

This Programme is dated as of 14 June 2012

## Financial Issuer



**MIGROS BANK AG**  
*(Incorporated in Switzerland)*

## Legal Issuer

**EFG FINANCIAL PRODUCTS AG**  
*(Incorporated in Switzerland)*

Under the terms of this Derivative Programme (the "**MIGROS BANK PROGRAMME**" or the "**Programme**"), EFG Financial Products AG (the "**Legal Issuer**") may from time to time issue structured products and warrants in securitized or uncertificated form and with limited recourse to the Legal Issuer as defined by the Programme only (the "**Products**").

MIGROS BANK AG ("**Migros Bank**") acts as financial issuer (the "**Financial Issuer**") under the MIGROS BANK PROGRAMME.

### **IMPORTANT GENERAL INFORMATION FOR INVESTORS:**

**The obligations of the Legal Issuer are subject to the terms of this Programme; the Legal Issuer shall not have any financial obligations under the Products which go beyond the terms of this Programme. This is particularly relevant in case of a Credit Event, such as Bankruptcy and Failure to Pay of the Financial Issuer (Migros Bank), as defined in the General Terms and Conditions herein.**

**Investors are ultimately exposed to the credit risk of the Financial Issuer (Migros Bank) only and in no event to the credit risk of the Legal Issuer (EFG Financial Products AG) in case of insolvency of the Legal Issuer or the Financial Issuer.**

Any reference made to the **Issuer or Issuers** in this MIGROS BANK PROGRAMME shall have the meaning of both, the Legal Issuer and the Financial Issuer, otherwise it will specify the Legal Issuer or the Financial Issuer.

The Products may include, but not be limited to, warrants (the "**Warrants**") and structured products (the "**Structured Products**"). The Structured Products may include certificates (the "**Certificates**"), notes (the "**Notes**"), units (the "**Units**"), reverse convertibles (the "**Reverse Convertibles**") or any other form of structured products based on any kind of underlying, including but not limited to shares, depository receipts, indices, currencies, interest rates, commodities and baskets thereof or a combination thereof.

The Products will be issued based (i) on the information set out in this MIGROS BANK PROGRAMME, including the General Terms and Conditions (the "**General Terms and Conditions**"), as amended from time to time and (ii) on the relevant final termsheet of each Product (the "**Final Termsheet**"), together they form the product documentation ("**Product Documentation**"). The MIGROS BANK 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.

**Important Information to the Investors relating to insolvency (Credit Event as defined below) of the Financial Issuer or the Legal Issuer.**

**Financial Issuer**

**The Investors understand and accept that they are fully exposed to the credit risk of MIGROS BANK (the "Financial Issuer") and that the Legal Issuer is not obligated to make any payments under this Programme in the event of a Credit Event by the Financial Issuer. The Investor bears therefore the credit risk of the Financial Issuer at any time during the lifetime of the Product. In case of a Credit Event of the Financial Issuer, such as Bankruptcy, Failure to Pay (as defined in the Terms and Conditions herein) which makes it impossible for the Financial Issuer to make any payment due under the Products, any and all obligations of the Legal Issuer under this Programme will automatically become extinct, no matter of the financial situation of the Legal Issuer. Hence, in case of insolvency of the Financial Issuer, the Investor may incur a partial or total loss.**

**Legal Issuer**

**In case of a Credit Event of the Legal Issuer, such as Bankruptcy, Failure to Pay, as further defined under "Credit Event" in Art. 16 of the General Terms and Conditions herein, which makes it impossible for the Legal Issuer to make any payment due under the Products, all Products will automatically become due for payment by the Financial Issuer as defined in Art. 16.1 "Action Upon the Occurrence of a Credit Event of the Legal Issuer" in the General Terms and Conditions herein.**

**Prospective 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 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 potential risk of expiring worthless. Potential Investors should be prepared in certain circumstances to sustain a total loss of the capital invested to purchase Products. See section "Risk Factors" (pages 7 et seq.) herein and any additional risk factors as set out in the relevant Final Termsheet.**

**Lead Manager  
EFG Financial Products AG**

The SIX Swiss Exchange (the "**SIX Swiss Exchange**" or "**SIX**") has approved this MIGROS BANK PROGRAMME on 14 June 2012 as a programme documentation pursuant to art. 27 et seq. of the Listing Rules of the SIX Swiss Exchange for the purpose of giving certain information with regard to each Issuer, the General Terms and Conditions applying to the Products and certain other issues in connection with the issuance of Products under the MIGROS BANK PROGRAMME.

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

No person is authorized to give any information or to make any representation not contained in or not consistent with this MIGROS BANK PROGRAMME, an applicable Final Termsheet or any other information supplied in connection with the MIGROS BANK PROGRAMME and, if given or made, such information or representation must not be relied upon as having been authorized or made by all or any of the Issuers, the Lead Manager or the Calculation Agent (as described in the applicable Final Termsheet).

Each Issuer, the Lead Manager or any affiliates of any of them may hold, retain, buy or sell the Underlying (as defined in the General Terms and Conditions) and may hold, retain, buy or sell the Products of each issue and/or enter into transactions relating thereto or derived therefrom, from time to time, 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 as part of its business and/or any hedging transactions in connection with the arrangements described in this MIGROS BANK PROGRAMME or otherwise. There is no obligation upon the relevant Issuer or the Lead Manager to sell all of the Products of any issue. The Products of any issue may be offered or sold from time to time 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 relevant Issuer and/or the Lead Manager, as the case may be, subject as provided above.

Neither this MIGROS BANK PROGRAMME nor any other information supplied in connection with the MIGROS BANK PROGRAMME (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuers, the Lead Manager or the Calculation Agent that any recipient of this MIGROS BANK PROGRAMME (or any other information supplied in connection with the MIGROS BANK PROGRAMME) should purchase any Products. Each Potential Investor contemplating purchasing any Products should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of each Issuer. Potential Investors should review, *inter alia*, the most recently published annual report and accounts of the relevant Issuer when deciding whether or not to purchase any Products.

Neither this MIGROS BANK PROGRAMME nor any other information supplied in connection with the MIGROS BANK PROGRAMME constitutes an offer or an invitation by or on behalf of each Issuer, the Lead Manager or any person to subscribe for or to purchase any Products. The delivery of this MIGROS BANK PROGRAMME does not at any time imply that the information contained herein concerning each Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the MIGROS BANK 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 affairs of any of the Issuers during the life of the MIGROS BANK 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 which are 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 by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

The Products are derivative financial instruments which 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 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 Financial Issuer only. The Products constitute unsubordinated and unsecured obligations of the Financial Issuer and rank *pari passu* with each and all other current and future unsubordinated and unsecured obligations of the Financial Issuer. The insolvency of the Financial Issuer may lead to a partial or total loss of the investment.

During the whole term of the Products, the Product Documentation can be ordered free of charge from the Lead Manager at Brandschenkestrasse 90, Postfach 1686, 8027 Zurich, Switzerland via telephone +41 (0)58 800 1000, fax +41 (0)58 800 1010 or via e-mail [termsheet@efgfp.com](mailto:termsheet@efgfp.com).

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## **RISK FACTORS**

*Certain capitalized 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, potential investors in the Products (the "**Potential Investors**") may incur a partial loss or even a total loss of their invested capital. Potential Investors should carefully consider the following factors prior to investing in the Products.*

*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 Potential Investor individually.*

### **1. GENERAL RISK FACTORS**

#### **1.1 Advice from your Principal Bank**

This information is not intended to replace the advice Potential Investors should always obtain from their respective principal bank or any other financial advisor before making a decision to invest in the Products. Only Potential Investors who are fully aware of the risks associated with the investment 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**

Potential 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 Potential 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, Potential Investors should consult their own legal, regulatory, tax, financial, and accounting advisors to the extent 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 judgment and advice from those advisers they consider necessary.

Furthermore, Potential Investors should conduct such independent investigation and analysis regarding the Issuers and all other relevant persons or entities and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Products. However, as part of such independent investigation and analysis, Potential 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 by the relevant Issuer. Potential Investors will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects, creditworthiness, status, and affairs of the relevant Issuer. None of the Issuers, the Lead Manager, the Paying Agent, the Calculation Agent, or any other agent nor any affiliate of any of them (or any person or entity on their behalf) will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Potential Investors with any information in relation to such matters or to advise as to the accompanying risks.

#### **1.4 Investor Suitability**

The purchase of the Products involves substantial risks. Potential Investors should be familiar with 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, Potential Investors must determine, based on their own independent review and such legal, business, tax, and other advice as they deem appropriate 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 constituent documents, investment policies, guidelines, authorisations, and restrictions (including as to their capacity) applicable to them, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper, and suitable investment for them.

#### **1.5 Changes in Tax Law and Tax Call**

The tax considerations set forth in the Product Documentation reflect the view of the Issuers based on the legislation applicable at the date of 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 set forth 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 Potential 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 terms and conditions set out in the General Terms and Conditions, the relevant Issuer may redeem all outstanding Products early for tax reasons. Accordingly, Potential 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 Issuers and the Lead Manager 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, Potential Investors should therefore inform themselves of all costs incurred with the purchase or sale of the Product, including any costs charged by their custodian banks upon purchase and redemption of the Products.

## **1.7 No Reliance**

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

## **1.8 Legality of Purchase**

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

## **2. MARKET RISK FACTORS**

### **2.1 General Market Risks**

Changes in interest and foreign exchange rates, financial instruments and real estate valuations and increases in volatility can increase credit and market risks and may also affect customer-flow-related revenues.

Concerns about geopolitical developments, oil prices, and natural disasters, among other things, can affect the global financial markets. Accounting and corporate governance scandals in recent years have had a significant effect on Investor confidence.

### **2.2 No Liquidity or Secondary Market**

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 some jurisdictions.

The Issuers and/or the Lead Manager or any third party appointed by the Issuers, as applicable, intend, under normal market conditions, to provide bid and offer prices for the Products on a regular basis. However, the Issuers 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. **Potential Investors of Products listed on SIX Swiss Exchange should be aware that SIX Swiss Exchange generally does not require a mandatory market making for Products**

**listed on SIX Swiss Exchange;** limited exemptions apply for e.g. actively managed certificates or COSI Products, as required by SIX regulations. Potential 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 Issuers have 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 Expansion of the Spread between Bid and Offer Prices**

In special market situations, where the Issuers 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.

### **2.4 Emerging Markets**

Investments in emerging markets should only be effected by Potential 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.

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

An investment in Products may involve risk exposure to fluctuations in exchange rates of the relevant currencies in which the Products are denominated and 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, Potential 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 such other currency.

### **2.6 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 maturity or expiration, a Product denominated in a currency different from the Underlying's currency, will have a payoff calculated only on the performance of the Underlying, with no account taken for the exchange rate between the two currencies at such time. During the life of the product, this non-exposure to

currency 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**

**Investors are exposed to the credit risk of the Financial Issuer. The Legal Issuer is not obligated to make any payments under this Programme in cases of insolvency or other Credit Events of the Financial Issuer.**

#### **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 and conditions of the specific Product. As a consequence, such transactions may be concluded at unfavourable market prices to the effect that corresponding losses may arise.

