comprises the listing prospectus pursuant to Article 22 et seq. of the Additional Rules for the Listing of Derivatives.

No person is authorised to provide any information or to make any representation not contained in or not consistent with this Programme, a relevant Final Termsheet 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 Final Termsheet).

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 and/or any hedging transactions as described in this Programme 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 Programme 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 Programme (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 conditions 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 Programme 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 Programme 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.

The offering or sale of the Products in certain jurisdictions may be restricted by law. Persons who obtain possession of the Product Documentation are required to inform themselves about and to adhere to any such restrictions as set out in more detail in the relevant Final Termsheet. The Product Documentation does 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 authorized or to any person to whom it is unlawful to make such offer or solicitation. Accordingly the Product Documentation should not be used by anyone for this purpose.

The Products 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 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 the Guarantor may lead to a partial or total loss of the invested capital.

Collateralization, as further described in sections "Collateral Secured Instruments (COSI)" and "Triparty Collateral Management Secured Structured Products (TCM)" 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 resp. for the TCM service provided by SIX SIS AG with respect to the collateralization 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 resp. SIX SIS AG 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 collateralization of the Products may be insufficient.

During the term of the Products, the Product Documentation can be ordered free of charge from the Lead Manager at Europaallee 39, 8004 Zurich, Switzerland, via telephone +41 58 800 1000, fax +41 58 800 1010 or via e-mail termsheet@leonteq.com.

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I RISK FACTORS

Certain capitalised terms used in this section are defined in the General Terms and Conditions and/or the relevant Final Termsheet.

*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 prior to investing in 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 Product Documentation, 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. GENERAL RISK FACTORS

1.1 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.

1.2 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.

1.3 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 Product Documentation.

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.

1.4 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 Product Documentation 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.

1.5 Changes in Tax Law and Tax Call

The tax considerations contained in the Product Documentation reflect the view of the Issuer based on the legislation applicable at the date of the issuance of the Product Documentation. It cannot, however, be ruled out that the tax treatment by the tax authorities and courts 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 Product Documentation 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 General 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.

1.6 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.

1.7 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.

1.8 Legality of Purchase

The Issuer, the Guarantor and/or the Lead Manager respectively 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. MARKET RISK FACTORS

2.1 General Market Risks

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. Also corporate or other incidents may have a significant effect on the Investor and its confidence.

2.2 No Liquidity or lack of Secondary Market in the Products

As the Products might not be 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, intend (if specified in the Final Termsheet), under normal market conditions, to provide bid and offer prices for the Products on a regular basis. However, the Issuer or the Lead Manager, as applicable, make no firm commitment to provide 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. **Investors in Products listed on the SIX Swiss Exchange should be aware that the SIX Swiss Exchange generally does not require a mandatory market**

making for Products listed on the SIX Swiss Exchange. Limited exemptions apply, for example to actively managed certificates or COSI Products, as required by the SIX Swiss Exchange regulations. 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. 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.

2.3 Illiquidity of the Underlying(s)

In accordance with the General 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.

2.4 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 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.

2.5 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.

2.6 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.

2.7 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.

2.8 Quanto Feature

If applicable, the quanto feature cancels 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.

3. RISK FACTORS RELATING TO THE PRODUCTS

3.1 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 conclude transactions at any time during the term of the Products that will allow them to offset or limit relevant risks.

3.2 Features of Products related to Currencies, Exchange Rates or Commodities

In case of Products where the Underlyings are currencies, exchange rates or commodities, it should be noted that such Underlyings are traded 24 hours each day through the time zones of Australia, Asia, Europe and America. It is therefore possible that a relevant limit, barrier or threshold pursuant to the relevant Final Termsheet may be reached or exceeded outside of local or Lead Manager's business hours.

3.3 Early Termination and Notice of Products in accordance with General Terms and Conditions 17 and Reinvestment Risk

Following certain events (as defined in General Terms and Conditions 17), the respective Issuer has the right to terminate early the Products issued under this Programme.

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.

Investors should be aware that a cash amount corresponding to the Fair Market Value 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 pursuant to General Terms and Conditions 17 may, therefore, result in a partial or total loss of the invested capital.

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.

3.4 Market Disruption Events

In accordance with the General 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. 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.

3.5 Other 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.

3.6 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.

3.7 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.

3.8 Risks of Products on a Share or on a Basket of Shares

Neither the Issuer nor any affiliates of the Issuer have performed any investigations or review of any company issuing any share, including any public filings by such companies. Investors should not conclude that the inclusion of the shares 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 Final Termsheet), affecting the trading price of the share(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.

3.9 Risks related to Products linked to indices

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 calculating/composing the Index.

3.10 Risks of Products based on Collective Investment Schemes or Funds or a Basket of Collective Investment Schemes or Funds

Due to possible premiums or fees levied on Collective Investment Schemes or Funds by their management, the performance of a Collective Investment Scheme or Fund might not exactly reflect the performance of its underlying asset. An Investor therefore should be aware that the value of the Products does not solely depend upon the value of the Collective Investment Scheme's or the Funds' underlying asset, but also upon other aspects.

3.11 Risks of Products based on Commodities, a Basket of Commodities or Commodities Indices

Commodities, as defined by the Product Documentation, 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 majority of commodities are traded globally on specialized exchanges or directly between market participants (interbank trading) over-the-counter by means of largely standardized contracts. 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 riskier and more complex than other investments.

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.

The majority of commodities are usually traded in U.S. dollars, 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 (a "**Future**") 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.

Investors should also consider that commodities are mostly traded 24 hours a day as a result of the time zones of Australia, Asia, Europe and America. For this reason it is possible that a material event in accordance with the respective Product or a factor relevant to the determination of the 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.

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 by providing notice to Investors.

3.12 Risks related to Products linked and/or including LIBOR, EURIBOR and other interest rates, equity, commodity, foreign exchange rates and other types of benchmarks

Interbank Offered Rates (including the London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates, equity, commodity, foreign exchange rates and other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reforms. Following any such reforms, benchmarks may perform differently than in the past or disappear entirely, or there could be other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any securities linked to such benchmarks.

Key regulatory proposals and initiatives in this area include (amongst others) the IOSCO's Principles for Financial Market Benchmarks (the "**IOSCO Benchmark Principles**"), the EU Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Regulation"), and the transition proposed by the UK's Financial Conduct Authority (the "**FCA**"), away from LIBOR to one or more alternative benchmarks (each, as discussed below).

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability as well as the quality and transparency of benchmark design and methodologies. Subsequent implementation reviews have found that widespread efforts are being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed. However, these reviews also note that, as the "benchmarks industry" is in a state of flux, IOSCO may need to take further steps in the future - although it is not yet clear what these steps might be. On 16 December 2016, IOSCO published a report setting out guidance to improve the consistency and quality of reporting on compliance with IOSCO Benchmark Principles.

The Benchmark Regulation entered into force in June 2016 and became fully applicable in the EU on 1 January 2018 (save that certain provisions, including those related to "critical benchmarks", took effect on 30 June 2016), subject to certain transitional provisions. The Benchmark Regulation applies to the contribution of input data to a "benchmark", the provision or administration of a "benchmark" and the use of a "benchmark" in the EU. Among other things, it (a) requires EU benchmark administrators to be authorised or registered as such and to comply with extensive requirements relating to the administration of "benchmarks" and (b) prohibits certain uses by EU supervised entities of "benchmarks" provided by EU administrators which are

not authorised or registered in accordance with the Benchmark Regulation (or, if located outside of the EU, deemed equivalent or recognised or endorsed). The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as EURIBOR, applies to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices. This will include "proprietary" indices or strategies where these are used to (i) determine the amount payable under, or the value of, certain financial instruments (including securities or OTC derivatives listed on an EU regulated market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or "traded via a systematic internaliser"), (ii) determine the amount payable under certain financial contracts, or (iii) measure the performance of an investment fund.

The Benchmark Regulation could have a material impact on securities 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); or
- 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 Securities) could lead to adjustments to the terms of the Securities, including potentially determination by the Calculation Agent of the rate or level in its discretion.

In a speech in July 2017, the Chief Executive of the FCA committed the FCA to begin planning a transition away from LIBOR to alternative reference rates that are based on actual transactions, such as SONIA (the Sterling Over Night Index Average). The speech envisaged the current LIBOR arrangements continuing until at least the end of 2021. The Bank of England's Working Group on Sterling Risk-Free Reference Rates has been considering risk free rates for use as alternatives to LIBOR and has chosen a reformed Sterling Overnight Index Average ("SONIA"). The reforms to SONIA became effective on 23 April 2018 and it is expected that there will be a transition to SONIA over the next four years across sterling bond, loan and derivatives related markets, so that SONIA is established as the primary sterling interest rate benchmark by end of 2021.

Ongoing international and/or national reform initiatives and the increased regulatory scrutiny of benchmarks generally could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any applicable regulations or requirements. Such factors may discourage market participants from continuing to administer or contribute to benchmarks, trigger changes in the rules or methodologies used in respect of benchmarks, and/or lead to the disappearance of benchmarks, including LIBOR. This could result in (i) adjustments to the terms and conditions and/or early redemption provisions and/or provisions relating to discretionary valuation by the Calculation Agent, (ii) delisting, and/or (iii) other consequences for securities linked to any such benchmarks. Any such consequence could have a material adverse effect on the value of and return on any such securities.

3.13 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 Final Termsheet and if the shares are delivered.

3.14 Possible decrease in Underlying Value in case of Delivery of Underlying

To the extent that "Delivery of Underlying" is provided for in the relevant Final Termsheet, 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.

3.15 Protection Amount

If and to the extent that a capital protection has been declared applicable in the relevant Final Termsheet, 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 Final Termsheet. 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 3.5, 3.18, 4.2 and 4.7)

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 Final Termsheet, 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.

3.16 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.

3.17 Products and/or Underlyings listed on the SIX Swiss Exchange or any other exchanges may be suspended from trading

SIX respectively SIX Exchange Regulation provides 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 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 or any other applicable exchange during the lifetime of the respective Product for other reasons.

3.18 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.

3.19 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 6 January 2017, the Internal Revenue Service (IRS) published revised Final FATCA Regulations in the Federal Register, confirming the postponement of the withholding on "foreign passthru payments" until January 1, 2019, at the earliest. As a result, non-U.S. source payments (not subject to Section 871(m)) made prior to 1 January 2019 generally should not be subject to a FATCA withholding tax.

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.

4. RISK FACTORS RELATING TO THE ISSUER AND/OR THE GUARANTOR AND/OR LEONTEQ GROUP (AS SUCH TERMS IS DEFINED IN SECTION IV HEREAFTER)

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

As a financial services provider, the business activities of the Issuer and/or the Guarantor are affected by the prevailing market situation. Various risk factors can impair the Issuer's and/or the Guarantor's ability to implement business strategies and may have a direct negative impact on earnings. Accordingly, the Issuer's and/or the Guarantor's revenues and earnings are subject to fluctuations. The revenues and earnings figures from a specific period thus, are not evidence of sustainable results. They can change from one year to the next and affect the Issuer's ability to achieve their strategic objectives.

4.2 General Insolvency Risk

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

Unless specified otherwise, Investors are exposed to the credit risk of the 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.

Collateralization, as further described in sections "Collateral Secured Instruments (COSI)" and "Triparty Collateral Management Secured Structured Products (TCM)" 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 resp. for the TCM service provided by SIX SIS AG with respect to the collateralization 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. Please also refer to section 17. 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 resp. SIX SIS AG 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 collateralization of the Products may be insufficient.

4.3 Liquidity

Liquidity and liquidity management are of critical importance to the Issuer's, the Guarantor's and/or Leonteq Group's industry. 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 the Issuer, the Guarantor and/or Leonteq 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.

4.4 Competitive and Business Environment

All aspects of the Issuer's, the Guarantor's and Leonteq Group's (as defined in the section "Organisational Chart of Leonteq Group") business including the business of the Issuer and the Guarantor are highly competitive. Leonteq Group's (including the Issuer's) and the Guarantor's competitive ability depends on many factors, including reputation, the quality of services and advice, intellectual capital, product innovation, execution ability, pricing, sales efforts, and the combined talents of employees.

4.5 Potential Conflicts of Interest

The Issuer and/or the Guarantor 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 Issuer and/or the Guarantor may become counterparties in hedging transactions relating to obligations of the Issuer and/or the Guarantor stemming from the Products. As a result, conflicts of interest can arise between companies affiliated with the Issuer and/or the Guarantor, 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 Issuer and/or the Guarantor 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 Issuer and/or the Guarantor, or affiliated companies of the Issuer and/or the Guarantor, may issue other derivative instruments relating to the respective Underlying; introduction of such competing products may affect the market value of the Products. The Issuer and/or the Guarantor and their respective affiliated companies may receive non-public information relating to the Underlying and neither the Issuer nor the Guarantor nor any of their affiliates undertake to make this information available to Investors. In addition, one or more of the Issuer's and/or the Guarantor's affiliated companies may publish research reports on the Underlying (see 3.16 above). Such activities could present conflicts of interest and may affect the market value of the Products.

4.6 Significance of Credit Ratings

Access to the unsecured funding markets is dependent on the Issuer's and/or the Guarantor's credit ratings, if existing (as indicated in the Final Termsheet). A reduction in the Issuer's and/or the Guarantor's credit ratings could adversely affect the Issuer's 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 Issuer's and/or the Guarantor's credit ratings, if any, may have an impact on its creditworthiness and, therefore, the market value of a Product (see 3.5 above).

4.7 Credit Exposure

The credit exposure represents the possibility that a counterparty will be unable to attend to its contractual obligations. Although the Issuer, the Guarantor and/or Leonteq Group actively manage credit exposure on a daily basis as part of their/its risk management frameworks a counterparty default risk may arise from unforeseen events or circumstances.

4.8 Operational Risk

Operational risk indicates a risk of loss resulting from inadequate or failed internal or outsourced processes, people, infrastructure and technology or from external events. The Issuer, the Guarantor and/or Leonteq Group seek to minimise these risks through an effective internal control environment.

4.9 Legal, Regulatory and Reputational Risks

Leonteq Securities AG is authorised as securities dealer and subject to prudential supervision by FINMA. Leonteq Securities AG, Guernsey Branch is regulated by the Guernsey Financial Services Commission ("**GFSC**"). Leonteq Securities AG, Amsterdam Branch is registered with the Netherlands Authority for the Financial Markets ("**AFM**") as part of an exempt third country investment firm pursuant to section 10 of the Exemption Regulation of the Dutch Financial Supervision and prudentially supervised by FINMA.

Information regarding the licence and supervision of the respective Guarantor, if applicable, are provided in the respective Guarantee Annex, if any.

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 regulatory investigations and litigation against financial services firms.

Legislation and rules adopted both in Switzerland and around the world have imposed substantial new and more stringent regulations, internal practices, capital requirements, procedures and controls and disclosure requirements. This is in such areas as financial reporting, corporate governance, auditor independence, equity compensation plans, restrictions on the interaction between equity research analysts and investment banking employees and money laundering. The trend and scope of increased compliance requirements may require the Leonteq Group (as such term is defined in section IV hereafter, including the Issuer, and/or the Guarantor to invest in additional resources to ensure compliance).

The trend and scope of increased compliance requirements has increased costs necessary to ensure compliance. The Leonteq Group's and the Guarantor's reputation is critical in maintaining their relationships with clients, Investors, regulators and the general public and is a key focus in the Leonteq Group's and/or the Guarantor's risk management efforts.

Leonteq Group and/or the Guarantor is or may become involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its business.

4.10 Discounts and Reimbursements by the Issuer and related Conflicts of Interests of Financial Institutions/Remuneration received by the Issuer and/or the Lead Manager from Third Parties

The Issuer and/or the Lead Manager will offer the Products to banks, securities dealers and other financial intermediaries or institutions (together the "**FI**"), who buy the Products for purposes of, or with a view to, sell on such Products to their clients. The Issuer and/or the Lead Manager will offer the Products to FI's (i) at a discount or (ii) at the Issue Price but reimbursing an amount of a) up to 2% p.a. ("**Relevant Fees**"), b) up to 3.5% p.a. ("**Significant Fees**"), c) more than 3.5% p.a. ("**Substantial Fees**"), or d) with a fee explicitly specified in the Final Termsheet. For Products, where the Issue Price is set out in percent, the above fees will be calculated and applied based on the Denomination of that Product, else, the fees will be calculated and applied on the Issue Price.

In addition, for certain services rendered and in order to increase quality and services relating to Products issued by the Issuer, the Issuer and/or the Lead Manager may pay recurring fees to distribution partners. The individual rates will be specified in the Final Termsheet. 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 Issuer, the Lead Manager and/or the FI.

Investors should be aware that such discounts, reimbursements and recurring fees may, depending on the circumstances, cause potential conflicts of interests at the FI. FI are obliged, however, to implement organisational measures designed to prevent such potential conflicts of interest that may adversely affect the interests of their clients.

The Issuer and/or the Lead Manager may receive remuneration, discounts and/or soft-commissions (the "**Retrocessions**") in the range of overall up to 2% p.a. from third parties, in particular from the issuers, managers or lead managers of financial products or indexes that serve as Underlyings. If and to the extent such Retrocessions, on the basis of statutory law, would have to be credited to the Product or forwarded to the Investor, each Investor hereby takes note and unconditionally accepts that the Issuer and/or the Lead Manager will retain and keep such Retrocessions. Investors should be aware that such Retrocessions may cause conflicts of interests to the Issuer and/or the Lead Manager and that there are organisational measures in place to reduce the risk that such conflicts of interest adversely affect the interests of Investors. Further information is available from the Issuer or the Lead Manager.

4.11 Risks relating to platform partner arrangement

The Issuer offers specific services to third parties. The Issuer's platform partner arrangement is based on a novel business model that is largely untested and there may not be sufficient demand to enable the Issuer to achieve meaningful operating income or cash flow or profitable operations.

The Issuer is further exposed to reputational and potentially regulatory risks should one of its platform partners default which might have a significant impact on the Issuer's operations.

5. ADDITIONAL RISK FACTORS RELATING TO THE GUARANTOR

The relevant Risk Factors relating to the Guarantor, if any, are provided in the section "Risk Factors relating to the Issuer and/or the Guarantor and/or the Leonteq Group". However, if the Issuer determines to include a Guarantor in this Programme additional Risk Factors may be integrated in the relevant Guarantee Annex.

6. EXCLUSIVE OBLIGATIONS OF THE GUARANTOR

Obligations, if any, arising from the Guarantee will be solely the Guarantor's obligations and no other entity of the Guarantor's 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 Guarantor.

II 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 in conjunction with the terms and conditions of the Products as supplemented, replaced or modified by the Final Termsheet related to any Series or any Tranche of Products. In case of inconsistencies between the General Terms and Conditions and the Final Termsheet, the Final Termsheet shall prevail.

The Investors are deemed to have notice of all the provisions of this Programme and the Final Termsheet.

1. DEFINITIONS

The following definitions are applicable to all Products issued under this Programme by the Issuer and shall be read in conjunction with the additional terms and conditions of the Final Termsheet related to each Series of Products which may supplement, replace or modify them.

As used in these General Terms and Conditions, the following definitions shall have the meanings in respect of any Products or Series of Products as set forth below. Words denoting the singular number only shall include the plural number also and vice versa, and words denoting one gender only shall include the other.

"**American Style Warrant**" has the meaning specified in General Terms and Conditions 5.1.

"**Automatic Exercise**" has the meaning specified in General Terms and Conditions 7.2.

"**Automatic Redemption**" has the meaning specified in General Terms and Conditions 8.2.

"**Barrier Level**" and/or "**Trigger Level**" or any other level have the meaning (where applicable) specified in the Final Termsheet.

"**Barrier Observation Period**" means the period of time as stated in the Final Termsheet 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 Final Termsheet, subject to adjustments;
- (ii) In relation to an Index, the basket of Indices, as specified in the Final Termsheet, subject to adjustments.
- (iii) In relation to any other Underlying, the basket of such other Underlyings, as specified in the Final Termsheet, subject to adjustments.

"Börse Frankfurt Zertifikate AG" means the respective trading platform for Structured Products, or any successor thereof.

"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 Final Termsheet, if applicable.

"Business Day Convention" means the convention used for the calculation of any interest amount, as defined in the Final Termsheet.

"Calculation Agent" means the calculation agent specified in the Final Termsheet.

"Cap Level" is specified in the Final Termsheet (where applicable).

"Cash Settlement" is specified in the General Terms and Conditions 7.8 or 8.9, or as specified in the Final Termsheet (where applicable).

"Clearing" and/or **"Clearing System"** means (i) in relation to Products listed on the SIX Swiss Exchange, the 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, SIS or any clearing system specified in the relevant Final Termsheet in which Products are held, or (iii) any other additional clearing system that may be relevant for the Product settlement purposes.

"Commodity" means any commodity, as specified in the Final Termsheet.

"Commodity Index" means the commodity index, as specified in the Final Termsheet.

"Company" means, for Products with Shares as Underlying, the company that has issued such Shares.

"Conversion Rate" means (where applicable) the rate of conversion of any amount into the Settlement Currency, as specified in the Final Termsheet 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 Final Termsheet.

"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 Payment Date" has the meaning as determined in the Final Termsheet.

"Denomination" means the denomination as set out in the Final Termsheet.

"Delivery of Underlying" has the meaning (where applicable) specified in General Terms and Conditions 7.9.

"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 Final Termsheet).

"Early Redemption Date(s)" has the meaning as specified in General Terms and Conditions 5.2, and set out in the Final Termsheet and/or as specified in any Termination Announcement or Termination Notice to the Investors published in accordance with General Terms and Conditions 22 ("**Notices**").

"European Style Warrant" has the meaning specified in General Terms and Conditions 5.1.

"Exchange" means the stock exchange where the Product is listed, if applicable, or as specified in the Final Termsheet.

"Exchange Business Day" means, if not otherwise specified in the Final Termsheet:

- (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 Publishing Party or the Publishing Third Party, 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 Reuters, 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 Terms and Conditions 7.2 (Automatic Exercise), or if applicable on which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of the General Terms and Conditions 7.3 (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 General Terms and Conditions 7.3 (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 Final Termsheet.

"Expiration Date" means the date, as specified under Final Fixing Date in the Final Termsheet, 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.

"Final Fixing Date" means, subject to provisions regarding Market Disruption, the date specified in the Final Termsheet or if such date is not an Exchange Business Day the next succeeding Exchange Business Day.

"Final Fixing Level" has the meaning as determined in the Final Termsheet.

"Fixed-end Products" mean Structured 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 Final Termsheet, shall apply if the date indicated in the Final Termsheet is not a Business Day or not an Exchange Business Day. Such convention shall apply by default unless otherwise specified in the Final Termsheet.

"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 Final Termsheet.

"FX Disruption Event" has the meaning given in General Terms and Conditions 16.

"FX Establishment Date" has the meaning given in General Terms and Conditions 16.

"FX Rate" has the meaning given in General Terms and Conditions 16.

"Guarantor" means a party as may specified in the relevant Guarantee Annex and the Final Termsheet.

"Hedging Disruption" has the meaning specified in General Terms and Conditions 17.

"Hedging Entity" has the meaning specified in General Terms and Conditions 17.

"Increased Cost of Collateralization" has the meaning specified in General Terms and Conditions 17.

"Increased Cost of Hedging" has the meaning specified in General Terms and Conditions 17.

"Index" means, in respect of any Product relating to an index, each index specified in the Final Termsheet and published by the relevant Index Sponsor.

"Index Calculation Agent" has the meaning specified in General Terms and Conditions 12.1.

"Index Sponsor" means the relevant index sponsor who calculates and publishes the relevant Index, as specified in the Final Termsheet.

"Initial Fixing Date" has the meaning as determined in the Final Termsheet.

"Initial Fixing Level" has the meaning as determined in the Final Termsheet.

"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.

"Issuer" means Leonteq Securities AG which may also be acting through its branches, as specified in the Final Termsheet.

"Issue Date" has the meaning as determined in the Final Termsheet.

"Issue Price" means the issue price as specified in the Final Termsheet.

"Last Trading Day" means the date as specified in the Final Termsheet.

"Last Trading Time", see the definition of Trading Expiration Time.

"Lead Manager" means the lead manager specified in the Final Termsheet.

"Market Disruption Event" has the meaning specified in General Terms and Conditions 9.

"Maximum Exercise Number" has the meaning specified in General Terms and Conditions 7.1.

"Maximum (Redemption) Amount" means (where applicable) the amount, as specified in the Final Termsheet.

"Merger Date" has the meaning specified in General Terms and Conditions 11.2.

"Merger Event" has the meaning specified in General Terms and Conditions 11.2.

"Merger Event Redemption Amount" has the meaning specified in General Terms and Conditions 11.2.