Potential 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 on Currencies, Exchange Rates or Commodities**

In cases where the Underlyings are currencies, exchange rates or commodities, it should be noted that such Underlyings are traded 24 hours a 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, exceeded, or fallen below outside of local or Lead Manager's business hours.

#### **3.3 Market Disruption Events**

In accordance with the terms and conditions set out in the General Terms and Conditions, the Calculation Agent may determine in its duly executed 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.

#### **3.4 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 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 on the market value of the Products.

These factors include, *inter alia*, the terms and conditions 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 Financial Issuer, 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.

Potential 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 with a value derived from an Underlying. The value of an Underlying may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro economic factors and speculation. If the Underlying comprises a basket of various assets, fluctuations in the value of any one asset 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. The historical price of an Underlying does not indicate 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.

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

Information with regard to the Underlying consists of extracts from or summaries of information that is publicly available in respect of the Underlying and is not necessarily the latest information available. The Issuers accept responsibility for accurately extracting and summarizing the Underlying information. No further or other responsibility (express or implied) in respect of the Underlying information is accepted by the Issuers. The Issuers make 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.

### **3.6 Fluctuations in Market Volatility may affect 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 the actual market volatility, but is largely determined by the prices for derivative instruments that offer Potential 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.

### **3.7 Risks of Products on a Share or Basket of Shares**

Neither the Issuers nor any affiliates of the Issuers have performed any investigations or review of any company issuing any share, including any public filings by such companies. Potential 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), that would affect 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.

### **3.8 Risks of Products on Collective Investment Schemes or a Basket of Collective Investment Schemes**

The Products issued under this Programme are derivative financial instruments which do not qualify as a unit of a collective investment scheme according to the relevant provisions of the 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.

Due to possible premiums or fees levied on Collective Investment Schemes by their respective management, the performance of a Collective Investment Scheme might not exactly reflect the performance of its underlying asset. Therefore a Potential Investor should be aware that the value of the Products is not solely depending on the value of the Collective Investment Scheme's underlying asset, but also on other aspects.

### **3.9 Risks of Products on Commodities, a Basket of Commodities or Commodities Indices**

Commodities comprise physical commodities, which need to be stored and transported, and commodity contracts, which are agreements either to buy or sell a set amount of a physical commodity at a predetermined price and delivery period (e.g. future 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 commodities 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 (like transport, storage and insurance costs) in the case of direct investments in commodities; strong speculation; production in emerging markets that often have an unstable political and economic situation, high inflation, increased risk of currency fluctuations as well as political and legal risks; or changes in tax rates and customs duties.

The majority of commodities are usually traded in U.S. dollar, therefore Investors may bear a currency exchange risk between the currency in which the commodity is traded and the Settlement Currency of the Product.

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

Investors should also consider that commodities are 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 an event that is material in accordance with the respective Product or a factor relevant for 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 potentially become subject to future additional regulation which could result in the performance of the Issuer's obligations under the Products or that any arrangements made to hedge the Issuer's obligations under the Products have become illegal in whole or in part for any reason. In such a case the Issuer may cancel the Products by providing notice to Investors.**

### **3.10 Investing in the Products is not the same as investing directly in the Underlying**

Potential 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 Products.

As an Investor in Products, 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 Underlying share. The responsibility for registration of the Shares, where applicable, is borne by the Investor.

### **3.11 Possible decline in Underlying Value in case of Delivery of Underlying**

To the extent that "Delivery of Underlying" is provided for in the relevant Final Termsheet, Potential 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 are borne by the Investors. Losses in the value of the Underlying can therefore still occur after the corresponding Expiration Date, and are borne by the Investors.

### **3.12 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 for an amount no less than the specified protection. A capital protection may apply at a level below, at, or above the nominal of the Product. The capital protection, if any, will not be due if the Products are redeemed prior to their Redemption Date or

upon the occurrence of a Market Disruption Event or upon the occurrence of 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 on the Final Termsheet. The payment of the protection amount may be affected by the condition (financial or otherwise) of the relevant Issuer.

In particular, Investors are still exposed to the credit risk of the Financial Issuer (see 3 above).

Investors must be willing and prepared to hold their Product until the Expiration Date. The invested amount is protected only 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.

### **3.13 Views of the Issuers and Research Reports published by the Issuers**

The Issuers and their affiliates may from time to time 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 world-wide 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 Issuers and their affiliates. Investors must derive information about the relevant markets from multiple sources. Investors should investigate these markets and not rely on views which may be expressed by the Issuers or their affiliates in the ordinary course of the Issuers' or their affiliates' businesses with respect to future market movements.

The Issuers, 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 in the relevant market price specifically. Such research is modified from time to time 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.

### **3.14 Products listed on SIX Swiss Exchange or any other exchanges may be suspended from trading**

SIX 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 reasonable control of the Issuers. 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.

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

The Products are derivative financial instruments which do not qualify as units of a collective investment scheme according to the relevant provisions of the CISA, as amended, and are not registered thereunder. Therefore, the Products are neither governed by the CISA nor supervised by the 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 Issuers.

## **4. RISK FACTORS RELATING TO THE ISSUERS**

### **4.1 Non-reliance on Financial Information of the Issuer**

As a financial services provider, the business activities of the Issuer are affected by the prevailing market situation. Different risk factors can impair the Issuer's ability to implement business strategies and may have a direct, negative impact on earnings. Accordingly, the Issuer'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 its strategic objectives.

### **4.2 General Insolvency Risk**

Each Investor bears the general risk that the financial situation of the **Financial Issuer** could deteriorate.

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

### **4.3 Liquidity**

Liquidity and liquidity management are of critical importance. Liquidity could be affected by the inability to access the long-term or short-term debt, repurchase, or securities lending markets or to draw under credit facilities, whether due to specific factors 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 business including the business of the Issuers are highly competitive. The Issuers' competitive ability depends on many factors, including its reputation, the quality of its services and advice, intellectual capital, product innovation, execution ability, pricing, sales efforts, and the talent of its employees.



#### **4.5 Potential Conflicts of Interest**

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

Furthermore, the Legal Issuer, or affiliated companies of the Legal Issuer, may issue other derivative instruments relating to the respective Underlying; introduction of such competing products may affect the market value of the Products. The Issuers and their respective affiliated companies may receive non-public information relating to the Underlying, and neither the Issuers nor any of their affiliates undertake to make this information available to Investors. In addition, one or more of the Issuers' affiliated companies may publish research reports on the Underlying. 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 Issuers' credit ratings, if existing (as indicated in the Final Termsheet). A reduction in the Issuers' credit ratings could adversely affect their access to liquidity alternatives and its competitive position, and could increase the cost of funding or trigger additional collateral requirements.

Anticipated or actual upgrades or downgrades in the Issuers' credit ratings may have an impact on its creditworthiness and, therefore, the market value of a Product.

#### **4.7 Credit Exposure**

Credit exposure represents the possibility that a counterparty will be unable to honor its contractual obligations. Although the Issuer actively manages credit exposure daily as part of its risk management framework, counterparty default risk may arise from unforeseen events or circumstances.

#### **4.8 Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal or outsourced processes, people, infrastructure and technology, or from external events. The Issuers seek to minimize these risks through an effective internal control environment.

#### **4.9 Legal, Regulatory, and Reputational Risks**

The Legal Issuer has a securities dealers licence issued by the FINMA and is under the supervision by the FINMA, and accordingly, the Legal Issuer is subject to minimum capital requirements.

The Financial Issuer is supervised by FINMA as a regulated entity and, as such, it is subject to bank-wide supervision and examination by FINMA and accordingly, the Financial Issuer is subject to minimum capital requirements.

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. The scrutiny 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 or more stringent regulations, internal practices, capital requirements, procedures and controls and disclosure requirements 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 Issuers to invest in additional resources to ensure compliance.

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

The Issuers may be 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 Issuers and related Conflicts of Interests of Financial Institutions / Remuneration received by the Issuers and/or the Lead Manager from Third Parties**

The Issuers 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, on-sale such Products to their clients (i) at a discount of a) up to 2% p.a. to the Issue Price ("**Relevant Fees**"), b) up to 3.5% p.a. to the Issue Price ("**Significant Fees**") or c) more than 3.5% p.a. to the Issue Price ("**Substantial Fees**") (as may be determined in the Final Termsheet), or (ii) at the Issue Price but reimburses an amount of a) up to 2% p.a. of the Issue Price ("**Relevant Fees**"), b) up to 3.5% p.a. of the Issue Price ("**Significant Fees**") or c) more than 3.5% p.a. of the Issue Price ("**Substantial Fees**") (as may be determined in the Final Termsheet) to the FI, meaning that if and to the extent such discount or reimbursement, on the basis of statutory law, would have to be forwarded by the FI to the Investor, each Investor hereby takes note and unconditionally accepts that the FI may retain and keep such discount or reimbursement.

In addition, for certain services rendered and in order to increase quality and services relating to Products issued by the Issuers, the Issuers and/or the Lead Manager may from time to time pay trailer fees to distribution partners. The individual rates will be specified in the Final Termsheets. If and to the extent such trailer 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 accepts that the FI may retain and keep such trailer fees.

Potential Investors should be aware that such discounts, reimbursements and trailer fees may, depending on the circumstances, cause potential conflicts of interests at the FI; FI are obliged, however, to implement organizational measures designed to prevent that such potential conflicts of interest may adversely affect the interests of their clients. Further information is available from the Issuers, the Lead Manager or the FI.

The Issuers and/or the Lead Manager may receive remuneration, discounts, and/or soft-commissions (the "**Retrocessions**") in the range of up to 2% p.a. of the Issue Price 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 Issuers and/or the Lead Manager will retain and keep such Retrocessions. Potential Investors should be aware that such Retrocessions may cause potential conflicts of interests at the Issuers and/or the Lead Manager and that there are organizational measures in place, designed to prevent that such potential conflicts of interest adversely affect the interests of the Investors. Further information is available from the Issuers, the Lead Manager, or the FI.

## GENERAL TERMS AND CONDITIONS

The following General Terms and Conditions are applicable to all Products issued under this MIGROS BANK PROGRAMME by the Legal Issuer (EFG Financial Products AG) 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 MIGROS BANK PROGRAMME and the Final Termsheet.

**Investors must rely solely and exclusively upon the credit and financial standing of the Financial Issuer. Investors shall have no recourse (direct or indirect) to any assets of the Legal Issuer.**

### 1. DEFINITIONS

*The following definitions are applicable to all Products issued under this MIGROS BANK PROGRAMME by the Issuers 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 them, replace them or modify them.*

As used in these General Terms and Conditions, the following expressions 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 gender.

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

"**Announcing Party**" has the meaning specified in General Terms and Conditions 11.2.

"**Announcing Third Party**" has the meaning specified in General Terms and Conditions 11.2.

"**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.

"**Basket**" means (where applicable):

- (i) in respect of a Share, the basket of Shares as specified in the Final Termsheet, subject to adjustments;
- (ii) in respect of an Index, the basket of Indices as specified in the Final Termsheet, subject to adjustments.

(iii) in respect of any other Underlying, the basket of such other Underlyings as specified in the Final Termsheet, subject to adjustments.

**"Business Day"** means in connection with any payment procedure (i) a day on which SIS, DTC, Clearstream Luxembourg and Euroclear are open for business, and (ii) foreign exchange markets (including metals accounts) settle payments in the Settlement Currency (iii) banks are open for business in Zurich and (iv) any other day as specified in the Final Termsheet, if applicable.

**"Business Day Convention"** means convention to be 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"** has the meaning (where applicable) specified in the Final Termsheet.

**"Cash Settlement"** has the meaning (where applicable) specified in the General Terms and Conditions 7.8 or 8.10, or as specified in the Final Termsheet.

**"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, for the time being, held.

**"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 for 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 one Underlying or the Underlyings into which a given number of Products may be converted, as the case may be and as specified in the Final Termsheet.

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

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

**"Credit Event"** means (i) Bankruptcy of the Legal Issuer or the Financial Issuer and (ii) Failure to Pay by the Legal Issuer or the Financial Issuer as defined in Art. 16 of these General Terms and Conditions.

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

"**Delivery Period**" relating to Settlement Disruption means the **fifteen** 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 specified in General Terms and Conditions 5.2 or as specified in the Final Termsheet.

"**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 on the Final Termsheet.

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

- (i) in respect of 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 and on which such futures or options on the relevant Share (if any) are traded on the Futures and Options Exchange, subject to the provisions set forth in the section headed 'Market Disruption Event'
- (ii) in respect of Products with an Index as Underlying a day, on which the relevant Index is calculated by the Relevant Party or the Index Third Party and announced by the Announcing Party or the Announcing Third Party, subject to the provisions set forth in the section headed 'Market Disruption Event'.
- (iii) in respect of Products with any Underlying other than an Index or a Share, if the value of such Underlying is determined:
  - a. by way of a 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 (e.g. for a futures contract being 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.

"**Exercise Date**" means, in respect of any Warrant, the day on which such Warrant is deemed to have been exercised in accordance with General Terms and Conditions 7.2 (Automatic Exercise), if applicable, or on which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of General Terms and Conditions 7.3 (Exercise Notice).

"**Exercise Notice**" means any notice in the form as may from time to time be agreed by the relevant Legal 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 executed 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 Legal Issuer for unwinding any related underlying hedging arrangements.

"**Final Fixing Date**" means, subject to General Terms and Conditions 7.9(ii), 8.10(ii) and 9, the date specified in the Final Termsheet or if such date is not an Exchange Business Day the next succeeding Exchange Business Day.

"**Financial Issuer**" means MIGROS BANK.

"**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 resp. 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 resp. not an Exchange Business Day. Such convention shall apply by default unless otherwise specified in the Final Termsheet.

"**Futures and Options Exchange**" means with respect to any Product the organized futures and options exchanges on which futures and/or options relating to the Underlying are traded as, as the case may be, specified in the Final Termsheet or any succeeding market thereto.

"**FX Disruption Event**" has the meaning given in General Terms and Conditions 13.

"**FX Establishment Date**" has the meaning given in General Terms and Conditions 13.

"**FX Rate**" has the meaning given in General Terms and Conditions 13.

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

"**Index Third Party**" has the meaning specified in General Terms and Conditions 11.1.

"**Initial Fixing Date**" 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, such Securities Account Holder.

"**Issuer**" means EFG Financial Products AG as the Legal Issuer and MIGROS BANK AG as the Financial Issuer as described in the Final Termsheet.

"**Issue Date**" has the meaning as determined 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.

"**Legal Issuer**" means EFG Financial Products AG.

"**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 10.2.

"**Merger Event**" has the meaning specified in General Terms and Conditions 10.2.

"**Merger Event Redemption Amount**" has the meaning specified in General Terms and Conditions 10.2.

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

"**Minimum Trading Lot**" and/or "**Minimum Investment**" means the minimum trading lot specified in the Final Termsheet.

"**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 13.

"**Potential Adjustment Event**" has the meaning given in General Terms and Conditions 10.1.



**"Preceding Business Day Convention"** means that the immediately preceding Business Day resp. 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 resp. not an Exchange Business Day. The Preceding Business Day Convention would be specified on the relevant Final Termsheet.

**"Price Source"** means in respect of 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.

**"Rating"** means the rating of the Legal Issuer and the Financial Issuer, 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 respect of: (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. In case 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 from time to time be agreed by the Legal 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 (provided that the Issuer and/or Calculation Agent have determined that there is comparable liquidity relative to the Underlying on such temporary substitute or quotation system as on the original Related Exchange) on which the relevant Underlying or its components and, relating to Products on Commodity Indices, the relevant Underlying Components are traded, or as specified in the Final Termsheet.

**"Relevant Currency"** means the currency in which the Underlying is trading on the Related Exchange.

**"Relevant Party"** has the meaning specified in General Terms and Conditions 11.

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

**"Scoach Switzerland"** means a trading platform for Structured Products designed by SIX Group and Deutsche Börse AG.

"**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**" mean 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.

"**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, Units, Reverse Convertibles etc., based on any kind of Underlying, including but not limited to shares, depository 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 23 June 2006 as amended ("**CISA**") and according to section 2 of the Swiss Bankers Associations Guidelines on informing Investors about Structured Products.

"**SIX**" means the SIX Swiss Exchange, Zurich, Switzerland, or any successor exchange thereof.

"**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 at the Exchange, as specified in the Final Termsheet.

"**Tranche**" means a number of Products that are subject to the same conditions (including further issues pursuant to General Terms and Conditions 23, 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, means 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 can – based on the assessment of the Issuers or their agents – not 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 executed discretion (*billiges Ermessen*).

"**Warrants**" mean 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 Financial Issuer and rank pari passu with each and all other current and future unsubordinated and unsecured obligations of the Financial Issuer.** There is no principal protection in relation to the Products (unless specified in the Final Termsheet).

## 3. FORM OF DEED

Each Series of Products will (as specified in the Final Termsheet) at all times be issued or represented in the form of

- (i) **a permanent global certificate** (Globalurkunde) (the "**Global Certificate**") in bearer form which shall be deposited by the Paying Agent with the Clearing System. Once the 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) ("Intermediated Securities") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (Bucheffektengesetz).

Each Investor shall have a quotal co-ownership interest (Miteigentumsanteil) in the Global Certificate to the extent of his claim against the Financial 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 the 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 Financial 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 no 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 so determine, it shall 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") which will be 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) ("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 the 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) 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 so determine, 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 Investor's securities accounts.

So long as the Products remain registered with the Issuer's / 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 (Bucheffectengesetz), i.e., by the entry of the transferred Products in a securities account of the transferee with the Issuer / Paying Agent.

Neither the Issuer nor the Investor shall at any time have the right to effect or demand the conversion of the **non transferrable booking entries** (the "NTBE's") into, or the delivery of, a permanent global certificate (Globalurkunde) or definitive Security Papers (Wertpapiere).

In respect of the Products held in the form of NTBE's, the holders of the Products will be the Investors, i.e. the persons holding the Products in a securities account (Effektenkonto) with the Issuer / Paying Agent.

(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, all as described as follows:

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, all as described as follows:

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)**") specified in the Final Termsheet in accordance with General Terms and Conditions 8, or, if any such Early Redemption Date is not a Business Day, the next following date that is a Business Day.

Open-end Products have no fixed maturity. The Legal Issuer have 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 option of the Legal Issuer, the payment of the Redemption Amount (if the Redemption Amount is a positive amount), or the 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, 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 delivery of the number of Shares 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 Legal 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 Legal 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 deemed Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on 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 Legal Issuer may, at any time, in its duly executed 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**

Save in the case of automatic exercise of the Warrants on the Expiration Date, 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 not later than 12:00 noon (Zurich time) on the relevant Exercise Date or Expiration Date, as the case may be (for 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), (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 Underlying listed in Asia the second following Business Day will apply), which Business Day shall be the Exercise Date, subject to such Business Day being not later than the Expiration Date.

Any Exercise Notice received by the Paying Agent on any 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 exercise of the Investors is still desired.

If the Final Termsheet specifies that the Warrants will not be exercised automatically on the Expiration Date, any Warrant which has not been exercised and 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 from time to time be agreed by the Legal 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 must 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 the Securities Account Holder's account with the Warrants being exercised and credit the same to 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 Legal Issuer and the Paying Agent, acting on the Legal Issuer's behalf, to pay any applicable taxes and duties due by reason of exercise of the relevant Warrants, and an authority to the Legal 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 such other details as 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;

that Exercise Notice will be treated as null and void and a new duly completed Exercise Notice must be submitted if exercise of the Investor's Warrants is still desired.

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 Election by the Legal Issuer in the case of Delivery of Underlying or cash settlement Warrants related to a Share**

In the case of Warrants related to a Share in respect of which the Final Termsheet provides that the Legal Issuer can elect Cash Settlement or Delivery of Underlying, the Legal 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 same 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 and, in the case of delivery of the Underlying (for the Call Warrants related to a Share), in case of a Call Warrant to pay an amount equal to the Strike Level multiplied by the number of Shares to which the Warrants being exercised relate (the "**Requisite Amount**") or in case of a Put Warrant to deliver the Shares to which the Warrants being exercised relate and in any case the taxes and duties to the Paying Agent (for the benefit of the Legal Issuer), should the Legal 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 executed 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 Legal 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, and on the Redemption Date the Paying Agent shall, subject to the Warrants being exercised having been transferred and to the payment of

the related taxes and duties, if any, having been received, 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 Legal Issuer has elected Delivery of Underlying in accordance with General Terms and Conditions 7.6, 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 favor of the Legal Issuer), the Legal 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. The Legal 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.

In respect of Put Warrants which have been exercised and in respect of which the Legal Issuer has elected Delivery of Underlying in accordance with General Terms and Conditions 7.6, subject to the delivery of the relevant number of Shares in respect of each Warrant to the Paying Agent for credit to the account of the Legal Issuer, the Legal 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, and 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 Legal Issuer shall in respect of 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 its duly executed 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 such Final Fixing Date. The Legal 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 Share will be transferred by the Legal Issuer and, accordingly, payment to the Investor shall be made by the Legal 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 is applicable only in relation to Warrants related to a Share and to Warrants related to a Basket of Shares.*

In the case of any exercised Warrants, 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 Related Exchange falls after the relevant Exercise Date but (a) in the case of Cash Settlement, on or prior to the relevant Final Fixing Date (except where the Final Fixing Date is the Exercise 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 the case of Cash Settlement, the Redemption Amount related to such Share shall 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); or
- (ii) in the case of Delivery of Underlying for Call Warrants 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 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 thereof to participate in full in all dividends and other distributions paid or made on the Shares after the delivery thereof.

## **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)**

In the case of Structured Products redeemable on an Early Redemption Date, if 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 Legal Issuer may deem the Redemption Date for the first Maximum Redemption Number of such Structured Products

to be such day 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, provided, however, that the deemed Redemption Date for any such Structured Products which would thereby fall after the Redemption Date 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 Legal Issuer may, at any time, in its duly executed 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 cash settlement or cash settlement or Delivery of Underlying at the option of the Legal 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 not 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 to be null and void and a new duly completed Redemption Notice must be submitted if redemption of the Investors Products is still desired.