"Minimum Exercise Number" has the meaning specified in General Terms and Conditions 7.1.

"Minimum Investment" means the minimum investment amount specified in the Final Termsheet.

"Minimum Trading Lot" means the minimum trading lot specified in the Final Termsheet.

"Observation Date" has, subject to Market Disruption Event provisions, the meaning as determined in the Final Termsheet or if such a date is not an Exchange Business Day the following Exchange Business Day.

"Open-end Products" mean Structured Products with no fixed maturity.

"Paying Agent" means the paying agent specified in the Final Termsheet.

"Postponed Final Fixing Date" has the meaning given in General Terms and Conditions 16.

"Postponed Observation Date" has the meaning given in General Terms and Conditions 16.

"Potential Adjustment Event" has the meaning given in General Terms and Conditions 11.1.

"Preceding Business Day Convention" means that the immediately preceding Business Day or Exchange Business Day, as applicable according to the Final Termsheet, shall apply if the specific date indicated in the Final Termsheet is not a Business Day or not an Exchange Business Day. The Preceding Business Day Convention would be specified on the relevant Final Termsheet.

"Price Source" means in relation to a Commodity, the price source, as specified in the Final Termsheet, providing the relevant price of the respective Commodity.

"Products" mean Warrants and Structured Products, as specified in the Final Termsheet.

"Publishing Party" has the meaning specified in General Terms and Conditions 12.2.

"Publishing Third Party" has the meaning specified in General Terms and Conditions 12.2.

"Rating" means the rating of the Issuer and/or the Guarantor (if applicable), as specified in the Final Termsheet.

"Redemption" or **"Redemption Amount"** means (where applicable) with respect to any Product a Cash Settlement in the Settlement Currency and/or a Delivery of Underlying, as specified in the Final Termsheet.

"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 Final Termsheet, subject to Market Disruption Event provisions; (ii) any Structured Products, the Business Day specified in the Final Termsheet. 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 General Terms and Conditions 8.3 and 8.4.

"Related Exchange(s)" means the exchange(s) or a quotation system, as specified in the Final Termsheet, 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 Final Termsheet. 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.

"Requisite Amount" has the meaning specified in General Terms and Conditions 7.7.

"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 SIS or any other Clearing System, as specified in the relevant Final Termsheet.

"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 Final Termsheet, 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.

"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 Final Termsheet.

"SIS" means SIX SIS AG, Olten, Switzerland, or any successor thereof.

"SIX" or **"SIX Swiss Exchange"** or **"SIX Swiss Exchange AG"** means the SIX Swiss Exchange, Zurich, Switzerland, or its successor.

"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).

"Stop Loss Level" has the meaning (where applicable) specified in the Final Termsheet.

"Strike Level" and/or **"Strike Price"** has the meaning (where applicable) specified in the Final Termsheet.

"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 Final Termsheet, according to article 5 of the Swiss Federal Act on Collective Investment Schemes of 28 September 2012 as amended ("**CISA**") and according to section 2 of the Swiss Bankers Association's Guidelines on informing Investors about Structured Products.

"Successor Index Calculation Agent" has the meaning specified in General Terms and Conditions 12.1.

"Termination Announcement" or **"Termination Notice"** has the meaning as specified in the Final Termsheet and/or means any notice sent to the Investors in respect of terminating the Products and published in accordance with the General Terms and Conditions 22 (Notices).

"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 Final Termsheet.

"Tranche" means a number of Products that are subject to the same conditions (including further issuances pursuant to General Terms and Conditions 25, if any).

"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 Final Termsheet.

"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 to Deliver" means, where applicable, a securities paper or instrument as specified in the Final Termsheet 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.

"Valuation Period" and/or **"Hedge Period"** means, where applicable, the period specified in the Final Termsheet.

"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 General Terms and Conditions 6.

"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 Final Termsheet.

2. STATUS

The Products constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor, if any and rank pari passu with each and all other current and future unsubordinated and unsecured obligations of the Issuer and the Guarantor.

Collateralization, as further described in sections "Collateral Secured Instruments (COSI)" and "Triparty Collateral Management Secured Structured Products (TCM)" 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 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 resp. for the TCM service provided by SIX SIS AG with respect to the collateralization 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 resp. SIX SIS AG 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 collateralization of the Products may be insufficient.

There is no principal protection in relation to the Products (unless specified in the Final Termsheet).

3. FORM

Each Series of Products will be issued in one of the following forms and will remain unchanged for the entire term. The Final Termsheet 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 authorized 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 authorized 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 "**NTBEs**") 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 NTBEs, 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 Final Termsheet.

4. TRANSFER OF PRODUCTS

Transactions in, including transfer of, the Products may only be effected 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. STYLE OF PRODUCTS

5.1 American Style Warrants or European Style Warrants

These General Terms and Conditions 5.1 are applicable only in relation to Warrants.

The Final Termsheet 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 Terms and Conditions 7 as supplemented by the provisions of the Final Termsheet.

European Style Warrants are exercisable on the Expiration Date in accordance with the procedure described in General Terms and Conditions 7 as supplemented by the provisions of the Final Termsheet.

5.2 Fixed-end Products or open-end Products

These General Terms and Conditions 5.2 are applicable only in relation to Structured Products.

The Final Termsheet will indicate whether the Structured 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 Final Termsheet. Unless otherwise specified in the Final Termsheet, they are automatically redeemed on the Redemption Date. If specified in the Final Termsheet 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 Terms and Conditions 8, 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 redeem Open-end Products in accordance with the procedure described in General Terms and Conditions 8 on any Early Redemption Date or Redemption Date, respectively, specified in the Final Termsheet, or, if any such Early Redemption Date or Redemption Date is not a Business Day, the next following date that is a Business Day.

6. CALL WARRANTS OR PUT WARRANTS

These General Terms and Conditions 6 are applicable only in relation to Warrants.

The Final Termsheet will indicate whether the Warrants are call Warrants (the "**Call Warrants**") or put Warrants (the "**Put Warrants**"), all as described as follows:

6.1 For Warrants related to a single Share

If the Underlying is a Share, the following shall apply:

The Final Termsheet 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 Terms and Conditions 7.2, 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 Final Termsheet 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 Terms and Conditions 7.2, 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.

6.2 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:

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).

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).

7. EXERCISE OF WARRANTS

These General Terms and Conditions 7 are applicable only in relation to Warrants.

7.1 Minimum and maximum number of Warrants exercisable

(i) Minimum number of Warrants exercisable

The minimum number of Warrants exercisable by any Investor on any Exercise Date will be specified in the Final Termsheet (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.

(ii) 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 Final Termsheet (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.

7.2 Automatic Exercise

The Final Termsheet may specify that Warrants are automatically exercised on the Expiration Date. Then:

- (i) The Investor will not need to deliver an Exercise Notice or to take any other action, unless otherwise specified in the Final Termsheet; 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.

7.3 Exercise Notice

Except for automatically exercised Warrants, Warrants may only be exercised by an Investor on such day(s) as provided in General Terms and Conditions 5.1 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 Final Termsheet 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 these General Terms and Conditions 7 at or before 12:00 noon (Zurich time) on the Expiration Date shall become null and void.

7.4 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:

- (a) specify the name and address of the Investor in respect of the Warrants being exercised;
- (b) specify the number of Warrants of the relevant Series being exercised by the Investor (which may not be less than the Minimum Exercise Number);
- (c) specify the number of the account at the relevant Clearing System to be debited with the Warrants being exercised and irrevocably instruct or, 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;

- (d) 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;
- (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 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 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;
- (f) 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
- (g) specify any other details that the relevant Final Termsheet may require.

7.5 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 these General Terms and Conditions 7.5 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.

7.6 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 Final Termsheet 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.

7.7 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.

7.8 Cash Settlement

(i) 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.

(ii) 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.

7.9 Delivery of Underlying

(i) 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 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 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.

(ii) 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.

(iii) 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.

7.10 Dividends

These General Terms and Conditions 7.10 are 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:

- (a) 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).
- (b) in case of a settlement of the Underlying at or before the repayment's date, then the investor, in case of delivery of 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.

8. REDEMPTION OF STRUCTURED PRODUCTS

These General Terms and Conditions 8 are applicable only in relation to Structured Products.

8.1 Minimum and maximum number of Structured Products redeemable

(i) Minimum number of Structured Products redeemable

The minimum number of Structured Products redeemable by any Investor on any Redemption Date will be specified in the Final Termsheet. Any Redemption Notice which purports to redeem Structured Products in an amount less than the relevant Minimum Trading Lot shall be null and void and of no effect.

(ii) Maximum number of Structured Products redeemable (in the case of Open-end Products redeemable on an Early Redemption Date)

If Structured Products are to be redeemed early and the Paying Agent determines that the number of Structured Products being redeemed on any Redemption Date exceeds the maximum redemption number, as specified in the Final Termsheet (the "**Maximum Redemption Number**"), the Issuer may deem the Redemption Date for the first Maximum Redemption Number of such Structured Products to be the Early Redemption Date and the Redemption Date for each additional Maximum Redemption Number of such Structured Products to be each of the succeeding Business Days until all such Structured Products have been attributed with a Redemption Date. If by following this rule the deemed Redemption Date for any such Structured Products would fall after the Redemption Date, it shall fall on the Redemption Date. In any case where the number of Structured 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 Structured Products than the Maximum Redemption Number for redemption on any Redemption Date.

8.2 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 Final Termsheet.

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 Final Termsheet.

8.3 Redemption Notice

If so specified in the Final Termsheet Products may be redeemed by an Investor at such time and on such day(s) as provided in General Terms and Conditions 5.2 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.

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.

8.4 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 Structured Products being redeemed;
- (b) specify the number of Structured 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 Structured 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 Structured 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 Structured 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 Structured Products and an authority to the Issuer and the Paying Agent and, in case of unlisted Structured Products, the relevant Clearing System (if other than 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 Structured Products are not being exercised on behalf of a U.S. Person; and
- (g) specify other details as the relevant Final Termsheet requires.

8.5 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 Structured 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 Structured 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 Structured Products is still desired by the Investor.

Any determination by the Paying Agent as to any of the matters set out in these General Terms and Conditions 8.5 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 Structured Products redeemed.

8.6 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 in respect of which the Final Termsheet stating 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.

8.7 Effect of Redemption Notice

Delivery of a Redemption Notice shall constitute an irrevocable election and undertaking by the relevant Investor to redeem the Structured Products in accordance with the General Terms and Conditions.

8.8 Termination of Products by the Issuer

(i) 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 Terms and Conditions 22 (Notices), call the Structured Products by announcing the exercise of its termination right in accordance with the General Terms and Conditions 22 (Notices).

In addition, the Issuer may terminate any open-end Products in accordance with the General Terms and Conditions 17 and 18.

(ii) Termination of fixed-end Products

If applicable, the termination right of the Issuer for fixed-end Products will be further specified in the Final Termsheet and will be announced in accordance with the General Terms and Conditions 22 (Notices).

In addition, the Issuer may terminate any fixed-end Products in accordance with the General Terms and Conditions 17 and 18.

8.9 Cash Settlement

(i) 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 Structured Products being redeemed.

(ii) Cash Settlement on the Redemption Date

Prior to the Redemption Date, the Issuer shall, in respect of the Structured 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 Structured 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.

8.10 Delivery of Underlying (for Structured Products related to a Share)

(i) 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 the General Terms and Conditions 8.6, 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.

(ii) 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.

(iii) 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.

8.11 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.

8.12 Dividends

These General Terms and Conditions 8.12 are 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 Final Termsheet, 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 Final Termsheet.

9. MARKET DISRUPTION – RIGHTS ON A MARKET DISRUPTION

9.1 For Products related to a Share and a Basket of Shares

These General Terms and Conditions 9.1 are applicable only in relation to Products related to a Share and Products related to a Basket of Shares.

(a) Market Disruption Event

For the purpose of these General Terms and Conditions 9.1 and unless otherwise specified in the Final Termsheet, "**Market Disruption Event**" means, in respect of a Share but is not limited to, (i) the suspension or material limitation of trading of the Share on the Related Exchange or (ii) the suspension or material limitation of trading of options or futures on such Share on the Futures and Options Exchange, for any reason whatsoever.

For the purposes of this definition (i) a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Related Exchange and (ii) a limitation on trading imposed during the course of a day by reason of movements in price otherwise exceeding levels permitted by the Related Exchange and/or the relevant Futures and Options Exchange will constitute a Market Disruption Event.