## **8.4 Form of Redemption Notice**

The Redemption Notice shall be in the form as may from time to time be agreed by the Legal 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 same to 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 Structured Products being redeemed; 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 Legal Issuer and the Paying Agent, acting on the Legal 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 Legal 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 such other details as the relevant Final Termsheet may require.

## **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;

that Redemption Notice will be treated as null and void and a new duly completed Redemption Notice must be submitted if redemption of the Investor's Structured Products is still desired.

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 Legal Issuer, the Investor and the beneficial owner of the Structured Products redeemed.

## **8.6 Election by the Legal Issuer (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 provides that the Legal Issuer can elect to deliver the number of Shares to which the Structured Products being redeemed relate or to pay the Redemption Amount, the Legal 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 these General Terms and Conditions.

## **8.8 Termination of Products by Legal Issuer**

### **(i) Termination of open-end Products**

In the case of open-end Products the Legal Issuer may, on any Early Redemption Date specified as such in the Final Termsheet, call the Structured Products by announcing the exercise of its termination right in accordance with General Terms and Conditions 20 (Notices).

### **(ii) Termination of fixed-end Products**

If applicable, the termination right of the Legal Issuer for fixed-end Products will be further specified in the Final Termsheet and will be announced in accordance with General Terms and Conditions 20 (Notices).

## **8.9 Termination of Products by Financial Issuer**

Following a Credit Event against the Legal Issuer all Products shall automatically be redeemed by the Financial Issuer in accordance with Art. 16 of these General Terms and Conditions.

The Financial Issuer shall as soon as practicable notify the Investors of such early redemption upon a Credit Event in accordance with General Terms and Conditions 20 (Notices). For purposes of this Section 8.9 the Financial Issuer or any other calculation agent which may be appointed by the Financial Issuer shall determine such Credit Event Redemption Amount in its sole discretion at fair market value. The amount representing the fair market value will be paid to the Investors as soon as practicable following the occurrence of a Credit Event and the date of determination of the fair market value, but not later than 30 Business Days following the occurrence of the Credit Event.

## **8.10 Cash Settlement**

### **(i) Determination and Notification of the Redemption Amount**

The Calculation Agent shall determine as soon as commercially possible, in its duly executed 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 Legal Issuer shall, in respect of the Structured Products being redeemed, transfer (or cause to be transferred) the Redemption Amount to the Paying Agent, for value on the Redemption Date, and on the Redemption Date the Paying Agent shall, subject to the Structured Products being redeemed having been transferred and to the payment of the related taxes and duties, if any, having been received, cause an account of the Investor to be credited with such amount for value on the Redemption Date.

## **8.11 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 General Terms and Conditions 8.6, the Legal 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 Legal 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 Legal Issuer shall in respect of the Structured Products redeemed, in lieu 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 executed 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 executed discretion (*billiges Ermessen*), but in accordance with established market practice. The Legal 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 Share will be transferred by the Legal Issuer and, accordingly, payment to the Investor shall be made by the Legal Issuer in lieu 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.

## 8.12 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 the case of cash settlement, the Redemption Amount related to such Share shall, in case such dividend has not been paid out separately, 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); or
- (ii) in the 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 and shall entitle the holders thereof to participate in full in all dividends and other distributions paid or made on the Shares after the delivery thereof.

## 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 Condition 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 (1) 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 (2) 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, in the sole opinion of the Calculation Agent, a Market Disruption Event has occurred and is continuing on the Final Fixing Date, then such Final Fixing Date 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 Final Fixing Date will be determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*).

The Fair Market Value of the Share shall then be determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice.

In the case of Products relating to a Basket of Shares, the Final Fixing Date for each Share which is not affected by the Market Disruption Event shall be the originally designated Final Fixing Date and the Final Fixing Date 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 any Final Fixing Date of the following events:

- (i) a suspension or a limitation is imposed on trading in a material number or percentage of the stocks from time to time comprising the component stocks of an Index or a limitation on prices for such stocks, it being specified that such number or percentage can be determined in the Final Termsheet and that in the absence of such determination a suspension or limitation of trading in 20 percent or more of that Index capitalization (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 is imposed (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 determines in its duly executed discretion (*billiges Ermessen*) that a Market Disruption Event has occurred and is continuing on any Final Fixing Date then the relevant Final Fixing Date shall be postponed until the next following Exchange Business Day.

If a Market Disruption Event is continuing, the relevant Final Fixing Date and the value for that Index shall then be determined for such date by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice.

In the case of Products relating to a Basket of Indices, the Final Fixing Date for each Index which is not affected by the Market Disruption Event shall be the originally designated Final Fixing Date and the Final Fixing Date 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 Condition 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 a futures 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 a futures 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 determines in its duly executed discretion (*billiges Ermessen*) that a Market Disruption Event has occurred and is continuing on any Final Fixing Date then the relevant Final Fixing Date shall be postponed until the next following Exchange Business Day.

If a Market Disruption Event is continuing, the relevant Final Fixing Date and the value for that Underlying shall then be determined for such date by the Calculation Agent in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice.

In the case of Products relating to a Basket of Commodities, the Final Fixing Date for each Commodity which is not affected by the Market Disruption Event shall be the originally designated Final Fixing Date and the Final Fixing Date for each Commodity which is affected shall be determined as provided above.

**9.4 Rights on the occurrence of a Market Disruption Event for Products relating to any other Underlying**

If, in the sole opinion of the Calculation Agent, a Market Disruption Event has occurred and is continuing on the Final Fixing Date, then such Final Fixing Date 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 Final Fixing Date will be determined by the Calculation Agent in its duly executed discretion (*billiges Ermessen*).

## **10. ADJUSTMENTS FOR PRODUCTS RELATED TO A SHARE AND A BASKET OF SHARES**

*These General Terms and Conditions 10 are applicable only in relation to Products related to a Share and Products related to a Basket of Shares.*

### **10.1 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, being an event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares (the "**Potential Adjustment Event**") and 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 in its duly executed discretion (*billiges Ermessen*) and in accordance with established market practice considers appropriate, if any, 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 executed discretion (*billiges Ermessen*), but in accordance with established market practice, to be appropriate to account for that diluting or concentrative effect and shall determine, in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, the effective date(s) of such adjustment(s).

### **10.2 Merger Event**

- (a) Following the occurrence of any Merger Event, the Legal Issuer will, in its duly executed discretion but in accordance with established market practice, determine whether or not the relevant Products shall continue.
- (b) If the Legal Issuer determines that the relevant Products shall continue, the Calculation Agent may make such adjustment as it, in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, 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 which 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 Legal 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 Legal 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:

- (1) 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;
- (2) 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 change of less than 20 per cent. of the outstanding Shares); or
- (3) 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);

in each case 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 executed 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.

### **10.3 Nationalization 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 nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity ("Nationalization"); or

- (ii) by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the Company (1) all the Shares are required to be transferred to a trustee, liquidator or other similar official or (2) holders of the Shares become legally prohibited from transferring them ("**Insolvency**"),

then the Legal Issuer may determine, in its duly executed discretion (*billiges Ermessen*), but in accordance with established market practice, that the relevant Products shall be terminated as of the Announcement Date and it shall pay an amount which the Calculation Agent, in its duly executed 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 such Nationalization or Insolvency, in which 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 Legal 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 executed discretion (*billiges Ermessen*), but in accordance with established market practice: (i) in respect of a Nationalization, 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 Nationalization; 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 other analogous procedure in any jurisdiction) that leads to the Insolvency.

#### **10.4 Other events**

In the case of events other than those described in these General Terms and Conditions 10 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 10 shall apply *mutatis mutandis*.

#### **10.5 Notices of Adjustment**

The Legal Issuer shall give notice to the Investors in accordance with General Terms and Conditions 20 (Notices) of any modification in the Conditions of the Products under these General Terms and Conditions 10.

## **11. ADJUSTMENTS FOR PRODUCTS RELATED TO AN INDEX OR A BASKET OF INDICES**

*These General Terms and Conditions 11 are applicable in relation to Products related to an Index and Products related to a Basket of Indices, excluding Commodity Indices.*

### **11.1 Third Party calculates an Index**

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

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

### **11.2 Third Party announces an Index**

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

The same provisions will apply in the event that the Announcing Third Party ceases announcement of that Index but is replaced by another Announcing 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.

### **11.3 Modification of calculation or replacement of an Index**

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

- (i) either replace (subject to a favourable opinion of an independent expert designated by the Calculation Agent) that Index by the Index so modified or by the substitute index (as the case may be) multiplied, if need be, by a linking coefficient allowing to ensure continuity in the evolution of the underlying index. In such event, the modified Index or the substitute index (as the case may be) and if need be, the linking coefficient, as well as the opinion of



the independent expert, will be notified to the Investors in accordance with General Terms and Conditions 20 (Notices) within the ten Business Days period following the date of modification or substitution of that Index; or,

- (ii) apply the provisions of General Terms and Conditions 11.4.

In the case of Products relating to a Basket of Indices, the provisions of paragraph 11.3(i) above shall only apply to the relevant Indices and shall not affect the provisions applicable to the Indices which are not affected.

#### **11.4 Cessation of calculation of an Index**

If, for any reason, on or prior to any Final Fixing Date the Relevant Party or the Index Third Party should cease permanently calculation and announcement of an Index and should not provide for a substitute index, or such substitute index cannot, for any reason, replace that Index, then the Legal 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 executed 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 20 (Notices) within the seven 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-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:
  - (1) 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
  - (2) 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 executed 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 20 (Notices) within the seven 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 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 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.

**12. ADJUSTMENTS FOR PRODUCTS RELATED TO A COLLECTIVE INVESTMENT SCHEME OR COMMODITIES OR A BASKET OF COLLECTIVE INVESTMENT SCHEMES OR A BASKET OF COMMODITIES**

**12a. Adjustments for Products related to a Collective Investment Scheme or a Basket of Collective Investment Schemes**

*These General Terms and Conditions 12a 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 11 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 at its duly executed discretion.

**12b. Adjustments for Products related to Commodities or a Basket of Commodities**

*These General Terms and Conditions 12b are applicable in relation to Products related Commodities and Products related to a Basket of Commodities.*

**12b.1 Successor entity calculates and reports a Fixing Level**

If on any relevant Final Fixing Date, either a Final Fixing Level is (i) not calculated and announced by the 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 Final 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 Final Fixing Level, then in each case, such level as so calculated will be deemed to be the Final Fixing Level.

**12b.2 Correction to published Fixing Level**

If a Final Fixing Level published or announced on a given day and used or to be used by the Calculation Agent to determine a Redemption Amount is subsequently corrected and the 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, such corrected Final Fixing Level shall be the Final Fixing Level, and the Calculation Agent, to the extent it deems

necessary, may determine to make appropriate adjustments to any of the Terms and Conditions of the Product to account for such correction.

**13. POSTPONEMENT OF FINAL FIXING DATE ON THE OCCURRENCE OF A FOREIGN EXCHANGE DISRUPTION EVENT**

If the Calculation Agent determines that on a Final Fixing 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**") and the Final Fixing 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 was originally scheduled to be after the Final Fixing Date (the "**Postponed Final Fixing 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 postponed due to a prior FX Disruption Event), then the Postponed Final Fixing 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 these General Terms and Conditions 13 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 General Terms and Conditions 8 and, notwithstanding the provisions of General Terms and Conditions 8, the Legal Issuer's payment obligation of the Redemption Amount shall continue to be postponed in accordance with the provisions of these General Terms and Conditions 13.

For the purposes of these General Terms and Conditions 13:

"**FX Disruption Event**" means the occurrence of an event that makes it impossible through legal channels for the Legal 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 Relevant Currency for Settlement Currency on the Final Fixing Date or other date on which such exchange rate falls to be determined in accordance with the provisions of these General Terms and Conditions 13 expressed as a number of units of Relevant Currency per unit of Settlement Currency.

**14. TERMINATION AND CANCELLATION DUE TO ILLEGALITY, ILLIQUIDITY OR IMPOSSIBILITY**

The Legal Issuer shall have the right to terminate the Products of any Tranche of any Series if it shall have determined that the Underlying of the relevant Tranche of Products has ceased to be liquid or that compliance by the Legal Issuer with the obligations under the Products shall have become unlawful or impossible in whole or in part, in particular as a result of compliance by the Legal Issuer with any applicable present or future law, rule, regulation, judgement, order, underlying markets or directive of any governmental, administrative, legislative or judicial authority or power or controlling authority or of the relevant competent market authorities. In such circumstances, the Legal Issuer shall, however, pay to each Investor in respect of the Products of any such Tranche of any such Series held by it an amount determined by the Calculation Agent in its sole and absolute discretion ("*billiges Ermessen*"), but in accordance with established market practice, as representing the Fair Market Value of such Products of such Tranche immediately prior to such termination (ignoring such illegality or impossibility). Payment will be made as soon as possible in such manner as shall be notified to the Investors in accordance with General Terms and Conditions 20 (Notices).

If the Legal Issuer determines that the performance of its obligations under the Products or that any arrangements made to hedge the Financial Issuer's obligations have become illegal in whole or in part for any reason, the Legal Issuer may cancel the Products by providing notice to Investors in accordance with General Terms and Conditions 20 (Notices).

If the Legal Issuer cancels the Products then the Legal Issuer will, if and to the extent permitted by applicable law, pay an amount to each Investor in respect of each Product held by a Investor. The amount shall be the fair market value of a Product less the costs incurred by the Legal Issuer when unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen*). Payments will be made in such manner as will be notified to the Investors in accordance with General Terms and Conditions 20 (Notices).

**15. 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 Issuers 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 any 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 Issuers may redeem all Products in case any present or future taxes, duties or governmental charges would be imposed by any jurisdiction in which the Issuers is or becomes subject to tax as a result of any change in laws or regulations of the relevant jurisdiction. The Issuers shall as soon as practicable notify the Investors of such redemption in accordance with General Terms and

Conditions 20 (Notices). For purposes of this Section 15 the Calculation Agent shall determine such Redemption Amount in its sole discretion at 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.

## 16. CREDIT EVENTS

The following events are credit events (each a “Credit Event”); (i) the Bankruptcy of the Legal Issuer or the Financial Issuer (“**Bankruptcy**”) and (ii) the failure by the Legal Issuer or the Financial Issuer to pay all amounts due and payable by it under any Product issued under this MIGROS BANK PROGRAMME within 90 Business Days of its Redemption Date (“**Failure to Pay**”).

Bankruptcy means that the Legal Issuer or the Financial Issuer has instituted Swiss Bankruptcy Proceedings or has had such proceedings instituted against it, where “Swiss Bankruptcy Proceedings means proceedings under the relevant sections of the Swiss Banking Act (“BA”) as it relates to entities licensed as bank and/or securities dealer, the Swiss Debt Enforcement and Bankruptcy Act “DEBA” the Swiss Code of Obligations “CO” that result in:

- 1) a legally binding “*Konkurseröffnung*” (Art. 171 DEBA or based on Art. 190 DEBA, Art. 191 DEBA or Art. 192 DEBA, Art. 33 BA);
- 2) “*Bewilligung Nachlassstundung*” (Art 295 DEBA); or
- 3) “*Bewilligung Notstundung*” (Art. 339 DEBA);

(the date of such legally binding “*Konkurseröffnung*”, “*Bewilligung Nachlassstundung*” or „*Bewilligung Notstundung*“, as the case may be, being the date on which the Bankruptcy occurs).

### 16.1 Action Upon the Occurrence of a Credit Event of the Legal Issuer

If such a Credit Event has occurred, the Financial Issuer will be required to make a payment of a Credit Event Redemption Amount. Such amount will be paid to Investors by the Financial Issuer within 30 Business Day following the occurrence of a Credit Event.

There shall be no such payment of a Credit Event Redemption Amount if;

- i) the relevant Credit Event has occurred on or prior to the Initial Fixing Date of the relevant Product.
- ii) the Bankruptcy occurred after the Redemption Date of the relevant Product
- ii) the 90 day grace period applicable to a Failure to Pay has come to an end after the Redemption Date of such Products.

## **16.2 Consequence of the Occurrence of a Credit Event of the Financial Issuer**

If such a Credit Event has occurred any and all obligations of the Legal Issuer under this MIGROS BANK PROGRAMME automatically become extinct and the Legal Issuer is not obligated to make any payments under this Programme.

## **17. 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.

## **18. AGENTS**

### **18.1 Paying Agent**

The Paying Agent will be specified in the Final Termsheet.

**The Legal Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint another paying agent** provided that (i), so long as any Products are outstanding, it will maintain a Paying Agent (ii), so long as there are Products listed on the SIX there will be a Paying Agent with a specified office in Switzerland and (iii) no Paying Agent authorized 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 appointment and of any change in the specified office of the Paying Agent will be given to the Investors in accordance with General Terms and Conditions 20 (Notices).

The Paying Agent is acting solely as agent of the relevant 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 relevant Issuer and the Investors.

The Legal Issuer may at any time vary or terminate the appointment of the Paying Agent. It shall give notice to the Investors in accordance with General Terms and Conditions 20 (Notices) of any modification in the appointment of the Paying Agent.

### **18.2 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 Issuers, delegate any of its obligations and functions to a third party, as it deems appropriate.

The Legal Issuer may at any time vary or terminate the appointment of the Calculation Agent. If both, the Calculation Agent and the Legal Issuer, are no longer in a position to either delegate or determinate the Calculation Agent's functions, the Legal Issuer will delegate any of the Calculation Agent's obligations and functions to a third party, as it deems appropriate, so long as any Products are outstanding. It shall give notice to the Investors in accordance with General Terms and Conditions 20 (Notices) of any modification in the appointment of the Calculation Agent.

### **18.3 Liability**

Neither the Issuers, 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.

### **19. PURCHASE BY THE ISSUER**

The Issuers or any of its 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 Issuers or, as the case may be, the relevant affiliate, be held, resold or cancelled or otherwise dealt with. No Product that has been exercised or purchased and cancelled may be re-issued.

### **20. NOTICES**

Notices to Investors relating to listed Products will be published in accordance with the regulations of the SIX Swiss Exchange, as in force from time to time, on the SIX Swiss Exchange website [www.six-swiss-exchange.com/news/official\\_notices](http://www.six-swiss-exchange.com/news/official_notices), on the relevant Termsheet on the Legal Issuer's website [www.efgfp.com](http://www.efgfp.com) under the section "Products" or, in any other form as permitted by the rules and regulations of the SIX Swiss Exchange.

Notices to Investors relating to the Issuer will be published under the section "About us" on the Legal Issuer's website [www.efgfp.com](http://www.efgfp.com).

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

### **21. LOSSES**

In no event shall the Issuer have any liability for indirect, incidental, consequential or other damages (whether or not it may have been 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.

### **22. SEVERANCE AND MODIFICATION OF GENERAL TERMS AND CONDITIONS**

In the event any term or condition is, or becomes invalid, the validity of the remaining terms and conditions shall in no manner be affected thereby.

The Issuers 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 correcting or supplementing the provisions herein in such manner as the Issuers deems necessary or desirable, provided that the Investor does not incur significant financial loss as a consequence thereof.

However, the Issuers shall at all times be entitled to amend any terms or conditions where, and to the extent, the amendment is necessitated as a consequence of legislation, decisions by courts of law, or decisions taken by governmental authorities.

**23. FURTHER ISSUES**

The Issuers shall be at liberty from time to time without the consent of the Investors to create and issue further Products, such further Products being assimilated to the Products of any issue, provided that the terms of such Products should provide for such assimilation.

**24. PRESCRIPTION**

Claims for payment in respect of the Products shall be barred by the statute of limitations in accordance with applicable Swiss law, unless made within 10 years from the relevant Redemption Date, and with respect interest, unless made within 5 years from the relevant payment date, and no claims shall be made thereafter.

**25. SUBSTITUTION**

The Financial Issuer may at any time and from time to time, without the consent of the Investors, substitute for itself as obligor under the Products any affiliate, branch, subsidiary or holding company of the Financial Issuer (the "**New Issuer**") provided that the New Issuer shall assume all obligations that the Financial Issuer owes to the Investors under or in relation to the Products.

If such substitution occurs, then any reference in the Product Documentation to the Issuers shall be construed as a reference to the New Issuer. Any substitution will be promptly notified to the Investors in accordance with General Terms and Conditions 20 (Notices). In connection with any exercise by the Issuers 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 Financial Issuer any indemnification or repayment with respect of any consequence.

**26. SELLING RESTRICTIONS**

No action has been or will be taken by the Issuers 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 Lead Manager.



**27. DISCOUNTS AND REIMBURSEMENTS BY THE LEGAL ISSUER AND RELATED CONFLICTS OF INTERESTS OF FINANCIAL INSTITUTIONS / REMUNERATION RECEIVED BY THE LEGAL ISSUER AND/OR THE LEAD MANAGER FROM THIRD PARTIES**

The Legal 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, on-sale such Products to their clients (i) at a discount of a) up to 2% p.a. to the Issue Price ("**Relevant Fees**"), b) up to 3.5% p.a. to the Issue Price ("**Significant Fees**") or c) more than 3.5% p.a. to the Issue Price ("**Substantial Fees**") (as may be determined in the Final Termsheet), or (ii) at the Issue Price but reimburses an amount of a) up to 2% p.a. of the Issue Price ("**Relevant Fees**"), b) up to 3.5% p.a. of the Issue Price ("**Significant Fees**") or c) more than 3.5% p.a. of the Issue Price ("**Substantial Fees**") (as may be determined in the Final Termsheet) to the FI, meaning that if and to the extent such discount or reimbursement, on the basis of statutory law, would have to be forwarded by the FI to the Investor, each Investor hereby takes note and unconditionally accepts that the FI may retain and keep such discount or reimbursement.