(b) Rights on 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, for example the Initial Fixing Date, the Final Fixing Date or any Observation Date, then such day shall be postponed to the next following Exchange Business Day on which there is no such Market Disruption Event. If, in the sole opinion of the Calculation Agent, a Market Disruption Event is continuing, the relevant day for the fixing, observation or valuation of the Underlying will be determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*).

The Fair Market Value of the Share shall then be determined 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 Shares, the day relevant for the fixing, observation or valuation of the Underlying for each Share which is not affected by the Market Disruption Event shall be the originally designated Initial Fixing Date, Final Fixing Date or Observation Date, as the case may be, and the Initial Fixing Date, the Final Fixing Date or the Observation Date, as the case may be, for each Share which is affected shall be determined as provided above.

9.2 For Products related to an Index and a Basket of Indices

These General Terms and Conditions 9.2 are applicable only in relation to Products related to an Index and Products related to a Basket of Indices, excluding Commodity Indices.

(a) Market Disruption Event

For the purpose of these General Terms and Conditions 9.2 and unless otherwise specified in the Final Termsheet, "**Market Disruption Event**" means, in respect of an Index, but is not limited to the occurrence or existence on a 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, of the following events:

- (i) A suspension or a limitation on trading in a material number or percentage of the stocks comprising the component stocks of an Index or a limitation on prices for such stocks. The number or percentage can be determined in the Final Termsheet and in the absence of such determination a suspension or limitation of trading in 20 percent or more of that Index capitalisation (other than limitations on hours in the conditions provided below) shall be deemed to constitute a Market Disruption Event.
- (ii) A suspension or a limitation (*inter alia* by reason of movements in prices exceeding the permitted levels) on trading in any futures or options contracts related to an Index which are traded on the Futures and Options Exchange (except if the Calculation Agent determines that such suspension or limitation shall not constitute a Market Disruption Event).

(b) Rights on 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, for example 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 on which there is no such Market Disruption Event.

If, in the sole opinion of the Calculation Agent, a Market Disruption Event is continuing, then 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, and the value for that Index 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 Indices, the day relevant for the fixing, observation or valuation of the Underlying for each Index which is not affected by the Market Disruption Event shall 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 Index which is affected shall be determined as provided above.

9.3 For Products related to Commodities or a Basket of Commodities

These General Terms and Conditions 9.3 are applicable only in relation to Products related to Commodities or a Basket of Commodities.

(a) Market Disruption Event

For the purpose of these General Terms and Conditions 9.3 and unless otherwise specified in the Final Termsheet, "**Market Disruption Event**" means, in respect of a Commodity or Basket of Commodities but is not limited to:

- (i) (a) the failure of a price source to announce or publish a price/level relevant for the Products; or (b) the temporary or permanent discontinuance or unavailability of such price source;
- (ii) the material suspension or limitation or disruption of trading in the Commodity on the relevant Related Exchange or in futures or options contracts relating to the Commodity on the Futures and Options Exchange where such contracts are usually traded, including but not limited to limitation due to movements in price exceeding limits permitted by the relevant Related Exchange, or otherwise;
- (iii) the failure of trading to commence or the permanent discontinuation of trading (i) in the Commodity on the Related Exchange or (ii) in futures or options contracts relating to the Commodity on the Futures and Options Exchange where such contracts are usually traded and any other event that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any relevant Commodity;
- (iv) the occurrence since the Initial Fixing Date of a material change (i) in the formula for or method of calculating the price/level 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;
- (v) 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 the Exchange Business Day from what it would have been without such imposition, change or removal.

(b) Rights on 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, for example 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 on which there is no such Market Disruption Event.

If in the sole opinion of the Calculation Agent 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 Commodities, the day relevant for the fixing, observation or valuation of the Underlying, like e.g. the Initial Fixing Date, the Final Fixing Date or any Observation Date, for each Commodity which is not affected by the Market Disruption Event shall 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 Commodity which is affected shall be determined as provided above.

9.4 For Products related to any other Underlying or a Basket of any other Underlyings than those mentioned in General Terms and Conditions 9.1 to 9.3

These General Terms and Conditions 9.4 are applicable only in relation to Products related to any other Underlyings and Baskets of Underlyings than those mentioned in General Terms and Conditions 9.1 to 9.3.

(a) Market Disruption Event

For the purpose of these General Terms and Conditions 9.4 and unless otherwise specified in the Final Termsheet, "**Market Disruption Event**" means, in respect of any other Underlying than those mentioned in General Terms and Conditions 9.1 to 9.3, but is not limited to, the price or value relevant for the Product not being determined or announced or published or otherwise not being made available on a day relevant for the fixing, observation or valuation of the Underlying, like e.g. 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*).

(b) Rights on 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, like e.g. 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 other Underlyings than those

mentioned in General Terms and Conditions 9.1 to 9.3, 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 Underlying than those mentioned in General Terms and Conditions 9.1 to 9.3 which is affected shall be determined as provided above.

10. UNDERLYING ILLIQUIDITY

These General Terms and Conditions 10 are applicable to all Products, no matter what type of Underlying they are comprised of.

10.1 Underlying Illiquidity

For the purpose of these General Terms and Conditions 10 and unless otherwise specified in the Final Termsheet, "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.

10.2 Rights upon Underlying Illiquidity

(a) 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.

(b) 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 Final Termsheet.

(c) 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 Final Termsheet, 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 (5th) 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).

10.3 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.

11. ADJUSTMENTS FOR PRODUCTS RELATED TO A SHARE AND A BASKET OF SHARES

These General Terms and Conditions 11 are applicable only in relation to Products related to a Share and Products related to a Basket of Shares.

11.1 Adjustments

The Calculation Agent shall, acting in a commercially reasonable manner and in accordance with established market practice, determine whether or not at any time a potential adjustment event has occurred. This is an event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares (the "**Potential Adjustment Event**"). Where it determines such an event has occurred, the Calculation Agent will, acting in a commercially reasonable manner and in accordance with established market practice determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Share or Basket of Shares and, if so, will make such adjustment as it considers appropriate in its duly exercised discretion (*billiges Ermessen*) and in accordance with established market practice. Such adjustment could be made to the Strike Level, the Barrier, the formula for the Redemption Amount and/or the Redemption Amount and/or the Redemption Amount set out in the Final Termsheet, the number of Underlyings to which each Product relates, the number of Shares comprised in a Basket, the amount, the number of or type of Shares or other securities which may be delivered in respect of such Products and/or any other adjustment and, in any case, any other variable relevant to the exercise, redemption, settlement or payment terms of the relevant Products as the Calculation Agent determines, in its duly exercised discretion (*billiges Ermessen*) but in accordance with established market practice, to be appropriate to account for that diluting or concentrative effect. The Calculation Agent shall further determine, in its duly exercised discretion (*billiges Ermessen*) but in accordance with established market practice, the effective date(s) of such adjustment(s).

11.2 Merger Event

- (a) Following the occurrence of any Merger Event, the Issuer will, in its duly exercised discretion (*billiges Ermessen*) but in accordance with established market practice, determine whether or not the relevant Products shall continue.
- (b) If the Issuer determines that the relevant Products shall continue, the Calculation Agent may make such adjustment, in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice, as it considers appropriate, if any, to the Strike Level, the Barrier, the formula for the Redemption Amount and/or the Redemption Amount set out in the Final Termsheet, the number of Underlyings to which each Product relates, the number of Shares comprised in a Basket, the amount, the number of or type of Shares or other securities which may be delivered under such Products and, in any case, any other variable relevant to the exercise, redemption, settlement or payment terms of the relevant Products and/or any other adjustment. Any such change or adjustment shall be effective as soon as practical after the date upon which all, or substantially all, holders of the Shares (other than, in the case of a takeover, Shares owned or controlled by the offeror) become bound to transfer the Shares held by them.
- (c) If the Issuer determines that the relevant Products shall be terminated, then the relevant Products shall cease to be exercisable or redeemable as of the Merger Date (or, in the case of any Products which have been exercised or redeemed but remain unsettled, the entitlements of the respective Investors to receive Shares or the Redemption Amount, as the case may be, pursuant to such exercise or redemption shall cease), and the Issuer's obligations under the Products shall be satisfied in full upon payment of the Merger Event Redemption Amount (as defined below).
- (d) For the purposes hereof:

"Merger Event" means in respect of any relevant Shares, as determined by the Calculation Agent, acting in a commercially reasonable manner and in accordance with established market practice, any:

- (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer 20 per cent or more of such Shares outstanding;
- (ii) consolidation, amalgamation or merger of the Company with or into another entity (other than a consolidation, amalgamation or merger in which such Company is the continuing entity and which results in a reclassification or transfer of less than 20 per cent of the outstanding Shares); or
- (iii) other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer 20 per cent or more of such Shares (other than such Shares owned or controlled by the offeror).

This applies if the Merger Date is on or before the Expiration Date.

"Merger Event Redemption Amount" means an amount which the Calculation Agent, in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice, determines is the Fair Market Value to the Investor with terms that would preserve for the Investor the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Investor would have been entitled under the relevant Product after that date but for the occurrence of the Merger Event.

"Merger Date" means, in respect of a Merger Event, the date upon which holders of the requisite number of Shares to constitute a Merger Event have agreed to or have irrevocably become obliged to transfer their Shares.

11.3 Nationalisation and Insolvency

- (a) If the Calculation Agent, acting in a commercially reasonable manner and in accordance with established market practice, determines that:
- (i) all the Shares or all the assets or substantially all the assets of the Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity ("**Nationalisation**"); or
 - (ii) by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any similar proceeding affecting the Company (i) all the Shares are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares become legally prohibited from transferring them ("**Insolvency**");

then the Issuer may determine, in its duly exercised discretion (*billiges Ermessen*) and in accordance with established market practice, that the relevant Products shall be terminated as of the Announcement Date. The Product shall pay an amount which the Calculation Agent, in its duly exercised discretion (*billiges Ermessen*) and in accordance with established market practice, determines is the Fair Market Value to the Investor with terms that would preserve for the Investor the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Investor would have been entitled under the relevant Product after that date but for the occurrence of such Nationalisation or Insolvency. In this event the Product shall cease to be exercisable or redeemable (or, in the case of any Products which have been exercised or redeemed, the entitlements of the respective Investors to receive Shares or payment of the Redemption Amount, as the case may be, pursuant to such exercise or redemption, shall cease) and the Issuer's obligations under the Products shall be satisfied in full upon payment of such amount.

- (b) For the purposes hereof, "**Announcement Date**" means, as determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice: (i) in respect of a Nationalisation, the date of the first public announcement of a firm intention, to nationalise (whether or not amended or on the terms originally announced) that leads to the Nationalisation; and (ii) in respect of an Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution, or of another analogous procedure in any jurisdiction, that leads to the Insolvency.

11.4 Delisting

If the Calculation Agent, acting in a commercially reasonable manner and in accordance with established market practice, upon the announcement of the relevant Exchange determines 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 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 ("**Delisting**") then the Issuer may determine, in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice, that the relevant Products shall be terminated and the Product shall pay an amount which the Calculation Agent, in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice, determines is the Fair Market Value to the Investor. Alternatively, the Issuer is entitled to continue the affected Products with a new underlying ("**Successor Underlying**"). The Issuer shall determine the Successor Underlying in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice.

Instead of paying a cash amount the Issuer is entitled but not obliged to deliver the corresponding number of the respective affected shares (any potential fractional entitlements will be paid in cash).

If an adjustment is necessary in relation to a Basket Component, the Issuer and/or Calculation Agent shall (in addition to a full termination of the affected Product, as described above) be entitled, but not obliged to either (i) remove the affected Basket Component from the Basket without replacement (by implementing correction factors with respect to the remaining Basket Components, if applicable) or (ii) replace the Basket Component in whole or in part by a new Basket Component (by implementing correction factors with respect to the Basket Components contained in the Basket, if applicable) (the "**Successor Basket Component**").

In this case the Successor Basket Component will be deemed to be the Basket Component and any reference in the General Terms and Conditions to the affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

11.5 Other Events

In the case of events other than those described in these General Terms and Conditions 11 which in the sole opinion of the Calculation Agent have an effect equivalent to that of such events, the rules described in these General Terms and Conditions 11 shall apply *mutatis mutandis*.

11.6 Notices of Adjustment

The Issuer shall give notice to the Investors in accordance with General Terms and Conditions 22 (Notices) of any change to the Conditions of the Products under these General Terms and Conditions 11.

12. ADJUSTMENTS FOR PRODUCTS RELATED TO AN INDEX OR A BASKET OF INDICES

These General Terms and Conditions 12 are applicable in relation to Products related to an Index or to a Basket of Indices, excluding Commodity Indices.

12.1 Third party calculates the Index

In the event that an Index is not calculated by the agreed index calculation agent (the "**Index Calculation Agent**") but is calculated by another entity which is the successor to the Index Calculation Agent acceptable to the Issuer (the "**Successor Index Calculation Agent**"), the Index Calculation Agent may substitute the Successor Index Calculation Agent for the calculation of such Index.

The same provisions will apply in the event that the Successor Index Calculation Agent ceases calculation of that Index but is replaced by another Successor Index Calculation Agent under the same conditions.

In the case of Products relating to a Basket of Indices, the above provisions shall only apply to the relevant Indices and shall not affect the provisions applicable to the Indices which are not affected.

12.2 Third Party publishes an Index

In the event that an Index is not published by the agreed relevant party (the "**Publishing Party**") but is published by another entity which is the successor to the Publishing Party acceptable to the Issuer (the "**Publishing Third Party**"), the Publishing Third Party may be substituted to the Publishing Party for the publication of such Index.

The same provisions will apply in the event that the Publishing Third Party ceases publication of that Index but is replaced by another Publishing Third Party under the same conditions.

In the case of Products relating to a Basket of Indices, the above provisions shall only apply to the relevant Indices and shall not affect the provisions applicable to the Indices which are not affected.

12.3 Modification of calculation or replacement of an Index

In the event that the Index Calculation Agent or the Successor Index Calculation Agent substantially modifies the formula or method of calculation of an Index or in any other way materially modifies an Index in the event of, among others, changes in constituent stocks or their capitalisation, or in the event that the Index Calculation Agent, the Successor Index Calculation Agent, if any, or any competent market authority replaces an Index by a new index to be substituted to that Index, the Issuer may:

- (i) either replace that Index by the Index so modified or by the substitute index (if any), multiplied, if need be, by a linking coefficient ensuring continuity in the evolution of the underlying index. In such event, the modified Index or the substitute index, and (if necessary), the linking coefficient, will be notified to the Investors in accordance with the General Terms and Conditions 22 (Notices) within the ten (10) Business Days following the date of modification or substitution of that Index; or

- (ii) apply the provisions of the General Terms and Conditions 12.4.

In the case of Products relating to a Basket of Indices, the provisions of paragraph 12.3(i) above shall only apply to the relevant Indices and shall not affect the provisions applicable to the Indices which are not affected.

12.4 Cessation of calculation of an Index or termination of the license agreement

If, for any reason, on or prior to any Final Fixing Date the Index Calculation Agent or the Successor Index Calculation Agent should cease permanently the calculation and/or announcement of an Index and should not provide for a substitute index, or such substitute index cannot replace that Index, for any reason, or the license agreement between the Index Calculation Agent and the Issuer may be terminated, for any reason, then the Issuer shall:

- (i) in the case of Products related to an Index, terminate its obligations under the Products and pay to each Investor in respect of the Products held by it an amount representing the fair market value of such Products (the "**Fair Market Value**"). The Fair Market Value will be determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice.

The Fair Market Value so determined will be notified to the Investors in accordance with the General Terms and Conditions 22 (Notices) within a seven (7) Business Days period following the date of determination of the Fair Market Value.

The amount representing the Fair Market Value will be paid to the Investors as soon as practicable within the ten (10) Business-Day period following the date of determination of the Fair Market Value. For the avoidance of doubt, it is specified that, further to the payment of such Fair Market Value, no other amount shall be due to the Investors.

- (ii) in the case of Products related to a Basket of Indices, at its option, either:
 - (a) use in substitution for such Index (the "**Non Retained Index**"), the other Indices included in the Basket of Indices to which such Products relate, *pro rata* their respective value and weight in the Basket of Indices (the "**Retained Index(ices)**"). Such substitution shall take effect as soon as possible after such change or failure. In such case, the value of the Non Retained Index shall be expressed as a number or fraction of a number of the Retained Index(ices) *pro rata* their respective value and weight in the Basket of Indices; or
 - (b) terminate its obligations under the Products and pay to each Investor in respect of the Products held by it an amount representing the fair market value of such Warrants or Structured Products (the "**Fair Market Value**"). The Fair Market Value will be determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*), but in accordance with established market practice.

The Fair Market Value so determined will be notified to the Investors in accordance with General Terms and Conditions 22 (Notices) within a period of 7 Business Days following the date of determination of the Fair Market Value.

The amount representing the Fair Market Value will be paid to the Investors as soon as practicable following the date of determination of the Fair Market Value. For the avoidance of doubt, it is specified that, further to the payment of such Fair Market Value, no other amount shall be due to the Investors.

In the case of events other than those described in the General Terms and Conditions 12 which in the sole opinion of the Calculation Agent have an effect equivalent to that of such events, the rules described in these General Terms and Conditions 12 shall apply *mutatis mutandis*.

13. ADJUSTMENTS FOR PRODUCTS RELATED TO A COLLECTIVE INVESTMENT SCHEME OR A BASKET OF COLLECTIVE INVESTMENT SCHEMES

These General Terms and Conditions 13 are applicable in relation to Products related to a Collective Investment Scheme and Products related to a Basket of Collective Investment Schemes.

The provisions in section 12 apply analogously to Products related to a Collective Investment Scheme or a Basket of Collective Investment Schemes, taking into account the specific adjustments by the Collective Investment Scheme's management and as determined by the Calculation Agent in its duly exercised discretion (*billiges Ermessen*).

14. ADJUSTMENTS FOR PRODUCTS RELATED TO COMMODITIES OR A BASKET OF COMMODITIES

These General Terms and Conditions 14 are applicable in relation to Products related to Commodities and Products related to a Basket of Commodities.

14.1 Successor entity calculates and reports a fixing level

If on any relevant Final Fixing Date or Observation Date, either a fixing level is (i) not calculated and announced by the Related Exchange or any other person responsible for such publication or announcement but is calculated and announced by a successor entity acceptable to the Calculation Agent or (ii) replaced by a successor fixing level calculated using, as determined by the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of such fixing level, then in each case, the level calculated will be deemed to be the fixing level.

14.2 Correction to published fixing level

If a level which is published or announced on a given day and which is used to determine a Redemption Amount is subsequently corrected, the corrected fixing level shall be the fixing level, provided such correction is published or announced by the Related Exchange (or any other person responsible for such publication or announcement) by the second Exchange Business Day prior to the date on which any payment is due after the original publication or announcement. In addition, the Calculation Agent may, to the extent it deems necessary, determine to make appropriate adjustments to any of the Terms and Conditions of the Product to account for such correction.

15. ADJUSTMENTS RELATED TO ISDA DEFINITIONS

These General Terms and Conditions 15 are 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 Final Termsheet, by any later definitions or supplements published by the International Swaps and Derivatives Association ("**ISDA**"), Inc.

16. 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 Business Day which falls the same number of Business Days after the FX Establishment Date as the Final Fixing Date or the Observation Date was originally scheduled to be after the Final Fixing Date or the Observation Date (the "**Postponed Final Fixing Date**" or the "**Postponed Observation Date**").

If an FX Disruption Event (as defined below) 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 the General Terms and Conditions 16 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 the General Terms and Conditions 16.

For the purposes of these General Terms and Conditions 16

"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.

"FX Rate" means, unless otherwise specified in the relevant Final Termsheet, 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 these General Terms and Conditions 16 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 (as defined above) 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 these General Terms and Conditions and the respective Final Termsheet 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 the General Terms and Conditions 22 (Notices).

17. TERMINATION AND CANCELLATION DUE TO ILLEGALITY, ILLIQUIDITY, IMPOSSIBILITY, INCREASED COST OF HEDGING, HEDGING DISRUPTION, INCREASED COST OF COLLATERALISATION (COSI AND TCM) 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 and TCM 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 and TCM 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 the General Terms and Conditions 22 (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 the General Terms and Conditions 22 (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.

18. 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 the General Terms and Conditions 22 (Notices). For purposes of Section 18 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.

19. 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 Final Termsheet.

20. AGENTS

20.1 Paying Agent

The Paying Agent will be specified in the Final Termsheet.

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 the General Terms and Conditions 22 (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 the General Terms and Conditions 22 (Notices) of any modification in the appointment of the Paying Agent.

20.2 Calculation Agent

The Calculation Agent will be specified in the Final Termsheet.

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 the General Terms and Conditions 22 (Notices) of any modification in the appointment of the Calculation Agent.

20.3 Liability

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.

21. 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.

22. NOTICES

Notices to Investors relating to listed Products will be published in accordance with the regulations of the SIX Swiss Exchange, as in force, on the SIX Exchange Regulation website <https://www.six-exchange-regulation.com/de/home/publications/official-notices.html>, on the relevant Termsheet on the Issuer's website www.leonteq.com under the section "Products" or, in any other form as permitted by the rules and regulations of the SIX Exchange Regulation.

Notices to Investors relating to the Issuer and/or Guarantor will be published under the section "About us" on the website www.leonteq.com or regarding the Guarantor on a website specified in the relevant Guarantee Annex.

Notices to Investors of non-listed Products may be published, as specified in the applicable Final Termsheet, in newspapers, on a website or otherwise.

23. LOSSES

In no event shall the Issuer have any liability for indirect, incidental, consequential or other damages (even if they were advised of the possibility of such damages) other than interest until the date of payment on sums not paid when due in respect of any Products or assets not delivered when due. Investors are entitled to damages only and are not entitled to the remedy of specific performance in respect of a Product.

24. SEVERANCE AND MODIFICATION OF THE PRODUCT DOCUMENTATION INCLUDING THE GENERAL TERMS AND CONDITIONS AND THE FINAL TERMSHEET

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 Terms and Conditions 17, 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.

25. FURTHER ISSUES

The Issuer shall be at liberty without the consent of the Investors to create and issue further Products.

26. 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.

27. 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 the General Terms and Conditions ("**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.

28. 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.

29. DISCOUNTS AND REIMBURSEMENTS BY THE ISSUER AND RELATED CONFLICTS OF INTEREST OF FINANCIAL INSTITUTIONS/REMUNERATION RECEIVED BY THE ISSUER AND/OR THE LEAD MANAGER FROM THIRD PARTIES

The Issuer and/or the Lead Manager will offer the Products to banks, securities dealers and other financial intermediaries or institutions (together the "**FI**"), who buy the Products for purposes of, or with a view to, sell on such Products to their clients. The Issuer and/or the Lead Manager will offer the Products to the FI (i) at a discount or (ii) at the Issue Price but reimbursing an amount to the FI of a) up to 2% p.a. ("**Relevant Fees**"); b) up to 3.5% p.a. ("**Significant Fees**"); c) more than 3.5% p.a. ("**Substantial Fees**"); or d) with a fee explicitly specified in the Final Termsheet. For Products, where the Issue Price is set out in percent, the above fees will be calculated and applied based on the Denomination of that Product, else, the fees will be calculated and applied on the Issue Price.

In addition, for certain services rendered and in order to increase quality and services relating to Products issued by the Issuer, the Issuer and/or the Lead Manager may pay recurring fees to distribution partners. The individual rates will be specified in the Final Termsheet. 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 Issuer, the Lead Manager or the FI. Further information is available from the Issuer, the Lead Manager or the FI.

Investors should be aware that such discounts, reimbursements and recurring fees may, depending on the circumstances, cause potential conflicts of interest for the FI. The FI are obliged, however, to implement organisational measures designed to prevent that such potential conflicts of interest may adversely affect the interests of their clients.

The Issuer and/or the Lead Manager may receive remuneration, discounts and/or soft-commissions (the "**Retrocessions**") in the range of overall up to 2% p.a. from third parties, in particular from the issuers, managers or lead managers of financial products or indices. If and to the extent such Retrocessions, on the basis of statutory law, would have to be credited to the Product or forwarded to the Investor, each Investor hereby takes note and unconditionally accepts that the Issuer and/or the Lead Manager will retain and keep such Retrocessions. Investors should be aware that such Retrocessions may cause conflicts of interest at the Issuer and/or the Lead Manager and that there are organizational measures in place, designed to reduce the risk that such conflicts of interest adversely affect the interests of Investors. Further information is available from the Issuer or the Lead Manager.

30. 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 respect of the Products, the Issuer irrevocably submits to the jurisdiction of the courts of the Canton of Zurich, the place of jurisdiction being Zurich with the right of appeal to the Swiss Federal Supreme Court in Lausanne where the law permits and waives any objection to proceedings in such courts whether on the grounds of venue or on the grounds that the proceedings have been brought in an inconvenient forum. 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).