In addition, for certain services rendered and in order to increase quality and services relating to Products issued by the Legal Issuer, the Legal Issuer and/or the Lead Manager may from time to time pay trailer fees to distribution partners. The individual rates will be specified in the Final Termsheets. If and to the extent such trailer 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 accepts that the FI may retain and keep such trailer fees.

Potential Investors should be aware that such discounts, reimbursements and trailer fees may, depending on the circumstances, cause potential conflicts of interests at the FI; FI are obliged, however, to implement organizational measures designed to prevent that such potential conflicts of interest may adversely affect the interests of their clients. Further information is available from the Legal Issuer, the Lead Manager or the FI.

The Legal Issuer and/or the Lead Manager may receive remuneration, discounts, and/or soft-commissions (the "**Retrocessions**") in the range of up to 2% p.a. of the Issue Price 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 Legal Issuer and/or the Lead Manager will retain and keep such Retrocessions. Potential Investors should be aware that such Retrocessions may cause potential conflicts of interests at the Legal Issuer and/or the Lead Manager and that there are organizational measures in place, designed to prevent that such potential conflicts of interest adversely affect the interests of the Investors. Further information is available from the Legal Issuer, the Lead Manager, or the FI.

**28. GOVERNING LAW**

The Products are governed by and shall be construed in accordance with Swiss law (without reference to the principles of conflicts of law).

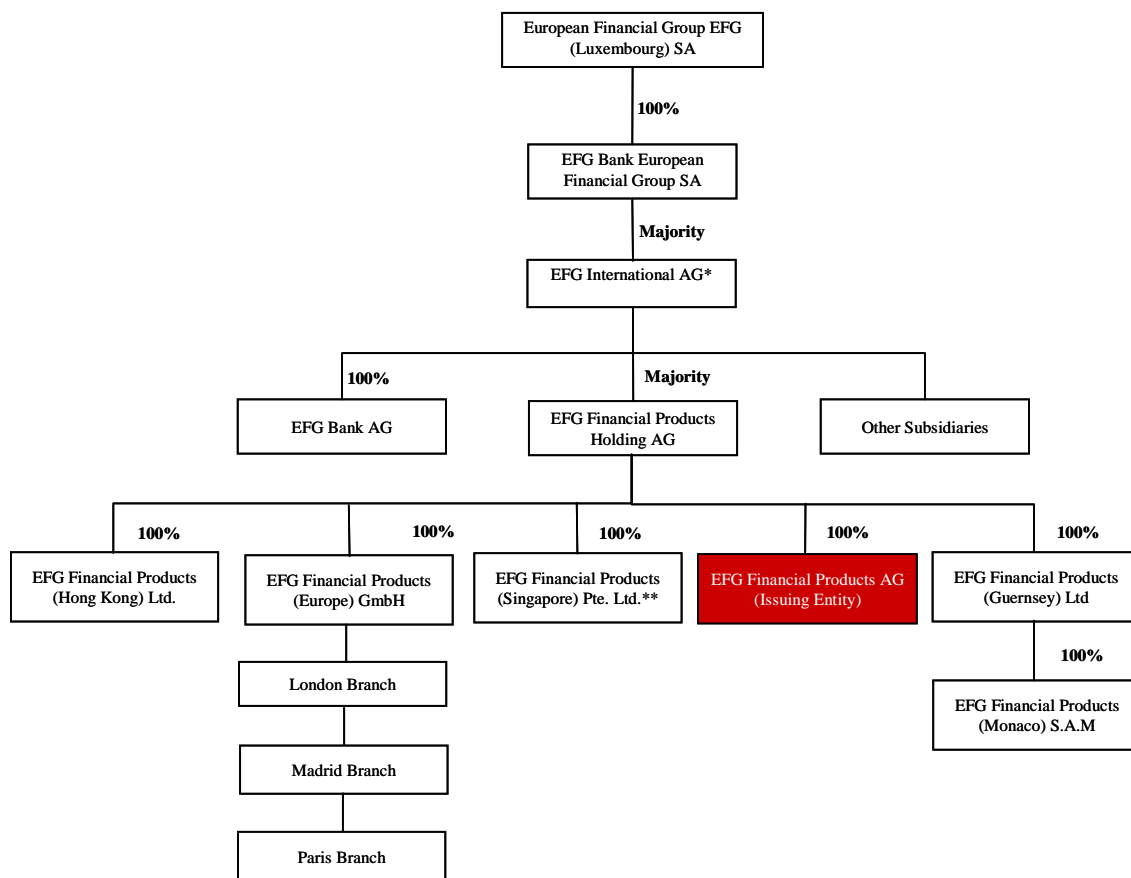
In relation to any proceedings in respect of the Products, the Legal Issuer irrevocably submits to the jurisdiction of the Commercial Court of the Canton of Zurich (*Handelsgericht des Kantons Zürich*), place of jurisdiction being Zurich with the right of appeal to the Swiss Federal Supreme Court in Lausanne where the law permits, and waives any objection to proceedings in such courts whether on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Investors and shall not limit the right of any of them to take 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).

## ORGANISATIONAL CHART OF EFG GROUP

The Legal Issuer, EFG Financial Products AG ("EFGFP AG") together with its below depicted group companies, is a fully owned subsidiary of EFG Financial Products Holding AG (collectively the "EFGFP Group"), which is majority owned by EFG International AG ("EFGI"). EFGI fully owns EFG Bank AG ("EFGB"). EFG International AG's principal shareholder is EFG Bank European Financial Group SA, a Swiss-registered bank, which is wholly owned by European Financial Group EFG (Luxembourg) SA (European Financial Group EFG (Luxembourg) SA together with its subsidiaries the, "EFG Group"), whose ultimate beneficiaries are Latsis family interests.

The below table provides a summary group chart.

### EFG Financial Products Group: Organization Chart



\* Listed on the SIX Swiss Exchange (supervised on a consolidated basis by FINMA).

\*\* Capital Markets Service licence application pending with Monetary Authority Singapore

As announced by EFGI in October 2011 in the context of its business review, EFG Financial Products Holding AG has been earmarked for an IPO (with the intention of EFGI reducing its stake from 57% to circa 20%), which - subject to market conditions - is intended to take place during 2012.

## **EFG FINANCIAL PRODUCTS AG**

### **INCORPORATION AND DURATION**

EFGFP AG was incorporated and registered 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, EFGFP AG is registered in the Commercial Register of the Canton of Zurich, Switzerland, under the number CH-020.3.031.478-9.

The founders of EFGFP AG were EFGI and Messrs. Jan Schoch and Sandro Dorigo.

### **REGISTERED OFFICE**

The registered office of EFGFP AG is at Brandschenkestrasse 90, 8002 Zurich, Switzerland, and the general telephone number is +41 58 800 1000.

### **STATUTORY AUDITORS**

PricewaterhouseCoopers SA, Avenue Giuseppe-Motta 50, CH-1211 Geneva.

### **PURPOSE**

According to Article 2 of the Articles of Association of EFGFP AG (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 and act as a Swiss representative for foreign 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 EFGFP 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 EFG Financial Products Holding AG. As of the date of this MIGROS BANK PROGRAMME, EFG Financial Products Holding AG is majority owned by EFGI. Management and employees of EFGFP AG and EFGFP LTD are minority shareholders of EFG Financial Products Holding AG.

## **REGULATORY STATUS**

EFGFP AG operates under a securities dealer license granted by the FINMA on December 12, 2007.

## **BUSINESS**

The business activities of EFGFP AG include the development, structuring, distribution, hedging and settlement as well as the market-making and secondary market servicing of structured products, such as certificates, notes, bonds, warrants and other derivative instruments, the design and investment management of funds and certificates and the investment management in relation with variable annuity products.

EFGFP AG distributes its financial products either directly to institutional investors or indirectly to retail investors through third party financial intermediaries. EFGFP AG also provides structured asset management and pension solution services to third parties in Switzerland and abroad and provides brokerage services to third parties.

EFGFP AG started activities in December 2007 when EFGFP AG began issuing its own listed Products on the SIX Swiss Exchange. Since then EFGFP AG (and its sister company EFGFP LTD) has issued over 12'000 listed and non-listed products, including Structured Products and Warrants on a wide range of asset classes, such as Equities, FX, Commodities and Fixed Income.

## **BUSINESS OUTLOOK**

Subject to market conditions, EFGFP AG plans to further extend its product range and to focus on other product categories. In addition, EFGFP AG plans to take more asset classes into consideration and intends to strengthen its tailor-made business. EFGFP AG also plans to further extend its activities in structured asset management and pension solutions. Structured asset management designs and manages structured funds and certificates based on dynamic quantitative portfolio strategies. Pension solutions specializes in the management of variable annuity products for insurance companies. Moreover, EFGFP Group aims to expand its business via locally licensed offices into select European and Asian markets.

## **RECENT DEVELOPMENTS**

In December 2011, EFG Financial Products (Singapore) Pte. Ltd. ("EFGFP Singapore"), a wholly owned subsidiary of EFG Financial Products Holding AG, based in Singapore, filed an application for a Capital Markets Services License for dealing in securities with The Monetary Authority of Singapore. The principal business of EFGFP Singapore will be to offer structured products issued by EFGFP AG and EFGFP Ltd. to certain investors in Singapore.

The business description contained herein is accurate at the date of this MIGROS BANK PROGRAMME.

## **BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT**

### *Board of Directors*

The Board of Directors is responsible for the management of EFGFP 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 seven members (including the Chairman) all of whom are non-executive directors.

The following table lists the Board of Directors of EFGFP AG.

<b>Name</b>	<b>Position held</b>
John A. Williamson	Chairman
James Tak Him Lee	Director
Frederick Link	Director
Lukas Ruffin	Director
Patrick De Figueiredo	Director
Peter Forstmoser	Director
Mark Bagnall	Director

### *Executive Committee*

Subject to the organisational regulations of the board of directors and mandatory law, the Board of Directors of EFGFP AG has delegated EFGFP AG's operational management to the Executive Committee. The Executive Committee currently comprises five executive officers.

<b>Name</b>	<b>Position held</b>
Jan Urs Schoch	Chief Executive Officer (CEO)
Michael Hans Hartweg	Deputy Chief Executive Officer (Dep. CEO) and Head Structured Solutions
Sandro Fabio Dorigo	Head Pension Solutions & Regions
Ulrich Christian Sauter	Head of Risk, Legal & Compliance and Human Resources
Volker Doberanzke	Chief Financial Officer / Chief Operating Officer

The business address of the directors and executive officers of EFGFP AG is Brandschenkestrasse 90, 8002 Zurich, Switzerland.

#### **MATERIAL CHANGES SINCE DECEMBER 2011**

There has been no material change in the financial position of EFGFP AG since the publication of EFGFP AG's annual report for the period ending 31 December 2011.

#### **INCORPORATION BY REFERENCE**

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

- (i) the Annual Report 2010 of EFG Financial Products AG as of 31 December 2010
- (ii) the Annual Report 2011 of EFG Financial Products AG as of 31 December 2011

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

## INTRODUCTION OF THE FINANCIAL ISSUER

### MIGROS BANK<sup>1</sup>

#### INTRODUCTION

With approximately 800'000 Client relationships and a balance sheet of CHF 36 Billion Migros Bank is one of the leading retail banks of Switzerland. The bank is mainly known for its very competitive fees. Migros Bank employs approx. 1400 FTE and has 64 branch offices. Founded in 1958 Migros Bank is a 100% owned subsidiary of the Migros Cooperation. The Migros Cooperation is mostly known for running the biggest Supermarket-chain in Switzerland and is specially trusted for its generic brands, produced by its own industrial production facilities. "Migros" is considered the most trusted brand overall in Switzerland, a brand that stands for high quality and competitive prices.

#### GENERAL INFORMATION

##### **Name, registered office, location**

The registered office of Migros Bank AG is located at Seidengasse 12, CH-8021 Zürich, Switzerland.

##### **Incorporation, System of law, legal form**

Migros Bank was incorporated on 15 January 1958 under Swiss law for an unlimited duration; Place of jurisdiction is Zurich.

##### **Purpose**

Migros Bank operates a banking business according to the Swiss Federal Banking Law. Its main focus is retail banking in Switzerland, it does not have any activities outside Switzerland. Its main client group are people domiciled in Switzerland. Migros Bank offers all main banking products. It takes deposits and gives loans, mainly mortgages, but also other secured or unsecured loans. It offers time deposits and fiduciary placements, current accounts, brokerage accounts, foreign exchange accounts and trades. Safe deposits are available too.

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

##### **Register**

Migros Bank AG is registered in the Commercial Register of the Canton of Zurich Switzerland under the number CH-020.3.917.603-5.

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<sup>2</sup> A copy of MIGROS BANK's articles of association setting out the full details of the authorized share and participation capital can be ordered free of charge from Migros Bank, Seidengasse 12, 8021 Zürich, Switzerland



## INFORMATION ON ADMINISTRATIVE, MANAGEMENT AND AUDIT BODIES

### Composition

Members of the administrative, management and supervisory bodies under company law:

#### *Board of Directors*

<b>Name</b>	<b>Position held</b>
Herbert Bolliger	President of the Supervisory Board
Jörg Zulauf	Vice President of the Board
Irene Billo	Member of the Board
Dr. Isabel Stirnimann Schaller	Member of the Board
Prof. Dr. Peter Meier	Member of the Board
Dr. iur. Dick F. Marty	Member of the Board
Prof. Dr. Rudolf Volkart	Member of the Board

#### *Executive Committee*

<b>Name</b>	<b>Position held</b>
Dr. Harald Nedwed	President
Thomas Straubinger	Head risk management
Marcel Egloff	Head Retail & Corporates
Markus Maag	Private Banking,
Stephan Wick	Head operations

#### *Auditors*

Pricewaterhouse Coopers AG, Stampfenbachstrasse 109, CH-8035 Zürich, Switzerland.

## BUSINESS OVERVIEW

Migros Bank is a strongly trusted retail bank with a very conservative risk profile. This allowed Migros Bank to outperform the market. As of the end of 2011 client deposits were CHF 27.4 billion, mortgage lending was CHF 27.6 billions. The client custody account volume was CHF 10.7 billion at the end of 2011. Equity capital according to Swiss Banking Law was CHF 2.8 billion, 93% higher than required by law (end of 2011).

### **Business activities**

With 800'000 client relationships and a balance sheet of CHF 36 billion Migros Bank is one of the leading banks of Switzerland. The main asset is the very competitive fees. Migros Bank employs approx. 1400 FTE and has over 64 offices in Switzerland. Founded 1958, Migros Bank is 100% owned by the Migros Federation of Cooperatives.

The interest margin is the main earner for Migros Bank. Client savings were per end of 2011 CHF 27.4 billion, lending was CHF 27.6 billion. Growth in client savings and loans has been over average in the last years. Brokerage accounts have grown consistently, per end of 2011 Migros Bank's client held CHF 10,7 billion worth of assets in their respective accounts with Migros Bank. Migros Bank's risk policy is conservative. Its equity according to regulatory rules per end of 2011 was CHF 2.6 billion, a comfortable 193% of the required amount.

### **Principal activities**

The main product categories are a variation of accounts for savings and payments, mortgage lending and a broad offering of investment funds. M-BancNet is a modern, cheap and very safe Internet Banking Application. For brokerage clients pay a low ticket fee. Wealthy clients get a personal relationship manager so that all requirements are met by the same safe pair of hands. Corporate clients enjoy a comprehensive offer of services.

### **Product Areas**

The main product categories enclose accounts for saving, retirement saving and payment, mortgages but also commercial credits and a broad selection of investment funds, including retirement funds. Brokerage accounts come with a flat ticket fee in combination with an internet banking solution with state of the art security measures.

## **REGULATION AND SUPERVISION IN SWITZERLAND**

Migros Bank is a fully regulated and prudentially supervised Swiss Bank and securities dealer under the authority of FINMA.

### **RECENT DEVELOPMENTS SINCE JANUARY 2011**

The business year 2011 produced a very satisfactory result. Client deposits grew by CHF 1.5 billion to CHF 27.4 billion. Revenue was at CHF 591 million which is only 0.4% lower than last year's result which has been the highest ever in the history of the bank. Gross profit grew by 1.00% to CHF 318 million. The risk situation of the bank remained very solid. In the year 2011 provisions and write downs over CHF 11.6 million were necessary.

### **INCORPORATION BY REFERENCE**

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

- (i) the Annual Report 2010 of MIGROS BANK as of April 2011
- (ii) the Annual Report 2011 of MIGROS BANK as of April 2012

These documents shall also be maintained in printed format, for free distribution, at the offices of the Issuers for a period of twelve months after the publication of this document. In addition, the annual reports of Migros Bank (and related review and compensation report) are published on Migros Banks' website, at <http://www.migrosbank.ch> or a successor address.

This Payment Undertaking applies only to Products that are issued by the Legal Issuer under this MIGROS BANK PROGRAMME and for which **MIGROS BANK AG** acts as Financial Issuer, as specified in the respective Final Termsheet.

**PAYMENT UNDERTAKING OF MIGROS BANK IN ITS CAPACITY AS FINANCIAL ISSUER**

**Payment Undertaking Agreement**

(the "Payment Undertaking" or the "Payment Guarantee")

entered into as of 14 June 2012

effective as of 14 June 2012

by and between

**MIGROS BANK AG**

being a stock corporation with limited liability, duly organized and existing under the laws of Switzerland whose registered head office is situated at Seidengasse 12, 8023 Zürich Switzerland,

(the "**Financial Issuer**")

of the one part

and

**EFG FINANCIAL PRODUCTS AG**

being a stock corporation with limited liability, duly organized and existing under the laws of Switzerland whose registered head office is situated at, Brandschenkestrasse 90, 8002 Zürich, Switzerland

of the other part

WHEREAS

- (A) EFG Financial Products AG (the "**Legal Issuer**") may from time to time issue warrants and structured products in securitized or uncertificated form (the "**Products**") under the terms of the derivative Programme dated 14 June 2012, as amended from time to time (the "MIGROS BANK PROGRAMME") and as supplemented by the relevant final terms of each Product (the "**Final Termsheet**", together with the MIGROS BANK PROGRAMME the "**Product Documentation**").
- (B) The Financial Issuer has determined to execute this Payment Undertaking (within the meaning of Article 111 of the Swiss Code of Obligations) for the payment of the Redemption Amount or any other cash settlement amount, or, as the case may be, to deliver the Underlying, in cases of a Legal Issuer's failure to deliver the Underlying or make payment of the Early Redemption Amount or any other cash settlement amount for the benefit of the Investor in respect of any Product that is issued by a Legal Issuer and for which Migros Bank AG acts as Financial Issuer, as specified in the respective Final Termsheet.

The Financial Issuer hereby agrees as follows:

1. The Financial Issuer hereby unconditionally and, subject to the provisions in this Payment Undertaking, irrevocably guarantees to the Lead Manager acting on behalf of each Investor, irrespective of the validity and enforceability of the Product Documentation, and waiving all rights of objection and defense arising from the Product Documentation to which the Issuers are entitled (provided that the Financial Issuer shall retain its own rights of objection and defense arising from the MIGROS BANK PROGRAMME and the Product Documentation as regards its function as a Financial Issuer and the Payment Guarantee), the Legal Issuer's obligations in accordance with the terms and conditions of the MIGROS BANK PROGRAMME and the respective Products which are issued under this Payment Guarantee, as the case may be (the "**Guaranteed Obligations**"), except that the Financial Issuer is not obliged to settle physically. In the case of Cash Settlement, the Financial Issuer is obliged to make the cash payment of the Redemption Amount or any other cash settlement amount specifically defined in the relevant Final Termsheet. In the case of Delivery of Underlying according to the Final Termsheet, however, the Financial Issuers not obliged to physically deliver any Underlying but may elect, irrespective of the provisions in the Final Termsheet, in its absolute and full discretion, Cash Settlement or Delivery of Underlying.
2. The Financial Issuer may not assign its rights nor delegate its obligations under this Payment Guarantee in whole or in part, except for an assignment and delegation of all of the Financial Issuer's rights and obligations hereunder to another entity in whatever form that succeeds to all or substantially all of the Financial Issuer's assets and business and that assumes such obligations by contract, operation of law, or otherwise. Upon any such delegation and assumption of delegations, the Financial Issuer shall be relieved of and be fully discharged from all obligations hereunder.
3. This Payment Guarantee shall be valid for any present or future Product for which Migros Bank AG acts as Financial Issuer, as specified in the respective Final Termsheet, and which is issued by the Issuers under the MIGROS BANK PROGRAMME dated 14 June 2012, as amended from time to time, such Products being further specified in the relevant Final Termsheet. This Payment Guarantee may be terminated by the MIGROS BANK upon thirty calendar days' written notice to the Lead Manager, provided that this Payment Guarantee shall remain in full force and effect with respect to Guaranteed Obligations incurred by the Legal Issuer as a result of Products issued prior to the date on which the Lead Manager received such notice of termination.

4. This Payment Guarantee shall be governed by and construed in accordance with Swiss law. Disputes arising from this Payment Guarantee shall fall within the jurisdiction of the ordinary courts of the canton of Zurich, venue being Zurich 1, with the right of appeal to the Swiss Federal Court in Lausanne where the law permits.

THUS DONE AND SIGNED in two originals in Zurich as of 14 June 2012

effective as of 14 June 2012

**MIGROS BANK AG**

By: \_\_\_\_\_

**EFG FINANCIAL PRODUCTS AG**

By: \_\_\_\_\_

## **OFFERING AND SALE**

Set out below are the forms of selling restrictions that will apply in respect of Products issued under the MIGROS BANK 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 relevant Legal 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 Legal Issuer and/or the Lead Manager.