III COLLATERAL SECURED INSTRUMENTS (COSI)

This section applies only to Products that are issued by the Issuer acting through the Swiss head office and the Guernsey Branch as specified in the respective Final Termsheet. Products that are issued by the Issuer acting through the Amsterdam Branch shall not offer, nor be subject to COSI collateralization.

1. COLLATERALIZATION OF STRUCTURED PRODUCTS THAT ARE COLLATERALIZED IN ACCORDANCE WITH THE TERMS OF THE SIX SWISS EXCHANGE "FRAMEWORK AGREEMENT FOR COLLATERAL SECURED INSTRUMENTS" ("COSI PRODUCTS")

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 Final Termsheet, 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 right of lien. The collateral is booked to a SIX Swiss Exchange account with SIX SIS. Investors do not themselves have a surety right to 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 collateralization of the COSI Product. A change of Collateral Provider shall be notified in accordance with the provisions of this Programme.

2. DOCUMENTATION

The collateralization in favour of SIX Swiss Exchange is based on the «Framework Agreement for Collateral Secured Instruments» between SIX Swiss Exchange, SIX SIS, the issuer and the Collateral Provider effective as of 10 April 2017 ("**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 1000, fax +41 58 800 1010 or via e-mail termsheet@leonteq.com. The core elements of collateralization of the COSI Products are summarized in a SIX Swiss Exchange information sheet, which is available at "www.six-swiss-exchange.com".

3. COLLATERALIZATION 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 collateralization 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.

5. RISKS

Collateralization 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 collateralization 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 collateralization 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 AUTHORIZATION

COSI Products do not constitute collective investment schemes pursuant to the Federal Act on Collective Investment Schemes (CISA). They do not require authorization or supervision by the Swiss Financial Market Supervisory Authority FINMA.

14. CONGRUENCE WITH THE PROGRAMME

This section "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 "Collateral Secured Instruments (COSI)"	Corresponding Programme Definition
issuer	Issuer
trading day	Exchange Business Day
maturity	Redemption, Redemption Date or Final Fixing Date
redemption	Redemption

The provisions of this section "Collateral Secured Instruments (COSI)" take precedence in the event of contradiction between this section and the other content of the Programme.

IV TRIPARTY COLLATERAL MANAGEMENT SECURED STRUCTURED PRODUCTS (TCM)

This section applies only to Products that are issued by the Issuer acting through the Swiss head office and the Guernsey Branch as specified in the respective Final Termsheet. Products that are issued by the Issuer acting through the Amsterdam Branch shall not offer, nor be subject to TCM collateralization.

1. COLLATERALIZATION OF STRUCTURED PRODUCTS THAT ARE COLLATERALIZED IN ACCORDANCE WITH THE TERMS OF THE SECURITY AGREEMENT FOR TRIPARTY COLLATERAL MANAGEMENT SECURED STRUCTURED PRODUCTS (TCM)

The TCM Secured Structured Product (the "**Product**") is secured in accordance with the terms of the Security Agreement (as defined below). Leonteq Securities AG ("**Collateral Provider**") undertakes to secure the value of the Product at any given time. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Final Termsheet of the Product or the Security Agreement respectively.

The owner of the Product ("**Collateral Taker**") has a surety right to the collateral. Security must be provided to the Collateral Taker in the form of a regular right of lien. The collateral is booked to an account of the Collateral Provider with SIX SIS AG. The Product and the collateral shall be valued on each banking day. The Product will be valued by the Calculation Agent and such calculation will be published by the Calculation Agent on the respective webpage of SIX Financial Information AG. The Collateral Provider shall be obliged to adjust the collateral to any changes in value. Permitted forms of collateral shall be selected by SIX SIS AG on an ongoing basis from various categories of security, among others also the securities that are the direct or indirect underlying's of the Product. The Collateral Provider shall, upon inquiry, inform investors about the collateral that is eligible as security for the Product at any given time.

2. DOCUMENTATION

The collateralization in favor of the Collateral Takers is based on the "Security Agreement" between the Collateral Provider, the Collateral Taker, represented by SIX SAG AG (the "Collateral Agent"), and SIX SIS AG dated 12 December 2013 ("**Security Agreement**"). As of 1 April 2015 all rights and obligations of the Collateral Agent under the Security Agreement have been transferred from SIX SAG AG to SIX Repo AG. The Security Agreement constitutes an integral part of the Product Documentation governing the Product. In the event of any contradiction between the Product Documentation and the Security Agreement, the Security Agreement takes precedence. The issuer shall, upon request, provide the Security Agreement to investors free of charge. The Security Agreement may be obtained from Leonteq Securities AG, Europaallee 39, 8004 Zurich (Switzerland), via telephone (+41-(0)58-800 1000), fax (+41-(0)58-800 1010) or via e-mail (termsheet@leonteq.com).

3. COLLATERALIZATION METHOD

The collateral that must be furnished by the Collateral Provider is determined by the value of the Product at any given time (hereinafter "**Current Value**"). The Current Value of the Product is calculated exclusively by, and with full responsibility of, the Collateral Provider in accordance with acknowledged accounting principles but without any independent review. Neither the Collateral Agent, nor SIX SIS AG nor SIX Financial Information AG recalculates or otherwise reviews the calculation of the Current Value. The Current Value is communicated by the Collateral Provider to

SIX Financial Information AG which publishes it. SIX SIS AG calculates whether the Coverage Requirements for the collateral on the basis of the Current Value as published by SIX Financial Information AG are met. Neither the Collateral Agent, nor SIX SIS AG nor SIX Financial Information AG shall be liable for any losses or damages suffered by any Collateral Taker as a consequence of an inaccurate calculation of the Current Value or of an inaccurate communication of such value to SIX Financial Information AG. The Collateral Provider can act as the Calculation Agent. The Calculation Agent shall provide upon demand the method used to calculate the Current Value. The calculation method shall be determined for each Product upon its issuance and shall remain unchanged for its entire term. The collateral provided for a Product will be earmarked for this product and will not secure any other TCM Secured Structured Product.

4. DISTRIBUTION AND MARKET MAKING

The distribution of the Product shall be the responsibility of the issuer. The bid price published by the Calculation Agent on the respective page of SIX Financial Information AG does neither constitute an offer nor an invitation for an offer to purchase the Product.

5. RISKS

Collateralization eliminates the issuer default risk only to the extent that the proceeds from the liquidation of collateral upon occurrence of a Realization 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 Product rises or the value of the collateral decreases; (ii) in a Realization Event, the collateral cannot be liquidated immediately by the Collateral Agent 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 the Product in a foreign currency according to the Security 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) may be made in a different currency; (v) the collateralization is challenged according to the laws governing debt enforcement and bankruptcy, so that the collateral cannot be liquidated according to the terms of the Security Agreement. The collateralization does not eliminate the risk that there might not be a buyer for the Product during its lifetime and that the investor might have to hold the Product until maturity.

6. LIQUIDATION OF COLLATERAL

If the Collateral Provider fails to fulfill its obligations, the collateral will be liquidated by the Collateral Agent or a liquidator under the terms of the applicable legal regulations. Collateral may be liquidated ("**Realization Events**") in particular if (i) the Collateral Provider fails to furnish the required collateral or fails to do so in due time, unless this is remedied within five (5) banking days; (ii) the issuer fails to fulfill a payment or delivery obligation under the Product upon maturity according to the issuing conditions or fails to do so in due time, unless this is remedied within five (5) 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)

or (h) of the Federal Act on Banks and Savings Banks ("**Banking Act**"), or restructuring proceedings under article 28 et seq. of Banking Act or liquidation (winding-up proceedings) under article 33 et seq. of the Banking Act. The Security Agreement provides for the exact time at which each Realization Event occurs. The remedy of a Realization Event is not possible.

7. DETERMINATION OF A REALIZATION EVENT

The Collateral Agent is not required to undertake investigations with regard to the occurrence of a Realization Event. In determining the occurrence of a Realization Event, it bases its decision on reliable sources of information only. The Collateral Agent determines with binding effect for the investors whether an incident qualifies as a Realization Event and at what point in time the Realization Event occurred.

8. PROCEDURE IN CASE OF A REALIZATION EVENT

If a Realization Event occurs, the Collateral Agent is at its discretion entitled: (i) to make public the occurrence of a Realization Event immediately or at a later stage in suitable form; 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).

9. MATURITY OF THE PRODUCT AS WELL AS INVESTOR CLAIMS AGAINST THE ISSUER

The Realization Event with regard to a specific Product does not trigger the Realization Event of other TCM Secured Structured Products of the issuer. The Collateral Agent will communicate the due date of the Realization Event of a TCM Secured Structured Product. The investor shall have a security interest in accordance with article 25 paragraph 2(b) of the Swiss Federal Intermediated Securities Act ("**FISA**") over the securities and a pledge according to article 899 et seq. of the Swiss Code of Obligations over the cash provided as collateral to secure the TCM Secured Structured Product. The acquisition of a TCM Secured Structured Product by an investor automatically entails the declaration vis-à-vis the Collateral Agent to accept the Collateral Agent as its representative regarding the Security Agreement and that he wishes to enforce his right under the Security Agreement in the Realization Events mentioned therein. In dealings with the Collateral Agent and SIX SIS AG, investors are bound by the provisions of the Security Agreement, specifically the choice of Swiss law and the exclusive jurisdiction of the Courts of Zurich (Switzerland). If a Realization Event with regard to a Product has occurred, the Collateral Agent will determine as Liquidation Value of such product the last Current Value available prior to the occurrence of the Realization Event. This value shall be binding on the Collateral Provider and the investors. Investors' claims against the issuer will be based on these Current Values when the TCM Secured Structured Products mature in accordance with the Security Agreement.

10. COSTS OF LIQUIDATION AND PAYOUT FOR THE BENEFIT OF THE INVESTORS

Any costs of the Collateral Agent and in connection with the liquidation of the collateral (including fees, taxes and duties) shall, in advance, be covered out of the proceeds of the liquidation of the collateral. In addition, the Collateral Agent 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 under the terms of the Security Agreement. The remaining liquidation proceeds are

available for payout to the investors in the Product. The pro-rata share of net liquidation proceeds due to investors will be transferred to SIX SIS AG participants on a delivery versus payment basis. In doing so, the Collateral Agent is released from all further obligations. The claim of the investors is non-interest-bearing. The payment to the Investors may be delayed for factual or legal reasons. The Collateral Agent and SIX SIS AG are 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 the collateral earmarked for the Product is determined by its Current Value. Each Product will only be secured by its earmarked collateral. The investors' claims against the issuer arising from the Product are reduced by the amount of the payment of the net liquidation proceeds. No further investors' claims exist against the Collateral Agent, SIX SIS AG or other persons which are involved in the collateralization service for the Product under the terms of the Security Agreement.

11. LIABILITY

The liability of the parties to the Security Agreement to pay damages exists only in cases of gross negligence or intentional misconduct. Further liability is excluded.

12. NO AUTHORISATION

TCM Secured Structured Products do not constitute collective investment schemes pursuant to the Federal Act on Collective Investment Schemes (CISA). They do not require authorization or supervision by the Swiss Financial Market Supervisory Authority FINMA.

13. CONGRUENCE WITH THE PROGRAMME

The information provided in this section "Triparty Collateral Management Secured Structured Products (TCM)" corresponds to the document "Information regarding the TCM Secured Structured Product". The terms contained herein are incorporated as follows in the Programme:

Term used in this section "Triparty Collateral Management Secured Structured Products (TCM)"	Corresponding Programme Definition
issuer	Issuer
investor	Investor
banking day	Business Day
maturity	Redemption, Redemption Date or Final Fixing Date

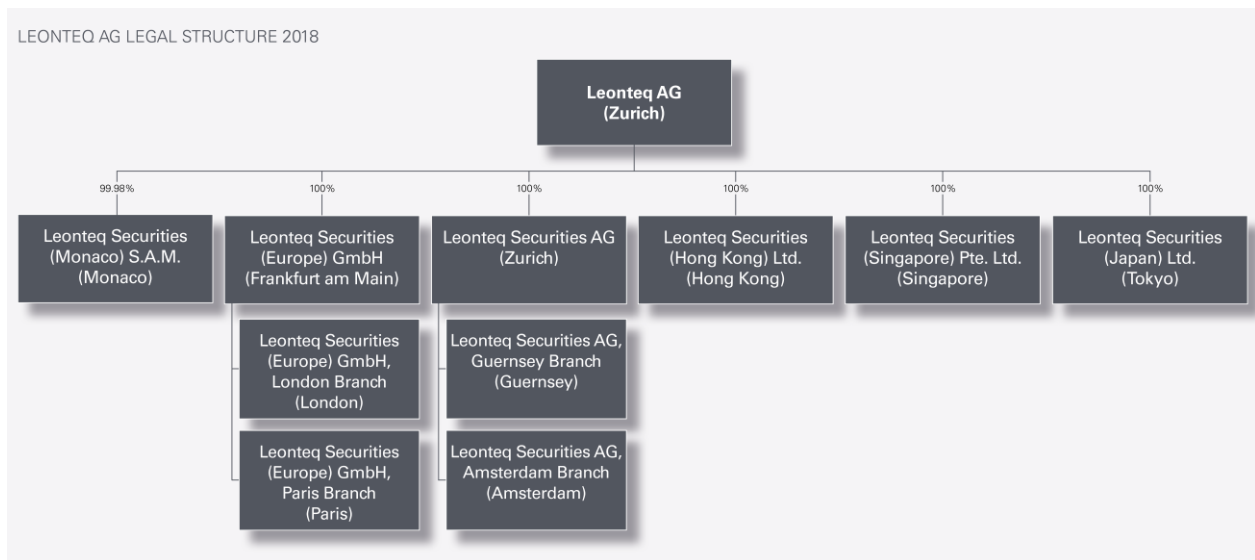
The provisions of this section "Triparty Collateral Management Secured Structured Products (TCM)" take precedence in the event of contradiction between this section and the other content of the Programme.

V ORGANISATIONAL CHART OF LEONTEQ GROUP

Leonteq Securities AG, formerly EFG Financial Products AG, which may also be acting through its Guernsey branch, Leonteq Securities AG, Guernsey Branch and its Amsterdam branch, Leonteq Securities AG, Amsterdam Branch, together with the below depicted group companies, is a fully owned subsidiary of Leonteq AG, formerly EFG Financial Products Holding AG (Leonteq AG together with its subsidiaries the “**Leonteq Group**”). Leonteq AG’s shares are listed on the SIX Swiss Exchange and are held amongst others by Raiffeisen Switzerland Cooperative, Rainer-Marc Frey, Leonteq Group management members and employees of the Leonteq Group.

The below table provides a summary group chart:

Leonteq Group: Organization Chart



Leonteq AG is listed on the SIX Swiss Exchange and supervised on a consolidated basis by FINMA.

VI LEONTEQ SECURITIES AG

INCORPORATION AND DURATION

Leonteq Securities AG was incorporated and registered as EFG Financial Products AG in Zurich, Switzerland on 24 September 2007 as a stock corporation (*Aktiengesellschaft* or *Société Anonyme*) under article 620 et seq. of the Swiss Code of Obligations for an unlimited duration. As from that day, Leonteq Securities AG is registered in the Commercial Register of the Canton of Zurich, Switzerland, under the number CHE-113.829.534.

REGISTERED OFFICE

The registered office of Leonteq Securities AG is at Europaallee 39, 8004 Zurich, Switzerland, and the general telephone number is +41 58 800 1000.

The registered office of the Leonteq Securities AG, Guernsey Branch is Block F – 1st Floor, Hirzel Court, St. Peter Port, Guernsey GY1 2NH, Channel Islands.

The registered office of the Amsterdam Branch is at Gustav Mahlerplein 66 A, ITO Tower, 1082MA Amsterdam, the Netherlands.

STATUTORY AUDITORS

PriceWaterhouseCoopers SA, Birchstrasse 160, 8050 Zurich, Switzerland.

PURPOSE

According to Article 2 of the Articles of Association of Leonteq Securities AG dated 28 March 2018 (unofficial translation from the German original):

"The purpose of the company is the structuring, issuance, and distribution of financial products such as structured products and derivatives for own account and for the account of third parties and the market making for such financial products, and the commercial dealing in securities for its own account in connection therewith. The company may also commercially distribute collective investment schemes. The company may provide asset management and investment advisory services for third parties, including collective investment schemes, in Switzerland and abroad as well as administrative services in this connection. The company may provide market making services for collective investment schemes. In addition, the company may commercially deal securities for the account of third parties with or without carrying of client accounts with itself or third parties for execution of the securities dealing. Further, the Company may provide all of the services in connection with the above mentioned activities.

The company may take 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.

The company has the power to acquire, mortgage and sell real estate properties, both in Switzerland and abroad."

SHARE CAPITAL

As at the date hereof, the share capital of Leonteq Securities AG amounts to CHF 15'000'000.-- divided into 15'000 registered shares with a face value of CHF 1'000 each; the shares are fully paid-in.

The share capital is held in its entirety by Leonteq AG which shares are traded at SIX Swiss Exchange since 19 October 2012.

REGULATORY STATUS

Leonteq Securities AG is authorised as securities dealer and subject to prudential supervision by FINMA. Leonteq Securities AG, Guernsey Branch is regulated by the Guernsey Financial Services Commission ("**GFSC**"). Leonteq Securities AG, Amsterdam Branch is registered with the Netherlands Authority for the Financial Markets ("**AFM**") as part of an exempt third country investment firm pursuant to section 10 of the Exemption Regulation of the Dutch Financial Supervision and prudentially supervised by FINMA.

BUSINESS

Leonteq Securities AG's main business activities include the development, structuring, distribution, hedging and settlement as well as the market-making and secondary market servicing of structured products and the design and investment management of certificates in relation with variable annuity products.

Leonteq Securities AG provides certain of these core services to platform partners pursuant to cooperation agreements. Additionally, Leonteq Securities AG provides structured asset management and insurance and wealth planning solution services to third parties in Switzerland and abroad and provides brokerage services to third parties. Leonteq Securities AG distributes its financial products either directly to institutional investors or indirectly to retail investors through third party financial intermediaries.

BUSINESS OUTLOOK AND RECENT DEVELOPMENTS

Subject to market conditions, the Issuer intends to further extend its services offering as well as the existing product range of certificates, notes, leverage products and other structured products. In addition, the Issuer intends to strengthen its tailor-made business. The Issuer is continuing to develop its proprietary IT and investment service platform and intends to further expand its services offering to other platform partners. The Issuer also plans to further extend its activities in insurance and wealth planning solutions. Leonteq Securities AG aims at expanding its business activities into selected European and Asian markets.

PRINCIPAL MARKETS

Issuer's business activities are mainly focussed on Switzerland. The Issuer is expanding its service offering to other regions, including Asia. Leonteq Securities AG's products are publicly offered in Switzerland, Italy, Germany, Austria and Czech Republic only. The Issuer plans to extend the offering of its products in other countries within the European Economic Area, simultaneously Leonteq Securities AG's products are increasingly offered in Asia.

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

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board of Directors

The Board of Directors is responsible for the management of Leonteq Securities AG's business.

Under Swiss company law, the board of directors has the following non-transferable and inalienable duties: (i) overall direction of the company and issuing the necessary directives; (ii) determining the way the company is organized; (iii) appointing and dismissing the persons entrusted with management and representation and determining the method of signature; (iv) ultimate supervision of the persons entrusted with company management; (v) organization of accounting, financial control and financial planning, to the extent that the latter is necessary for management of the company; (vi) drawing up the annual report; (vii) preparing for the general meeting and executing its decisions, and (viii) notifying the judiciary should the company become over-indebted. The Board of Directors currently comprises eight members (including the Chairman) all of whom are non-executive directors.

The following table lists the Board of Directors of Leonteq Securities AG:

Name	Position held
Christopher M. Chambers	Chairman
Hans Isler	Vice-Chairman
Jörg Behrens	Director
Paulo Brügger	Director
Vince Chandler	Director
Patrick de Figueiredo	Director
Richard A. Laxer	Director
Thomas R. Meier	Director

Executive Committee

Subject to the organizational regulations of the board of directors and mandatory law, the Board of Directors of Leonteq Securities AG has delegated Leonteq Securities AG's operational management to the Executive Committee. The following table lists the Member of Executive Committee of Leonteq Securities AG:

Name	Position held
Lukas Ruffin	Chief Executive Officer (CEO)
Marco Amato	Chief Financial & Deputy Chief Executive Officer
Jochen Kühn	Head of Insurance & Wealth Planning Solutions
Manish Patnaik	Chief Operating Officer
Ingrid Silveri	General Counsel
David Schmid	Head of Investment Solutions
Reto Quadroni	Chief Risk Officer

The business address of the directors and executive officers of Leonteq Securities AG is Europaallee 39, 8004 Zurich, Switzerland.

MATERIAL CHANGES SINCE DECEMBER 2017

Save as published or disclosed herein there has been no material change in the financial position of Leonteq Securities AG since the publication of Leonteq Securities AG's annual report for the period ending 31 December 2017.

INCORPORATION BY REFERENCE

For further information on the Issuer, reference is made to the following documents which have been filed with SIX Exchange Regulation:

- (i) the Annual Report / Financial Statement 2016
- (ii) the Annual Report / Financial Statement 2017

These documents shall also be maintained in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this document.

The relevant Guarantee applies only to Products that are issued by the Issuer under this Programme and that are guaranteed by the Guarantor as specified in the respective Guarantee Annex and the respective Final Termsheet.

VII GUARANTEE

The Issuer determines to include a Guarantor, if any, in this Programme by the relevant Guarantee Annex. If the Issuer decides to include a Guarantor during the term of this Programme the Issuer will publish an addendum as required by SIX regulations (if it is intended to list the Products) and in accordance with the terms stated in this Programme.

VIII OFFERING AND SALE

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 Final Termsheet.

SELLING RESTRICTIONS

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 Final Termsheet.

Switzerland

Any Final Termsheet of Products which are to be sold exclusively to qualified investors as defined by article 10 para. 3, 3^{bis} and 3^{ter} of the Swiss Federal Act on Collective Investment Schemes ("**CISA**") may not be distributed, copied, published or otherwise made public.

Any Products which are also to be distributed to non-qualified investors may only be offered or advertised in accordance with the provisions of the **CISA** and the Swiss Federal Ordinance on Collective Investment Schemes ("**CISO**").

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each offeror has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Products which are the subject of this Programme as completed by the Final Termsheet to the public in that Relevant Member State, except that the Products may, with effect from and including the Relevant Implementation Date, be offered to the public in that Relevant Member State:

- (a) if the Final Termsheet in relation to this Programme specifies that an offer of those Products may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Products which has been approved by the competent authority in that Relevant Member State or,

where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Termsheet contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Termsheet, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Lead Manager; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Products referred to in (b) to (d) above 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.

For the purposes of this provision, the expression an "offer of Products to the public" in relation to any Products 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 Products to be offered so as to enable an investor to decide to purchase or subscribe the Products, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

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 (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.

United States of America

The Products have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act. Neither the United States Securities and Exchange Commission nor any other securities regulator within the United States has approved this Programme or has confirmed its correctness. This Programme and any Final Termsheet are not intended to be used within the United States and may not be delivered within the United States. The Products may not at any time be offered, sold, traded or delivered within the United States, directly or indirectly or to U.S. persons. Until 40 days after the later of the date of issue of the relevant Products and the completion of the distribution of such Products an offer or sale of such Products within the United States may violate the registration requirements of the Securities Act.

United Kingdom

Each offeror of the Products has represented and agreed that:

- (a) in relation to any Products which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (ii) it has not offered or sold and will not offer or sell any Products other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Products would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act (the "**FSMA**") by the Issuer;
- (b) 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 does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Products in, from or otherwise involving the United Kingdom.

Guernsey

Neither this document nor any Products offered pursuant to this document may be offered to members of the public in Guernsey ("public" as defined in the Prospectus Rules, 2008 issued by the Guernsey Financial Services Commission). Circulation of this document and any Termsheet relating to any Product within Guernsey is restricted to persons or entities that are themselves licensed by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000.

Neither this document nor any Products offered pursuant to this document have been reviewed or approved by the Guernsey Financial Services Commission and neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Issuer or its Products, or for the correctness of any of the statements made or opinions expressed with regard to it.