The Lead Manager will, unless prohibited by applicable law, furnish to each person to whom it offers or sells Products a copy of the MIGROS BANK PROGRAMME Documentation as then amended or supplemented. The Lead Manager is not authorized to give any information or to make any representation not contained in the MIGROS BANK PROGRAMME in connection with the offer and sale of Products to which the MIGROS BANK 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 in the form of a private placement may not be distributed, copied, published or otherwise made public.

Any Products publicly offered may only be distributed in accordance with the provisions of the Federal Act on Collective Investment Schemes ("CISA") and the Ordinance on Collective Investment Schemes ("CISO").

#### **United States**

Neither the Products nor the Guarantee have been or will be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons. The Products may not be legally or beneficially owned by U.S. Persons at any time. Each holder and each beneficial owner of a Product, as a condition to purchasing such Product or any beneficial interest therein, will be deemed to represent on purchase that neither it nor any person for whose account or benefit the Products are being purchased is (i) located in the United States, (ii) is a U.S. Person or (iii) was solicited to purchase the Products while present in the United States. Each holder and each beneficial owner of a Product will be deemed on purchase to agree not to offer, sell, deliver, pledge or otherwise transfer any of the Products at any time, directly or indirectly in the United States or to, or for the benefit or account of, any U.S. Person. Terms used in this paragraph have the meaning given to them by Regulation S.

## **United Kingdom**

All applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") must be complied with in respect of anything done in relation to any Products in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by any person in connection with the issue or sale of any Products may only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the relevant Legal Issuer.

## **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**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") the Lead Manager will not make an offer of Products to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Products to the public in that Relevant Member State:

- (a) in the period beginning on the date of publication of a prospectus in relation to those 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, all in accordance with the Prospectus Directive, and ending on the date which is 12 months after the date of such publication and the Issuer has consented in writing to the use of the prospectus for the purpose of that offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or; 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 "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 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

## Guernsey

Neither this document nor any Products offered pursuant to this document may be offered to members of the public in Guernsey. 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) Laws, the Banking Supervision (Bailiwick of Guernsey) Law, the Insurance Business (Bailiwick of Guernsey) Law or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law.

## Italy

The offering of the Products has not been registered pursuant to Italian securities, legislation and, accordingly, the Lead Manager represents and agrees that it has not offered or sold, and will not offer or sell, any Products in the Republic of Italy in a solicitation to the public, and that sales of the Products by the Lead Manager in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

The Lead Manager represents and agrees that it will not offer, sell or delivery any Products or distribute copies of the MIGROS BANK PROGRAMME or any other document relating to the Products in the Republic of Italy except:

- (i) to "Professional Investors", as defined in Article 31.2 of CONSOB Regulation No. 11522 of 1<sup>st</sup> July 1998 ("**Regulation No. 11522**"), as amended, pursuant to Articles 30.2 and 100 of Legislative Decree No. 58 of 24<sup>th</sup> February 1998 ("**Decree No. 58**"); or
- (ii) in any other circumstances where an express exemption from compliance with the solicitation restrictions provided by Decree No. 58 of CONSOB Regulation No. 11971 of 14<sup>th</sup> May 1999, as amended, applies.

Any such offer, sale or delivery of Products or distribution of copies of the MIGROS BANK PROGRAMME or any other document relating to the Products in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1<sup>st</sup> September 1993 ("**Decree No. 385**"), Decree No. 58, Regulation No. 11522 and any other applicable laws and regulations;
- (b) in compliance with Article 129 of Decree No. 385 and the implementing instructions of the Bank of Italy (Instruzioni di Vigilanza della Banca d'Italia), pursuant to which the issue, offer, trading or placement of securities in Italy is subject to prior notification to the Bank of Italy, unless an exemption applies, depending inter alia, on the aggregate amount and the characteristics of the Products issued, offered, traded or placed in Italy; and
- (c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB (Commissione Nazionale per la Società e la Borsa) or the Bank of Italy.



## **Hong Kong**

The Products issued under this MIGROS BANK PROGRAMME are not offered and sold, and each purchaser represents and agrees that it will not offer and sell such Products in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy and sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong or to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong 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 Ordinance. In relation to the issue of Products under this MIGROS BANK PROGRAMME, each purchaser represents and agrees that it has not issued and will not issue any advertisement, invitation or document relating to the Products under this MIGROS BANK PROGRAMME, whether in Hong Kong or elsewhere, 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 under this MIGROS BANK PROGRAMME which is or is 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 MIGROS BANK PROGRAMME has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Products issued under this MIGROS BANK PROGRAMME may not be circulated or distributed, nor may Products under this MIGROS BANK PROGRAMME be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Cap. 289) of Singapore ("SFA"), (ii) to a relevant person under Section 275 of the SFA, or any person 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 under this MIGROS BANK 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 accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the securities under Section 275 of the SFA except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person (as defined in Section 275 (2) of the SFA), or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its

equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

## **TAXATION**

### **1. General**

Purchasers of Products may be required to pay stamp taxes and other taxes and/or charges in connection with the Products. Prospective purchasers 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 advisers 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 and Prospective 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 tax purposes are normally subject to 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, share-like or fund-like products for purposes of Swiss tax law. 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 up to 0.15% in the case of an underlying security which has been issued by a Swiss resident issuer or (ii) of up to 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 a foreign resident issuer are not subject to Swiss withholding tax.

Payments or credit of (deemed) interest or dividends on a Product issued by a Swiss resident issuer may be subject to Swiss federal withholding tax at a rate of 35%. This may apply likewise to payments or credits of yield from Products which classify for tax purposes as fundlike products. Any such payments made on Products issued by a foreign issuer may also be subject to the Swiss federal withholding tax if such Products are guaranteed by a Swiss resident guarantor.

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 taxation perspective, as dividends or interests, are subject to income tax. Gains or losses realized upon a sale or other disposition by Swiss resident individuals holding a Product as part of their private property (private capital gains or losses) 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 or for false future contracts linked to shares with a maturity exceeding one year a market-conform interest is subject to income tax.

Income derived from a Product which is neither a private capital gain, as set out above, nor a repayment of paid in capital (or face value in case of shares) is generally subject to 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 and losses incurred for business reasons on 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 as a part of the overall net income.

### **2.5 Wealth Taxation of Products Held by Swiss Resident Individuals**

Market value of Products may be subject to wealth tax levied on overall net wealth of Swiss resident individuals, regardless of whether the instruments are held as part of the private or business property.

### **2.6 Savings Directive**

On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland adopts measures equivalent to those of the European Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments (see section 8 titled "*EU Savings Tax Directive*" below). The agreement came into force as of 1 July 2005.

On the basis of this agreement, Switzerland introduced a withholding tax on interest payments and other similar income paid by a paying agent (as defined in Article 6 of the Agreement of 26 October 2004) within Switzerland to an individual resident in an EU member state. The withholding tax is withheld at a rate of 15% for the first three years beginning with 1 July 2005, 20% for the next three years and 35% thereafter, with the option of such an individual to have the paying agent and Switzerland provide to the tax authorities of the Member State details of the payments in lieu of the withholding. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding, if any, provided that certain conditions are met.

## **2.7 Final Withholding Tax**

Since the start of 2011, Switzerland had been negotiating an extension of cross-boarder cooperation in tax matters with Germany and the United Kingdom. A withholding tax agreement was signed with each country in the autumn of 2011. Both agreements were supplemented at the start of 2012. Switzerland signed a further agreement with Austria in April 2012. The Federal Council adopted the Federal Act on International Withholding Tax (IWTA) for the enforcement of these tax agreements in April 2012. The IWTA and tax agreements should be considered by the parliament during the 2012 summer session and enter into force at the start of 2013. The Federal Act on International Withholding Tax (IWTA) introduces inter alia a final withholding tax on investment income and capital gains.

## **GENERAL INFORMATION**

### **AUTHORIZATION**

The annual update of the MIGROS BANK PROGRAMME and the issuance of Products under the MIGROS BANK PROGRAMME have been duly authorized by the Board of Directors of EFG Financial Products AG pursuant to a resolution dated as of December 12, 2007 and by the Board of Directors of Migros Bank pursuant to a resolution dated as of 14 October 2009.

### **LISTING**

The SIX Swiss Exchange has approved the MIGROS BANK PROGRAMME as of 14 June 2012.

### **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 OF THE LEGAL ISSUER**

The financial statements for the years ending December 31, 2010 and December 31, 2011 of EFG Financial Products AG have been prepared in accordance with Swiss GAAP FER and have been reported upon without qualification for EFG Financial Products AG by PricewaterhouseCoopers, certified public accountants, which has its principal place of business at Avenue Giuseppe-Motta 50, CH-1211 Geneva.

### **AUDITORS OF THE FINANCIAL ISSUER**

The consolidated financial statements for the years ended December 31, 2010 and December 31, 2011 of the Financial Issuer have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been reported upon without qualification for the Financial Issuer by PricewaterhouseCoopers, certified public accountants, which has its principal place of business in CH-8050 Zürich.

### **SIGNIFICANT CHANGE OF THE LEGAL ISSUER**

Save as disclosed herein there has been no significant change in the financial or trading position of EFG Financial Products AG except as caused by the building-up of the Legal Issuer and the issuance of over 12'000 listed and non-listed products, since its incorporation. There has been no significant change in the financial or trading position of the Legal Issuer since December 31, 2011 except as published and/or disclosed herein.

### **SIGNIFICANT CHANGE OF THE FINANCIAL ISSUER**

Save as disclosed herein there has been no significant change in the financial or trading position of Migros Bank since its incorporation. There has been no significant change in the financial or trading position of the Financial Issuer since December 31, 2011 except as published and/or disclosed herein.

### **TREND INFORMATION OF THE LEGAL ISSUER**

Save as disclosed herein the Legal Issuer is not 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.

### **TREND INFORMATION OF THE FINANCIAL ISSUER**

Save as disclosed herein the Financial Issuer is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on his prospects during the current financial year.

### **LEGAL, ADMINISTRATIVE, AND ARBITRATION PROCEEDINGS OF THE LEGAL ISSUER**

Save as disclosed herein (including in any information incorporated by reference herein) neither the Legal Issuer nor any of its subsidiaries 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 MIGROS BANK PROGRAMME a significant effect on the financial position or prospects of the Legal Issuer and its subsidiaries (taken as a whole) nor, so far as EFG Financial Products AG is aware, are any such proceedings pending nor threatened.

### **LEGAL, ADMINISTRATIVE, AND ARBITRATION PROCEEDINGS OF THE FINANCIAL ISSUER**

Save as disclosed herein (including in any information incorporated by reference herein) the Financial Issuer is not or has not been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this MIGROS BANK PROGRAMME, a significant effect on the financial position or prospects of the Financial Issuer as far as he is aware, nor are any such proceedings pending or threatened.

### **USE OF PROCEEDS**

The Legal Issuer intends to use the net proceeds from each issue of Products for general purposes and for hedging the obligations created by the issuance of the Products.

## **RESPONSIBILITY**

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

## **MIGROS BANK AG**

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## **EFG FINANCIAL PRODUCTS AG**

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**PRINCIPAL OFFICE OF THE FINANCIAL ISSUER**

**Migros Bank AG**

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**PAYING AGENT**

**EFG Financial Products AG**

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