Italy

The offering of the Products has not been registered pursuant to Italian securities legislation and, accordingly, each offeror represents and agrees, and each further financial intermediary appointed under the Programme and each other dealer will be required to represent and agree, that it has not offered or sold, promoted, advertised or delivered and will not offer or sell, promote, advertise or deliver any Products to the public in the Republic of Italy, and that such activities concerning the Products shall be effected towards the public in the Republic of Italy in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

The Products will not be offered, sold or delivered nor copies of the Programme or any other document relating to the Products be distributed or made available in the Republic of Italy except:

if it is specified within the relevant Final Termsheet that a non-exempt offer may be made in the Republic of Italy pursuant to this Programme, provided that such prospectus has been (i) approved in another Relevant Member State and notified to CONSOB, and (ii) completed by the Final Termsheet (if applicable) expressly contemplating such non-exempt offer, in the twelve months period of validity of the Programme commencing on the date of its approval, in accordance with the Prospectus Directive, as implemented in the Republic of Italy under the Italian Legislative Decree No. 58 of 24th February, 1998 as amended from time to time ("**Italian Financial Services Act**") and CONSOB Regulation No. 11971 of 14th May, 1999, as amended from time to time ("**CONSOB Regulation No. 11971/1999**");

- a) to "**Qualified Investors**" (investitori qualificati), as defined under Article 100 of the Italian Financial Services Act, as implemented by Article 34-ter, paragraph 1, letter b), of CONSOB Regulation 11971/1999 and by Article 26, paragraph 1(d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended ("**Regulation No. 16190/2007**"); or
- b) in other circumstances which are expressly exempted from the rules on public offering pursuant to the Italian Financial Services Act and its implementing CONSOB Regulations, including Regulation 11971/1999.

Any such offer, sale or delivery of the Products or distribution of copies of this Programme or any other document relating to the Products in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190/2007, as amended, and Legislative Decree No. 385 of 1 September 1993, as amended; and
- (ii) in compliance with any other applicable laws and regulations.

Provisions relating to the secondary market in Republic of Italy:

Investors should also note that, in accordance with Article 100-bis of the Italian Financial Services Act:

- (i) if any of the Products have been initially placed pursuant to an exemption to publish a prospectus, the subsequent distribution of such Products on the secondary market in Italy which is not carried

out under an exemption pursuant to (b) or (c) above must be made in compliance with the rules on offer of securities to the public provided under the Italian Financial Services Act and CONSOB Regulation No. 11971;

- (ii) if any of the Products which have been initially placed with Qualified Investors in Italy or abroad which are then systematically resold to non-Qualified Investors in the 12 months following the placement, such resale would qualify as an offer of securities to the public if no exemption under (c) above applies. Where this occurs, if a prospectus compliant with the Prospectus Directive has not been published, the purchasers of such Products (who are acting outside of the course of their business or profession) may be entitled to obtain that the resale is declared null and void and the authorised entities ("**soggetti abilitati**" as defined in the Italian Financial Services Act) transferring the Products may be held liable for any damages suffered by the purchasers; and
- (iii) any intermediary subsequently reselling the Products is entitled to rely upon the prospectus published by the issuer or the person responsible for drawing up a prospectus as long as this is valid, duly supplemented in accordance with the Italian Financial Services Act and CONSOB Regulation No. 11971 and provided that the issuer or the person responsible for drawing up a prospectus gives its written consent to its use.

Netherlands

No Products which are the subject of the offering contemplated by this Programme, and as completed by the Final Termsheet 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 (gekwalificeerde 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.

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 ("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.

Singapore

This document has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of 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 4A of the Securities and Futures Act (Cap. 289) of Singapore ("**SFA**")) under Section 274 of the SFA, (ii) to a relevant person (as defined under section 275(2) of the SFA) pursuant to Section 275(1) (which term includes an accredited investor (as defined in Section 4A of the SFA) ("**accredited investor**")), or any person pursuant to an offer that is made on terms that such shares 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 assets, pursuant to 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 subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (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,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Products issued under this Programme under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person (as defined in Section 275(2) of the SFA), or to any person where the transfer arises from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) 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; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

IX TAXATION

1. General

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

Investors are advised to consult with their tax advisers with respect to the Swiss tax consequences of the purchase, ownership, disposition, lapse or exercise or redemption of a Product in light of their particular circumstances.

2.1 Stamp Taxes

Neither the issue of Products nor the trade of Products which classify as pure derivatives for Swiss tax purposes are normally subject to Swiss Issue Stamp Tax and Swiss Securities Transfer Tax 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 tax law. These specific types of products are in general subject to Swiss Issue Stamp Tax and/or Swiss 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 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 Products transaction or acts as an intermediary thereto. Certain exemptions may, *inter alia*, apply with regard to certain institutional investors such as mutual funds, life insurance companies and social security institutions.

2.2 Swiss Withholding Tax

Products issued by an issuer resident outside of Switzerland are not subject to Swiss Withholding Tax.

According to a confirmation obtained from the Swiss federal tax administration, subject to certain conditions being met, the payments made from Products issued by Leonteq Securities AG, Guernsey branch and Leonteq Securities AG, Amsterdam Branch, will not be subject to the Swiss Withholding Tax.

For Products subject to Swiss 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 between Switzerland and his or her country of residence.

2.3 Income Taxation of Products Held by Individuals as Part of Private Property

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 part of their private property and which qualify as private capital gains or losses for Swiss tax purposes are as a rule 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.

2.4 Income Taxation of Warrants and Structured Products Held by Swiss Resident Entities or Individuals as Part of Business Property

Income of any kind realized from Products as part of the business property 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.

2.5 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 property.

2.6 EU Savings Directive

On 26 October 2004, the European Community and Switzerland have entered into an agreement pursuant to which Switzerland was required to adopt measures equivalent to those of the EU Savings Directive, i.e. the European Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments. The agreement came into force on 1 July 2005 and was decommissioned on 1 January 2017 when the Automatic Exchange of Information (AEOI) agreement between the European Union and Switzerland came into effect.

Based on this former agreement, Switzerland introduced a withholding tax on interest payments and other similar income paid by a Swiss paying agent to an individual resident in an EU member state. For payments after 1 July 2011, the withholding tax rate was 35%. No withholding tax needed to be deducted from payments made to individuals who agreed to be reported to the Swiss authorities and disclosed to the authorities of the relevant EU member 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.

3.2 Guernsey Income Tax

Leonteq Securities AG, Guernsey Branch is not resident in Guernsey for tax purposes but will derive income from business conducted from a permanent establishment in Guernsey; such income will 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 residents will not be subject to Guernsey withholding tax.

3.4 Capital Taxes

Guernsey does not levy capital taxes upon any gains made by non-Guernsey resident Investors on securities or debt instruments issued by Guernsey companies.

3.5 Savings Tax Directive

Guernsey has introduced measures equivalent to the EU Savings Tax Directive (EU Directive 2003/48/EEC). Following 1 July 2011, all Guernsey paying agents are required to automatically exchange information with other EU Member States, via the Guernsey tax authorities, instead of deducting retention tax.

The Issuer will not, under the existing regime, be regarded as an undertaking for collective investment established in Guernsey that is equivalent to a UCITS authorized in accordance with EC Directive 85/611/EEC of the Council for the purposes of the application in Guernsey of the bilateral agreements regarding the taxation of savings income entered into by Guernsey with EU Member States. Consequently, in accordance with current States of Guernsey guidance on the application of the bilateral agreements, where the Issuer's paying agent (as defined for these purposes) is located in Guernsey, the paying agent would not currently be required to exchange information regarding distributions made by the Issuer and/or the proceeds of the sale, repurchase, or redemption of the Products.

The operation of the EU Savings Tax Directive is currently under review by the European Commission and a number of changes have been outlined which, if agreed, will significantly widen its scope. These changes could lead to the Company having to comply with the provisions of the EU Savings Tax Directive in the future.

4. Netherlands

The overview below is intended as general information only and it does not purport to present any comprehensive or complete picture of all aspects of Dutch tax law which could be of relevance to an Investor. It is limited to Dutch tax law as applied by the Dutch courts and published and in effect on the date of this Programme, and it is subject to any change in law, possibly with retroactive effect.

4.1 Withholding Tax

All payments of interest and principal made by the Issuer under a Products may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied,

withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

4.2 Taxes on Income and Capital Gains

An Investor who derives income from a Product or who realises a gain from the disposal or redemption of a Product will not be subject to Dutch taxation on such income or gain, provided that:

- i. the Investor is neither resident nor deemed to be resident of the Netherlands for Dutch tax purposes for the purpose of the relevant Dutch tax law provisions;
- ii. the Investor does not have an enterprise or deemed enterprise (as defined in Dutch tax law) or an interest in an enterprise or deemed enterprise (as defined in Dutch tax law) that is, in whole or in part, carried on through a permanent establishment (vaste inrichting) or a permanent representative (vaste vertegenwoordiger) in the Netherlands and to which enterprise or part of that enterprise, as the case may be, the Products are attributable;
- iii. the Investor is not entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands, other than by way of securities and to which enterprise the Products are attributable; and
- iv. if the Investor is an individual, the Investor does not derive benefits from the Products that are taxable as benefits from miscellaneous activities in the Netherlands (resultaat uit overige werkzaamheden in Nederland) as defined in the Dutch Income Tax Act 2001, which include, but are not limited to, activities in respect of the Products which are beyond the scope of "regular active asset management" (normaal actief vermogensbeheer) or benefits which are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights which form a "lucrative interest" (lucratief belang). A lucrative interest is an interest which the holder thereof has acquired under such circumstances that benefits arising from this lucrative interest are intended to be a remuneration for work or services performed by such holder (or a person related to such holder) in the Netherlands, whether within or outside an employment relationship, where such lucrative interest provides the holder thereof, economically, with certain benefits that have a relationship to the relevant work or services.

Under Dutch tax law, an Investor will not be deemed resident, domiciled or carrying on a business in the Netherlands by reason only of its holding of the Products or the performance by the Issuer of its obligations under the Products.

4.3 Gift and Inheritance Taxes

No gift or inheritance taxes will arise in the Netherlands with respect to the acquisition of a Product by way of gift by, or on the death of, an Investor, unless:

- i. the Investor is a resident or deemed to be resident of the Netherlands for the purpose of the relevant Dutch tax law provisions; or
- ii. in the case of a gift of the Products by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180

days after the date of the gift, while being resident or deemed to be resident of the Netherlands.

For the purpose of Dutch gift and inheritance tax, an individual who has the Dutch nationality will be deemed to be a resident of the Netherlands at the date of the gift or the date of his death, if he has been a resident of the Netherlands at any time during the ten years preceding the date of the gift or the date of his death.

For the purposes of Dutch gift tax, an individual who does not have the Dutch nationality will be deemed to be a resident of the Netherlands at the date of the gift, if he has been a resident of the Netherlands at any time during the twelve months preceding the date of the gift.

4.4 Value Added Tax

No Value Added Tax (Omzetbelasting) will arise in the Netherlands in respect of any payment in consideration for the issue of the Products or with respect to any payment of principal or interest by the Issuer on the Products.

4.5 Other Taxes and Duties

No registration tax, stamp duty or any other similar documentary tax or duty (other than court fees) will be payable in the Netherlands in respect of or in connection with the issue of the Products.

5. 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 6 January 2017 the Internal Revenue Service (IRS) published revised Final FATCA Regulations in the Federal Register, confirming the postponement of the withholding on foreign passthru payments until 1 January 2019, at the earliest. As a result, non-U.S. source payments (not subject to section 871(m)) made prior to 1 January 2019 generally should not be subject to a FATCA withholding tax.

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.

X GENERAL INFORMATION

AUTHORIZATION

The annual update of the Programme and the issuance of Products under the Programme have been duly authorised by the Board of Directors of Leonteq Securities AG pursuant to a resolution dated as of 22 August 2012.

The execution and the delivery of the Guarantee, if any, has been authorised as stipulated in the relevant Guarantee Annex.

LISTING

The SIX Exchange Regulation has approved the Programme as of 8 October 2018.

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 Final Termsheet.

AUDITORS

The financial statements for the years ending 31 December 2016 and 31 December 2017 of Leonteq Securities AG have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been reported upon without qualification for Leonteq Securities AG by PriceWaterhouseCoopers, certified public accountants, which has its principal place of business at Birchstrasse 160, 8050 Zurich, Switzerland.

SIGNIFICANT CHANGE

Save as disclosed herein there has been no significant change in the financial or trading position of Leonteq Securities AG and its branches, except as caused by the building-up of the Issuer and the issuance listed and non-listed products.

TREND INFORMATION

Save as disclosed herein neither the Issuer nor the Guarantor 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 Leonteq Securities AG nor any of its branches is or 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 Programme a significant effect on the financial position or prospects of Leonteq Securities AG or its branches. Nor so far as Leonteq Securities AG and its branches (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.

XI RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Programme. The Issuer declares that the information contained in this Programme is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

LEONTEQ SECURITIES AG

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